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SURVEY RESULTS

EXECUTIVE SUMMARY

Introduction

In 2009, ARL surveyed member libraries on sick, vacation, and holiday leave, and financial support and leave for professional development, employee education and training, and internships—benefits over which library administrators would typically have some plan design authority. This survey investigated the core employment benefits of retirement, and life, health, and other insurance—benefits that are typically decided by the parent institution and often have significant governmental regulation. The survey was conducted between March 9 and April 23, 2010. Fifty-six of the 124 ARL member libraries completed the survey for a response rate of 45%.

Benefits Offered and Eligibility

The survey began by asking whether retirement, life and/or accidental death and dismemberment (ADD) insurance, or health insurance were offered to library employees. All 56 respondents indicated that retirement benefits and health insurance were offered. All but one indicated life and/or ADD insurance were offered. Respondents were asked to report the minimum number of hours per week library staff members must work to qualify for the benefit and the minimum number of months of employment a new library staff member must work in order to become eligible.

Retirement

Twenty hours per week was the most commonly reported minimum number of hours required to qualify for retirement benefits (20 of 54 respondents or 37%). Ten respondents (19%) indicated the employee must work 30 hours or more per week (.75 FTE or greater) to qualify. Eight (15%) indicated no minimum hours per week to qualify. Thirty-nine of 55 respondents (71%) indicated no minimum service period for retirement benefits eligibility. Ten (18%) indicated minimum service periods for eligibility of 12 months or less. Only six (11%) require more than one year of service for eligibility.

Life and/or ADD Insurance

Twenty hours per week was the most commonly reported minimum number of hours required to qualify for life and/or ADD insurance (21 of 53 respondents or 40%). Nine respondents (17%) indicated the employee must work 30 hours or more per week (.75 FTE or greater) to qualify. Nine others indicated no minimum hours per week to qualify. Forty-two of 53 respondents (79%) indicated no minimum service period for life and/or ADD insurance eligibility. Eight (15%) indicated minimum service periods of 12 months or less for eligibility. Only three (6%) require more than one year of service for eligibility.

Health Insurance

Twenty hours per week was the most commonly reported minimum number of hours required to qualify for health insurance (22 of 54 respondents or 41%). Nine respondents (17%) indicated the employee must work 30

hours or more per week (.75 FTE or greater) to qualify. Seven (13%) reported no minimum hours per week to qualify. Forty-one of 55 respondents (75%) reported no minimum service period for health insurance eligibility. Twelve (22%) indicated minimum service periods of 12 months or less for eligibility. Only two (4%) require more than one year of service.

Eligibility Requirements	Hours Worked/Week		Length of Service (in Months)	
	Average	Median	Average	Median
Retirement	18	20	9	0
Life and/or ADD Insurance	18	20	3	0
Health Insurance	18	20	2.5	0

Defined Benefit Retirement Plans

Defined benefit plans promise a specified monthly benefit at retirement. The survey asked questions regarding the availability of, employer contribution to, eligibility requirements for, and benefits of this type of plan.

Of the 56 respondents, 40 (71%) offer library staff a defined benefit retirement plan. The employer contribution ranges from 0% to 100%, with a median of 9.85% and an average of 31.16%. The range of answers suggests that some respondents interpreted the “employer contribution” to be a percentage of the employee’s earnings, while others apparently interpreted it to be the percentage of the total contributions to the retirement plan by the employer, as opposed to the amount of any employee contribution. The unfortunate result is that the responses are difficult to interpret.

To determine employee eligibility to receive full retirement benefits, a few respondents use either years of service or age, but most use a combination of the two. Most of the 40 respondents (34 or 85%) indicated the method used to determine the amount of the retirement benefit was a “highest pay formula” based on the employee’s highest annual earnings for one or more years. Formulas include an average of the highest three years of salary, an average of the highest five years of salary, an average of the employee’s highest salary for any continuous 36-month period, and the highest 36 months of salary any time in the final ten years of employment.

Ten respondents (25%) have a plan that uses a “final pay formula,” where the retirement benefit is determined as a function of the average of the employee’s earnings during the last year or last few years of employment. Four (10%) have plans that use a “dollar amount for each year formula,” but no respondents reported having a plan that uses a “flat benefit method” (benefit determined by multiplying an employee’s months of service by a predetermined flat, monthly rate) or a “career average formula” method (benefit determined as a function of the average of the employee’s earnings throughout their entire employment).

A majority of the respondents who offer a defined benefit plan (29 or 74%) indicated that retirees receive a health insurance premium subsidy.

Defined Contribution Retirement Plans

A defined contribution plan does not promise a specific amount of benefits at retirement, but employer and/or employee contributions are made on the employee’s behalf into an individual account. The survey asked questions regarding the availability, vesting period (if applicable), employer contribution (as a percentage of the employee’s salary), and employee contribution requirements for these plans. Forty-seven of the 56 survey respondents (84%) offer at least one defined contribution retirement plan to library employees. The types of defined contribution plans vary widely, as seen in the chart below.

Type of Plan Offered	Responses	
403(b)	42	89%
457	33	70%
401(a)	18	38%
SRA	14	30%
401(k)	7	15%
Roth 401(k)	5	11%
Roth IRA	4	9%
IRA	2	4%
SIMPLE IRA	2	4%
SEP	1	2%

In all but a few cases, an employee contribution is required for plan participation. For most of the defined contribution plans there is no vesting period. Thirteen institutions that offer a 403(b) plan reported a vesting period between 12 and 60 months. Six that offer a 401(a) plan have vesting periods between 36 and 66 months. Only two of the institutions that offer a 401(k) plan reported a vesting period: one of 12 months, one of 36 months.

In most cases, when there is an employer contribution, the maximum amount ranges from 5% to 10.4% of the employee's salary, or whatever limit is legally permissible. Interestingly, for about half of the defined contribution plans reported the employer makes no contributions to the plan. Apparently, institutions offer plans of this type largely as a tax-friendly and payroll-deduction-administered retirement savings vehicle for their staff.

Only a little more than a third of the respondents who offer defined contribution plans (15 or 37%) indicated that retirees receive a health insurance premium subsidy.

Deferred Retirement Option Plans

A Deferred Retirement Option Plan (DROP) is a program under which an employee who would otherwise be entitled to retire and receive benefits under an employer's defined benefit retirement plan instead continues working. The continued compensation and additional years of service are not typically credited for the purposes of the defined benefit plan formula. Thirteen of 55 responding institutions (24%) offer a DROP to employees.

Early Retirement Incentive Programs

An Early Retirement Incentive Program (ERIP) is an employer-sponsored plan that provides special benefits or incentives to an employee who makes the decision to retire sooner than they had otherwise planned. Twelve of the 55 responding institutions (22%) offer an ERIP to employees. Respondents' comments indicated these plans are commonly of limited, irregular, or intermittent availability versus an ongoing, continually offered option.

Phased Retirement Programs

A phased retirement program allows an employee to continue working with a reduced workload and eventually transition from full-time work to full-time retirement. Twenty-five of the 55 responding institutions (46%) have a formal phased retirement program available for library staff. Respondents described programs that have preretirement hour reductions (56%), postretirement, part-time assignments (16%), or both options (20%).

Life and ADD Insurance

All but one of the 55 respondents provide life insurance benefits and 47 (85%) offer ADD insurance benefits. The survey asked about the availability of these benefits for spouses, opposite-sex domestic partners, same-sex domestic partners, and dependents. The majority of responding institutions make these benefits available to spouses and dependents, with a smaller, but still significant number of respondents offering life and ADD benefits to domestic partners. A majority of the 25 respondents who offer coverage to domestic partners indicated the employee cost was the same for spouses as for domestic partners for both life insurance coverage (17 or 68%) and for ADD insurance coverage (16 or 64%).

Coverage Offered for	Employee	Spouse	Dependents	Same Sex Domestic Partner	Opposite Sex Domestic Partner
Basic Life Insurance	54	30	29	19	15
ADD Insurance	47	29	27	17	12

The survey asked what percentage of the life insurance premium the employer pays for employees, spouses, opposite-sex domestic partners, same-sex domestic partners, and dependents. The employer's contributions to premiums for employees are quite high: 33% of the premium was the smallest contribution and 71% of respondents indicated the employer covers the entire premium. However, employer contributions are much less common for eligible non-employees.

Employer Contributes for Life Insurance	Some Percentage of Premiums	100% of Premiums	Average Contribution	Median Contribution
For Employee	82%	71%	79%	100%
For Spouse	14%	4%	10%	0
For Dependents	14%	7%	11%	0
For Opposite Sex Domestic Partner	14%	7%	11%	0
For Same Sex Domestic Partner	11%	5%	8%	0

The majority of respondents (31 or 55%) use a fixed multiple of employee earnings to calculate the amount of the life insurance benefit. Nineteen respondents pay a flat cash amount, and two reported that the amount of life insurance benefits was determined by a variable multiple of employee earnings.

The survey also asked what percentage of the premium for ADD insurance the employer pays for employees, spouses, opposite-sex domestic partners, same-sex domestic partners, and dependents. Employers commonly contribute to premiums for employees. Again, 33% of the premium was the smallest contribution, and 19 institutions (49%) contribute 100%. As with life insurance, employer contributions are much less common for spouses and dependents. No respondents reported that the employer makes contributions to premiums for domestic partners.

Employer Contributes for ADD Insurance	Some Percentage of Premiums	100% of Premiums	Average Contribution	Median Contribution
For Employee	59%	49%	56%	85%
For Spouse and Dependents	9%	0	5%	0

Other Insurance Benefits

All but a few of the 53 responding institutions offer health and dental insurance to library employees, their spouses, and dependents. Almost all offer employees long-term disability insurance, and two-thirds offer short-term disability insurance, though few extend disability coverage to spouses and dependents. More than 80% of the respondents offer vision insurance to employees, spouses, and dependents. More than half offer health, dental, and vision insurance to same-sex domestic partners, but only a little more than a third offer these benefits to opposite-sex domestic partners. Other commonly reported insurance benefits were long-term care, which was prevalent, and cancer and legal insurance. As with life and ADD insurance, a majority of the respondents who offer health, dental, and vision insurance coverage to domestic partners indicated the employee cost is the same for spouses as for domestic partners. At the small number of institutions that offer short-term or long-term disability insurance to non-employees, the premium for spouses and domestic partners is also the same.

Coverage Offered for	Employee	Spouse	Dependents	Same Sex Domestic Partner	Opposite Sex Domestic Partner
Dental	53	53	52	38	24
Health	52	52	50	36	23
Vision	44	43	43	27	18
Short-term Disability	35	2	2	2	1
Long-term Disability	50	4	2	2	1

For dental, vision, and disability insurance plans, employers are most likely to contribute something for dental premiums, though they more often contribute 100% of the premium for long-term disability coverage. A significant number of respondents also reported some level of employer support for vision and short-term disability plans.

Employer Contributes for	Some Percentage of Premiums	100% of Premiums	Average Contribution	Median Contribution
Dental	71%	42%	61%	80%
Long-term Disability	58%	53%	54%	100%
Vision	46%	34%	44%	0
Short-term Disability	41%	33%	37%	0

Health Insurance

Group health plans provide library employees access to a broad range of treatments. Over 90% of respondents reported that their plans cover both inpatient and outpatient mental health services. Over 80% cover substance abuse rehabilitation and detoxification, contraception, and hospice care. Coverage for infertility and acupuncture treatments are somewhat less common. Almost all of the group health plans provide coverage for prescriptions, hospitalization, cancer treatment, and intensive care. Though only 23% of group health plans provide coverage for long-term care, employers commonly offer this coverage through separate supplemental plans.

Treatment Covered by	Health Plan	Separate Supplemental Plan	Coverage Not Available
Prescription	96%	10%	0
Hospitalization	94%	12%	2%
Cancer	94%	13%	0
Intensive Care Unit	92%	4%	2%
Long-term Care	23%	65%	13%

Short-term Disability Insurance

The duration of benefits for short-term disability plans ranges from 4 to 52 weeks. The average duration is 28 weeks and the median is 24 weeks. The percentage of the employee's income that is replaced under the most generous short-term disability plan offered ranges from 50% to 100%, with an average of 71% and a median of 67%. The majority of respondents (19 or 63%) reported the plan would replace between 60% and 70% of the employee's salary. Only five (17%) reported the institution's most generous plan would replace 100% of the salary. The length of the elimination period for eligibility under the most generous short-term disability policy ranges from zero to 180 days. The average is 26 days and the median is 14 days. More than half of the respondents reported elimination periods of two weeks or less, and 81% reported periods of one month or less. More than 75% of respondents indicated the short-term disability policy treats maternity, childbirth, and recovery periods the same as any other medical condition in regards to eligibility for benefits.

Long-term Disability Insurance

When asked about the maximum benefit for the long-term disability plans, some respondents reported dollars per month, others reported the maximum benefit amount in dollars or the length of benefits in months. Under the most generous long-term disability plan offered, the percentage of the employee's income that is replaced ranges from 50% to 85%. More than half of the respondents reported a 60% income replacement; 91% reported the income replacement is between 60% and 70%. The length of the elimination period for eligibility under the most generous long-term disability policy ranges from zero to 182.5 days. The average is 117 days and the median is 105 days. The most common elimination periods are 180 days (36%) and 90 days (29%). Half reported elimination periods of 90 days or less; 95% reported periods of six months or less.

Tax Advantaged Accounts

Library staff are offered a variety of tax advantaged accounts. The most common are Flexible Spending Accounts (FSA) for dependent care reimbursement (85%) and medical reimbursement (81%). Less commonly offered are Health Savings Accounts (25%), Health Reimbursement Accounts (14%), and Limited Purpose Medical Reimbursement accounts (8%). Many employers contribute nothing to these employee accounts, and the amount contributed by those who do contribute varies considerably.

Employer Contributes for	Some Amount	Average Annual Contribution
FSA - Medical	40%	\$1,683
FSA - Dependent Care	38%	\$1,805
HSA	62%	\$1,518
HRA	86%	\$1,146
LPMR	25%	\$1,250

Health Care Plans

Most of the responding institutions offer multiple health care plans. The most common plans are the Participating Provider Option (PPO) and Health Maintenance Organization (HMO). A smaller number of institutions offer Point-of-Service (POS) plans, an institutional plan, or Medicare fee-for-service. Some institutions also provide high deductible versions of the PPO, HMO, and POS plans. Other health care options include Consumer Driven Health Plans and Exclusive Provider Organization plans.

Type of Plan Offered	Responses	
Participating Provider Option (PPO)	38	73%
High Deductible PPO	14	39%
Health Maintenance Organization (HMO)	27	52%
High Deductible HMO	6	23%
Point-of-Service (POS)	12	23%
High Deductible POS	2	20%
University/institutional health plan	5	10%
Medicare fee-for-service	4	8%
Other plan	15	29%

For the three most common plans (HMO, PPO, and POS), employers pay, on average, between 80% and 89% of the premium for single coverage and between 76% and 85% for family coverage.

Employer Contributes for	Single Coverage		Family Coverage	
	Average	Median	Average	Median
HMO	89%	90%	82%	83%
PPO	85%	87%	76%	80%
POS	80%	87%	85%	85%

There is significant variation among the out-of-pocket maximums for the three most common health care plans. For single coverage, the maximum out-of-pocket exposure for the employee is, on average, much lower for HMO plans. For family coverage, the HMO and POS plans have considerably lower maximum out-of-pocket expense averages and medians than PPO plans.

Employee's Maximum Out-of-Pocket Expense	Single Coverage		Family Coverage	
	Average	Median	Average	Median
HMO	\$1,125	\$1,100	\$2,500	\$3,000
POS	\$2,363	\$2,200	\$5,380	\$4,000
PPO	\$3,042	\$2,400	\$3,042	\$2,400
Weighted Average	\$2,363	\$1,977	\$3,215	\$2,818

Benefits Orientation and Administration

The survey asked how the parent institution and the library orient new employees and disseminate information to current employees regarding retirement and insurance benefits. Many of the respondents reported their institutions have full or half-day orientation programs, some of which are mandatory for new hires. They also include information in orientation materials provided to new hires or prospective employees during interviews.

Additional information delivery models include periodic information sessions and seminars, annual mailings and health/benefits fairs, and group or one-on-one counseling. Web content and other online tools are also prevalent.

The responses about the library's role in new employee orientation and retirement and insurance benefits information dissemination range from no activity, to referrals to institutional offices, to more direct and active involvement comparable to the activities described above for parent institutions. The most common response indicated that library staff answer routine questions and connect the staff member with the appropriate resource.

The survey also asked about the library's role in administering retirement benefits and insurance plans. More than half of the respondents reported no role. Other common responses indicated that library staff answer questions and direct employees to appropriate offices; assist with forms; advertise open enrollment, enrollment deadlines, and benefit changes; and sponsor presentations by institutional staff.

Summary

The survey results help identify the range of retirement and insurance benefits offered to research library employees and the variety in plan designs for each benefit. They confirm that retirement, health insurance, and life insurance are universally available and access is generally gained by employees working a .50 FTE assignment. Insurance benefits are commonly available to their family members, too, often including both same-sex and opposite-sex domestic partners.

Thirty-two of the 56 responding institutions offer employees both a defined benefit and a defined contribution retirement plan. Fifteen offer only a defined contribution plan, eight offer only a defined benefit plan, and one offers neither.

Defined benefit plans, as might be expected, rely mostly on a combination of age and years of service to determine eligibility benefits, and the benefit amounts are usually determined by a "highest pay formula." Defined benefit plans often provide retirees with a health insurance subsidy.

Defined contribution plans are most often 403(b) or 457 plans. Regardless of plan type, employers usually do not contribute to the plans, and vesting periods are uncommon or minimal, leading to the conclusion that these plans commonly are offered as a tax-friendly and payroll-deduction-supported retirement savings vehicle. Defined contribution plans most often do not provide health insurance subsidies for retirees, which is somewhat surprising and reinforces the conclusion above regarding the purpose of these plans.

DROP and ERIP plans are somewhat uncommon. ERIP programs are offered intermittently and presumably as a cost savings effort. Formal phased retirement programs are offered at about half of the responding institutions, and most commonly take the form of a preretirement reduction in hours.

Life insurance, as mentioned above, is essentially offered universally by respondent institutions. ADD insurance is very common, too. Life insurance benefits are usually available to family members, but ADD is made available much less frequently.

In addition to health insurance, employee access to dental, vision, and long-term disability insurance is quite common. Dental, health, and vision are very often extended to spouses and dependents and less frequently extended to domestic partners. Disability insurance is infrequently available to non-employees.

The financial support for life insurance premiums for employees is very high, but falls considerably for employee ADD and drastically for life and ADD coverage for family members. Employer contributions for premiums for health insurance coverage are quite high as a percentage of the total cost, for both employee and family coverage. About half of the responding institutions contribute some percentage of the premiums for long-term disability, short-term disability, and vision; a higher percentage contribute to dental. Surprisingly common are long-term disability, short-term disability, vision, and dental plans that are 100% employer-paid.

The typical availability of PPO plans, as compared to the less common availability of a traditional HMO plans, was surprising. One wonders if the frequency of high-deductible options, while somewhat frequent

now, will increase over time. Prescription, hospitalization, cancer, and intensive care unit coverage through the offered group health plans is extremely common. Surprisingly, long-term care is consistently excluded from health plans and, even when considering coverage through supplemental plans, unavailable to a significant percentage of library employees.

A high percentage of respondents offer Flexible Spending Accounts, and a surprisingly low percentage offer HSA, HRA, or other plans. However, the employer contributions are most typical for HSA and HRA plans. The average for annual contributions to these plans by employers was surprisingly high, particularly for FSA's for dependent care, with employer contributions averaging \$1,805.

Interestingly, for life, ADD, health, dental, and vision insurance, the employee's cost for coverage for spouses and domestic partners is usually equivalent.