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A T A G L A N C E

Employee Tenure Trends, 1983–2014, *by Craig Copeland, Ph.D., Employee Benefit Research Institute*

- The most recent U.S. Census Bureau data show that the overall median tenure of workers—the midpoint of wage and salary workers' length of employment in their current jobs—was slightly higher in 2014, at 5.5 years, compared with 5.0 years in 1983.
- However, the median tenure for male wage and salary workers was lower in 2014 at 5.5 years, compared with 5.9 years in 1983. In contrast, the median tenure for female wage and salary workers increased from 4.2 years in 1983 to 5.4 years in 2014. Consequently, the increase in the median tenure of female workers more than offset the decline in the median tenure of male workers, leaving the overall level slightly higher.
- The data on employee tenure—the amount of time an individual has been with his or her current employer—show that career jobs never existed for most workers and have continued not to exist for most workers. These tenure results indicate that, historically, most workers have repeatedly changed jobs during their working careers, and all evidence suggests that they will continue to do so in the future.

Views on Employment-Based Health Benefits: Findings from the 2014 Health and Voluntary Workplace Benefits Survey, *by Paul Fronstin, Ph.D., Employee Benefit Research Institute, and Ruth Helman, Greenwald & Associates*

- Enactment of the Patient Protection and Affordable Care Act of 2010 (PPACA) has raised questions about whether employers will continue to offer health coverage to their workers in the future. Yet, the importance of benefits as criteria in choosing a job remains high, and health insurance in particular continues to be, by far, the most important employee benefit to workers.
- Most workers are satisfied with the health benefits they have now, although nearly one-third would change the mix of wages and health benefits, which may reflect an intensifying desire for real wage growth. Choice of health plans is important to workers, and they would like more choices, but most workers express confidence that their employers or unions have selected the best available health plan. Moreover, they are not as confident in their ability to choose the best available plan if their employers or unions did, in fact, stop offering coverage.
- Individuals are not highly comfortable that they could use an objective rating system to choose health insurance nor are they extremely confident that a rating system could help them choose the best health insurance.

Employee Tenure Trends, 1983–2014

By Craig Copeland, Ph.D., Employee Benefit Research Institute

Introduction

Past generations of American workers are believed to be represented by a typical worker holding a career job—staying with the same employer for most of his or her working years—then retiring with the proverbial “gold watch.” In contrast, current American workers are believed to change jobs more frequently and to have less employment security, and they are left without the gold watch.

However, the data on employee tenure—the amount of time an individual has been with his or her current employer—show that career jobs never existed for most workers and have continued not to exist for most workers. Although data on tenure do not measure workers’ *security*, which is generally defined as the workers’ perceptions of being able to continue in their current jobs, they do show *stability*—the actual length of time workers have been with their current employers. Consequently, tenure data show the results, not the perception, of the ability to stay in a current job.

This article updates previous Employee Benefit Research Institute (EBRI) publications that have examined employee-tenure data of American workers.¹ The latest data on employee tenure from the January 2014 Supplement to the U.S. Census Bureau’s Current Population Survey (CPS) are examined and compared with trends from previous CPS data on employee tenure.²

The data for 2014 showed that the overall median tenure of workers—the midpoint of wage and salary workers’ length of employment in their current jobs—was slightly higher in 2014, at 5.5 years, compared with 5.0 years in 1983. Even among older male workers ages 55–64, who experienced the largest change in their median tenure, the median tenure fell from a level that would not be considered a career—14.7 years in 1963—to 10.7 years in 2014.³

Overall Tenure

The median tenure for all wage and salary workers ages 25 or older was slightly higher in 2014, at 5.5 years, compared with 5.0 years in 1983 (Figure 1). However, the median tenure for *male* wage and salary workers was lower in 2014 at 5.5 years, compared with 5.9 years in 1983. In contrast, the median tenure for *female* wage and salary workers increased from 4.2 years in 1983 to 5.4 years in 2014. Consequently, the decline in the median tenure of male workers was more than offset by the increase in the median tenure of female workers, leaving the overall level slightly higher.

Age and Gender—A closer examination of age and gender median tenures using a longer time series showed that the median tenure for the oldest working males, those ages 55–64, declined from a peak of 15.3 years in 1983 to 9.5 years in 2006 before increasing and reaching 10.7 years in 2012 where it held steady in 2014 (Figure 2).⁴ However, because a male worker of this age with the median level of tenure would not have started this job until he was in his 40s, it would be difficult to consider it a career job. As the age category decreased, the median-tenure line became flatter, showing a smaller change in the tenure level across time. The 25–34-year-old-male tenure line was virtually flat, at around three years. For females, the median tenure was flat to increasing across all age groups (Figure 3). The largest increase was among females ages 55–64, whose median tenure increased from 7.8 years in 1963 to 10.2 years in 2014.

Public vs. Private Sector—Among *all* wage and salary workers ages 20 or older, the median tenure level held steady, at or just above 4.0 years from 1983 to 2008, with somewhat of a jump to 5.1 years in 2012 before moving back to 5.0 years in 2014 (Figure 4). *Private-sector* workers’ median tenure also held relatively steady from 1983 to

2002, at around 3.5 years. Subsequently, the median tenure trended upward, reaching 4.3 years in 2012 and in 2014. However, the median tenure for *public-sector* workers increased from 6.0 years in 1983 to 7.5 years in 1998 before declining to 6.9 years in 2002. It remained at 7.0 years in 2004–2008 before increasing to 8.3 years in 2012. In 2014, the median tenure fell back to 8.0 years.

From 1983 to 1998, median job tenure in the public sector increased significantly *relative* to the private sector until declining in 2000. Calculations from Figure 4 showed that the public-sector median tenure was 2.14 times higher than that of the private sector in 1998, before it declined to 1.79 times higher in 2004. It remained at that level until it increased in 2012 to 1.93 times higher, but decreased to 1.86 in 2014.

For *male, private-sector, wage and salary workers* ages 20 or older, the median tenure trended slightly downward, from 4.2 years in 1983 to 3.8 years in 2002 before increasing to 4.0 years in 2004, to 4.5 years in 2010, and to 5.3 years in 2012 with a decline to 5.0 years in 2014 (Figure 5). In contrast, the median tenure of *female, private-sector* workers had a relatively consistent upward trend, except for slight dips in 1987 and 1998. Median tenure for this group increased from 3.1 years in 1983 to 4.6 years in 2012 and in 2014.

For *male, public-sector* workers, the median tenure had a flat-to-upward trend from 7.9 years in 1983 to 8.5 years in 2004 before falling back to 8.0 years in 2006–2010 and increasing to 8.5 years in 2012 and remaining there in 2014. *Female, public-sector* workers' median tenure level had an upward trend during the 1983–1998 period, reaching a peak of 6.9 years in 1998 before falling to 5.9 years in 2002, subsequently increasing again to 6.5 years in 2006, and reaching 8.3 years in 2012 before retrenching to 8.0 in 2014.

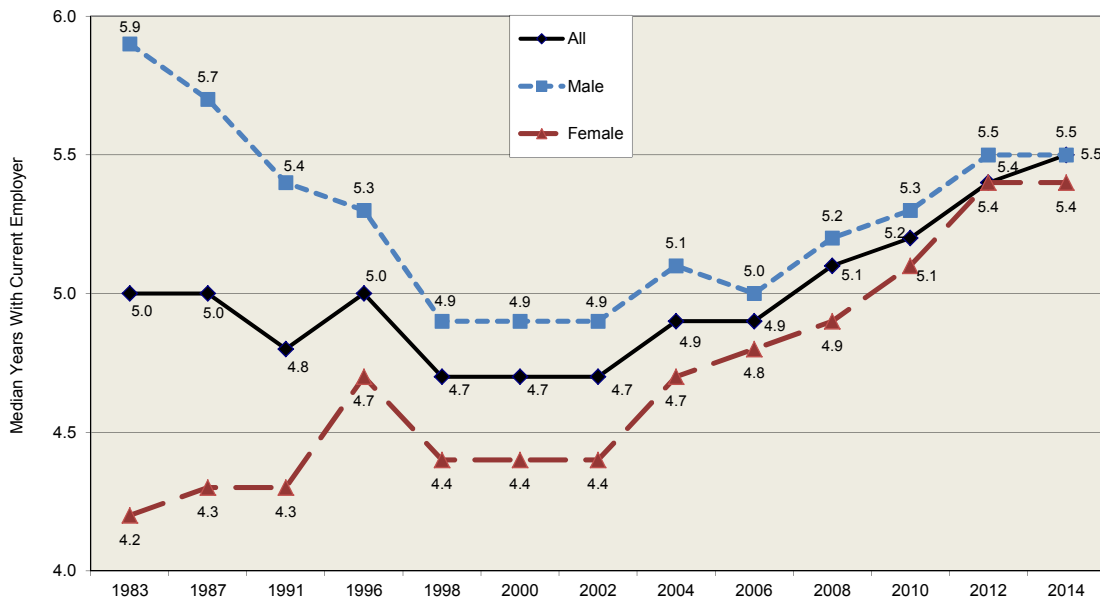
Tenure Distribution

The distribution of all wage and salary workers ages 20 or older across various levels of tenure was relatively stable from 1983 through 2014 (Figure 6). The changes that did appear over the period were increases in the percentage of workers with higher levels of tenure until 2012. The percentage of workers with 20 or more years of tenure increased from 8.9 percent in 1983 to 11.0 percent in 2012 before decreasing to 10.9 percent in 2014. A corresponding decrease in the percentage of workers with one year or less of tenure also resulted, declining from 25.7 percent in 1983 to 17.4 percent in 2010 before increasing in 2012 to 19.5 percent and to 19.7 percent in 2014. The tenure-level categories varied within fairly small ranges but generally toward longer tenure levels. In fact, the percentage of workers having at least five years of tenure reached 52.6 percent in 2012, the highest percentage over the 1983–2012 period. However, in 2014, the distribution made a small shift toward shorter tenures, with the percentage with at least five years of tenure falling to 52.1 and the percentage with two years or less increasing to 31.1 percent from 30.4 percent in 2012.

The constancy of the tenure distribution over time was less evident when analyzed by workers' genders. While the percentage of male workers with the longest tenures (20 or more years) in 2012 was similar to its 1983 level, there was an upward trend in the percentage of male workers with less than five years of tenure from 1983 to 2002, but the percentage with less than five years of tenure started to decrease in 2004, with a 2.6 percentage-point drop in 2010 and 0.4 percentage-point drop in 2012 (Figure 7). However, in 2014, the percentage with less than five years of tenure increased by 0.4 percentage points. In 1983, 49.4 percent of male workers had less than five years of tenure, and by 1998 this had increased to 52.5 percent before falling to 47.1 percent by 2012. This percentage increased to 47.5 percent in 2014.

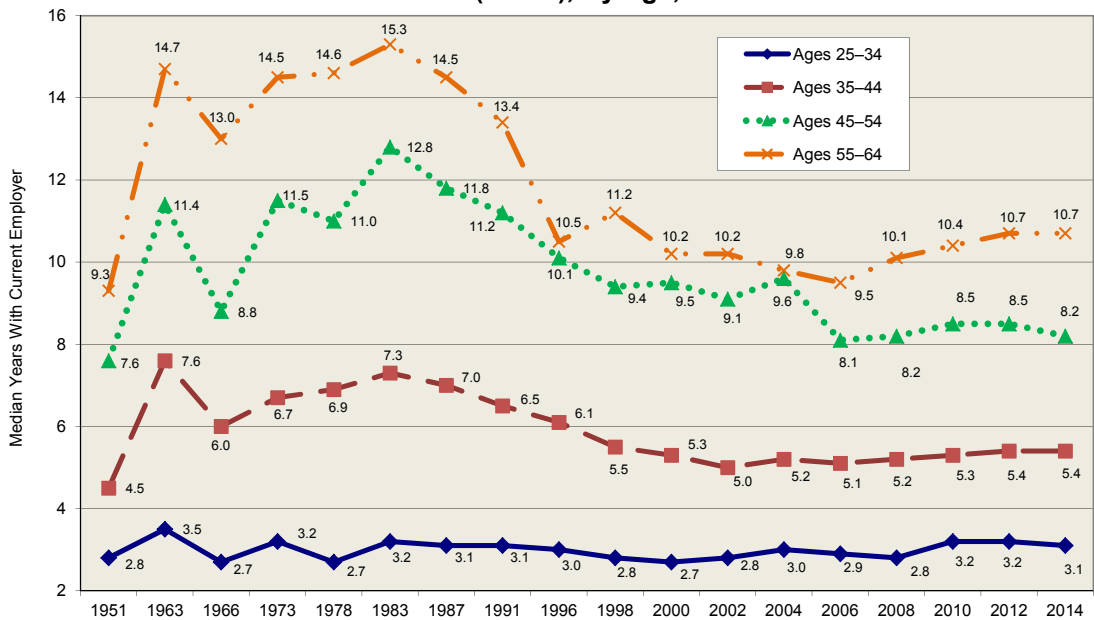
Female workers' tenure distribution had a clearly different pattern, as the percentage with 20 or more years of tenure increased substantially, from 4.9 percent in 1983 to 10.1 percent in 2012 and 2014 (Figure 8). Furthermore, the percentage of female workers who had 10 or more years of tenure increased by more than 8.5 percentage points from 1983 to 2012, before a 0.3 percentage point decline in 2014. Consequently, the percentage of female workers

Figure 1
Median Tenure Trends for Wage and Salary Workers Ages 25 or Older by Gender, 1983–2014



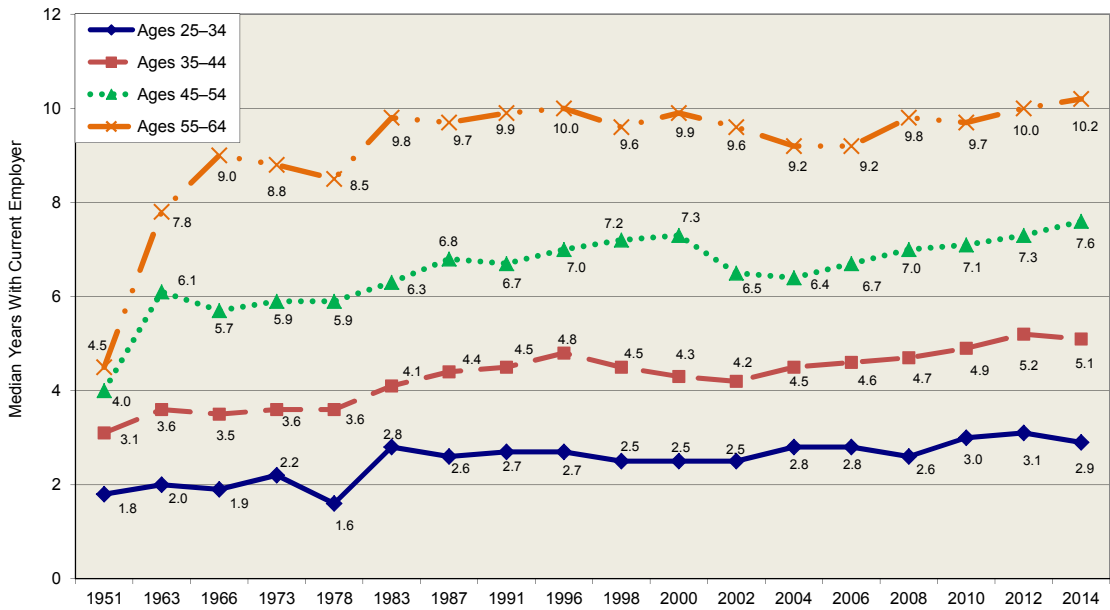
Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," at www.bls.gov/news.release/tenure.t01.htm; ftp.bls.gov/pub/news.release/History/tenure_09192002_news, viewed Jan. 30, 2007; www.bls.gov.release/tenure.nr0.htm, viewed Nov. 24, 2010; and stats.bls.gov/news.release/pdf/tenure.pdf, viewed Oct. 3, 2012; and www.bls.gov/news.release/tenure.t03.htm, viewed Jan. 5, 2015.

Figure 2
Median Tenure Trends for Prime-Age Male Workers (25–64), By Age, 1951–2014



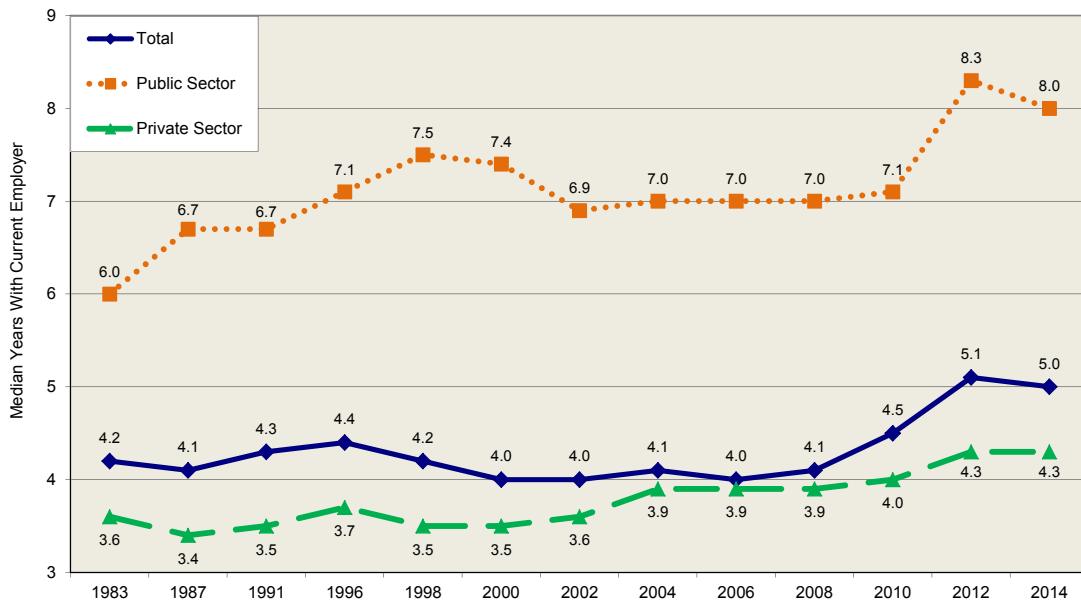
Source: Data (for 1951, 1963, 1966, 1973, and 1978) from the Monthly Labor Review (September 1952, October 1963, January 1967, December 1974, and December 1979) and from press releases (for 1983, 1987, 1991, 1996, 1998, 2000, 2002, 2004, 2006, 2008, 2010, 2012, and 2014) from the U.S. Department of Labor, Bureau of Labor Statistics.

Figure 3
**Median Tenure Trends for Prime-Age
 Female Workers (25–64), by Age, 1951–2014**



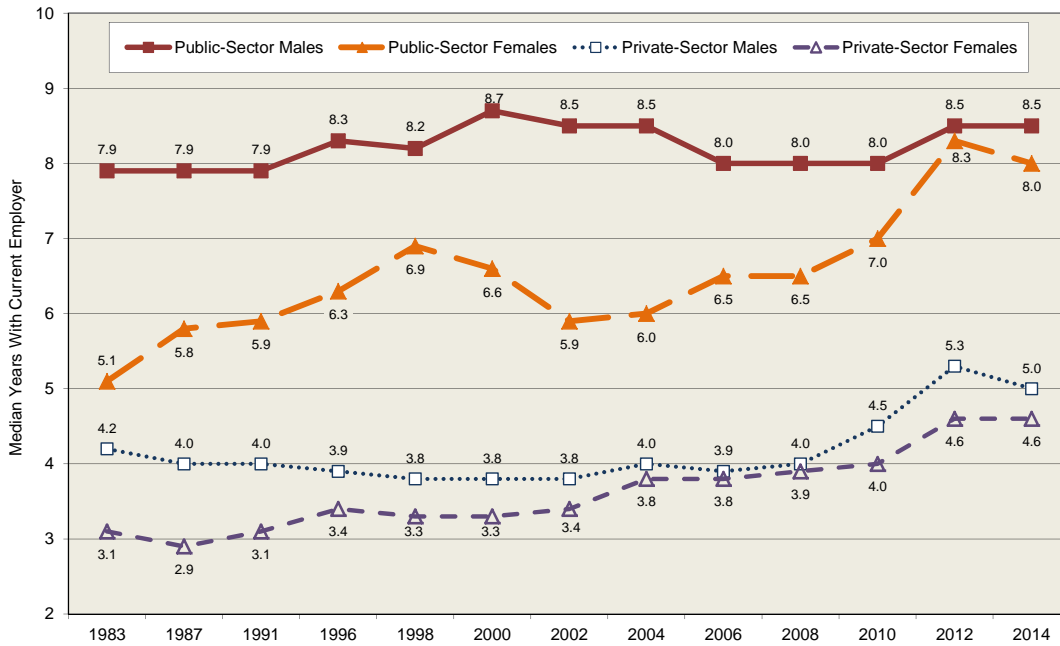
Source: Data (for 1951, 1963, 1966, 1973, and 1978) from the Monthly Labor Review (September 1952, October 1963, January 1967, December 1974, and December 1979) and from press releases (for 1983, 1987, 1991, 1996, 1998, 2000, 2002, 2004, 2006, 2008, 2010, 2012, and 2014) from the U.S. Department of Labor, Bureau of Labor Statistics.

Figure 4
**Median Tenure Trends For Wage and Salary
 Workers Ages 20 or Older, by Sector, 1983–2014**



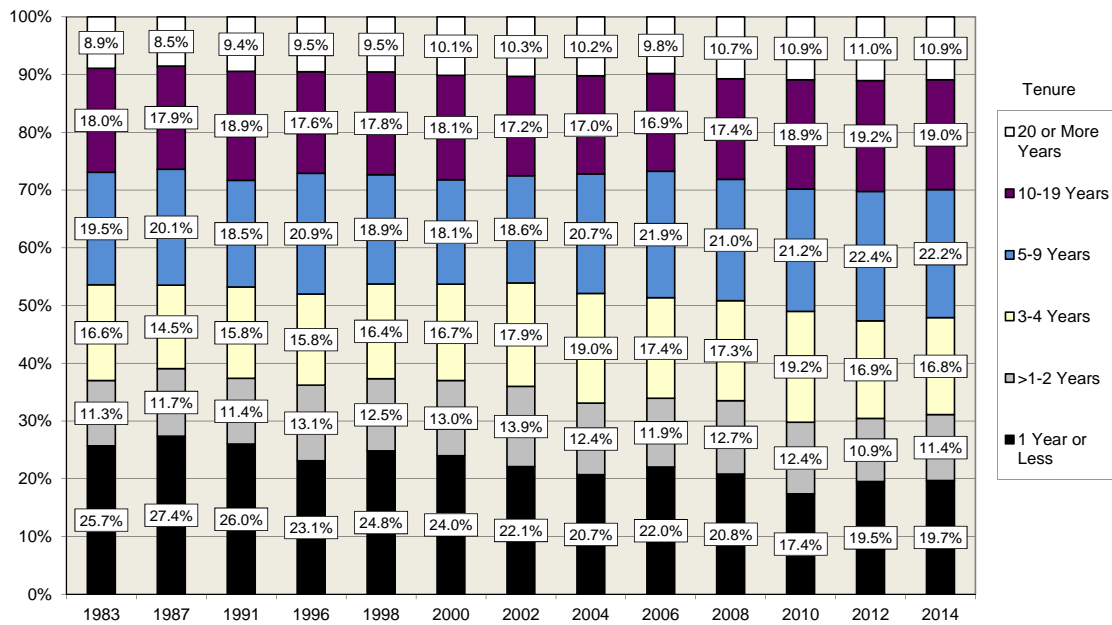
Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," at www.bls.gov/news.release/tenure.t01.htm, ftp.bls.gov/pub/news.release/History/tenure_09192002_news, viewed Jan. 30, 2007, and www.bls.gov/news.release/tenure.nr0.htm viewed Nov. 24, 2010, stats.bls.gov/news.release/pdf/tenure.pdf, viewed Oct. 3, 2012, and Employee Benefit Research Institute estimates from the January 2014 Current Population Survey.

Figure 5
Median Tenure Trends For Wage and Salary Workers
Ages 20 or Older, by Sector and Gender, 1983–2014



Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," and Employee Benefit Research Institute estimates from the January 2004, 2006, 2008, 2010, 2012, and 2014 Current Population Surveys.

Figure 6
Employee Tenure Distribution: All Wage and
Salary Workers Ages 20 or Older, 1983–2014



Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," at www.bls.gov/news.release/tenure.t01.htm, ftp.bls.gov/pub/news.release/history/tenure_09192002.news, viewed Jan. 30, 2007; www.bls.gov/news.release/tenure.nr0.htm, viewed Nov. 24, 2010; stats.bls.gov/news.release/pdf/tenure.pdf, viewed Oct. 3, 2012; and www.bls.gov/news.release/tenure.t03.htm, viewed Jan. 5, 2015.

with less than five years of tenure decreased, particularly among those with one year or less of tenure. However, in 2012 and 2014, the percentage of female workers with less than one year of tenure increased, leading to an increase in the percentage of female workers with less than five years of tenure in 2014.

Older male and female workers ages 45–64 had different trends in the percentages with 10 or more years of tenure over the 1983–2014 period. Among the *male* age groups examined, a decrease of 6.5 percentage points was the minimum change between 1983 and 2014 in the share of workers with 10 or more years of tenure (Figure 9). Males ages 45–49 experienced the largest decline: from 57.8 percent in 1983 to 43.8 percent in 2014. However, for those ages 60–64 years old, the percentage with 10 or more years in tenure increased, reaching 59.1 percent in 2014 from a low of 48.1 percent in 2006.

In contrast, the percentage of *female* workers of this age who had 10 or more years in tenure increased for each age group during the 1983–2014 period (Figure 10). The share of female workers ages 45–49 with 10 or more years of tenure went up from 33.0 percent in 1983 to 39.4 percent in 2014, a 6.4 percentage-point increase and the largest change. However, this trend peaked at 41.4 percent in 2000, declined to below 37 percent in 2004, and trended back upward through 2014, except a slight decrease in 2008. In 2014, the percentage of female workers with 10 or more years of tenure in each age category increased for each of the age groups, with those ages 55 and above being at their highest points over the study period

Among older workers ages 45–64, the percentage having 25 or more years of tenure declined from 1983 to 2014 (Figure 11). However, among those ages 60–64, the percentage with 25 or more years of tenure increased by over 3 percentage points from 2006 to 2008, after a fairly steep decline from 1983 to 2006, from 23.3 percent to 16.6 percent. In 2010, the downward trend resumed for this age group with the percentage declining to 19.3 percent from 19.9 percent in 2008 before increasing in 2012 and again in 2014 when it reached 21.6 percent. For those ages 55–59, a persistent decline occurred: from 22.7 percent in 1983 to 17.1 percent in 2012 before an uptick in 2014 to 17.9 percent. The decline in the percentage of workers ages 45–54 with 25 or more years of tenure was less dramatic: from 12.9 percent in 1983 to 9.2 percent in 2014.

In addition to differences by age and gender, tenure distribution was also significantly different across employment sectors. The percentage of *longest-tenured, private-sector workers*, those with 25 or more years of tenure, had a steady to upward trend from 1991–2014 after a significant drop in 1987 from 1983 (Figure 12). However, the percentage of all public sector workers with this tenure peaked in 2004 and declined to 10.2 percent in 2010 before slight increases in 2012 and 2014.

The trend for male, private-sector workers with 25 or more years of tenure was downward from 7.7 percent in 1983 to 5.4 percent in 2006, but increased from 2006 to 2012 before a decrease in 2014. The trend for female, private-sector workers has been upward, from 2.6 percent in 1983 to 4.9 percent in 2014, leading to the *overall* percentage of private-sector workers with a minimal upward trend reaching 5.6 percent in 2014. In contrast, the percentage of *public-sector workers*, both male and female, with 25 or more years of tenure increased sharply through 2004 before declining or flattening out through 2014:

- Among male, public-sector workers, those with the longest tenure went from 8.1 percent in 1983 to 12.7 percent in 2004 before falling to 10.2 percent in 2010 and then increasing again reaching 10.8 percent in 2014.
- The increase was even greater among female, public-sector workers. Those with 25 or more years of tenure rose from 2.6 percent in 1983 to 9.1 percent in 2012 before a slight decline in 2014 to 8.8 percent.

The substantial decline in the percentage of male, public-sector workers with 25 or more years in tenure from 2006–2010 resulted in an overall decline in all long-tenured public-sector workers. Consequently, the significant difference between the public and private sectors in the percentage of the longest-tenured workers narrowed—the gap was

117 percent higher in 2004, but 83 percent higher in 2010. This gap declined again to 73 percent in 2014 (despite the public-sector percentage increase) because the private-sector increase was larger.

This result of a relatively higher percentage of long-tenured workers has serious implications for public-sector employers, as a considerable portion of their work force has reached retirement age and either has retired or will be retiring in the near future. Thus, at a time of growth in the nation's elderly population, which is more likely to need social services than the nonelderly population, the most experienced workers within state and federal agencies providing these social services have retired or will be retiring soon. In contrast, private-sector employers, in general, do not appear to be facing this issue, as they have employed a relatively consistent percentage of long-term workers from 1983–2006, even though this trend has had an upward movement from 2008–2014.

Discussion

Over the past nearly 30 years, the median tenure of all wage and salary workers ages 20 or older has stayed at approximately five years. However, the overall trend masks a small but significant decrease in median tenure among men, which has been increasing in recent years, and has been offset by an increase in median tenure among women. Furthermore, the distribution of tenure levels among workers ages 20 or older has remained relatively constant over this period, but with a tendency toward longer tenures. Consequently, overall employee tenure has been remarkably stable since 1983, although trends between the genders generally moved in opposite directions until recently, when the median tenures by gender have been moving upward together. In 2014, median tenure levels were relatively flat with modest increases or decreases depending on the group examined.

As for career jobs, the highest median tenure level for any age group, 15.3 years in 1983 for males ages 55–64, certainly does not cover an entire lifetime career, since the median worker would not have started the job for which tenure was measured until after age 40.

The difference between private-sector and public-sector workers' tenure distributions is quite striking. While private-sector employers in general have been able to maintain a fairly constant percentage of long-term employees, those with 25 or more years of tenure, public-sector employers have seen this group grow significantly from 2002–2004 before dropping in 2006–2010 and increasing again in 2012 and 2014. Consequently, public-sector employers are facing the retirement of a significant number of their most experienced workers. This trend has narrowed in the four most recent years of the data, showing that longtime, public-sector workers may have reached a peak, while the private sector may be headed for higher percentages of longer-tenured workers.

While the tenure levels presented in this article show that *job stability* has remained relatively constant over the past two decades, these data do not measure *job security*. For instance, an increase in workers' median tenure may be interpreted to mean that job security has declined because those with shorter tenures have been let go and no longer have jobs, leaving the longer-tenured workers less secure. Or the median tenure could decline when workers feel more secure, have an increased ability to find other employment, and switch to better jobs. Conversely, workers who feel more secure in their current jobs may not be motivated to switch employers due to their security, which could lead to a higher median tenure. Consequently, although tenure is not a good measure of job security, it does provide insight into how long workers choose to or are allowed to remain with their current employers. These ideas are particularly relevant in the most recent years as unemployment remained high in 2009–2012. However, unemployment started decreasing in 2012 and continued to decrease through 2014, when there was an increase in the percentage of workers with shorter tenures. Therefore, it appears that workers who have been at their jobs five or more years had been staying in them, but now with the improvement in the unemployment rate more workers are starting new jobs.

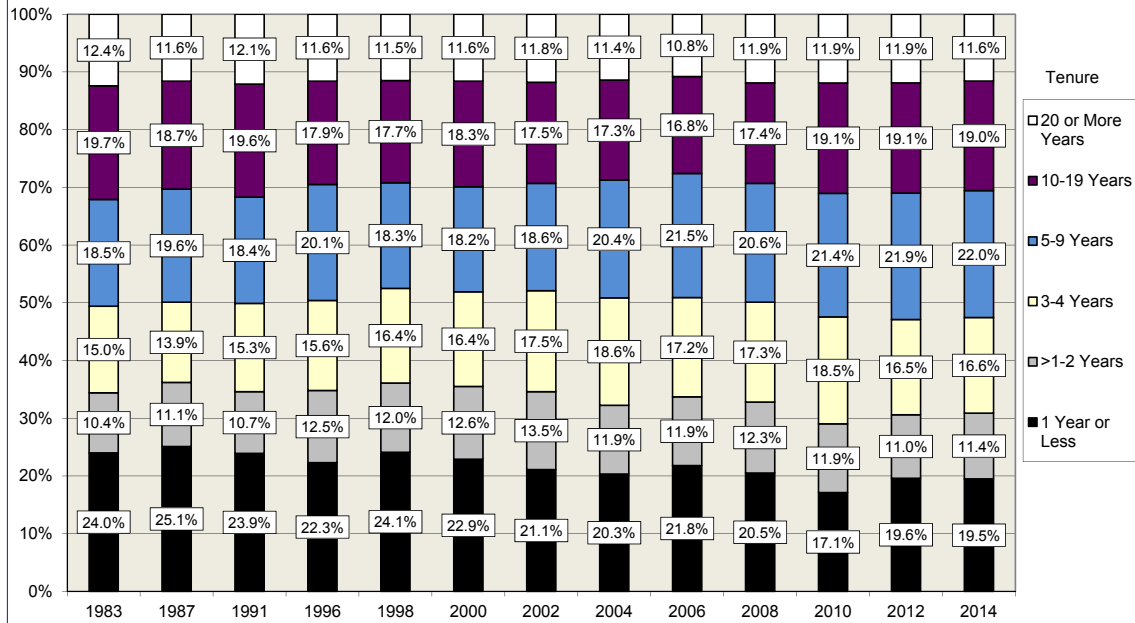
These tenure results indicate that, historically, most workers have repeatedly changed jobs during their working careers, and all evidence suggests that they will continue to do so in the future. This persistence of job changing has several important implications for a worker's potential income in retirement:

Defined Benefit Pensions—Since defined benefit (DB) pensions that are final-average plans have formulas based on tenure and final average salary, workers who frequently change jobs may not receive the maximum potential benefit from this type of plan because they do not remain with the same employers for extended periods; in fact, short-tenure workers, those with less than five years in their jobs, may not qualify for any pension benefit at all.

Lump-Sum Distributions—A worker who changes employers must decide what to do with any retirement plan assets he or she has accumulated, a situation that has become more the norm due to the growth in employment-based retirement plans that have a lump-sum distribution (LSD) option.⁵ Thus, benefit preservation becomes an important concern for these employees as well as for their plan sponsors. If employees do not retain these assets in some type of savings vehicle for retirement, they may forgo an important source of supplemental income to their Social Security benefits and/or be forced to remain in the work force. Without this source of income, many workers may face financial difficulties in retirement as health care costs continue to rise and both Medicare and Social Security are experiencing long-term financing issues.

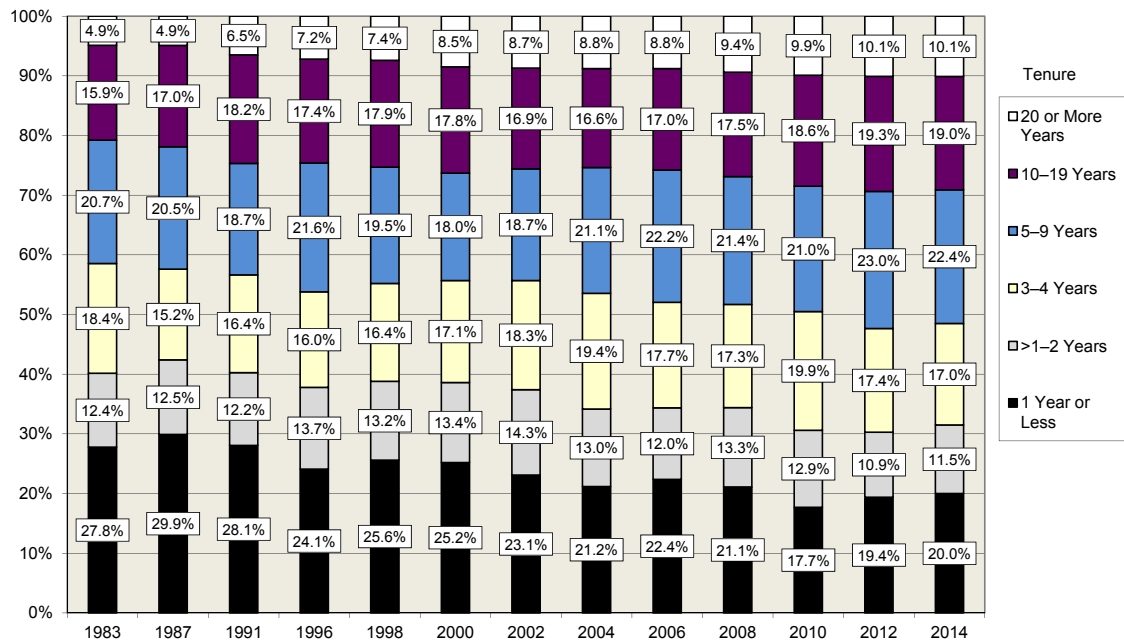
Public Policy—These decisions on LSDs and benefit preservation also have important implications for public policy, as enrollments in means-tested welfare programs could increase significantly if large numbers of retirees prematurely exhaust their own savings reserves.⁶ Furthermore, the number of experienced, public-sector employees will likely drop during the period when the social programs are about to face tremendous increases in enrollment. This suggests that the public sector must work to retain experienced workers or develop more workers to replace those nearing retirement.

Figure 7
Employee Tenure Distribution: Male Wage and Salary Workers Ages 20 or Older, 1983–2014



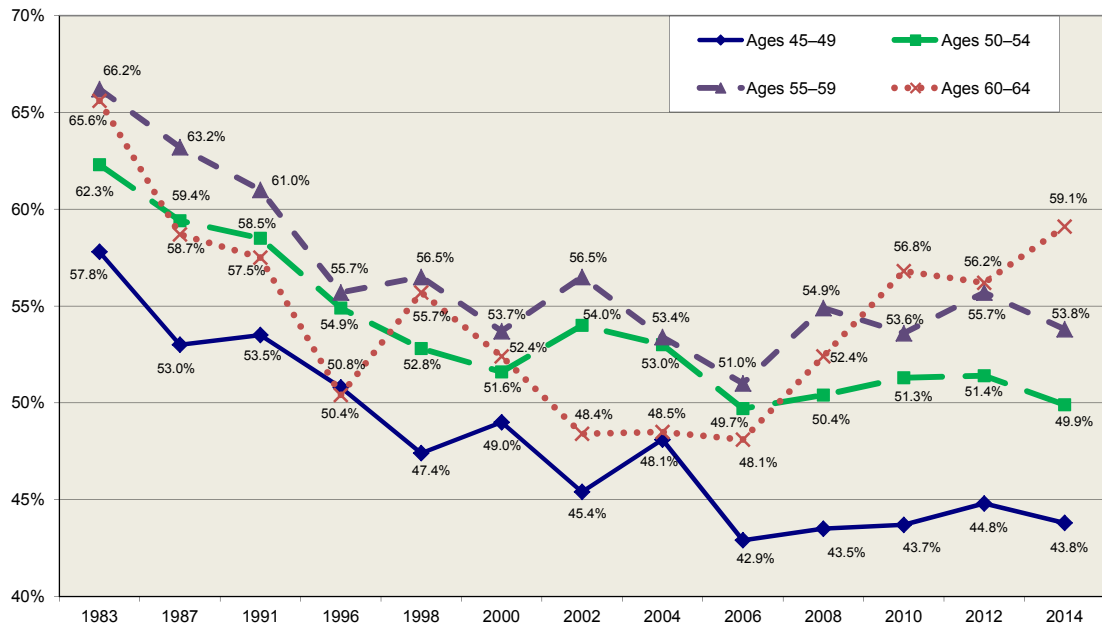
Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," at www.bls.gov/news.release/tenure.t01.htm, ftp.bls.gov/pub/news.release/History/tenure.09192002.news, viewed Jan. 30, 2007; www.bls.gov.release/tenure.nr0.htm, viewed Nov. 24, 2010; stats.bls.gov/news.release/pdf/tenure.pdf, viewed Oct. 3, 2012; and www.bls.gov/news.release/tenure.t03.htm, viewed Jan. 5, 2015.

Figure 8
Employee Tenure Distribution: Female Wage and Salary Workers Ages 20 or Older, 1983–2014



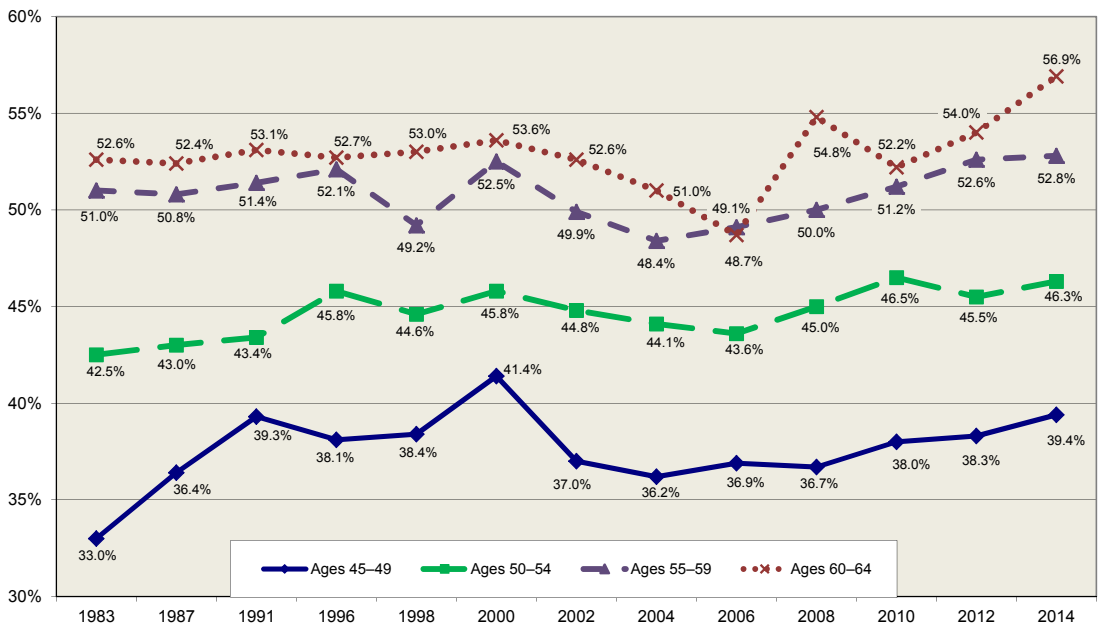
Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," at www.bls.gov/news.release/tenure.t01.htm, ftp.bls.gov/pub/news.release/History/tenure.09192002.news, viewed Jan. 30, 2007; www.bls.gov.release/tenure.nr0.htm, viewed Nov. 24, 2010; stats.bls.gov/news.release/pdf/tenure.pdf, viewed Oct. 3, 2012; and www.bls.gov/news.release/tenure.t03.htm, viewed Jan. 5, 2015.

Figure 9
Percentage of Male Wage and Salary Workers Ages 45–64
Who Had 10 or More Years of Tenure by Age, 1983–2014



Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," at www.bls.gov/news.release/tenure.t01.htm, ftp.bls.gov/pub/news.release/History/tenure.09192002.news, viewed Jan. 30, 2007; www.bls.gov.release/tenure.nr0.htm, viewed Nov. 24, 2010; stats.bls.gov/news.release/pdf/tenure.pdf, viewed Oct. 3, 2012; and www.bls.gov/news.release/tenure.t03.htm, viewed Jan. 5, 2015.

Figure 10
Percentage of Female Wage and Salary Workers Ages 45–64
Who Had 10 or More Years of Tenure by Age, 1983–2014



Source: U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure," at www.bls.gov/news.release/tenure.t01.htm, ftp.bls.gov/pub/news.release/History/tenure.09192002.news, viewed Jan. 30, 2007; www.bls.gov.release/tenure.nr0.htm, viewed Nov. 24, 2010; stats.bls.gov/news.release/pdf/tenure.pdf, viewed Oct. 3, 2012; and www.bls.gov/news.release/tenure.t03.htm, viewed Jan. 5, 2015.

Figure 11
**Percentage of Wage and Salary Workers Ages 45–64
 Who Had 25 or More Years of Tenure by Age, 1982–2014**

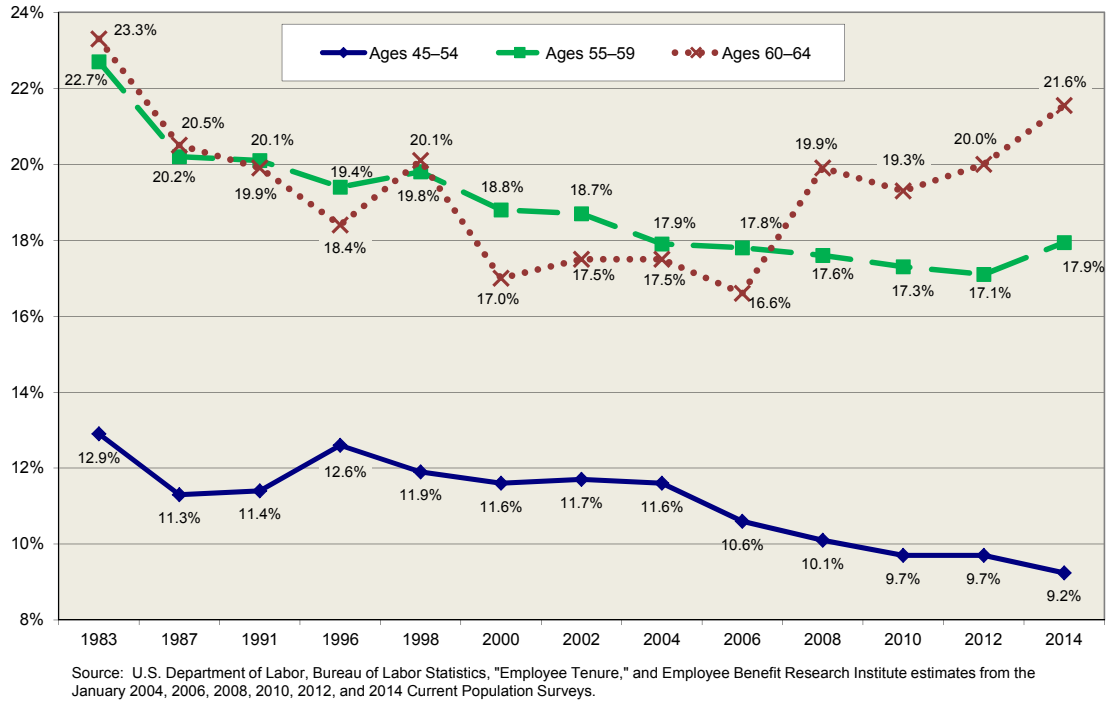
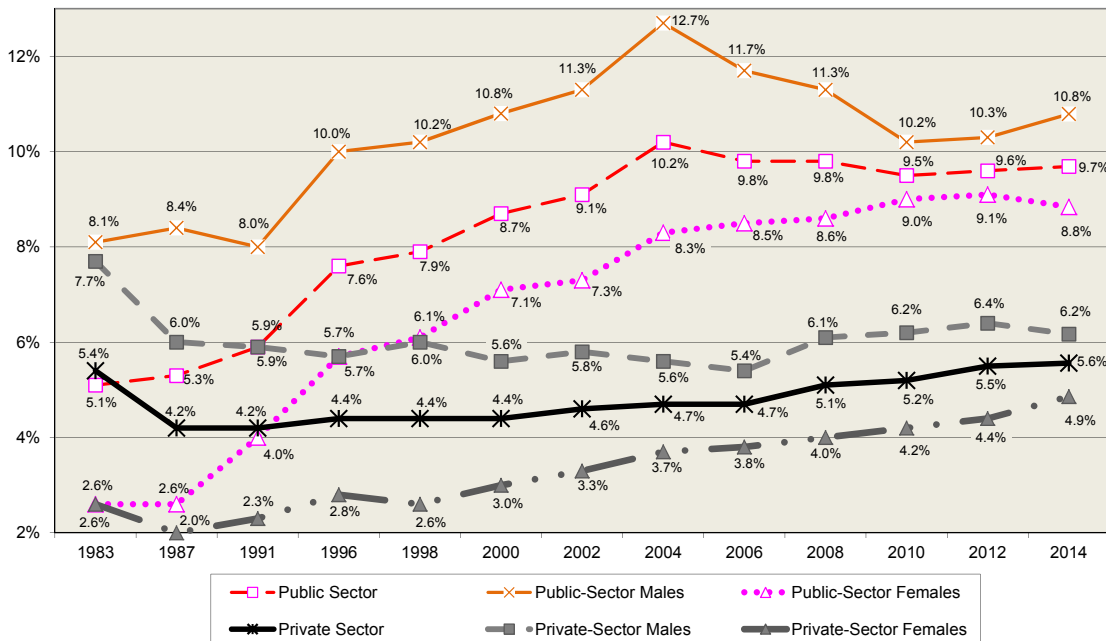


Figure 12
**Percentage of Wage and Salary Workers Ages 20 or Older With
 25 Years or More of Tenure, by Sector and Gender, 1983–2014**



Endnotes

¹ See Paul Yakoboski, “Debunking the Retirement Policy Myth: Lifetime Jobs Never Existed for Most Workers,” *EBRI Issue Brief*, no. 197 (Employee Benefit Research Institute, May 1998); Paul Yakoboski, “Male and Female Tenure Continues to Move in Opposite Directions,” *EBRI Notes*, no. 2 (Employee Benefit Research Institute, February 1999): 1–4; David Rajnes, “Update on Employee Tenure,” *EBRI Notes*, no. 3 (Employee Benefit Research Institute, March 2001): 1–8; Craig Copeland, “Employee Tenure,” *EBRI Notes*, no. 3 (Employee Benefit Research Institute, March 2003): 1–10; Craig Copeland, “Employee Tenure: Stable Overall, but Male and Female Trends Differ,” *EBRI Notes*, no. 3 (Employee Benefit Research Institute, March 2005): 1–10; Craig Copeland, “Employee Tenure, 2006,” *EBRI Notes*, 28 no. 4 (Employee Benefit Research Institute, April 2007): 1–11; Craig Copeland, “Employee Tenure, 2008,” *EBRI Notes*, no. 1 (Employee Benefit Research Institute, January 2010): 1–12; Craig Copeland, “Employee Tenure Trend Lines, 1983-2010,” *EBRI Notes*, no. 12 (Employee Benefit Research Institute, December 2010): 2–12; and Craig Copeland, “Employee Tenure Trend Lines, 1983-2012,” *EBRI Notes*, no. 12 (Employee Benefit Research Institute, December 2012): 12–23.

² The newest data come from the January 2014 Supplement to the Current Population Survey (CPS), a monthly survey of approximately 60,000 households on demographics, labor force status, and other characteristics of the civilian, noninstitutionalized American population. The U.S. Census Bureau conducts this CPS supplement for the U.S. Department of Labor’s Bureau of Labor Statistics (BLS). Tenure levels for previous years come from various other supplements to the CPS. For a further discussion of data sources, see the Bureau of Labor Statistics’ “Employee Tenure Technical Note,” at www.bls.gov/news.release/tenure.tn.htm (viewed January 13, 2014). Results of research from BLS and EBRI are compiled in this article to present various trends in employee tenure. See the EBRI publications, *op. cit.*, and the Bureau of Labor Statistics’ “Employee Tenure” at www.bls.gov/news.release/tenure.toc.htm (viewed January 13, 2014).

³ Job tenure estimates from 1951 show male median tenure of those ages 55-64 at levels nearly equal to those reported for 2014—9.3 years in 1951, compared with 10.7 years in 2014. In between, the median tenure jumped to 14.7 years by 1963 and remained at around 14 years until dropping to 10.5 years in 1996.

⁴ BLS reports that the results prior to 1983 are not directly comparable to those in 1983 and after. The results from those prior years are presented here to give an idea of the best estimate for tenure during that time. The tenure questions were again changed in 1996, so while the 1983 questions are close, the most consistent numbers across years start in 1996. The 2006 tenure release from BLS updated numbers going back to 1996 and made some very minor changes to some of the previously published data. See note in tables of the 2006 BLS press release on tenure at www.bls.gov/news.release/archives/tenure_09082006.pdf (last viewed Jan. 13, 2014).

⁵ See Jack VanDerhei and Craig Copeland, “The Changing Face of Private Retirement Plans,” *EBRI Issue Brief* no. 232 (Employee Benefit Research Institute, April 2001) for a presentation of the increased reliance of retirees on assets from defined contribution plans. The *Issue Brief* also discusses the growth of cash balance plans, which typically allow retirees to take lump-sum distributions. Also, see Jack VanDerhei and Craig Copeland, “ERISA At 30: The Decline of Private-Sector Defined Benefit Promises and Annuity Payments? What Will It Mean?” *EBRI Issue Brief*, no. 269 (Employee Benefit Research Institute, May 2004) for an analysis of changes in defined benefit plans on retirees’ ability to maintain a similar lifestyle throughout retirement. See also Sudipto Banerjee, “Annuity and Lump Sum Decisions in Defined Benefit Plans: The Role of Plan Rules,” *EBRI Issue Brief*, no. 381 (Employee Benefit Research Institute, January 2013) for choices between annuities and LSDs from defined benefit plans.

⁶ See Craig Copeland, “How Are New Retirees Doing Financially in Retirement?” *EBRI Issue Brief*, no. 302 (Employee Benefit Research Institute, February 2007) for examination of how the cohort of retirees born in 1931–1941 were managing their wealth as they started their retirement years; and Craig Copeland, “IRA Withdrawals in 2012 and Longitudinal Results, 2010–2012,” *EBRI Notes*, no. 7 (Employee Benefit Research Institute, July 2014): 9–20 for a look at the pace that retirees are withdrawing assets from their IRAs.

Views on Employment-Based Health Benefits: Findings from the 2014 Health and Voluntary Workplace Benefits Survey

By Paul Fronstin, Ph.D., Employee Benefit Research Institute, and Ruth Helman, Greenwald & Associates

Introduction

Enactment of the Patient Protection and Affordable Care Act of 2010 (PPACA) has raised the question: Will employers continue to offer health coverage in the future, and if so, to which workers? As noted in previous work (Fronstin, 2012; Adams and Salisbury, 2014), health insurance exchanges combined with insurance-market reforms (such as guaranteed issue, modified community rate, and subsidies) give workers expanded options for health coverage beyond employment-based coverage.

The Urban Institute¹ and others² have concluded that there will be relatively little net change in the number of people with employment-based coverage in the short term as a result of PPACA. However, there is less certainty (and less research) on the longer-term effects.³ In 2012, the Congressional Budget Office (CBO), for example, examined a number of scenarios and in one found that there could be 20 million fewer people with employment-based coverage by 2019.⁴ More recently, it has been predicted that fewer than 20 percent of workers will have coverage through their job by 2025 (Emanuel, 2014). Employers continue to report that they do not plan to drop health coverage, which is widely viewed as a key employee benefit highly valued by workers; but if a few large employers drop coverage, others could follow in a “me too” effect.⁵

As employers consider whether to continue offering coverage, and if they do, which options to offer in the plan, data on worker preferences will be useful toward making informed decisions about the future direction of employment-based health benefits. This analysis examines public opinion surrounding employment-based health coverage. It uses data from the 2013 and 2014 Health and Voluntary Workplace Benefits Survey (WBS), conducted by the Employee Benefit Research Institute (EBRI) and Greenwald & Associates, as well as historical data from the Health Confidence Survey (HCS). Both surveys examine a broad spectrum of health care issues, including workers’ satisfaction with health care today, their confidence in the future of the nation’s health care system and the Medicare program, as well as their attitudes toward workplace benefits.

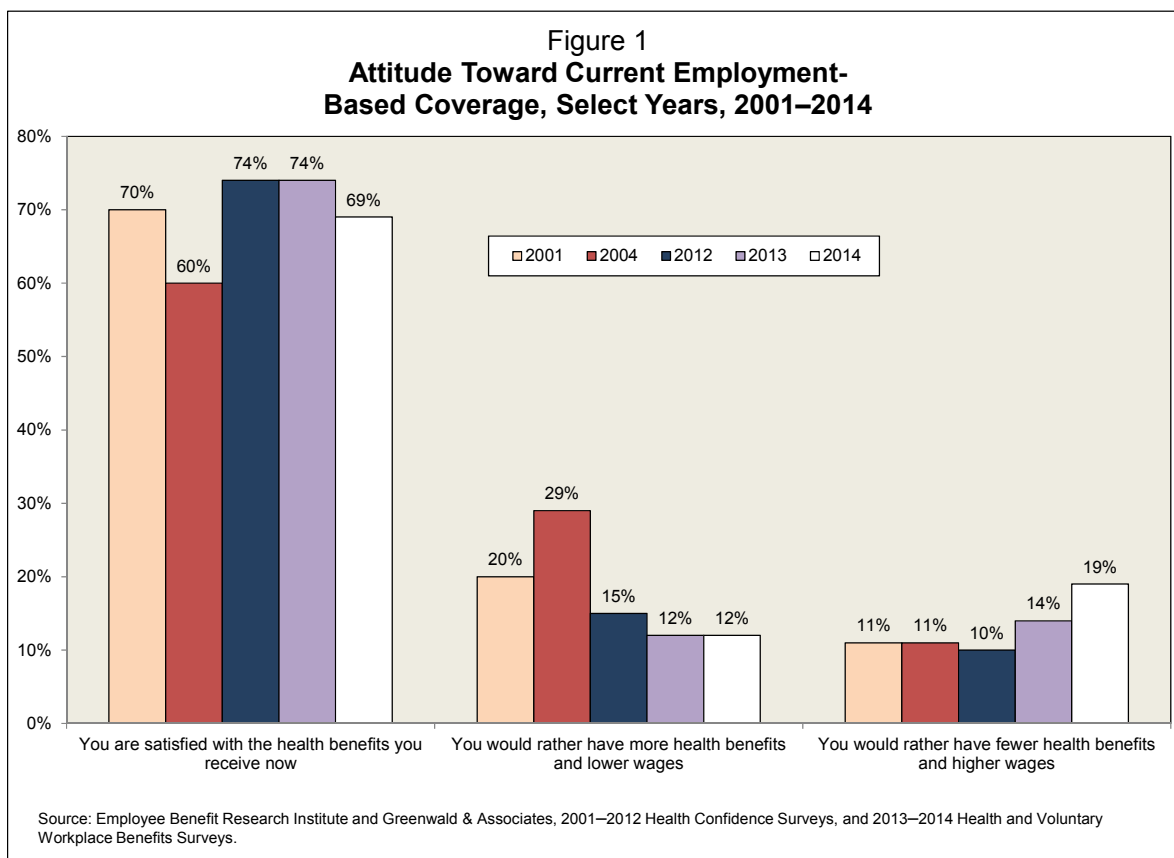
Workers’ Attitudes Toward Current System

Most workers are satisfied with the health benefits they have now and express little interest in changing the current mix of benefits and wages offered by their employers. Nearly 70 percent report that they are satisfied with the health benefits they currently receive, while 12 percent say they would trade wages to get more health benefits, and 19 percent say they would surrender some health benefits for higher wages (Figure 1). The percentage reporting that they would trade wages to get more health benefits remains at 12 percent in 2014, and is down slightly from 15 percent in 2010. About 40 percent of these respondents report that they would give up a wage increase to maintain their current health coverage. The percentage reporting that they would rather have fewer health benefits and higher wages has nearly doubled from 10 percent in 2012 to 19 percent in 2014.

If current tax preferences for employment-based health benefits were to change, and the benefits were to become taxable, 47 percent of individuals say they would continue with their current level of coverage, up from 40 percent in 2012. Among the remaining respondents in 2014, 26 percent say they would want to switch to a less costly plan provided by their employer, 20 percent say they would want to shop for coverage directly from insurers, and 7 percent say they would want to drop coverage altogether (Figure 2).

Overall, workers are of mixed opinions when it comes to their preferred methods for obtaining health insurance. Forty percent prefer to continue getting coverage the way they do today (Figure 3). Four in 10 (41 percent) prefer to

choose their insurance plan, having their employer pay the same amount it currently spends toward that insurance, and then paying the remaining amounts themselves. And nearly one-fifth (19 percent) prefer their employer to give them the money and allow the workers to decide whether to purchase coverage at all and how much to spend.



Workers' Attitudes Toward Current Coverage

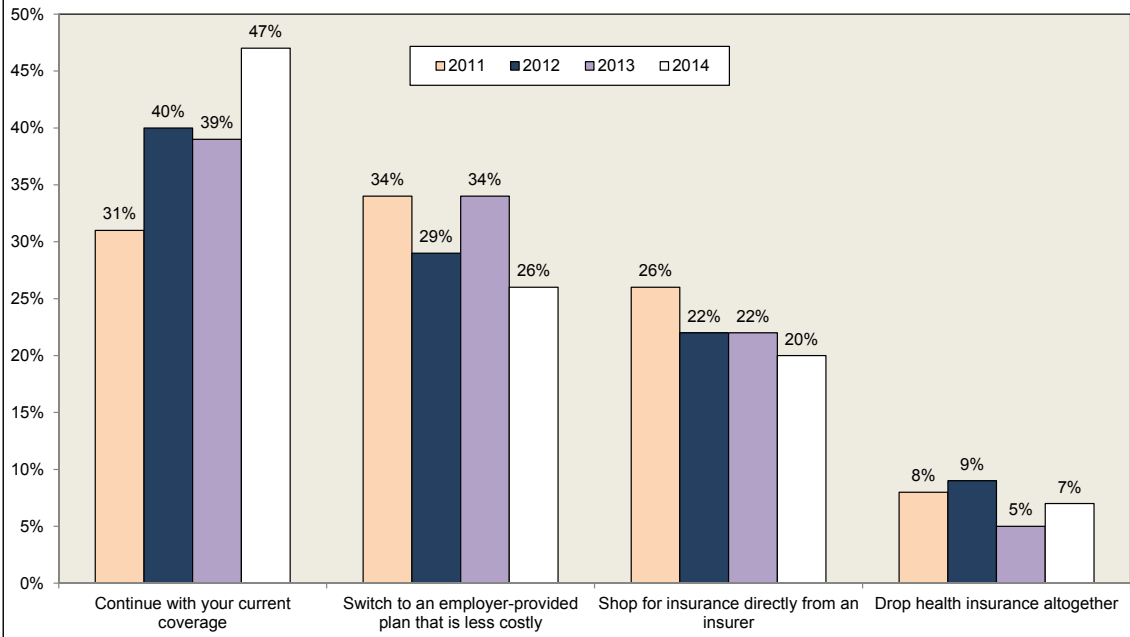
Generally, workers with health coverage are satisfied with it. One-half of those with employment-based health insurance coverage are extremely (12 percent) or very satisfied (39 percent) with their current plans, and 38 percent are somewhat satisfied (Figure 4). Only 11 percent say they are not too (9 percent) or not at all (2 percent) satisfied. The percentage of workers satisfied with their health benefits has been consistently high since 1998.

Confidence in Various Aspects of Employment-Based Health System

Workers are confident that their employer or union has selected the best available health plan. In 2014, 11 percent are extremely confident that their employer or union selected the best available health plan, 30 percent are very confident, and 44 percent are somewhat confident (Figure 5). (The decline in the percentage of workers extremely confident and the increase in those somewhat confident between 2012 and 2013 appear large, but that is likely due to a change in the way the data were collected, which is described in more detail in the appendix).

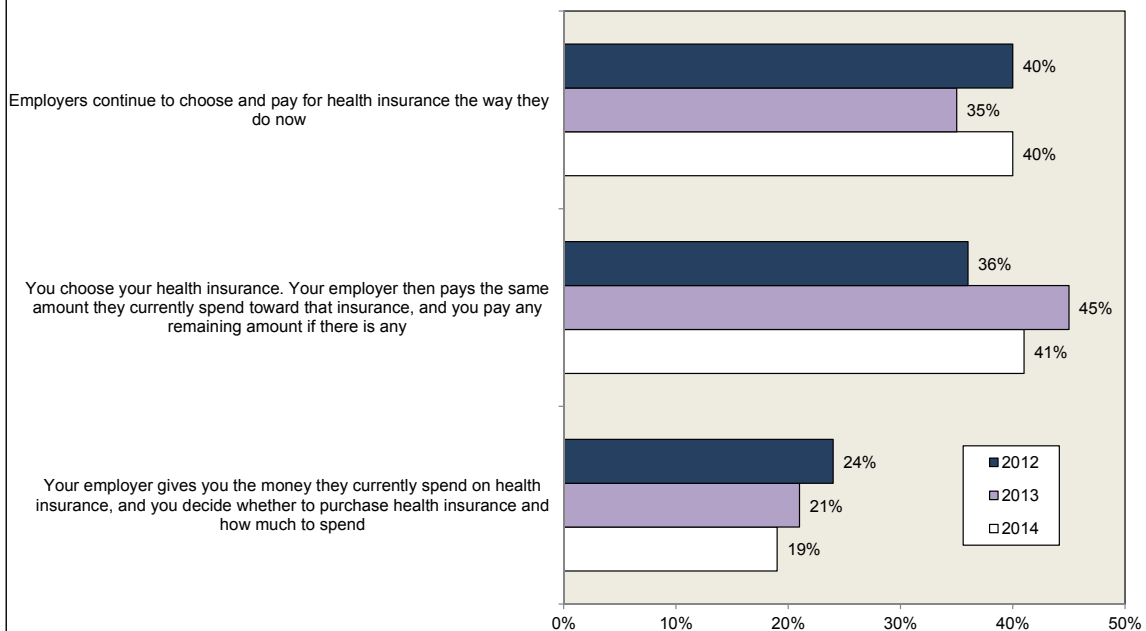
Worker confidence that employers and unions will continue to offer health coverage fell between 2000 and 2003 but has remained well above 50 percent since then. Between 2000 and 2003, the percentage of workers extremely or very confident that their employer or union would continue to offer health coverage fell from 71 percent to 61 percent (Figure 6). Since 2003, the percentage of workers extremely or very confident that their employer or union would continue to offer health coverage bounced around between 55 percent and 65 percent. Despite reaching the high of

Figure 2
Preference For Employment-Based Health Coverage if Coverage was Taxable, 2011–2014



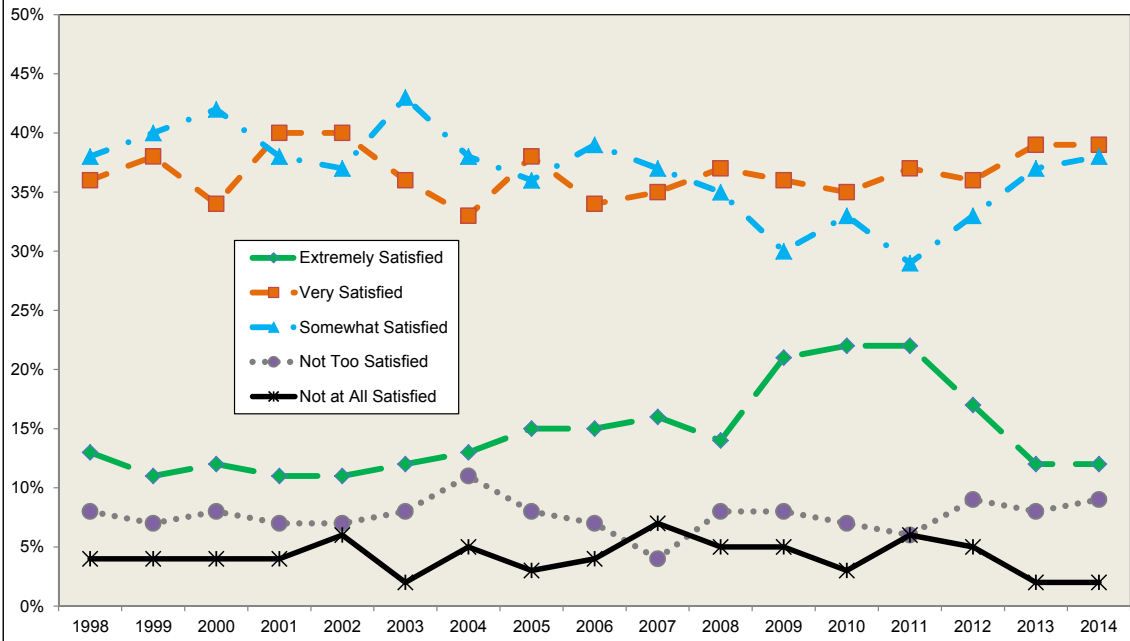
Source: Employee Benefit Research Institute and Greenwald & Associates, 2011–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

Figure 3
Preference for Obtaining Health Insurance, 2012–2014



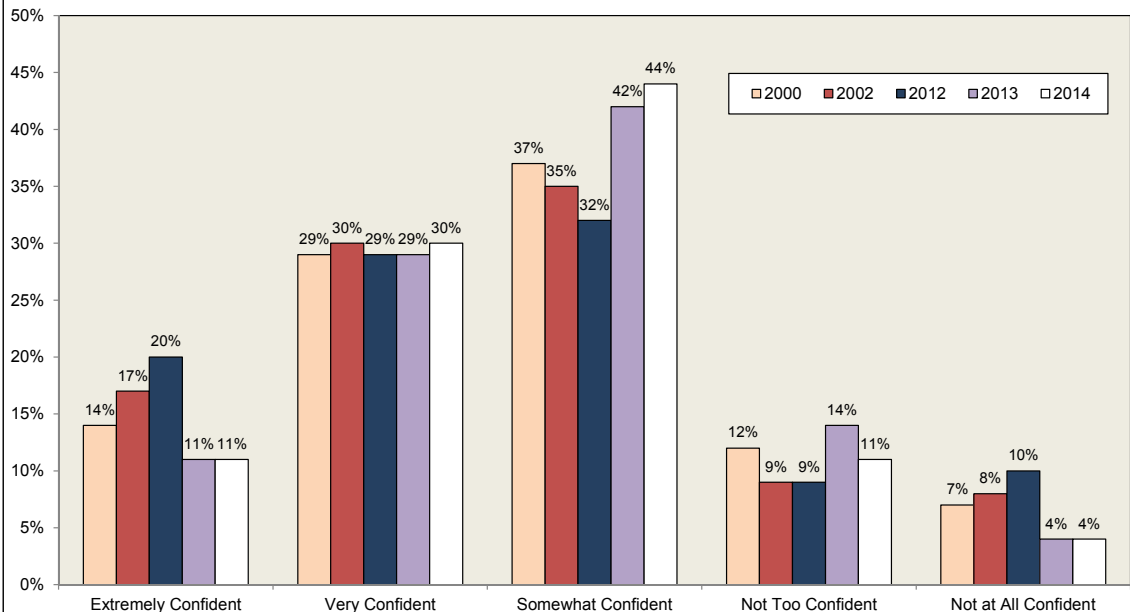
Source: Employee Benefit Research Institute and Greenwald & Associates, 2012 Health Confidence Survey, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

Figure 4
Satisfaction With Current Health Plan, Among Individuals With Employment-Based Health Benefits, 1998–2014



Source: Employee Benefit Research Institute and Greenwald & Associates, 1998–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

Figure 5
Confidence that Employer or Union Selected Best Available Plan for Workers, 2002–2014



Source: Employee Benefit Research Institute and Greenwald & Associates, 2000–2012 Health Confidence Survey, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

65 percent most recently in 2013, the composition of confidence appears to have changed between 2012 and 2013. While fewer workers are extremely confident and more workers are very confident, this finding may be due to a change in the way the data were collected, which is described in more detail in the appendix. Overall, lack of confidence in employers and unions continuing to offer health insurance continues to be low. In 2014, just 9 percent of workers are not too (7 percent) or not at all (2 percent) confident that their employer or union would continue to offer health insurance. The percentage not confident has bounced around between 5 percent and 17 percent since 2000.

Figure 6
Confidence That Employer or Union Will Continue to Offer Health Insurance, Selected Years, 2000–2014

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Extremely Confident	31%	29%	28%	29%	37%	-	-	29%	-	32%	24%	30%	35%	28%	29%
Very Confident	40	36	35	32	27	-	-	30	-	31	31	30	23	37	35
Somewhat Confident	24	25	27	25	24	-	-	30	-	24	31	23	27	28	27
Not Too Confident	3	5	7	8	7	-	-	6	-	5	8	9	10	6	7
Not at All confident	2	4	3	6	5	-	-	6	-	8	7	8	6	2	2

Source: Employee Benefit Research Institute and Greenwald & Associates, 2000–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

People with employment-based coverage are not as confident that they could choose the best available plan if their employer or union stopped offering coverage, as compared to their confidence that their employer or union would continue to offer health insurance. In 2014, 12 percent are extremely confident, 29 percent are very confident and 39 percent are somewhat confident (Figure 7). Two in 10 are not too (16 percent) or not at all (4 percent) confident that they could select the best plan.

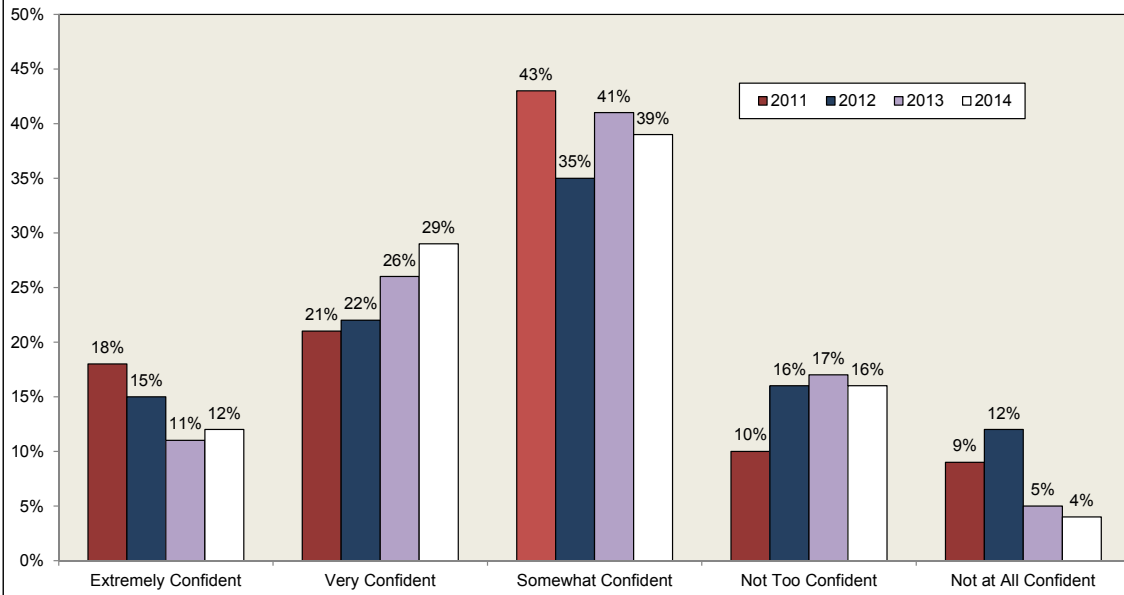
Most individuals report that choice of health plan is important, and most report that they are interested in more health plan choices. Nearly one-half (46 percent) report that choice of health plan is extremely important and about one-third (36 percent) report that it is very important (Figure 8). Very few (3 percent) report that choice of health plan is not too or not at all important. Fourteen percent are extremely interested in more choices, one-quarter (27 percent) are very interested, and one-third (36 percent) are somewhat interested (Figure 9). About one-quarter are not too (19 percent) or not at all (4 percent) interested in more health plan choices.

Starting in 2014, workers were able to purchase health insurance directly from a health insurance exchange; however, the key provisions of PPACA are not the exchanges per se, but a number of insurance-market reforms that are combined with the exchanges, such as guaranteed issue, modified community rating, premium and cost-sharing subsidies, and increased choice of health plans.

The exchanges provide information to help potential purchasers of health insurance better understand the available options. Information on premiums, covered benefits, cost sharing, enrollee satisfaction, management of chronic diseases, and other subjects is provided by the exchanges.

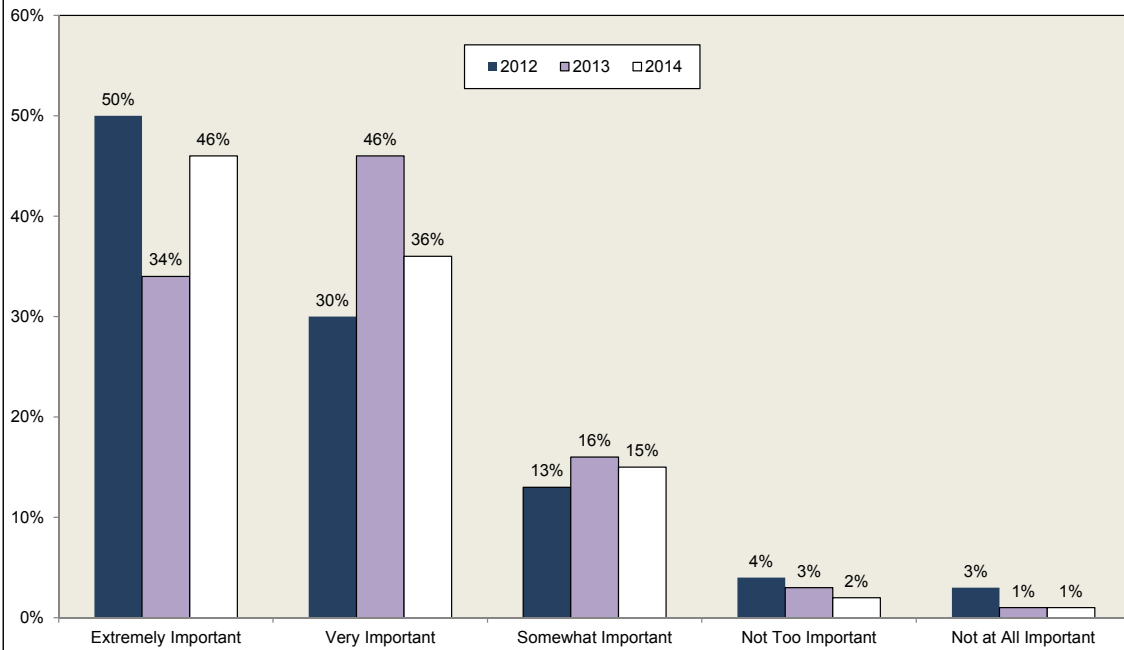
Despite expressing a desire for more choice of health plans, individuals are not highly comfortable that they could use an objective rating system to choose health insurance, nor are they extremely confident that a rating system could help them choose the best health insurance. In 2014, only 9 percent say they would be extremely comfortable and 33 percent say they would be very comfortable using an objective rating system to choose health insurance (Figure 10). About one-half are in the middle, with 49 percent reporting they would be somewhat comfortable using an objective rating system. However, only 8 percent would be not too or not at all comfortable using an objective rating system to choose health insurance.

Figure 7
Confidence That You Could Compare Different Health Plans Offered by Insurers and Choose Best Plan if Employer or Union Stopped Offering Health Insurance, 2011–2014



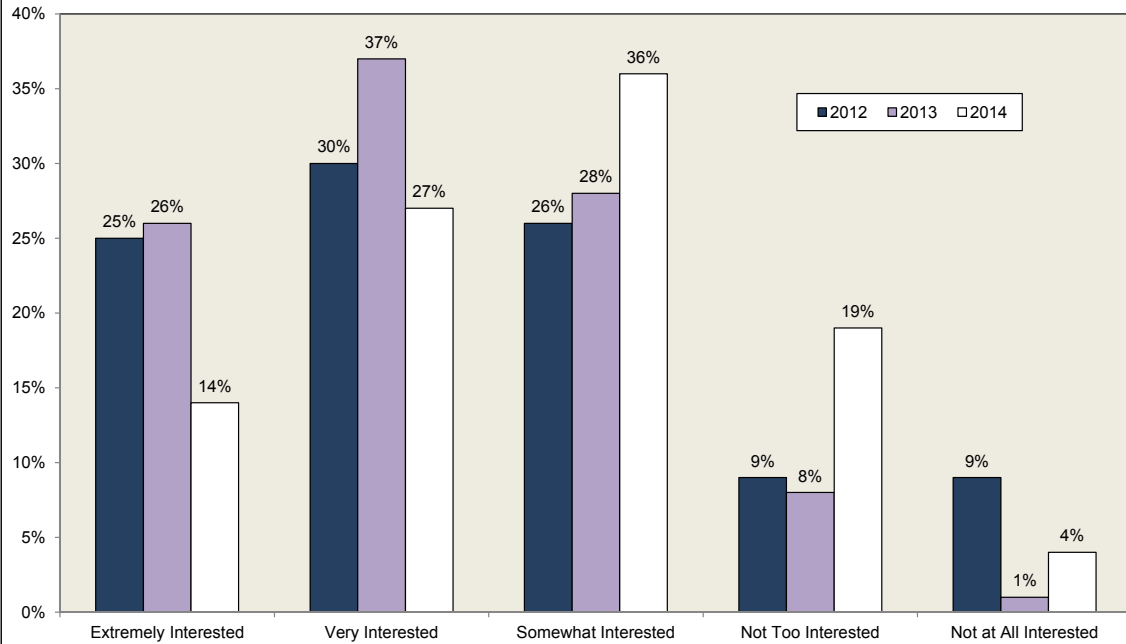
Source: Employee Benefit Research Institute and Greenwald & Associates, 2011–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

Figure 8
Importance That Employer Offers a Choice of Health Plan, 2012–2014



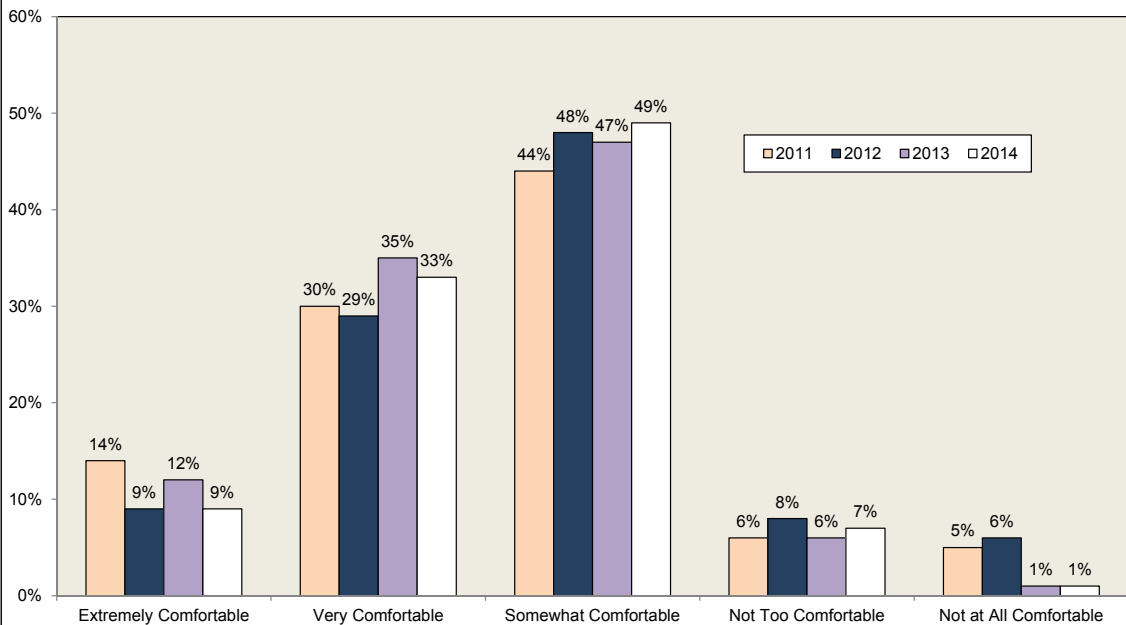
Source: Employee Benefit Research Institute and Greenwald & Associates, 2012 Health Confidence Survey, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

Figure 9
Interest in More Health Plan Choices Available
Through Employer or Union, 2012–2014



Source: Employee Benefit Research Institute and Greenwald & Associates, 2012 Health Confidence Survey, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

Figure 10
Comfort Using Objective Rating System
To Choose Health Insurance, 2011–2014



Source: Employee Benefit Research Institute and Greenwald & Associates, 2011–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Surveys.

When it comes to confidence that a rating system could help in choosing the best available plan, most people are somewhere in the middle. In 2014, nearly one-half (47 percent) say they would be somewhat confident and only 9 percent would be either not too or not at all confident. Only 9 percent report they would be extremely confident and 34 percent would be very confident that a rating system could help them make this choice (Figure 11).

Among individuals with a choice of health plans, premiums and cost sharing (deductibles and copayments) are greater factors affecting their plan choice than other aspects of their health plan. Just over 80 percent of individuals reported that premiums and cost sharing are a major consideration, about 15 percent reported they are a minor consideration, and 3 percent reported them as not a consideration (Figure 12). In contrast, one-quarter reported that independent quality measures are a major consideration, about one-half (53 percent) reported that they are a minor consideration, and just over one-fifth (22 percent) reported that they are not a consideration when choosing a health plan.

Conclusion

Enactment of the Patient Protection and Affordable Care Act of 2010 (PPACA) has raised questions about whether employers will continue to offer health coverage to their workers in the future. Yet, the importance of benefits as criteria in choosing a job remains high, and health insurance in particular continues to be, by far, the most important employee benefit to workers. Most are satisfied with the health benefits they have now, although nearly one-third would change the mix of wages and health benefits, which may reflect an intensifying desire for real wage growth. Choice of health plans is important to workers, and they would like more choices, but most workers express confidence that their employers or unions have selected the best available health plan. Moreover, they are not as confident in their ability to choose the best available plan if their employers or unions did, in fact, stop offering coverage.

Furthermore, individuals are not highly comfortable that they could use an objective rating system to choose health insurance nor are they extremely confident that a rating system could help them choose the best health insurance. This information will be useful as employers consider whether to continue offering coverage, and if they do, which options to offer in the plan.

Figure 11
Confidence That a Rating System Could Help
You Choose Best Health Insurance, 2011–2014

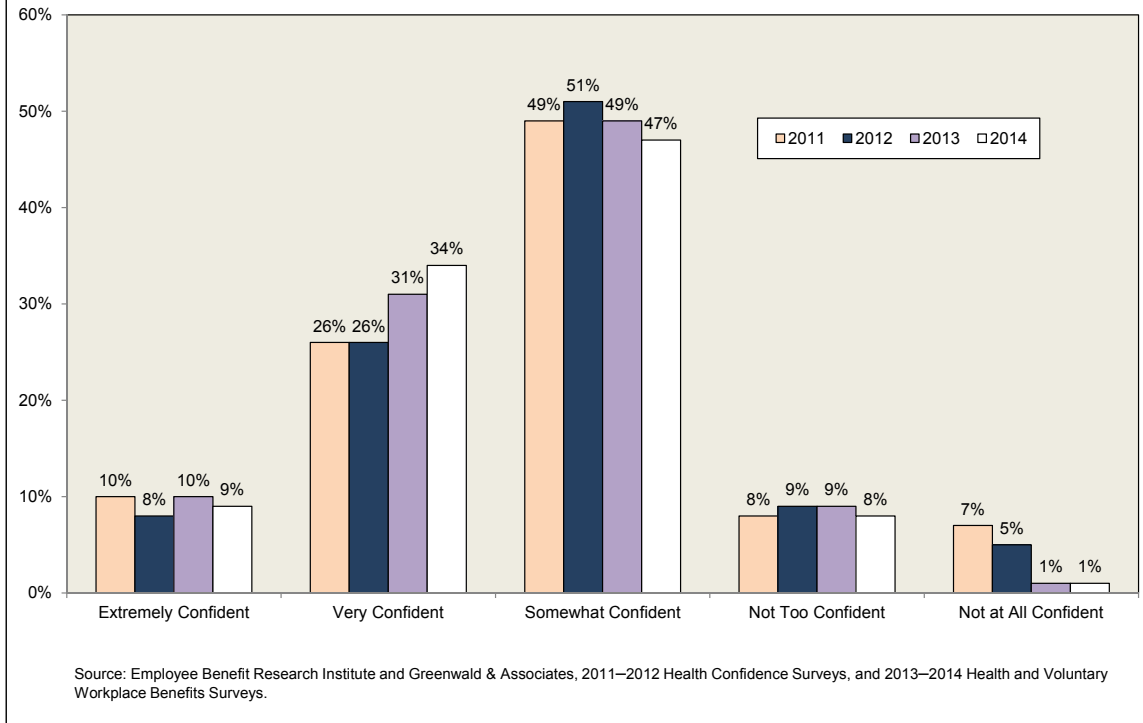
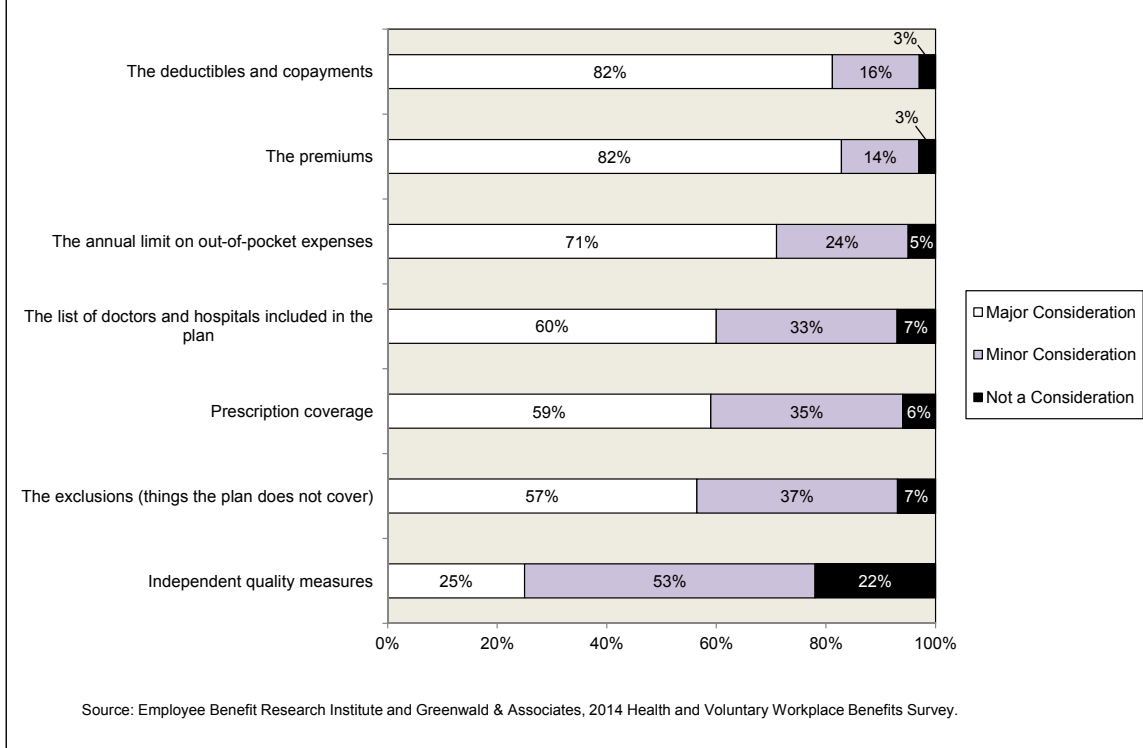


Figure 12
Impact of Factors Affecting Choice of Health Plan, 2014



Appendix—The 2014 WBS

These findings are part of the 2014 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS), which examines a broad spectrum of attitudes regarding workplace benefits, including voluntary benefits and health benefits. The survey was conducted online June 12–19, 2014, using the Research Now consumer panel. A total of 1,517 workers in the United States ages 21–64 participated in the survey. The data are weighted by gender, age, and education to reflect the actual proportions in the employed population.

Previously published trend data from the EBRI/Greenwald & Associates Health Confidence Survey (HCS) may differ from those published in more recent reports, as the prior data have been recut from the total adult population to match the survey population of the WBS: workers ages 21–64. In addition, comparisons of 2014 data with data from years prior to 2013 should be viewed with caution due to the move from telephone to online methodology in 2013.

No theoretical basis exists for judging the accuracy of estimates obtained from non-probability samples such as the one used for the WBS. However, there are possible sources of error in all surveys (both probability and non-probability) that may affect the reliability of survey results. These include imperfect sampling frames, refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, interviewer bias, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

The WBS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan, public-policy research organization, and Greenwald & Associates, a Washington, D.C.-based market research firm. The 2014 WBS data collection was funded by grants from 11 private organizations. Staffing was donated by EBRI and Greenwald & Associates. WBS materials and a list of underwriters may be accessed at the EBRI website:

www.ebri.org/surveys/hcs/

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Endnotes

¹ See <http://www.urban.org/UploadedPDF/412675-Implications-of-the-Affordable-Care-Act-for-American-Business.pdf>

² See <http://www.whitehouse.gov/blog/2011/06/08/getting-insurance-work>

³ See <http://www.gao.gov/products/GAO-12-768>

⁴ See http://cbo.gov/sites/default/files/cbofiles/attachments/03-15-ACA_and_Insurance_2.pdf

⁵ See http://www.avalerehealth.net/pdfs/2011-06-17_ESI_memo.pdf



Notes

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