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The take-up rate is the percentage of workers with access to a plan who participate in the plan.

**Defined-benefit plan**
A defined-benefit retirement plan provides employees with guaranteed retirement benefits that are based on a benefit formula. A participant’s retirement age, length of service, and preretirement earnings may affect the benefit received.

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**Survey finds that employer-provided benefits vary with earnings**

Thirty-one percent of civilian workers in the lowest 10 percent of the national earnings range had access to defined-contribution retirement plans, compared with 68 percent of workers in the highest 10-percent earnings category. This pattern continues for actual participation in a defined-contribution retirement plan, where 13 percent of the lowest paid workers participated, compared with 55 percent for the highest paid workers. These lower access and participation rates for lower-wage workers mean such workers are less likely to take advantage of defined-contribution plans. The take-up rate (the percent of workers with access to a plan who participate in the plan) for such plans was 40 percent among the lowest paid workers, compared with 80 percent among the highest paid workers.

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**National Compensation Survey**

www.bls.gov/ncls

**Benefit Series**

**Health**

**Paid leave**

**Retirement**

**By wage level**

**Sick leave**

**Defined-benefit plans**

**Defined-contribution plans**

**Combined benefits**

**Fee-for-service plans**

**Life/disability insurance**

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TDD: (800) 877-8339

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One likely reason for the lower defined contribution take-up rates for lower-wage workers is that such plans frequently require employee contributions. Seventy-two percent of workers in the lowest wage category had low access rates, and workers with low earnings had high access rates. Medical care benefits were not offered to employees in the lowest wage category but were offered to a majority of employees in the highest wage category. Only vision care was provided to a majority of employees in the lowest wage category but were not offered to employees in the highest wage category. (See chart 1.)

Access to healthcare

Access to healthcare benefits, along with participation and take-up rates, generally followed the pattern shown for retirement benefits—that is, workers with low earnings had high access rates, and workers with high earnings had high access rates. Medical care benefits were available to 26 percent in the lowest wage category, compared with 92 percent in the highest wage category. (See chart 1.) Typically, dental and outpatient prescription drug coverage were not offered to employees in the lowest wage category but were offered to a majority of employees in the highest wage category. Only vision care was provided to a minority of employees in both low- and high-wage categories (10 percent and 44 percent, respectively).

Healthcare premium costs

The survey also presents data on the share of medical care premiums paid by the employer and employee, and analysis shows that the higher-paid workers paid a smaller proportion of their premium. For single coverage, employers contributed 85 percent of the cost for high-paid workers and 75 percent for the lowest paid. Comparable contributions for family coverage were 76 and 61 percent. In medical care plans requiring employee contributions, the information in table 2 shows, in dollars and cents, the difference in employers’ and employees’ average premium contributions for high- and low-paid workers. For example, for single coverage, workers in the top 10 percent of the earnings range paid about $11 a month less than the lowest paid workers ($85.47 compared with $96.89), and the employer contributed nearly $100 a month more for the highest paid over the lowest paid ($344.14 compared with $248.09). The family coverage estimates provide a starker difference in employer contributions based on earnings, where the monthly worker contribution was about $60 less for the high paid over the low paid ($319.72 compared with $379.53), while the employer contributed an average of about $280 a month more for the high paid ($843.06 compared with $560.24). (See table 2.)

Life insurance

The pattern of low access rates and low participation rates for low-paid workers, and conversely, high access rates for high-paid workers, also applied to life insurance benefits. Among those with access to a life insurance plan, most did not have to contribute to receive the benefit. Eleven percent for the lowest wage earners and 6 percent for the highest wage earners had to contribute. Most plans determined payout amounts as either a multiple of earnings or a flat-dollar amount. (See table 3.) Plans that offered a multiple of earnings were similar—1.3 times annual earnings for low-wage earners.

continued on back page

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**TABLE 1**

<table>
<thead>
<tr>
<th>Wage earner category</th>
<th>Access rate</th>
<th>Participation rate</th>
<th>Take-up rate</th>
<th>Employer contributions required</th>
<th>Employee contributions from pre-tax earnings</th>
<th>Access rate</th>
<th>Participation rate</th>
<th>Take-up rate</th>
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**TABLE 2**

<table>
<thead>
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<th>Wage earner category</th>
<th>Access rates (in percent)</th>
<th>Employer share of premium (in percent)</th>
<th>Average monthly premium contributions in plans requiring employee contributions</th>
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<td>Family coverage</td>
<td>Single coverage</td>
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<td></td>
<td></td>
<td></td>
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</table>

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**CHART 1**

Medical care benefits, civilian workers, National Compensation Survey, March 2009

Average wage within the indicated percentiles (in percent)

- Lowest 10
- Lowest 25
- Second 25
- Third 25
- Highest 25
- Highest 10

**TABLE 1**

Access, participation, and take-up rates for defined-contribution and defined-benefit plans and employee contributions for defined-contribution plans, civilian workers, National Compensation Survey, March 2009

**TABLE 2**

Access rates, employer share of premiums, and average monthly premium costs for employees and employers for health benefits, civilian workers, National Compensation Survey, March 2009

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U.S. BUREAU OF LABOR STATISTICS

FEBRUARY 2010 • PROGRAM PERSPECTIVES 3
One likely reason for the lower defined contribution take-up rates for lower-wage workers is that such plans frequently require employee contributions. Seventy-two percent of workers in the lowest wage category were required to contribute, compared with 66 percent for the highest wage category. (See table 1.)

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The level of employer contributions and contribution retirement plan specifies service, and preretirement earnings may be based on a benefit formula. A defined-benefit plan provides employees with guaranteed retirement benefits. Defined-contribution plans, such as 401(k) plans, are those for which the method of determining the employer contribution is known but the actual benefit is unknown. Defined-benefit plans, are those for which the method of determining the employer contribution is known but the actual benefit is unknown.

## Retirement

Data on retirement plans are provided for both defined-contribution and defined-benefit plans. Defined-contribution plans, such as 401(k) plans, are those for which the method of determining the employer contribution is known but the actual benefit is unknown. Defined-benefit plans, such as traditional pension plans, provide a guaranteed benefit based on a formula.

## Program Perspectives

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**from page 3**

and 1.5 times annual earnings for high-wage earners.

### Holidays and vacations

Access to holidays and vacations followed the same pattern for low-paid workers, but deviated slightly for workers at the upper end of the earnings range. For example, civilian workers in the second 25 percent category had higher access rates for holidays and vacations than those in the highest 25 percent. (See table 3.) Full results of the March 2009 benefits survey can be accessed at www.bls.gov/cbs/benefits/2009/ebb0044.pdf.

For information about wage percentiles, see www.bls.gov/ncs/ncswage2008.htm.

**The next Program Perspectives will feature sick leave.**