

## The Work Decision

Benefits, Income, Satisfaction,  
Time Away From Home

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## Benefits Of Working

- Life Satisfaction
- Job Skills
- Salary
  - Opportunity to keep up with inflation
- Insurance – health, life, disability
- Social Security
- Retirement Packages

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## Costs of Working

- Professional Fees
- Transportation
- Clothing
- Child Care
- TIME! Opportunity costs of other things

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## Defining Work and Family

- If you put self-care, pet care, relationships of any sort into family – then we all manage family.
- Employees with families can leave early – the rest of you need to stay until the job is done.

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## It is not a choice to manage work and family – it is a necessity.

- Why do people work?
- Self-esteem – money – benefits
- Why will you work? What does work mean?

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## Retirement Savings and Tax Benefits

- 403 b
  - 7.044 (employee portion)
  - 4.956 (university match)
- FICA (Federal Insurance Contributions Act)
  - 7.65 (1.45 Medicare and 6.2 Social Security)

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## Dollar Example of Benefits

- $\$41,000 * .0744 = \$2,888.04$  (money I set aside – tax deferred)
- $\$41,000 * .04956 = \$2,031.96$  (money MSU puts into my retirement account)
- $\$41,000 * .062 = \$2,542$  (money I put into my social security account)
- $\$41,000 * .062 = \$2,542$  (money MSU puts into my social security account)

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## Social Security

- Retirement
- Survivors Benefits
- Disability Insurance

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## Social Security

- Part of the three-legged stool of retirement
  - Pension plan (403b or 401k)
  - Personal savings
  - Social Security

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## Social Security

- Funds are put in your account (your S.S. # is your account number)
- Those funds are invested in T-bills (small rate of return – but very safe)
- Your funds are currently being allocated to those receiving S.S. – the hope is that when it is your turn someone will be putting dollars into the system

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## Social Security

- Privatization might increase rate of return
- Rate of return increases also include risks.
- Has not worked well in other countries.

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## Social Security Other Options

- Have the wealthy pay into S.S. even after their first \$89,000
- Have means testing – if you are worth \$1,000,000 you don't get the \$200 check per month.
- Raise the percentage of payroll withholding.

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## Totals

- I get the opportunity to put away \$5,430.04 in tax free or tax deferred accounts.
- The university puts in \$4,573.96 into my retirement – which is like additional salary.
- So – really I make \$45,573.96 instead of \$41,000
- That's not all though – add in life insurance, health insurance, disability insurance, dental insurance, vision insurance and it adds up to about \$12,000.

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## Cafeteria Benefits

- Selection of benefits based on the idea that one size does not fit all
- Health, Dental, Long-term Disability, Life Insurance, AD& D, Flex-accounts, Vision

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## Health Insurance

### Health Insurance Coverage

*(All figures are for U.S.)*

Of business establishments with fewer than 100 employees, approximately **64%** of employees participated in their employer's health plan compared to **76% (1997)** of employees in business establishments with 100 or more employees.

Percent of Persons Under Age 65 Without Health Insurance: **16.8% (2000)**

Number of Persons Under Age 65 Without Health Insurance: **40.5 million (2000)**

Percent of Children Under Age 18 Without Health Insurance: **12.4% (2000)**

Percent of Persons Age 65 and Over With Medicare and Private Insurance:

**63.1% (2000)**

Number of Persons Age 65 and Over With Medicare and Private Insurance:

**20.6 million (2000)**

Percent of Persons Age 65 and Over With Medicare Only: **26.7% (2000)**

Percent of Persons under age 65 Enrolled in Health Maintenance

Organizations: **34.1 million (2000)**

Source: [Health, United States: 2002 Tables 129, 130, 131](#) **Health Insurance Coverage**

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## New Study from Met Life

- On average companies spend \$7, 289 per employee.
- Note that because companies buy in volume they can purchase benefit plans for less than what an individual can purchase them for in the market place.

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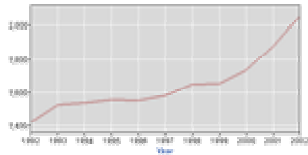
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## Health Care Costs

Series Id: CXIBCD00902  
Column: Total wage and salary earners  
Item: Health care  
Table: Occupation of reference person



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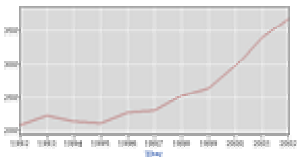
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## Cost of Prescription Drugs

Series Id: CXIBCD00902  
Column: Total wage and salary earners  
Item: Drugs: Prescription and nonprescription  
Table: Occupation of reference person



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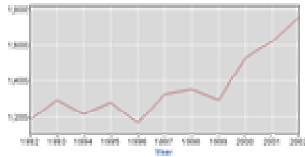
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## Health Insurance Costs

Series Id: CKBDC100901  
Column: Self-employed workers  
Item: Health Insurance  
Table: Occupation of reference person



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## Health Costs

- Visit to an Internist with no tests, 15 minutes \$114
- Visit to a Cardiologist, with an echocardiogram, \$884
- Visit to a dentist, family of three, cleaning only \$330
- Visit to Pediatrician, strep throat \$96

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## Dental Insurance

- Covers "customary and usual" expenses.
- Porcelain crown \$527 – cost to purchase \$1,000 - \$1,500.
- Fillings \$57 – cost of filling \$200

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## Life Insurance

- When you have dependents – you need life insurance!
- Dependents do not need life insurance (except perhaps burial costs)
- Life Insurance versus AD & D

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## Accidental Death and Dismemberment

- If you die from an accident; lose both hands, feet or eyes, or lose one hand AND one foot, one hand and one eye OR one foot and one eye. You get full coverage.
- Insurance is cheap – why? Very unlikely to happen.
- Driving drunk is not an accident.

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## Facts about Working

- Mixed...I wish there was one answer.
- People who work are physically healthier (one corollary might be that unhealthy people can't work – another is that working makes you health)
- Personal preferences

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## Tying it all together

- When we originally looked at the Bryant model we looked at  $wM + V = pC$
- But really work adds more to this equation
  - Benefits (greater than wages)
  - Security of future work
  - Personal satisfaction
  - Health

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