

2017/2018 National Policies & Benefits Survey

An Employer Associations of America (EAA) Sponsored Survey coordinated by the Management Association in cooperation with 12 associations nationwide.

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Confidential Survey Report

This survey is provided with the understanding that the information will:

- remain strictly confidential
- be restricted to authorized personnel only
- not be used in collective bargaining or grievance proceedings
- protect organizational identity completely



The National Network of Local Workplace Solutions

National surveys produced by the EAA include:

- National Business Trends Survey
- National Executive Compensation Survey
- National IT & Engineering Compensation Survey
- National Policies & Benefits Survey
- National Sales Compensation Survey
- National Wage & Salary Survey

Contact your local association (see page iv) for more information.

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The survey is divided into nine major sections. Below are page numbers for the specific sections and subsections of this report.

	<u>Page(s)</u>
EAA Co-sponsors	iv
Introduction	v
Participants.....	vi-xiii
Using the Report	xiv
Survey Highlights	xv-xvii
Participant Demographics.....	xviii
HEALTH AND WELFARE BENEFITS	
Section 125 Plans	1
Full Cafeteria Plans	1-2
Life Insurance.....	3-6
Long Term/Elder Care Insurance.....	6-7
Accidental Death and Dismemberment Insurance	7-8
Short-Term Disability Insurance	9-13
Sick/Personal Day Plans	13-16
Long-Term Disability Insurance.....	16-19
Medical Insurance	20-23
HMO Plans.....	23-25
PPO/POS Plans	25-31
High Deductible Health Plan with an HSA.....	31-35
Health Reimbursement Account (HRA).....	35
Prescription Drug Plan	36-37
Dental Insurance	37-38
DMO.....	38-40
Dental PPO	40-44
Vision Care Insurance	44-47
Adoption Benefits	47
RETIREMENT BENEFITS	
Retiree Benefits.....	48
Retirement Income Plans	49-50
401(k)/403(b) Plans.....	50-56
Pension Plans (excluding profit sharing)	56-57
MISCELLANEOUS BENEFITS	
Credit Union	58
Benefits Cost.....	58
Benefit Statements	58-59
Termination Policy/Practice	59-61
Severance Policies	61-63
PAY PRACTICES	
Pay Administration	64-65
Premium Pay.....	66-70
Incentive Systems	71-72
Performance Appraisal	73-74

WORKING CONDITIONS	<u>Page(s)</u>
Dress Code	75
Alternate Work Schedules	76-77
Meal and Break Periods	77-78
Health, Wellness, and Safety Programs	78-85
Seniority Policy	86-89
Moving and Relocation Expenses for Employees	89-91
Travel Policy	91
Business Equipment	92-93
Absenteeism and Tardiness	93-96
Leave of Absence	96-103
Internet/E-mail Use	103-104
PAID TIME OFF	
Vacation	105-108
Holidays	108-111
Military Leave	111-114
Jury Duty	114-115
Volunteer Leave	115-116
Bereavement Leave	116-117
Paid Time Off (PTO)	118-121
PART-TIME EMPLOYEES	
Benefits	122-125
RECRUITMENT, TRAINING AND DEVELOPMENT	
Recruitment and Selection Practices	126-128
Reference Checking	129
Hiring & Retention	130
Tuition Reimbursement	130-135
Development Programs	136-137
EMPLOYEE/COMMUNITY RELATIONS	
Service Awards	138-139
Matching Contributions	139-140
Organization Sponsored Social or Recreational Activities	140-141

2017/2018 National Policies & Benefits Survey
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The 2017/2018 edition of the *National Policies and Benefits Survey* (PBS) was conducted by the Management Association in cooperation with 12 other member associations of The Employer Associations of America (EAA), representing a total of 16 geographic locations. In most instances, a local breakout from this report is also available by contacting the association in the desired geographic area.

The data for this edition were collected September – October, 2016. Participants could participate online or via paper questionnaire, but all data was entered online before processing.

A total of 1,595 organizations participated in this edition of the Policies & Benefits Survey via employer associations (see facing page) in the following locations:

<u>Association Location</u>	<u>Area Covered</u>	<u>Participants</u>
Agawam, MA	Connecticut, Massachusetts, Rhode Island	97
Cincinnati, OH	Greater Cincinnati/Columbus	6
Downers Grove, IL	Greater Chicagoland	256
Highland Heights, OH	Northeast Ohio – Cleveland/Akron	88
King of Prussia, PA	Philadelphia	57
Livonia, MI	Detroit Metropolitan	166
Longwood, FL	Florida	47
Moline, IL	Western IL, Eastern IA (Quad Cities)	30
Palatine, IL	Northern Illinois	27
Plymouth, MN	Minnesota	178
Portland, OR	Portland	28
Rochester, NY	Rochester	122
Salem, OR	Oregon, Washington	7
St. Louis, MO	St. Louis Metropolitan	95
Tigard, OR	Oregon, Washington, California, Idaho	41
Waukesha, WI	Wisconsin	350

Demographics of participants can be found on page xviii.

We extend our most sincere appreciation to all organizations who participated in this edition of the Policies & Benefits Survey. The 2019/2020 edition will be conducted in the fall of 2018.

Finding Information

This survey report documents trends in policies and benefit practices using multiple choice, forced-choice (choose one) and fill-in the blank questions. Results are divided into nine major categories.

- Health and Welfare Benefits
- Retirement Benefits
- Miscellaneous Benefits
- Pay Practices
- Working Conditions
- Paid Time Off
- Part-Time Employees
- Recruitment, Training and Development
- Employee/Community Relations

These major categories and their sub-categories are listed in the **Table of Contents** at the front of this report.

Definitions and Interpretation

1. **Percentages:** Responses are reported as straight percentages. The number of organizations marking a specific choice is divided by the total number of organizations responding to the same item.
2. **Organizations Responding:** Total number of organizations that responded to a particular item for a specific category.
3. **Employee Categories:** Responses could be made for four (4) different employee groups except where a total company view or select-group view was appropriate per the question content.
 1. (U) Union Production, Maintenance and Service
 2. (NU) Non-Union Production, Maintenance and Service
 3. (CT) Non-Exempt Clerical and Technical
 4. (SMP) Exempt Supervisory, Managerial and Professional

Question Numbering

Many questions have more than one table showing different types of information. For those questions, the question number appears with the first table and subsequent tables are unnumbered. It should also be noted that when there are multiple tables, average data is often shown with zeros included (not denoted) and then without (or another combination of data removal) so be sure to investigate all parts of a question to get the full picture.

The 2017/2018 Policies and Benefits Survey contains information from 1,595 participating organizations from across the United States. These organizations answered 333 questions about their human resource policies and employee benefit offerings.

The majority of respondents, close to 86 percent, have an employment size of 500 or less employees. There is about equal representation of respondents who are in the manufacturing sector (48.4 percent) and the combined services sector (30.8 percent). Out of the total number of participants, 214 have a union. The majority of respondents have a revenue size of \$49.9 million and under. A complete look at participant demographics can be found on page xviii.

The survey covers a variety of topics in the area of health and welfare benefits, retirement benefits, pay practices, working conditions, paid time off, part-time benefits, recruitment, training and development, employee/community relations along with miscellaneous benefits. Below are highlights from the 2017/2018 survey.

Survey participants were once again able to provide actual data (e.g., dollar amounts of premium covered, average paid time off awarded, number of paid sick days, etc.) as opposed to a forced choice between ranges of answers. This provides a more accurate look at employee benefits and work policies.

Health and Welfare Benefits

- Ninety-six percent of respondents offer employees **life insurance** with approximately 95 percent paying the full premium amount. This closely mirrors what participants reported in the 15/16, 13/14, and 11/12 surveys.
- **Long-term/Elder Care** has remained consistent with about 6 percent of organizations offering coverage to employees. Of those that do, approximately 65 percent require employees to pay the entire premium amount, which is a slight decrease from the 15/16 survey.
- Approximately 88 percent of organizations provide **accidental death and dismemberment (AD&D) insurance** to employees as either a free-standing benefit, or as part of a group term or other life insurance plan, which is similar to what was reported in the 15/16 and 13/14 surveys.
- About 83 percent of respondents provide **short-term disability insurance**, which is a slight increase to what was reported in the 15/16 survey.
- The average number of **paid sick/personal days** is 7.4, which is similar to the 15/16 amount reported.
- PPOs continue to be the most popular **health insurance** plan followed by High Deductible Health Plans (HDHP). 19 percent are offering HRAs. About 25 percent of respondents offer HMOs, which is slight increase to the 15/16 survey. Average **office visit co-pays** for HMOs are \$25 (regular) vs. \$38 (specialist) and PPOs are \$28 (regular) vs. \$41 (specialist).
- About 38 percent of respondents attach a **wellness incentive** to their medical plan with about 66 percent offering a reduction in employee premiums as an incentive.
- **Domestic partner benefits** continue to increase in popularity. Participants currently offering benefits increased to approximately 41 percent, which is up from 38 percent in the 15/16 survey.
- Ninety-five percent of participants offer **dental insurance**. Those offering **vision insurance** increased slightly to 78 percent.

Retirement Benefits

- **401(k)/403(b)/457 plans** remain the most popular form of retirement savings plans with participants offering it to 85 percent of union employees and 92 percent of non-union. Eligibility periods did not change with 39 percent of participants allowing employees to participate immediately or within the first month of employment.

Miscellaneous Benefits

- **Benefits cost** on average about 32 percent of payroll, which is similar to the prior survey.
- The number of respondents using **exit interviews** has slightly increased to 78 percent, and they are generally conducted by the human resources department.
- Of those providing **severance pay**, the average number of weeks given based on length of service is 20 – 26 weeks, which is an increase over the 15/16 survey.

Pay Practices

- Job-based **compensation plans** such as market-pricing (42 percent) and formal job evaluation systems (13 percent) are still the most common, with individual-based plans such as skill-based pay and competency-based pay found in approximately 13 percent of organizations overall.
- **Incentive programs** continue to be a popular compensation method. The top five programs based on average percentage are: organization discretionary bonus (30 percent), individual incentives (23 percent), organization specified goal bonus (18 percent), spot awards (16 percent), and profit sharing (15 percent).
- The use of a rating scale **performance appraisal system** is the most prevalent type at 45 percent, followed by self-appraisal (29 percent), competency based (25 percent), management by objectives (MBO) (20 percent) and narrative analysis (18 percent). Approximately 44 percent of organizations directly link **pay decisions** to an individual's performance appraisal, and 37 percent said performance appraisals are indirectly linked to pay decisions.

Working Conditions

- Relaxed **dress codes** are on the rise. Organizations report having four days designated as “business casual” and one day as “casual” dress.
- Fourteen percent of employers are offering **telecommuting** which is a slight increase from the 15/16 survey. Part-time work, flextime, and compressed work weeks are still the most popular **alternative work schedules**.
- Twenty-three percent of organizations provide an **automobile for employee use**. Organizations providing **cell phones** to employees has slightly increased to 75 percent from 15/16. Of those providing cell phones, about 70 percent pay for the entire cost which is also an increase.
- Organizations providing an **iPad/Tablet** for employee use significantly increased to 33 percent – up from 27 percent in 15/16.
- Seventy-four percent of organizations have **blocking mechanisms** for restricted Internet sites. **Instant messaging** is on the rise and is now allowed in 50 percent of organizations, while **personal use** of the Internet and e-mail use during work hours is allowed by 59 percent for office employees. Access to **social media** sites during work hours is also increasing and is now allowed in 47 percent of organizations. Nearly 53 percent **monitor** internet and e-mail usage which is a decrease over the prior survey.

Paid Time Off

- On average, employees earn nine days of paid **holidays**. If offered, most organizations offered one paid **floating holiday**.
- Employees called to serve in the **military**, whether to active duty or for annual training obligations, are typically not paid by the employer during that time. Forty-seven percent of employers do not continue the employer-portion of benefit premiums during active military duty.
- On average 17 percent of employers allow/encourage their employees to **volunteer** for outside charitable organizations during working hours. Approximately 79 percent pay the employee for a full day while they are volunteering. Both of these numbers slightly increased from the 15/16 survey.
- **Paid Time-Off (PTO) banks** have slightly increased with 32 percent of organizations offering them. Most often the banks include vacation, sick and personal days.

Part-Time Employees

- **Benefits coverage** is the same or prorated for part-time employees as compared to full-time employees in about 47 percent of the participating organizations. Part-time employees must work at least 20 hours per week to earn vacation benefits.

Recruitment, Training and Development

- The most popular **employment test** used as part of the selection process was the drug and alcohol test. Approximately 20 percent of those using employment tests have the test validated specifically for the organization while 52 percent have tests validated by the test developer.
- Of the organizations **checking references**, 42 percent use an outside service firm which is a slight increase. Most commonly checked are criminal records followed by former employment/professional references.
- About 65 percent of organizations offer **tuition reimbursement**, but most often between one and four percent of eligible employees take advantage of the program. The majority reported waiting period to be eligible for tuition reimbursement is about a year.

Employee/Community Relations

- Seventy-four percent of participants provide **service awards** to employees. The most common timing of those awards is at the 5 and 10 year marks.
- About 65 percent of employers are providing **organization sponsored activities**, which increased from 64 percent in 15/16. The most common company sponsored activities include holiday parties and annual picnics. Around 64 percent of employers provide alcohol free of charge to employees at these events.

*2017/2018 National Policies & Benefits Survey
Demographics Information*

Number of participants by employee size category:

	# of Orgs	% of Orgs
1 - 100 employees	699	43.8%
101 - 500 employees	672	42.1%
Over 500 employees	224	14.0%
Total	1595	100.0%

Number of participants by revenue category:

	# of Orgs	% of Orgs
\$0 – 24.9 million	719	45.1%
\$25 – 49.9 million	332	20.8%
\$50 – 99.9 million	231	14.5%
\$100 – 249.9 million	148	9.3%
\$250+ million	165	10.3%
Total	1595	100.0%

Number of participants by industry:

	# of Orgs	% of Orgs
Natural Resources / Mining	6	.4%
Utilities	11	.7%
Construction	36	2.3%
Non-Durable Goods Manufacturing	274	17.2%
Durable Goods Manufacturing	497	31.2%
Retail Trade	39	2.4%
Wholesale Trade	41	2.6%
Transportation / Warehousing	49	3.1%
Information (Communication/Broadcasting)	12	.8%
Financial Activities	81	5.1%
Professional / Business Services	162	10.2%
Education Services	55	3.4%
Health Services	79	5.0%
Social Services	83	5.2%
Leisure / Hospitality Services	21	1.3%
Public Administration	56	3.5%
Services, not elsewhere classified	91	5.7%
Other industry	2	.1%
Total	1595	100.0%

Number of participants by union status:

	# of Orgs	% of Orgs
Non-Union	1381	86.6%
Union	214	13.4%
Total	1595	100.0%

*2017/2018 National Policies & Benefits Survey
Health and Welfare Benefits*

SECTION 125 PLANS

1. Does your organization have any of the following Section 125 plan options?

	1 - 100 employees				101 - 500 employees				Over 500 employees				Total Responses			
	U	NU	CT	SMP	U	NU	CT	SMP	U	NU	CT	SMP	U	NU	CT	SMP
Pre-tax health insurance premiums (premium only plan)	83.7%	85.2%	82.7%	82.1%	86.3%	88.1%	88.7%	88.6%	80.0%	89.4%	89.9%	89.9%	83.9%	87.2%	86.3%	86.0%
Flexible Spending Account for medical care	58.1%	51.8%	53.8%	54.1%	65.3%	76.1%	77.9%	78.2%	65.5%	84.4%	85.7%	86.2%	63.7%	68.1%	68.7%	69.0%
Flexible Spending Account for dependent care (day care, pre-school, etc.)	51.2%	44.9%	48.0%	48.0%	65.3%	75.3%	77.6%	77.6%	63.6%	82.8%	85.3%	84.4%	61.7%	64.8%	66.0%	65.9%
Full Cafeteria plan (refer to question #3)	16.3%	14.8%	16.6%	16.6%	15.8%	19.7%	20.9%	21.0%	23.6%	23.9%	25.8%	26.1%	18.1%	18.5%	19.7%	19.8%
Vacation buy/sell arrangements	9.3%	7.1%	5.8%	5.8%	10.5%	6.8%	6.9%	6.3%	14.5%	10.0%	11.1%	10.6%	11.4%	7.4%	7.0%	6.7%
PTO buy/sell arrangements	2.3%	5.6%	5.1%	5.2%	6.3%	6.6%	6.6%	5.2%	7.3%	8.9%	6.9%	5.5%	5.7%	6.6%	6.0%	5.2%
None	9.3%	7.5%	9.2%	9.1%	6.3%	5.0%	3.8%	3.8%	9.1%	1.7%	1.8%	1.8%	7.8%	5.4%	5.9%	5.8%
Organizations Responding	43	425	652	658	95	497	652	656	55	180	217	218	193	1102	1521	1532

2. The Section 125 plan is administered:

	1 - 100 employees				101 - 500 employees				Over 500 employees				Total Responses			
	U	NU	CT	SMP	U	NU	CT	SMP	U	NU	CT	SMP	U	NU	CT	SMP
Internally	38.5%	33.2%	33.9%	33.1%	40.9%	36.2%	34.1%	34.4%	48.8%	40.6%	37.9%	38.0%	42.4%	35.8%	34.6%	34.4%
By an outside administration firm	61.5%	66.8%	66.1%	66.9%	59.1%	63.8%	65.9%	65.6%	51.2%	59.4%	62.1%	62.0%	57.6%	64.2%	65.4%	65.6%
Organizations Responding	39	386	581	586	88	464	616	620	43	175	211	213	170	1025	1408	1419

FULL CAFETERIA PLANS

3. Do you have a benefits plan where employees are provided a fixed dollar amount to be applied toward the purchase of benefit options from a variety of choices?

	1 - 100 employees				101 - 500 employees				Over 500 employees				Total Responses			
	U	NU	CT	SMP	U	NU	CT	SMP	U	NU	CT	SMP	U	NU	CT	SMP
Yes	11.4%	16.0%	15.7%	15.2%	8.5%	13.1%	13.9%	14.4%	16.1%	8.5%	9.9%	9.9%	11.3%	13.5%	14.1%	14.1%
No	88.6%	84.0%	84.3%	84.8%	91.5%	86.9%	86.1%	85.6%	83.9%	91.5%	90.1%	90.1%	88.7%	86.5%	85.9%	85.9%
Organizations Responding	44	419	638	638	94	488	632	638	56	177	212	213	194	1084	1482	1489

(U) = Union Production, Maintenance and Service (CT) = Non-Exempt Clerical and Technical
(NU) = Non-Union Production, Maintenance and Service (SMP) = Exempt Supervisory, Managerial and Professional