



Benefit Definitions

401(k) Plan: Plan that allows employees to make tax-favored pay deferrals toward retirement savings through a payroll deduction plan. Companies frequently make additional contributions to supplement employee contributions. Contributions are invested at the employee's discretion in investment funds offered by the plan.

403(b) Plan: Plan that allows employees of certain tax-exempt organizations to make tax-favored pay deferrals toward retirement savings through a payroll deduction plan. Companies frequently make additional contributions to supplement employee contributions. Contributions are invested at the employee's discretion in investment funds offered by the plan.

Cash Balance Plan: Form of retirement plan that defines the promised benefit in terms of an account balance and features benefit portability. Employees cannot make contributions to their accounts. Investment decisions are made by the employer.

Pension Plan: Plan that promises employees a specified monthly retirement benefit amount based on a formula. Employees cannot make contributions. Investment decisions are made by the employer.

Social Security: Social Security Administration program that provides retirement, disability, death, and survivor benefits.

Medical Plan: Group health insurance program sponsored by an employer. Premiums are collected on a tax-favored basis through payroll deduction. Covered services include doctor visits, hospital stays, and prescription drugs. Costs for services are shared by the employer and the employee with the majority of costs usually borne by the employer.

Dental Plan: Group insurance program sponsored by an employer. Premiums are collected on a tax-favored basis through payroll deductions. Covered services include preventive services such as check-ups, restorative services such as fillings and extractions, and major services such as bridgework, dentures, and braces. Costs for the services are shared by the employer and the employee.

Vision Plan: Group insurance program sponsored by an employer. Premiums are collected on a tax-favored basis through payroll deductions. Covered services include periodic vision exams, lenses, and frames. Employees typically are given an allowance to cover the cost of services and must pay the excess if the actual cost of services exceeds the allowance.

Healthcare Flexible Spending Account: Type of plan that allows employees to use pre-tax dollars to pay for certain out-of-pocket health expenses.

Disability Insurance: Replaces a portion of an employee's lost income if that employee becomes ill or injured. Usually consists of short-term benefits, covering an employee for the first six months of disability and long-term benefits which cover an employee after short-term coverage ends.

Life and Accident Insurance: Form of insurance carried by employers for their employees that provides a lump-sum payment to the employees' beneficiaries.

Health and Wellness Resources: Preventive health programs offered by employers and insurance companies to improve the health and physical well-being of employees both on and off the job.