



Fast Facts from EBRI

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Employee Benefits: Where Money Comes From, Where It Goes

WASHINGTON—In 2006, Americans received a gross total of \$2.33 trillion for major employee benefit programs, up almost 50 percent from 2000. Where did the money come from and where did it go?

Benefit Payments to Individuals (2006)

- *Retirement benefit payments* accounted for \$1.17 trillion, or 50 percent of the \$2.33 trillion in total benefits payments total in 2006. Of the total amount for retirement benefits payments, \$544.1 billion (or about 47 percent) was paid by the Social Security Old-Age Survivors and Disability Program (OASDI), \$331.8 billion (or about 28 percent) by private pension and profit sharing plans, and \$290.7 billion (about 25 percent) by public employer retirement plans, including those for federal civilian and local governments, railroad employees, and military personnel.
- *Health benefit payments* of \$1.01 trillion accounted for 43.5 percent of total 2006 benefit payments. Sixty percent of this (\$609.9 billion) was paid by private group health insurance plans, while 39.6 percent (\$402.3 billion) was paid by Medicare.
- *Other voluntary and mandatory employee benefit programs*, including unemployment insurance, workers' compensation, group life insurance, disability, and veterans' benefits, totaled \$149.6 billion, or about 6.4 percent of total benefit payments in 2006

Employer Spending on Benefits (2006)

- Employers spent \$1.42 trillion on major voluntary and mandatory employee benefit programs in 2006.
- The employer benefit spending total for 2006 included \$657.4 billion (46.3 percent) for *retirement programs*, \$623.5 billion (43.9 percent) for *health programs*, and \$139.9 billion (9.8 percent) for *other benefits*. While retirement benefits currently constitute the largest single share of employer spending on benefits, health costs are growing fast and are likely soon to outstrip retirement and become the major source of benefits expense.

Individual Spending Breakdown (2006)

- Individuals paid \$655.6 billion into the benefit system in 2006.
- Personal contributions to retirement benefits, including contributions to Social Security OASDI and private-sector retirement plans, totaled \$346.3 billion (52.1 percent) in 2006. Personal contributions to health benefits totaled \$279.6 billion (42.0 percent) in 2006.

Details of the finances of employee benefits, including comparisons with selected years dating to 1950, appear in the January 2008 *EBRI Notes*, available at www.ebri.org

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