

National Compensation Survey: Glossary of Employee Benefit Terms

September 2025

For use starting with publications containing reference year 2025 estimates.

This glossary is annually updated to reflect changes in the National Compensation Survey. Information is applicable to estimates published as of this glossary's release date. Prior versions of the glossary are available on the [Benefits publications page](#). Information on survey concepts, data sources, design, and calculation is available in the [Handbook of Methods: National Compensation Measures](#).

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Overview

The definitions of major plans, key provisions, and related terms presented in this glossary are those used by the U.S. Bureau of Labor Statistics (BLS) National Compensation Survey (NCS) program when conducting its survey of employee benefits. Under the NCS program, information on the incidence and provision of benefits is published in several stages and available on the [Employee Benefits webpage](#).

Estimates on the incidence (access to and participation in) and key provisions of employer-sponsored benefits for retirement, healthcare, life insurance, paid leave, disability, and other benefits are published annually, with a March reference period. Incidence and provisions estimates are published for private industry workers, state and local government workers, and civilian workers (private industry workers and state and local government workers combined).

Estimates on detailed provisions of health and retirement benefits have been periodically published for the prior reference year.

Note: Access to employee benefit programs and participation in those programs, as these concepts are used in the National Compensation Survey, are defined as follows:

- **Access to a benefit plan:** Employees are considered to have access to a benefit plan if it is available for their use. For example, if an employee is permitted to participate in a medical care plan offered by the employer, but the employee declines to do so, he or she is placed in a category with those having access to medical care.
- **Participation in a benefit plan:** Employees in contributory plans are considered participants in an insurance or retirement plan if they have paid required contributions and fulfilled any applicable service requirements. Employees in noncontributory plans are counted as participating regardless of whether they have fulfilled the service requirements. Note that the term "incidence" can refer to either rates of access or rates of participation in a benefit plan.
- **Take-up rate:** The percentage of workers with access to a plan who participate in the plan.

Retirement Benefits

Retirement plans are classified as defined benefit or defined contribution plans.

Defined benefit plans

Defined benefit plans provide employees with guaranteed retirement benefits based on benefit formulas. An employee's retirement age, length of service, and preretirement earnings may affect the benefits received. Definitions, key provisions, and related terms follow.

Traditional defined benefit formulas

Traditional defined benefit plans provide a stipulated dollar amount at retirement or through a specified formula that includes factors such as career earnings, age, and years of service to provide a known dollar amount benefit.

Percent of terminal earnings. Benefits are based on a percentage of average earnings during a specified number of years at the end of a worker's career (or when earnings are highest), multiplied by the number of years of service recognized by the plan.

Percent of career earnings. Benefits are based on a percentage of an average of career earnings for every year of service recognized by the plan.

Dollar amount. Benefits are based on a dollar amount per month for each year of service recognized by the plan.

Percent of employer contribution. Benefits are based on employer and, occasionally, employee contributions. Benefits equal a percentage of total contributions.

Nontraditional defined benefit formulas

Nontraditional defined benefit plans are newer plan types that include cash balance plans and pension equity plans.

Cash balance plans. For each year worked, employees are credited with a specified contribution and a rate of interest on that contribution, which together will provide a future lump sum value at retirement. The lump sum may also be converted to an annuity.

Pension equity plans. For each year worked, employees are credited with a percentage applied to their final average earnings. Benefits generally are distributed as a lump sum, but may be converted to an annuity.

Frozen retirement plans

Frozen retirement plans are benefit plans that typically are closed to new enrollees and limit future benefit accruals for some or all active plan participants. Some may no longer allow participants to accrue additional

benefits. Others may change the plan's prospective benefit formula in such a way as to limit or cease future benefit accruals for some active participants. The length of time is calculated based on the year the plan was modified.

Soft frozen plans. New employees are not allowed in the plan. Benefit accruals may continue for existing participants.

Hard frozen plans. Participants in these plans stop accruing benefits on the date the plan is frozen. The benefit the employee receives is calculated as of the day the plan was frozen.

Terminated frozen plans. No benefits from the old plan are paid out since it is eliminated. Participants are usually credited with additional benefits in a new plan to make up for lost benefits from old plan.

Benefit payment methods

Payments from defined benefit plans may be in the form of a straight-life annuity, a joint-and-survivor annuity, a percentage of the unreduced accrued benefit, or a lump sum.

Straight-life annuity. A periodic payment made for the life of the retiree, with no additional payments to survivors.

Joint-and-survivor annuity. An immediate annuity for the life of the participant and a survivor annuity for the life of the participant's spouse. The amount of the survivor annuity may not be less than 50 percent, or more than 100 percent, of the amount payable during the time the participant and spouse are both alive. The annuity payable for the life of the participant is lower than that for a straight-life annuity; to account for the increased length of time over which payments will be made, this reduction may be a percentage of the straight-life benefit, such as 10 percent, or may be based on the life expectancy of the participant and spouse (an actuarial reduction).

Percentage of unreduced accrued benefit. Under this method, the participant's pension is not reduced to adjust for survivor benefits. The participant will receive an amount equal to the straight-life annuity, and the spouse will receive a proportion of that amount, often 50 percent, should the participant die.

Lump-sum payment. The participant may opt for a full lump sum, with no further benefits received from the plan. If a plan provides for a partial lump-sum payment, the participant receives a reduced annuity as well.

Defined contribution plans

Defined contribution plans determine the value of individual accounts on the basis of the amount of money contributed and the rate of return on the money invested. Definitions, key provisions, and related terms follow.

Types of plans

Types of defined contribution plans include savings and thrift plans, money purchase pension plans, deferred profit-sharing plans, employee stock ownership plans, individual retirement accounts (IRA, including traditional and Roth), simplified employee pensions, and savings incentive match plans for employees.

Savings and thrift plans. Employees may contribute a predetermined portion of earnings (usually pre-tax) to an individual account. Employers may match a fixed percentage of employee contributions or a percentage that varies by length of service, amount of employee contribution, or other factors. Contributions are invested as directed by the employee or employer. Although usually designed as a long-term savings vehicle, savings and thrift plans may allow withdrawals and loans before retirement.

Money purchase pension plans. Fixed employer contributions, typically calculated as a percentage of employee earnings, are allocated to individual employee accounts each year. Employers also may make profit-sharing contributions to these plans at their discretion.

Deferred profit-sharing plans. The employer contributes a fixed or discretionary amount of company profits to employees' accounts. The employer contribution is based on the profits of the company and may be zero. The contributions may be spread equally among all employees or may be based on the employee salary. Unlike a savings and thrift plan, a deferred profit-sharing plan does not require employees to contribute to their account in order to receive the employer's benefit.

Employee stock ownership plans (ESOPs). The employer pays a designated amount, often borrowed, into a fund that is then invested, primarily in company stock. Any debt incurred in the purchase of the stock is repaid by the company. Stock is then distributed to employees according to a formula. (Available in private industry only.)

Individual retirement accounts (IRAs). An IRA is a retirement savings plan. There are several types of IRAs: traditional IRAs, Roth IRAs, simplified employee pension (SEP) IRAs, and savings incentive match plans for employees (SIMPLE) IRAs. Traditional and Roth IRAs are established by individuals who are allowed to contribute earnings up to a set maximum dollar amount. SEPs and SIMPLE are retirement plans established by employers.

Simplified employee pensions (SEPs). An individual retirement account (IRA) is established for each eligible employee at local financial institutions. The employee is immediately vested in employer contributions and generally directs the investment of the money. Employers have flexibility in the amount they contribute as long as the total of employer and employee contributions do not exceed the [annual limit set by the Internal Revenue Service \(IRS\)](#) or 25% of total employee compensation, whichever is less.

Savings incentive match plans for employees (SIMPLE). This type of plan is limited to employers with fewer than 100 employees and who also do not have any other qualified retirement plan. SIMPLE can be either part of a 401(k) plan or established as IRAs. Employers must either make matching contributions of up to 3 percent of compensation or make a 2 percent nonelective contribution to all eligible employees. Participants who are 50 years or older may make additional pre-tax employee contributions into a SIMPLE.

Methods of contributions

Methods of contributions can include employee or employer contributions, detailed below.

Employee contribution methods

Pre-tax contributions. This type of contribution is a feature of many savings and thrift plans and other defined contribution plans that allow employees to make contributions to deferred compensation plans through salary

reduction agreements before federal and state taxes are deducted from pay. Distributions from a plan funded by pre-tax contributions are taxable at distribution.

Post-tax contributions. This type of contribution combines features of a Roth IRA plan and a 401(k) or 403(b) plan. Under these plans, employees are allowed to make part or all of their retirement plan contributions after taxes have been deducted, similar to the way a Roth IRA plan works. Post-tax contributions and their earnings are not subject to income tax upon distribution.

Amounts up to Internal Revenue Code (IRC) limit. The IRC provides for dollar limitations on benefits and contributions under qualified defined contribution plans. The IRC limit is adjusted on an annual basis. For information about the current and historic limits, see the [Retirement topics: Contributions](#) and [Cost-of-Living Adjustments for Retirement Items](#) on the Internal Revenue Service website.

Employer contribution methods

Methods employers may use for contributing to defined contribution plans include specified matching percent, fixed percentage of profits formula, and a percentage of employee earnings.

Specified matching percent. This feature is common in savings and thrift plans. The employer matches a specified percentage of employee contributions. The matching percentage can vary by length of service, amount of employee contribution, and other factors.

Fixed percentage of profits formula. This feature is common in deferred profit-sharing plans. The employer contributes a fixed percentage of total annual profits to the plan. For example, no matter what the level of profits, 5 percent is contributed to the plan.

Profits may include those for the entire company or just those in a specific business unit. In a variation of this formula, employers set aside a reserve amount of profits (for example, \$1 million) and pay only a fixed percentage of any profits above this amount into the employees' defined contribution plan.

Percentage of employee earnings. The employer contributes a fixed percentage of each employee's earnings to his or her individual account. This feature is common in money purchase pension plans.

Other retirement benefits

Payroll deduction IRA. This plan is established by the employer on behalf of the employee, but with no employer contributions. The employee can open either a traditional (tax deductible) or Roth (contributions are made after taxes but accumulate tax-free until retirement) plan with a financial institution, and the employee authorizes a payroll deduction by the employer. As long as the employer's involvement is minimal, the plan is not treated as an employer-sponsored retirement plan, and it is not subject to the legal requirements of such plans.

Savings with no employer contributions. Savings plans established by the employer on behalf of the employee, but with no employer contribution. These are cash or deferred arrangement plans or individual retirement accounts used to fund savings and retirement plans authorized by section 401(k), 403(b), or 457 of the Internal Revenue Code. The employees' contributions can be pre- and post-tax. Employees may authorize a payroll deduction by the employer to fund the established plan.

Healthcare Benefits

Healthcare benefits provide preventive and protective medical, dental, vision, or prescription drug coverage to employees and their families. Most employer-provided plans cover the employee and the employee's dependents, including spouse and children.

Medical care

Medical care plans provide services or payments for services rendered in the hospital or by a qualified medical care provider.

Indemnity plans

Indemnity plans reimburse the patient or the provider after medical expenses are incurred. The reimbursement amount from the plan may be partial or limited depending on plan coverage. Enrollees often must meet a certain deductible amount, then once the deductible is met, pay a co-insurance for covered services.

Consumer-driven health plan (CDHP). This type of plan combines a high-deductible health policy that provides protection from catastrophic medical expenses with a tax-favored account that pays routine healthcare expenses such as those for prescription medications and doctors' visits.

Exclusive provider organization (EPO). This type of plan obligates employees to use only the plan's providers in order to receive coverage, in contrast to PPO benefit plans, which merely offer a financial incentive for enrollees to use the preferred provider.

Health maintenance organizations (HMOs). HMOs both insure and deliver health care. HMOs pay the cost of health care and hire or contract with health care providers to give the care. Those enrolled in an HMO prepay the cost of health care and obtain coverage only from providers affiliated with the HMO. Because the cost is largely prepaid, HMOs are not indemnity plans. Those enrolled in an HMO pay only nominal additional co-payment costs when receiving health care. HMOs therefore tend to emphasize preventive care to hold down the cost.

High deductible health plan (HDHP). This type of plan typically features a higher deductible and lower insurance premiums than those of traditional health plans. The plan includes catastrophic coverage to protect against large medical expenses, but the insured is responsible for routine out-of-pocket expenses up until they meet the plan deductible. For more information, see the [High deductible health plans](#) factsheet.

Point-of-service (POS) plan. This type of plan provides services through a network of participating healthcare providers. Services received within the network or through select medical facilities generally provide more generous benefits than services received outside the network.

Preferred provider organization (PPO). This type of plan provides coverage through a network of participating healthcare providers. Enrollees may receive services outside the network, but generally at higher costs. The additional costs may be in the form of higher deductibles, higher coinsurance rates, or both, or in the form of non-discounted charges from providers.

Traditional fee-for-service plan. This type of plan finances, but does not deliver, healthcare services; the plan allows participants the choice of any provider, without affecting reimbursement. Employers pay premiums to a private insurance carrier to provide a specific package of health benefits. Some employers may choose to self-fund a fee-for-service plan, in which case the employer, as opposed to an insurance company, assumes responsibility for payment of all eligible benefits.

Limitations on coverage

Coinsurance. This form of medical cost sharing requires an insured person to pay a stated percentage of medical expenses after the deductible amount, if any, is paid. After any deductible amount and coinsurance are paid, the insurer is responsible for the rest of the reimbursement for covered benefits, up to the maximum allowed charges. The individual is responsible for any charges in excess of what the insurer determines to be "usual, customary, and reasonable." Coinsurance rates may differ between services received from an approved provider and those received from providers not on the approved list.

Copayments. The fixed dollar amount that an insured person must pay when a service is received before any remaining charges are paid by the insurer.

Deductible. The deductible is a dollar amount that an insured person pays during the benefit period (usually a year) before the insurer starts to make payments for covered medical services. Plans may have both individual and family deductibles. Some plans have separate deductibles for specific services. For example, a plan may have a hospitalization deductible per admission. Deductibles may differ between services received from an approved provider (that is, a provider with whom the insurer has a contract or an agreement specifying payment levels and other requirements) and those received from providers not on the approved list.

Internal limits. An internal limit applies to individual categories of care—for example, a \$250-per-procedure deductible for inpatient surgery.

Maximum dollar limit. This limit is the maximum amount payable by the insurer for covered expenses for the insured and each covered dependent while the insured is enrolled in the health plan. Plans can have a yearly or a lifetime maximum dollar limit. The most typical maximum limit is a lifetime amount of \$1 million per individual. Under the Patient Protection and Affordable Care Act (PPACA), as of September 23, 2010, employers with 50 or more employees were required to eliminate lifetime maximums on eligible medical care.

Maximum out-of-pocket expense. This feature limits the dollar amount a group member is required to pay out-of-pocket during a year, in addition to the plan deductible. Until it is met, the plan and the member share in the cost of covered expenses. After the maximum is reached, the insurer pays all covered expenses.

Overall limits. The NCS uses this term to refer to restrictions that apply to all or most benefits under the plan, as opposed to selected individual benefits. An example of an overall limit is a \$300-per-year deductible that must be paid before medical expenses become eligible for reimbursement. Another example is an 80-percent coinsurance that applies to all categories of care except outpatient surgery.

Plan Networks

In-network. Healthcare providers (e.g., specialists, hospitals, laboratories) that have accepted contracted rates with the insurer are considered in-network. The insured person typically pays a lower price for using services within the network.

Most-generous coverage. Insurers may offer tiered networks and provide the insured person with the most-generous coverage, lowest costs, for using the preferred provider(s). The insured person may also receive services from the other in-network providers.

Out-of-network. Services received outside the network, healthcare providers with contracted rates, typically carry a higher cost to the insured person.

Dental care

Dental care plans provide services or payments for restorative care and related treatment to the teeth and gums.

Vision care

Vision care plans provide coverage for the improvement of eyesight, including eyeglasses and contact lenses. Coverage typically is limited and is subject to applicable copayments or scheduled cash allowances.

Prescription drugs

Prescription drug plans provide coverage for outpatient prescription drugs. Prescription drugs dispensed during a hospital stay are covered as hospital miscellaneous charges.

Generic drugs. These are drugs that are not under any patents. Once a drug's patent has expired, some plans provide more generous coverage for same-formula generic drugs than for name-brand drugs; the practice is adopted as a cost containment measure.

Formulary drugs. These are both generic and brand-name drugs approved by the healthcare provider. Drugs not approved by the healthcare provider are nonformulary drugs, for which enrollees receive less generous benefits, such as a higher copayment per prescription.

Mail-order drugs. These are drugs that can be ordered through the mail. As a cost containment measure, some plans use mail-order pharmacies that typically provide a 3-month supply of maintenance drugs.

Name-brand drugs. These are drugs that once were, or still are, under patents.

Health-related benefits

Health savings accounts (HSAs). These financial tools are employee-owned portable accounts that use tax-exempt contributions to pay for medical expenses. HSAs are used in combination with employer-provided high-deductible health plans (HDHPs) with annual maximum limits on out-of-pocket and deductible expenses. Other features include the rollover of unused contributions from year to year and tax-free interest.

Health Reimbursement Arrangements (HRAs). Like health savings accounts (HSAs), Health Reimbursement Arrangements (HRAs) reimburse employees for qualified medical expenses. However, HRAs consist of funds set aside by employers only with no employee contributions. Employees receive tax-free reimbursements for qualified medical expenses up to a maximum dollar amount for a coverage period. An HRA may be offered with any qualified medical plan. HRAs are open to employees of establishments of all sizes. An HRA provides "first-dollar" medical coverage until funds are exhausted. For example, if an employee has a \$500 qualifying medical expense, then the full amount will be covered by the HRA if the funds are available in the account. All unused funds are rolled over at the end of the year. Former employees, including retirees, can have continued access to unused reimbursement amounts. HRAs are not portable, and the accounts remain with the original employer.

Flexible benefit plans. Also known as cafeteria benefit plans, flexible benefit plans are operated under provisions of Section 125 of the Internal Revenue Code. Section 125 allows employees to make a choice between cash (taxable) and noncash (nontaxable) benefits. The code permits companies providing flexible benefit plans to offer employees the following options: accident and health insurance plans, including healthcare spending accounts; group term life insurance and dependent coverage; disability benefits and accidental death and dismemberment plans; employee contributions to 401(k) plans or other thrift or savings plans (either pre-tax or after tax); dependent care assistance plans, including spending accounts; vacation days; and group legal services. Flexible benefit plans may be funded solely by the employer or through joint employer-employee contributions. Employers usually grant each employee credits to purchase benefits covered by the plan. Many plans include a core group of benefits (for example, life insurance coverage of \$25,000) and allow employees to purchase additional levels of the core benefit as well as benefits not included in the core group. An example is the employer's offering an additional \$20,000 in life insurance coverage.

Healthcare flexible spending accounts. Previously referred to as healthcare reimbursement accounts, healthcare flexible spending accounts can be part of a flexible benefit plan or stand alone. Employees participating in these accounts allocate a declared pre-tax amount, up to a set limit, for out-of-pocket healthcare expenses such as deductibles, copayments, coinsurance, and other qualified healthcare expenses not covered by their health insurance. Any money not used by the end of the plan year is generally forfeited, but the plan may offer a grace period or limited carry over.

Dependent care flexible spending accounts. Formerly referred to as flexible spending accounts, dependent care reimbursement accounts can be part of a flexible benefit plan or stand alone. Employees participating in these accounts allocate a declared pre-tax amount, up to a set limit, for out-of-pocket qualified expenses, including childcare, elder care, or services to a disabled dependent. Any money not used by the end of the plan year is generally forfeited, but the plan may offer a grace period or limited carry over.

Long-term care insurance. This type of health plan provides long-term (more than 1 year) custodial care, home care, and nursing home care. Coverage may be extended to active employees, retirees, parents of active employees, and dependents of active employees and retirees. Premiums are generally, though not necessarily, paid by employees. These plans are separate from coverage for extended care facilities and home healthcare found in health insurance plans that provide post-hospitalization benefits for a limited period.

Retiree healthcare. This type of health plan provides coverage to a retiree beyond what is mandated by COBRA or other health continuation laws. Coverage must include provisions typically found in a medical plan, such as hospitalization and doctor's care. The retiree plan does not have to be the same plan provided to active

employees, nor does it matter whether the retiree pays the entire premium. Plans that cover only dental, vision, or prescription drugs are not included.

Life Insurance Benefits

Life insurance provides a lump-sum payment to a designated beneficiary or beneficiaries of a deceased employee. Companies may provide a basic amount of life insurance benefits, which may vary with an employee's age, income, and occupation. Companies also may allow employees to pay for additional amounts of coverage.

Benefit formulas

Fixed-multiple-of-earnings benefit plans. These plans link the benefit amount to employee earnings, usually rounded to a stated dollar amount. This link enables the level of protection to increase automatically as income rises.

Variable-multiple-of-earnings benefit plans. Benefit calculations under these plans use multiples that are based on employee earnings. For example, employees earning up to \$50,000 per year might receive a benefit equal to their annual earnings, whereas employees earning more than \$50,000 per year might receive twice their annual earnings.

Flat-dollar-amount benefit plans. These plans provide a fixed life insurance benefit amount. Insurance amounts ranging from \$10,000 to \$25,000 are common in such plans.

Variable-dollar-amount benefit plans. These plans provide a dollar amount that varies with an employee's earnings and length of service.

Disability Benefits

Disability benefits provide protection against loss of income due to a nonoccupational illness or injury.

Short-term disability

Short-term disability plans provide benefits for non-work-related illnesses or accidents on a per-disability basis, typically for a 6-month to 12-month period. Benefits are paid as a percentage of employee earnings or as a flat dollar amount. Short-term disability benefits vary with the amount of pre-disability earnings, length of service with the establishment, or length of disability.

Plans can be funded in any of the following ways:

Insured. Insured includes commercially insured plans and legally required plans. The employer pays monthly premiums to an insurance carrier in exchange for the carrier assuming all risks of underwriting a short-term disability policy. The actuarially determined premium is often specified as a rate per \$10 of weekly benefit per month. In some cases, the employer contributes a specific amount (often a number of cents per hour worked for each employee) to a designated union fund that provides welfare benefits.

Noncommercially insured. The employer is required to have liquid assets corresponding to the projected liability of the plan. These plans must be registered with the Department of Labor and are guaranteed by ERISA. The employer assumes all risks and expenses of providing the benefit. Noncommercially insured includes unfunded and self-insured plans.

Long-term disability

Long-term disability plans provide a monthly benefit to eligible employees who, because of a non-work-related illness or injury, are unable to work for an extended length of time. Benefits usually are paid as a fixed percentage of pre-disability earnings, up to a set limit. Most participants have a waiting period of 3 to 6 months, or until sick leave or short-term disability benefits end, before long-term disability benefits begin. Long-term disability benefits generally continue until retirement or a specified age, or for a period that varies with the employee's age at the time of the disability.

Unpaid and Paid Leave Benefits

Unpaid family leave. This leave is granted to an employee to care for a family member. The leave may be used to care for a newborn child, an adopted child, a sick child, or a sick adult relative. A typical family leave plan extends leave without pay to an employee for a period of several months while the employee cares for the family member. The Family and Medical Leave Act (FMLA) of 1993 is a Federal law providing unpaid job-protected leave to eligible workers for the care of their families or themselves for specified family and medical conditions. The FMLA provides eligible workers with up to 12 workweeks of unpaid leave per year for the birth, adoption, or foster care placement of a child; the care of a spouse, son, daughter, or parent with a serious health condition; or the employee's own serious health condition resulting in an inability to work. Employers with fewer than 50 employees at a worksite (and within 75 miles of that worksite) are excluded from the FMLA. For an employee to be eligible they must have worked 1,250 hours during the twelve months prior to the start of leave and have worked for the employer for twelve months (not consecutive). For full details see the [U.S. Department of Labor's Wage and Hour Division website](https://www.dol.gov/ebsa/fmla).

Paid family leave. Family leave is granted to an employee to care for a family member and includes paid maternity and paternity leave. The leave may be available to care for a newborn child, an adopted child, a sick child, or a sick adult relative. Paid family leave is given in addition to any sick leave, vacation, personal leave, or short-term disability leave that is available to the employee. Employers are considered to provide access to paid family leave when they offer the benefit and incur a cost. State-mandated plans are only included when the employer provides a benefit greater than the mandate. Plans with only a monetary benefit but no leave entitlement are excluded.

Paid funeral leave. Funeral leave provides time off from work because of a death in the family. The period of absence is usually limited to a few days.

Paid holidays. Holidays are days of special religious, cultural, social, or patriotic significance on which work and business ordinarily cease. Employees usually have these days off from work and may receive either full or partial pay for holidays.

Paid jury duty leave. Jury duty leave provides a paid absence from work when one is summoned to serve as a juror. Employer payments commonly make up the difference between the employee's regular pay and the court's jury allowance.

Paid military leave. Military leave is paid absence from work to fulfill military commitments. Pay may be either regular pay or the difference between employees' regular earnings and the amount they receive from the military.

Paid personal leave. Personal leave is a general-purpose leave benefit, used for reasons important to the individual employee, but not otherwise provided by other forms of leave. Some employers place restrictions on the purposes for which personal leave may be used.

Paid sick leave. Sick leave is paid absence from work if an employee is unable to work because of a non-work-related illness or injury. The employer usually provides all or part of an employee's earnings. Employees commonly receive their regular pay for a specified number of days off per year. Sick leave is provided on a per-year basis, usually expressed in days, and is never insured.

Paid vacations. Vacations are leave from work provided on an annual basis and normally taken in blocks of days or weeks. Paid vacations commonly are granted to employees only after they meet specified service requirements. The amount of vacation leave received each year usually varies with the length of service. Vacation time off normally is paid at full pay or partial pay, or it may be a percentage of employee earnings.

Consolidated leave plans. Also referred to as paid time off, these plans replace different types of leave, such as vacation, sick leave, and personal leave. In consolidated leave plans, all types of leave are combined or used interchangeably within a single plan. Employees are allowed to use leave for any purpose that is stipulated by the plan. These plans are most often found at establishments such as hospitals, which must be open around-the-clock.

Other Benefits

Quality of life benefits

Childcare assistance. This benefit provides either full or partial reimbursement for the cost of caring for an employee's children in a nursery, daycare center, or by a babysitter. Care can be provided in facilities that are either on or off the employer's premises.

Employee assistance programs (EAPs). These programs provide structured plans, closely related to employee wellness programs, which typically deal with more serious personal problems than the essentially medical problems covered by wellness programs. EAPs can offer referral services, or referral services in combination with counseling services. Both the referral services and the counseling services may be supplied by company personnel, by an outside organization under contract, or by a combination of both.

Flexible workplace. This benefit permits workers to work an agreed-upon portion of their work schedule at home or at some other approved location, such as a regional work center. Such arrangements are especially compatible with work requiring the use of computers linking the home or work center to the central office.

Flexible work schedule. This benefit permits employees to set their own schedules within a general set of parameters. Employees generally are required to work a minimum number of core hours each day.

Wellness programs. These programs provide a structured plan, independent from health insurance that offers employees two or more of the following benefits: smoking cessation programs, exercise or physical fitness programs, weight control programs, nutrition education, hypertension tests, periodic physical examinations, stress management programs, back-care courses, and lifestyle assessment tests.

Subsidized commuting. This benefit provides full or partial payment for the cost of an employee's commute to work. This can be through a variety of methods such as public transportation, a company sponsored van pool, discount subway fares, or bus tokens. The use of a company car does not qualify as subsidized commuting.

Financial benefits

Financial planning. This is a free or subsidized financial service to help employees make decisions related to savings, borrowing, investing, home purchases, education expenses, and/or retirement income.

Student loan repayment. Also referred to as a tuition forgiveness program, this benefit provides support to employees for education already obtained. This does not include instances where the employer supports ongoing education

Nonproduction bonuses

Nonproduction bonuses are payments to employees that are not directly related by any formula to individual employee productivity.

Attendance bonus. A payment to employees who achieve specified attendance goals.

Cash profit sharing. A payment to employees in recognition of their contribution to company profitability. Payments may vary with length of service.

Employee recognition bonus. A payment to employees that rewards performance or significant accomplishments.

End-of-year bonus. A payment to employees near the end of the year as a sign of appreciation for working hard throughout the year.

Hiring bonus. A payment made by an employer to induce an individual to accept employment with the establishment.

Holiday bonus. A payment made to employees on a holiday and as a sign of appreciation. The payment is usually a token gesture, with all employees receiving the same amount.

Longevity bonus. A bonus or a lump-sum payment paid to employees on the basis of their length of service.

Management incentive bonus. A payment to managers as a reward for their ability to direct the performance of a group of subordinate employees in the attainment of a special goal.

Payment in lieu of benefits. A payment to employees in lieu of the employer's providing a benefit, such as healthcare. In some cases, the employer offers cash to employees who waive employer-sponsored benefits, such as sick leave. When this occurs, the employer passes the savings from the waived benefit to the employee.

Referral bonus. A payment given to employees for recommending a qualified applicant who is hired by the establishment.

Retention bonus. A payment made by an employer to an incumbent employee to retain that individual with the establishment.

Safety bonus. A payment to employees for maintaining a high level of safety in the workplace.

Suggestion bonus. A payment to employees whose innovative suggestions to create better work processes and improve establishment efficiency have been considered or implemented.

Other bonus. A payment to employees that is not applicable to other listed nonproduction bonus categories. Examples are birthday bonuses and retirement bonuses.

Unmarried domestic partner benefits

Some employers extend benefits to domestic partners, defined as two unrelated, unmarried adults who share the same household. In order to qualify for benefits, an employee may need to demonstrate that a partner meets certain criteria set by the employer. Employers may set their own criteria for what constitutes an eligible domestic partner. Benefits offered employees that extend to domestic partners include healthcare plans and survivor benefits within defined benefit retirement plans. For more information, see [Employer-sponsored benefits extended to domestic partners](#).