

The Cost of Employee Happiness Calculations

Fully Covered Health Care

For our analysis, we assumed that coverage was split 50/50 between individual and family plans for all workers in both small and large firms. (In reality, [53 percent of workers are enrolled in single coverage](#); 54 percent in small firms, and 50 percent in large firms. We operated under that assumption that if small businesses offered fully paid health care, more employees with families would choose to work for those firms).

Business Type	Cost of Fully Paid Individual Coverage	Cost of Fully Paid Family Coverage	Estimated Cost per Person (0.5 * Cost of Individual Coverage + 0.5 * Cost of Family Coverage)
Large Company	\$6,251	\$17,545	\$11,898
Small Company	\$6,163	\$16,625	\$11,394

Source:
<https://www.zanebenefits.com/blog/what-percent-of-health-insurance-is-paid-by-employers>

Paid Time Off

Paid Time Off Policy	Number of Days Taken Off	Daily Cost of a \$60,000 Annual Salary	Total
2 Weeks	10	\$231	\$2,310
3 Weeks	15	\$231	\$3,465
Unlimited	14*	\$231	\$3,234

*Numerous articles state that companies that are employing unlimited paid time off models have not experienced significant increases in actual time taken off. Our experience at Fractl mirrors this observation.

One HR technology company, Mammoth, [tracked the amount of personal time](#) taken by employees under a paid time off program and found that employees took an average of 14 days off a year.

Quarterly Friday and Saturday Corporate Retreats

Costs will vary greatly depending on the [type of retreat](#) selected. Assuming one paid vacation day per quarter (\$231) accounts for each Friday of missed work and \$300 for the retreat

(including food, activities, and one night's stay at a hotel), the estimated cost of hosting quarterly retreats is \$2,124.

\$5,000 to Take a Month-Long Vacation Every Five Years

The cost of this benefit is \$1,000 dollars per year (\$5,000 divided by 5), in addition to the cost of 4.33 days of additional paid time off per year (\$60,000/12) divided by 5). The annual cost of this benefit is \$2,000. This calculation does not take turnover rates into account.

3 Percent Matching on a 401(k)

Providing 3 percent matching on a \$60,000 is \$1,800 per year. This calculation does not take administrative costs into account.

Free Catered Lunch Daily

The cost of this benefit is estimated at \$1,750, assuming 250 days (260 work days minus 2 weeks of vacation time) of free lunches per employee per year and \$7 per meal.

Four Months Parental Leave

The general fertility rate for the U.S. (total births per 1,000 women of reproductive age (15–44) in a year) was [62.5 in 2015](#). Four months of paid time off costs \$20,000 for an employee paid \$60,000 a year. Assuming that, in line with the national average, 6.25 percent of employees (or employees' spouses) give birth every year, the cost of four months of parental leave per employee would equal \$1,250 ($\$20,000 * 0.0625$).

This assumes that work can be spread across existing staff so that there is no need to hire temporary workers or consultants.

Free Day Care for One Child

The average cost of a day care center is [\\$188 per week](#), and [12.4 percent of households have children under 6](#). Therefore, $\$188 * 52 \text{ weeks} * 12.4\% = \$1,212$.

Monthly Free Bonding Events

For monthly bonding events, we assumed that events would take about two hours (the cost of two hours of work is $\$60,000/260 \text{ days}/8 \text{ hours} * 2 \text{ hours}$) and cost \$30 per employee (some bonding events, such as [sandcastle-building competitions](#) might cost less, whereas a company kayaking trip might cost more). This amounts to \$1,052 per year.

Weekly Free Employee Outings

$52 \text{ weeks} * \$25 \text{ per outing} * 80\% \text{ participation rate} = \$1,040 \text{ per employee per year}$.

\$1,000 to Learn Something New

Because of the flexibility of this option, we assume that 100 percent of employees would take advantage of this benefit.

\$1,200 Student Loan Assistance

[71 percent of bachelor's graduates](#) have student loan debt.

$$\$1,200 * 71\% = \$852$$

Free Snacks

Unlike free lunch, we assumed that the quantity of snacks would not vary based on employees taking time off. If snacks cost \$2.50 per employee per day, the cost of providing free snacks is \$650 per year.

Free Coffee

Unlike free lunch, we assumed that the quantity of coffee would not vary based on employees taking time off. If coffee costs \$2.50 per employee per day, the cost of providing free coffee is \$650 per year.

Fully Covered Dental Insurance

The average cost to a worker depends on the plan, ranging from [\\$225 to \\$866](#) per year.

	Individual	Family
DHMO	\$225	\$445
DPPO	\$285	\$866
Indemnity	\$288	\$666

The [most common type of plan is a PPO](#). Assuming the employer provides a PPO with 50 percent of workers on individual dental plans and 50 percent on family plans, the cost of fully covered dental insurance would be \$576 per year (\$285 + \$866 divided by 2).

\$5,000 Tuition Assistance

Going back to school is a very large time commitment, so at many companies that offer this benefit, [less than 5 percent of employees take advantage](#) of the perk. Even if an employer heavily encourages their workers to use tuition assistance, it is unlikely that more than 5 percent of employees would use tuition assistance in any given year. Therefore, the cost of this benefit is estimated at \$250 per year (\$5,000 * 5%).

On-Site Gym

We assume that the average on-site gym will require 300 square feet per 100 employees with a minimum square footage of 300. Based on the [average cost of office space in 11 cities](#), 300 square feet of office space per year costs \$11,682. Since gym equipment is a one-time fixed cost, we did not include that in our calculation – but we did include \$80 per month for cleaning and maintenance.

In a 50-person company, this would be split among 50 employees, which would cost \$253 per person per year. In a large company, this would be split among 100 employees, which would cost \$126 per person per year.

Dedicated Game Room

We assume that the average dedicated game room (or area) will require 200 square feet per 100 employees with a minimum square footage of 200. Based on the [average cost office space in 11 cities](#), 200 square feet of office space per year costs \$7,788.

In a 50-person company, this would be split among 50 people, which would cost \$156 per person per year. In a large company, this would be split among 100 employees, which would cost \$78 per person per year.

Vision

The [average cost of vision insurance](#) is \$60 to \$120 per year.