



## *Fast Facts from EBRI*

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### **The \$7 Trillion Question: How Do Employers Spend That Amount on Worker Wages, Salaries, and Benefits?**

WASHINGTON—Employers in the United States are spending at least \$7 trillion a year on total worker compensation, including wages, salaries, and benefits. Where does the money go?

An article in the December 2006 *EBRI Notes*, published by the nonpartisan Employee Benefit Research Institute (EBRI), provides this breakdown for all employers, based on 2005 Commerce Department data:

- Wages and salaries: 80.6 percent
- All benefits: 19.4 percent

The article, available at [www.ebri.org](http://www.ebri.org), shows these additional details:

- **Wages and salaries:** This sector accounted for about \$5.7 trillion of total employer spending for worker compensation in 2005, up from \$4.8 trillion in 2000. In 1960, wages and salaries accounted for about 92 percent of employer spending for total compensation, but that share has slipped over time.
- **Retirement benefits:** Employer spending was \$628.4 billion for retirement benefits in 2005, up from \$458.8 billion in 2000. Retirement benefits have long been the largest single sector for benefits expenditures, but have been declining as a share of the whole. In 1960, retirement benefits accounted for nearly 60 percent of total benefits spending, but by 2005 that number had declined to 46 percent of the total.
- **Health benefits:** In 2005, employers spent \$596.5 billion on health benefits, up from \$399.6 billion in 2000. Health benefits, which are taking an ever-increasing share of employers' benefits spending, accounted for 44 percent of employer spending on benefits in 2005, up from 42 percent in 2000 and just 14 percent in 1960.
- **Other benefits:** Employer spending on other benefits, such as unemployment insurance, life insurance, and workers' compensation, was \$138.3 billion in 2005, up from \$94.2 billion in 2000. Other benefits accounted for just over 10 percent of employers' spending for benefits in 2005, compared with just under 10 percent in 2000. Over the long term, other benefits have been a shrinking share of employer spending on benefits, down from nearly 26 percent in 1960.

The *EBRI Notes* article provides a detailed breakdown of employer spending for total compensation and benefits for selected years from 1960 to 2005. The article also contains a breakdown of spending for total benefits by the federal, state, and local governments.

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