FOOTHOLD AMERICA

US EMPLOYEE BENEFITS

What America Actually Requires

In most of the world the benefits package is written largely by statute and the employer fills in the gaps. In the United States it is close to the opposite. The legal floor is unusually low, and almost everything an international employer would treat as a basic entitlement is a competitive decision instead. Getting that wrong in either direction is expensive.

0	days of paid holiday required by federal law
11	federal holidays, none legally required
19	states plus DC mandate paid sick leave
30%	of total compensation is benefits

01 THE LEGAL FLOOR

What the law actually requires

This is the whole federal list. It is shorter than most international employers expect, and every item on it is either a tax, an insurance, or an unpaid protection. None of it is what a candidate would call a benefit.

FEDERAL, EVERYWHERE

Six obligations, and that is all

- **Social Security and Medicare.** 6.2% and 1.45% from the employer, matched by the employee. Social Security stops at $184,500 of pay in 2026.
- **Unemployment insurance.** FUTA at 0.6% on the first $7,000, plus a state rate that depends on your own claims history.
- **Workers' compensation.** Mandated at state level and effectively universal. Cover must be in force in the state where the employee works.
- **FMLA.** Twelve weeks of unpaid, job-protected leave. Employers with 50 or more employees. The employee needs 12 months of service, 1,250 hours, and 50 colleagues within 75 miles.
- **ACA employer mandate.** At 50 or more full-time employees including full-time equivalents you must offer affordable coverage or pay a penalty. Below that, health insurance is entirely optional.
- **COBRA.** Employers with 20 or more employees must let leavers continue on the health plan, at up to 102% of the cost to the plan, paid by the leaver.

STATE, AND IT IS SPREADING

The layer that changes every year

- **Paid sick leave.** 19 states and the District of Columbia, plus city ordinances in New York City, Chicago, Philadelphia, Pittsburgh, Seattle, Minneapolis and others.
- **Paid family and medical leave.** 14 states and DC have mandatory programmes. Most are funded by payroll contributions rather than by the employer directly. Maryland, Delaware, Minnesota, Maine and Virginia are still phasing in.
- **State disability insurance.** California, Hawaii, New Jersey, New York and Rhode Island run their own schemes.
- **Mental health parity.** Federal law requires plans to cover mental health no more restrictively than physical health.

The practical consequence. Your obligations follow the employee's location, not your entity's. Two people on the same contract in two states can have materially different statutory entitlements.

02 THE GAP

What the law does not require

Every item below is a legal minimum in most developed economies. In America each one is a decision you make, and the market rather than the statute book decides whether you got it right.

No statutory paid holiday

There are 11 federal holidays. A private employer does not have to give any of them, paid or unpaid. Most offer 8 to 11 because not doing so is conspicuous.

No statutory paid vacation

No federal or state law requires paid annual leave. What exists is state sick leave, which is narrower and separately tracked in about half of them.

No federal paid parental leave

FMLA gives 12 weeks unpaid to those who qualify. Paid leave exists only where a state runs a programme, or where the employer chooses to.

No health insurance below 50 FTE

Under 50 full-time equivalents there is no obligation to offer coverage at all. In practice almost every professional candidate treats it as a condition of employment.

No notice, no severance

Employment is at will in 49 states and DC. Neither notice nor severance is required by statute anywhere, outside New Jersey mass layoffs.

No pension obligation

There is no auto-enrolment equivalent at federal level. A 401(k) is voluntary, though a growing number of states now require employers to offer access to a state-run plan.

03 THE BENCHMARK

What the market expects instead

Because the statutory floor is so low, the package is a recruitment instrument rather than a compliance exercise. These are the numbers a US candidate is measuring you against.

BENEFIT	MARKET STANDARD	WHAT IT MEANS IN PRACTICE	SOURCE
Health insurance, single	Employer pays $7,885 of a $9,325 premium	About 84% of the premium. A package covering 80% or more of the single premium reads as competitive for professional roles.	KFF 2025
Health insurance, family	Employer pays $20,143 of a $26,993 premium	About 74%. The single biggest line in any US benefits budget, and the one that moves most year to year.	KFF 2025
401(k)	4.8% average employer contribution	The most common formula is a full match on the first 3% of salary, then 50 cents on the dollar on the next 2%.	Fidelity Q1 2026
Paid time off	80% of private industry workers get any paid vacation	Not a legal entitlement, an employer choice, and one in five US workers has none at all. Professional roles commonly start at 15 to 20 days.	BLS March 2025
Paid holidays	81% of private industry workers get any paid holidays	There are 11 federal holidays and a private employer is not required to pay for any of them. Most professional employers offer between 8 and 11.	BLS March 2025
Paid parental leave	44% maternity 34% paternity	Share of US employers offering it paid, both up on 2025. Six weeks is the competitive minimum for a primary caregiver, 12 is mid-market.	SHRM 2026
Retirement plan access	72% of private industry workers have access	A 401(k) is voluntary for the employer, and just over a quarter of US private sector workers have no access to a workplace plan at all.	BLS March 2025
Medical care	72% have access 45% take it up	Access and participation are different numbers. Cost sharing is why. It is also why the employer share matters more than the headline premium.	BLS March 2025
Dental and vision	$300–600 dental $100–200 vision	Per employee per year. Near universal in professional packages and cheap enough that leaving them out is noticed.	Market rates
Life and disability	1x salary life 60% of pay, 12 weeks STD	Life typically $100 to $300 a year, short-term disability $200 to $600. Long-term disability is often employee-paid at group rates.	Market rates

04 GETTING IT RIGHT FIRST TIME

What good looks like for a first hire

You do not need a top-quartile package to hire well. You need one that does not raise a question in the candidate's mind, and the four numbers below are where that line sits.

80%
of the single premium
Cover at least this much of the employee's own health premium. Below it, candidates read the package as thin regardless of salary.

15
days of PTO
Plus the federal holidays. Ten days is the floor for a first hire and 15 to 20 is the professional norm.

3%
effective 401(k) cost
A 50% match on the first 6% gets you there. Immediate or one-year vesting. Long cliff vesting reads as a retention trap.

6
weeks paid parental leave
The competitive minimum for a primary caregiver. Twelve weeks is mid-market. FMLA on its own gives nothing paid.

05 WHAT IS COMING

Budget for the increase, not the current number

2027 PROJECTION

Health costs rise 8.2%

The largest single-year increase since 2003, and that is the figure after employers make plan design changes to hold it down. Take no action and the projection is 11%.

Applied to the $7,885 employer share of an average single premium, 8.2% is about $650 more per employee before anyone gets a pay rise. On the $20,143 family share it is about $1,650. Set the budget with the increase in it rather than discovering it at renewal.

Mercer National Survey of Employer-Sponsored Health Plans, preliminary 2027 results published 31 August 2026, based on responses from more than 1,800 employers.

THE WHOLE PICTURE

Benefits are 30% of compensation

Across US private industry, employers pay $46.89 an hour in total compensation. $32.82 is wages and salaries. $14.07 is benefits.

That ratio holds well enough to sanity-check a budget. If your US headcount plan carries salary plus ten per cent, it is out by roughly a third, and the gap will show up as a surprise in your second quarter rather than your first.

Bureau of Labor Statistics, Employer Costs for Employee Compensation, June 2026.

06 FOUR THINGS TO DO

Where international employers usually go wrong

01 Do not import the package you use at home
Generous holiday and thin health cover reads as backwards to a US candidate. The two are weighted almost exactly the opposite way round.

02 Budget the employer share, not the premium
The number that hits your P&L is $7,885 for single cover and $20,143 for family. Which one applies depends on the person you hire, and you cannot ask before you offer.

03 Track benefits by the employee's state
Sick leave, family leave and disability insurance all follow where the person works. Hiring your second employee in a different state changes your obligations, not just your payroll.

04 Get buying power you would not have alone
One employee has no leverage with a US insurer. Pooled plans through an EOR or a PEO usually price better than anything a company of your US size can buy directly.

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Empowering Your Growth

Sources. KFF Employer Health Benefits Survey 2025, average premiums and employer contributions. Fidelity Investments Q1 2026, 26,800 corporate defined contribution plans and 25.6 million participants. Bureau of Labor Statistics, Employer Costs for Employee Compensation, June 2026, and Employee Benefits Survey, March 2025, for access rates. Mercer National Survey of Employer-Sponsored Health Plans, preliminary 2027 results. US Department of Labor, FMLA coverage and eligibility. A Better Balance, paid sick time laws by jurisdiction. Bipartisan Policy Center, state paid family leave programmes. US Office of Personnel Management, federal holidays. SHRM Employee Benefits Survey 2026, published June 2026, 5,472 organisations. IRS, applicable large employer threshold. US Department of Labor, COBRA. State disability insurance programmes in California, Hawaii, New Jersey, New York and Rhode Island. Sector benchmarks per Foothold America's US employee benefits benchmarking guide.