

# SIZING UP BENEFITS CONFIDENCE

Tailoring Benefit Strategies to Companies of Every Size



## MetLife

As shown in MetLife's 13th Annual *U.S. Employee Benefit Trends Study*, employer empathy is increasingly important in today's workplace, and functions as a key emotional driver of employee loyalty. By demonstrating a keen understanding of employee financial pressures and desire for work-life balance in tandem with offering a wider range of benefits, retention-focused employers can reap the benefits of a more satisfied and loyal workforce.

But not all companies approach these opportunities in the same manner. Just as today's employees come to work with a wide range of financial and personal circumstances, so too must their employers adopt solutions to fit unique budgets, resources, and long-term strategies. *Sizing Up Benefits Confidence* looks at the key components of benefits success through the lens of small (2-99 employees), medium-sized (100-4,999 employees) and large companies (5,000+ employees).

## From Mom and Pop to Multinational: How Future Outlook Varies By Company Size

### Small Companies (2-99 Employees)

According to the *Employee Benefit Trends Study*, small business employers do not plan to increase their future benefits budgets, making employer costs and employee affordability key priorities. While employers and employees see eye-to-eye on cost-sharing, employers underestimate workforce interest in voluntary benefits, expanded coverage options and online benefits education. Small business employees feel less confident in their benefits enrollment compared to medium-sized and large company counterparts. Conversely, small business employers are generally more confident than their larger peers in their renewal and enrollment decisions. In the wake of health care reform (HCR), small business employers are committed to offering health coverage for the foreseeable future, and are comparatively less likely to implement alternative low-cost coverage options over the next three years.



### Medium-Sized Companies (100-4,999 Employees)

Half of medium-sized employers say that their primary focus for the next 12 months is growth. Yet six in ten say they are extremely concerned with both retaining and hiring for the skills and talent the company needs. Just half of employees say they are satisfied with the job they have now, and a significant portion of employees still report lying awake at night worrying about financial security, particularly Gen Y employees (22%). However, the outlook for medium-sized businesses is positive: 75% of employees say that they intend to be working for their organization in 12 months' time and 69% say they feel committed to the organization's goals. Medium-sized companies cite retaining employees (86%) and attracting employees (83%) as extremely important when it comes to offering benefits.



### Large Companies (5,000+ Employees)

Large companies plan to grow their organizations over the next 12 months. With this growth comes a renewed focus on retention, recruitment, productivity and loyalty, as well as close attention to benefit costs. Both employers and employees see expanded coverage options, voluntary benefits, retirement solutions and global benefits as ways to achieve these goals. In the wake of HCR, many employees worry about losing their medical and non-medical benefits, and employers somewhat underestimate the emotional security — which goes beyond pure dollar contribution — that workplace benefits provide employees.



## Ensure Selection Success with the 4 Cs of Benefits Confidence

Despite the differences that exist among company challenges and goals, all employers can create a successful benefits program by effectively packaging the right mix of product solutions with a commitment to education, communication, and open dialogue with their employees. The 4 Cs of Benefits Confidence — Count, Coverage, Care and Clarity — provide an effective framework for companies to follow as they plan, execute, and maintain their benefits program.



### 1. COUNT

Worker appreciation increases as the number of benefits offered increases. Offering a wider array of benefit options is easier than you think.



### 2. COVERAGE

As employees look for the right coverage to meet their unique needs, employers should look to offer a range of options. This includes offering benefits such as domestic partner and extended family coverage.



### 3. CARE

Employers can boost engagement and loyalty by demonstrating empathy towards their employees' financial challenges and provide them with access to solutions.



### 4. CLARITY

Benefits require comprehensive communication and education practices that help employees effectively use their selections with confidence.



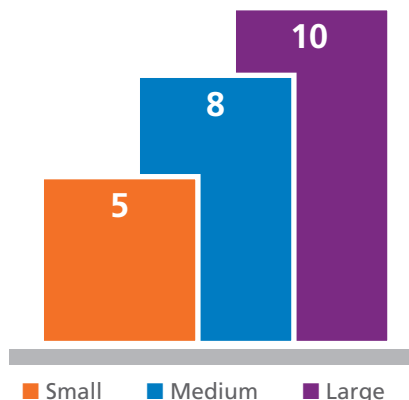
## COUNT

### Making Employee Benefits Count

#### As The Number of Benefits Increase, So Does Worker Appreciation

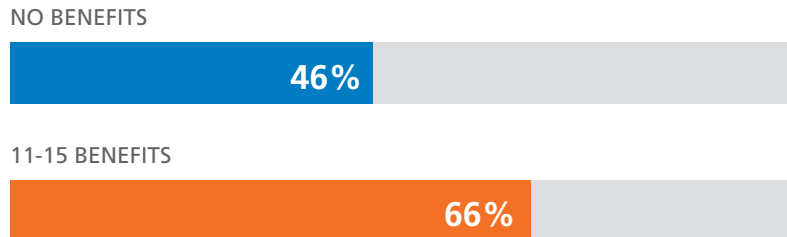
Overall, as the size of the company's population rises, so does the average number of benefits offered in the workplace.

#### Average number of benefits offered, by business size



The average number of products offered based on employer size nearly doubles between small employers and larger employers. The Study shows that the more benefits offered to employees, the more appreciation employees show towards their employer. At companies where 11-15 benefits are offered, there is a 20% increase in the likelihood employees will recommend their employers a great place to work, compared to those who offer no benefits.

**Percentage of employees who would recommend their organization as a great place to work, categorized by number of benefits offered to them by their employer**



Adding voluntary products to a traditional benefits mix can be a cost-effective way for employers to provide employees with the security they need and a great way to boost employee appreciation and retention.



**COVERAGE**

**Cast a Safety Net with the Right Coverage**

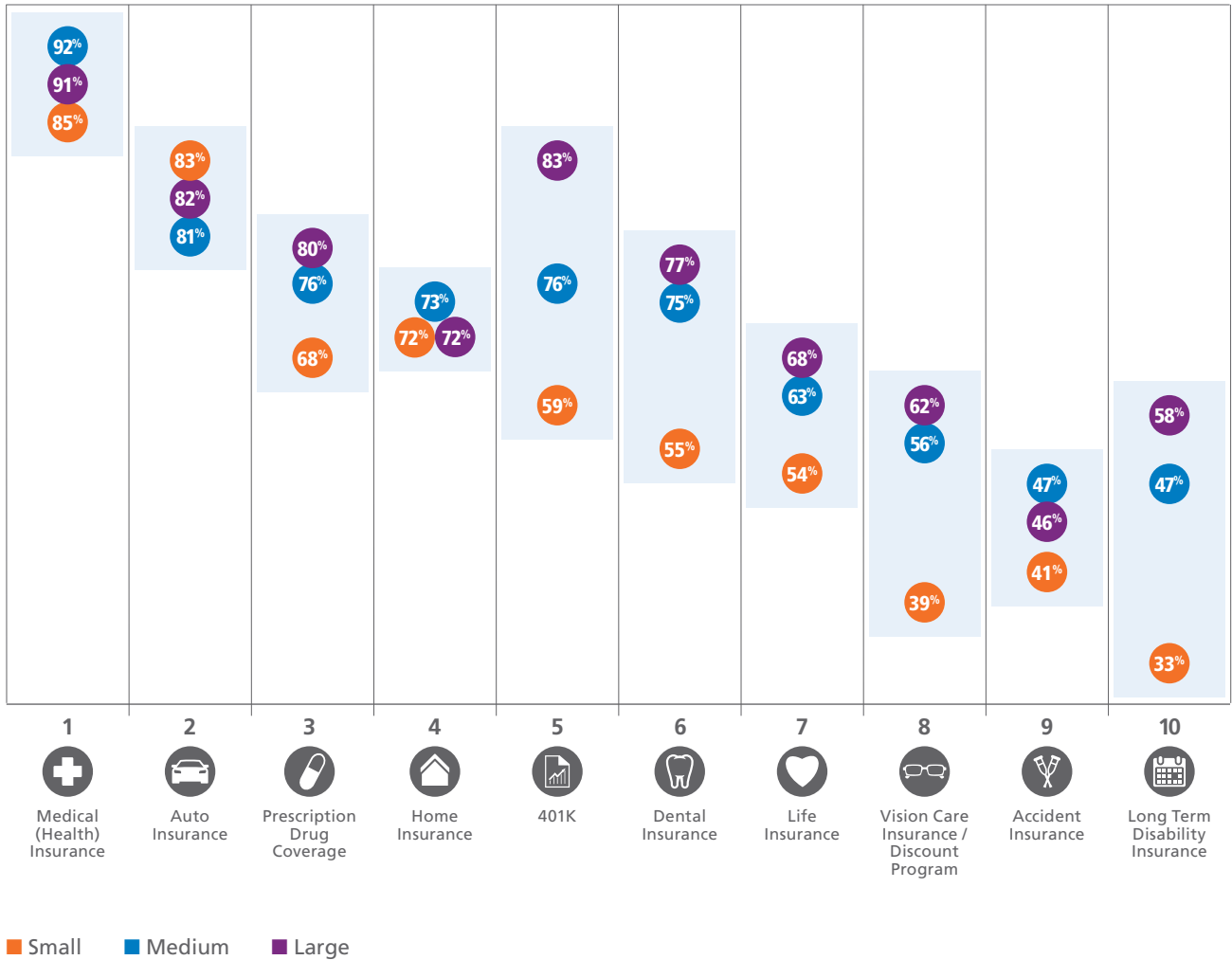
**Focusing on the Must-Have Benefits**

Employees across all company sizes were asked which must-have benefits meet their personal needs. The top must-have benefits include traditional workplace benefits such as medical, dental, life, vision, and long-term disability insurance, but, across the board, auto and home insurance are also on the list.

Across all segments, approximately 82% of employees ask for auto insurance, and approximately 72% want home insurance. These are benefits that employees traditionally acquire on their own, but employees are expressing interest in obtaining them through their employers.

Outside of the top must-have products, there are significant differences between the responses from employees at small and large companies. For example, 83% of large company employees believe 401Ks are a must-have, compared to 59% of small company employees.

### Employee-declared must-have benefits, by company size



### The Changing Tide in Domestic Partner Coverage

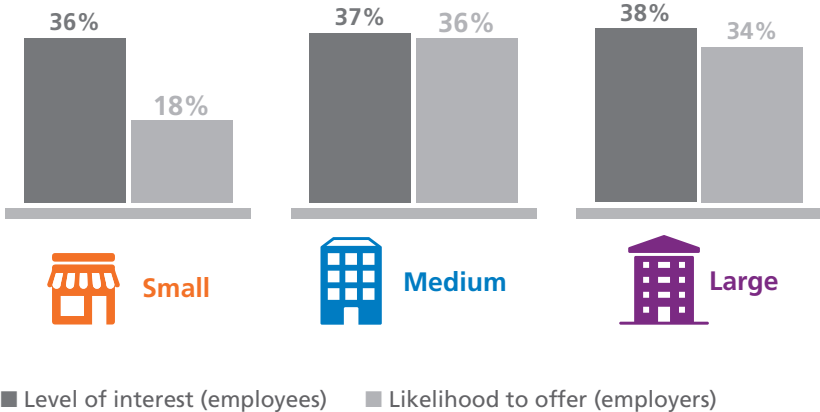
In light of discussions around the Supreme Court’s decision in June 2015 to legalize same-sex marriage across the United States, employers may have more questions when it comes to offering domestic partner benefits and extended family coverage. A domestic partner can be broadly defined as an unrelated and unmarried person, of the same sex or opposite sex, who shares common living quarters with an employee and lives in a committed, intimate relationship that is not legally defined as marriage by the state in which the partners reside.<sup>1</sup> Employers have some flexibility to develop their own definition of “domestic partner.” According to a report by the U.S. Bureau of Labor Statistics,<sup>2</sup> 31% of workers in private industries had access to domestic partner health care benefits for same-sex partners, and 26% had access to plans that provide health care benefits to opposite-sex partners.

And while the Study shows that employer and employee views on the need for domestic partner benefits is relatively balanced across medium and large-sized companies, the difference between the level of interest among employees and employers to offer domestic partner coverage among smaller companies is striking. Eighteen percent of small business employers say they are likely to offer domestic partner coverage, whereas 36% of small business employees say they are interested in such benefits.

<sup>1</sup> Society for Human Resource Management, 2014, <http://www.shrm.org/templatestools/hrqa/pages/whatisadomesticpartner.aspx>

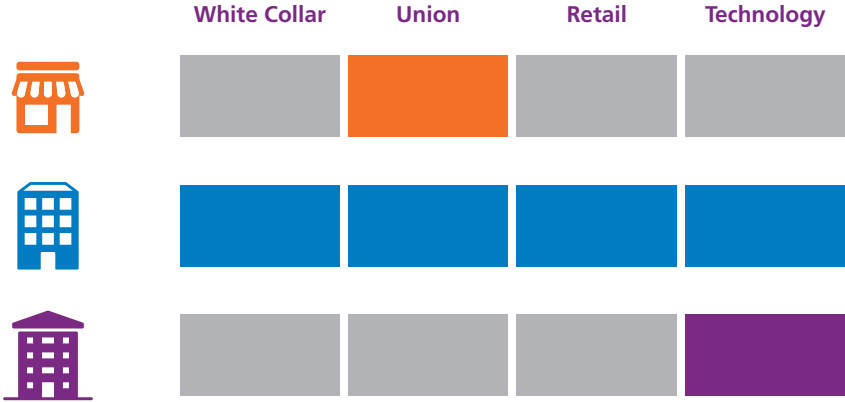
<sup>2</sup> U.S. Bureau of Labor Statistics, 2013, [http://www.bls.gov/opub/td/2013/td\\_20131018.htm](http://www.bls.gov/opub/td/2013/td_20131018.htm)

**Attitudes towards domestic partner coverage**



However, the Study showed that certain employers and industries are more likely to offer domestic partner coverage versus their counterparts.

**Employers and industries most likely to offer domestic partner coverage**



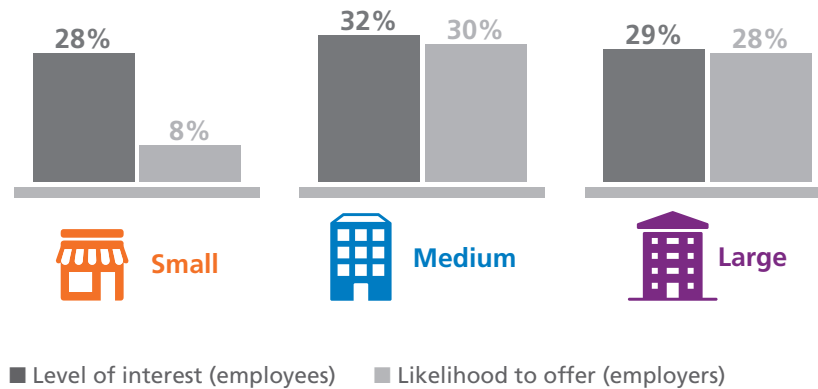
Though the Supreme Court decision's impact is not yet fully felt in the insurance and benefits realm, it will be important for both employers and employees to stay informed about developments regarding same-sex marriage. Domestic partner coverage products may see some adaptations in the foreseeable future.

## Understanding the Preferences around Extended Family Coverage

According to the 2010 Census, multi-generational families make up 16% of the total household population in the United States. With so many alternative family structures, the base unit of two parents with children is no longer the only demographic for which to provide coverage. Employers are beginning to offer extended family benefits, which can include care for care for grandchildren, grandparents, and elderly parents. Financial hardships, delayed marriages, job losses and more spaciouly-built family homes that allow for multiple generations under one roof have created new considerations for the benefits industry.<sup>3</sup>

In general, employers are as likely to offer extended family coverage as employees are interested in it — with the exception of small companies, where employers are slower to adding this benefit option to their portfolios. This may be because they are focused on building out more traditional offerings. On the other end of the scale, larger companies are actually ahead of their employees’ interest in terms of making extended family coverage available.

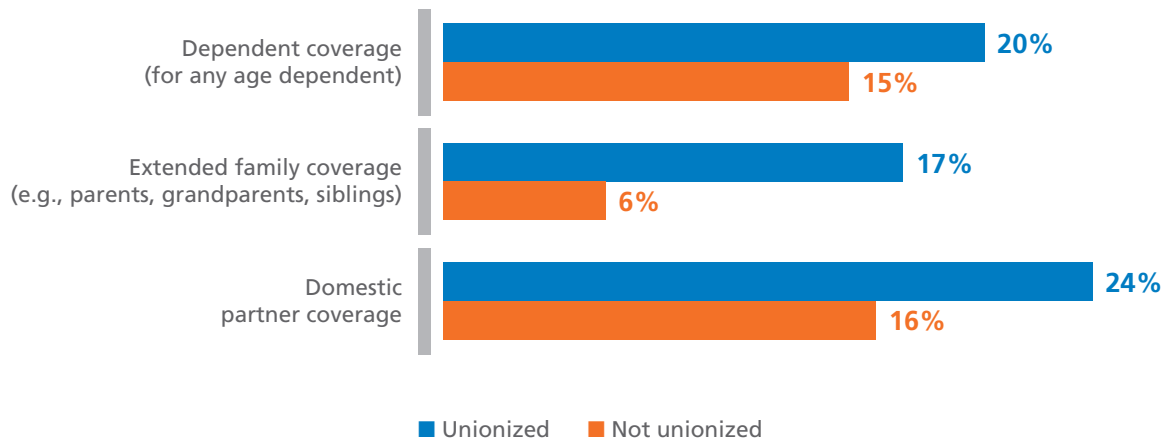
### Attitudes towards extended family coverage



## Small Unionized Companies Outpace Non-Union Counterparts in Extended Benefit Offerings

Small union companies are ahead of their non-union counterparts when it comes to offering extended benefit offerings, with an 11% difference between the two groups. This could be due to the wider array of benefit offerings provided by union employers.

### Small companies that offer extended benefits, by union status

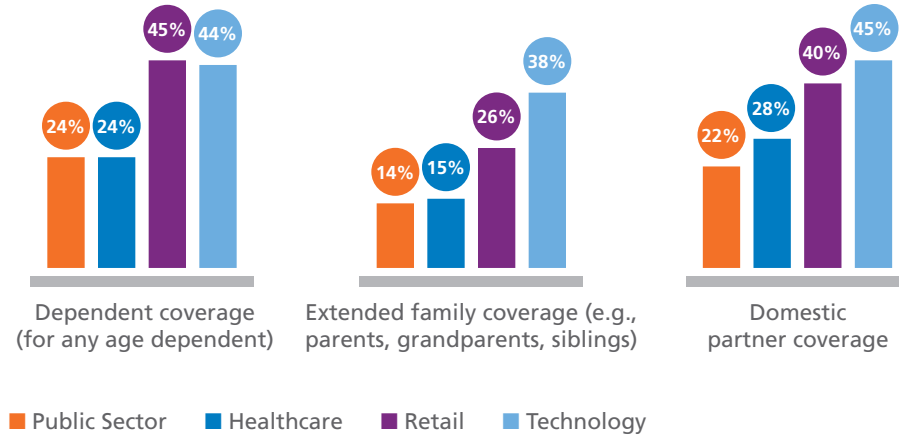


<sup>3</sup> Report Finds Shift Toward Extended Family, The New York Times, 2010, [http://www.nytimes.com/2010/03/19/us/19family.html?\\_r=0](http://www.nytimes.com/2010/03/19/us/19family.html?_r=0)

## Medium-Sized Retail and Tech Industries Lead the Pack When It Comes to Extended Benefits

For medium-sized companies, significant differences are found between the public sector and health care industries versus the retail and technology industries when it comes to extended benefits. Employers in the latter two industries are more inclined to offer these extended benefits to their employees, propelling their retail and technology employees into a more comfortable situation when it comes to protecting their loved ones.

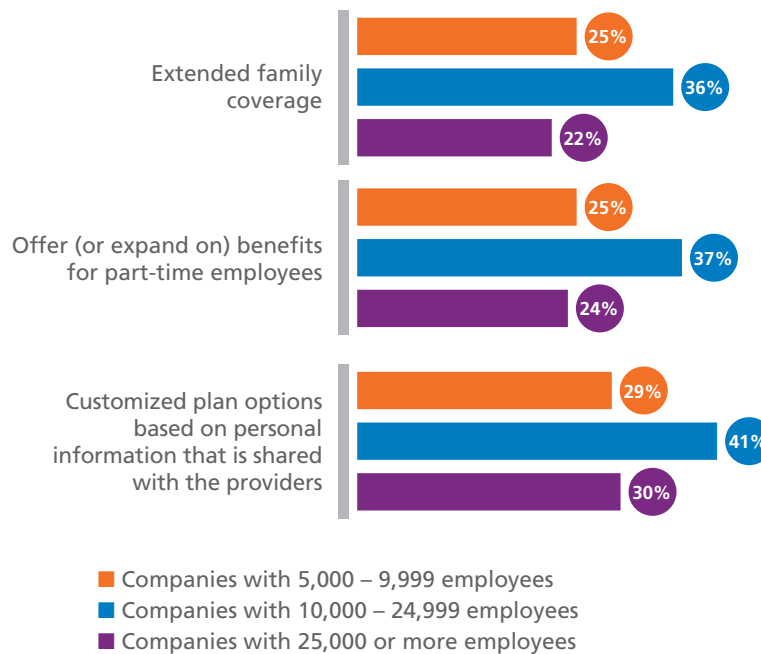
### Medium-sized employer extended benefit offerings, by industry



## Large Companies Are Ready to Offer Expanded Coverage

Among companies with 10,000 to 25,000 employees, the likelihood to offer expanded coverage is significantly increased versus companies with 5,000 to 10,000 employees and companies with more than 25,000 employees.

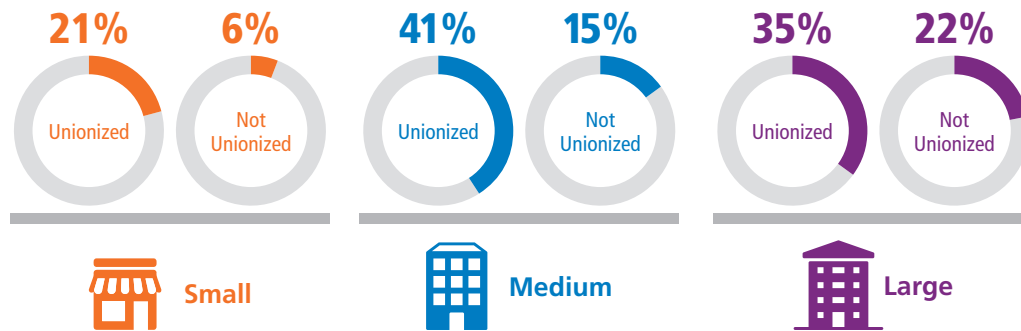
### Percentage of large company employers likely to provide expanded coverage



## Giving Part-Time Benefits Full-Time Attention

Across all company sizes, there is an increased interest among employers in enhancing benefit offerings for part-time employees. Twenty-one percent of unionized small companies said they were likely to offer (or expand on) benefits for part-time employees, compared to 6% of non-unionized small companies. The contrast between unionized and non-unionized medium-sized companies is 28%. Large unionized employers outpaced their non-unionized counterparts as well, though the contrast is a bit less than what is seen at small and medium-sized companies.

### Likelihood to offer (or expand on) benefits for part-time employees, by union status and employer size



Additionally, across all three business sizes, health care, retail and technology companies are significantly more likely to offer benefits for their part-time employees than other industries.

Brokers and employers are clearly keeping a finger on the pulse of changing priorities of today’s workers. They are actively starting to integrate additional benefits into their employee coverage packages, offering security and flexibility to employees on varying work schedules.



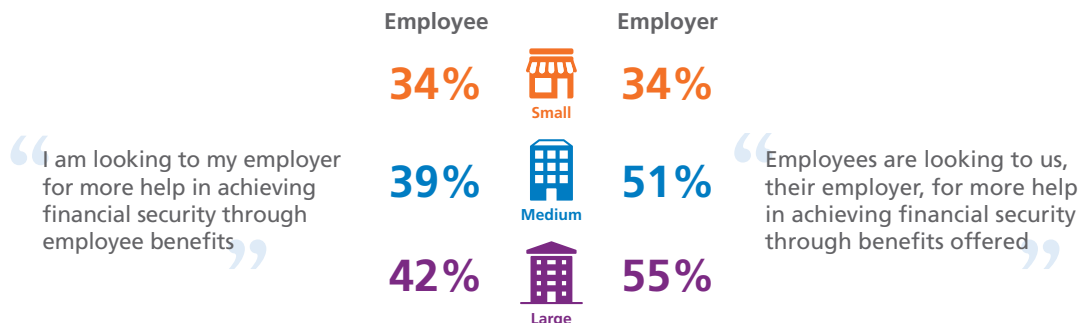
## CARE

### Caring about Employee Wellness

## The Perceptions and Expectations around Employee and Employer Responsibilities

The Study found that employees across all demographics, regardless of the size of their employer, are grappling with some form of financial or personal wellness worry. These concerns are making them anxious about the long-term financial impacts of unexpected illness, death or other hardships. Employees look to workplace benefits to alleviate some of this pressure, and turn to their employers for guidance during the selection process.

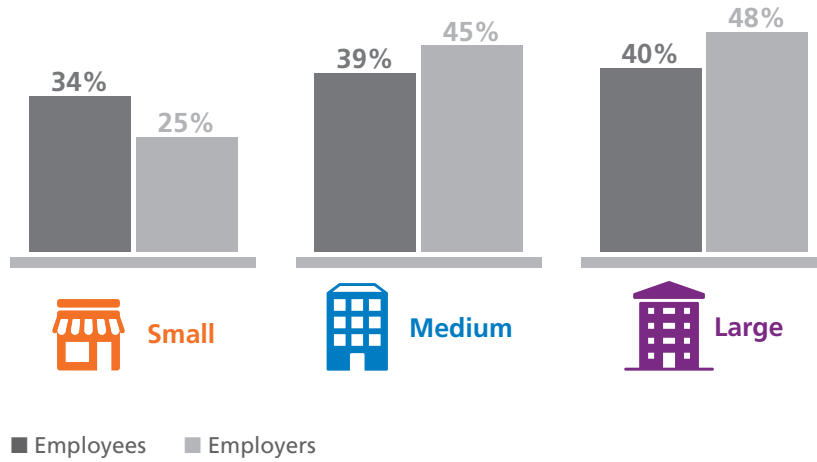
### Attitudes toward the role of employers in financial security





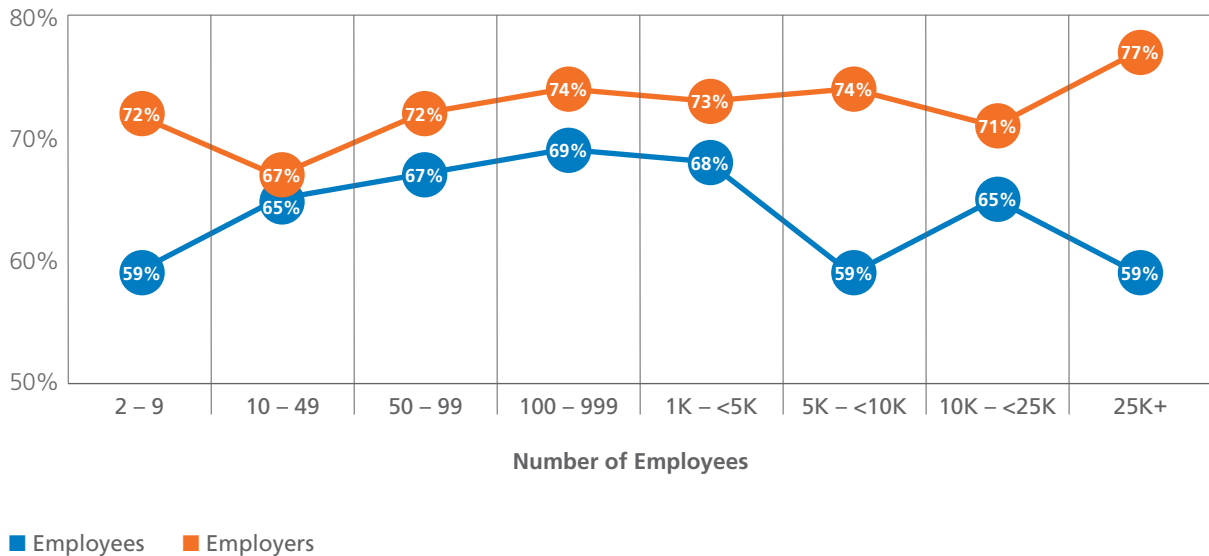
The larger the company, the more employees are looking to their employer for help in achieving financial security through benefits. At the same time, the larger the company, the more employers are seeing it as their responsibility to help employees achieve financial security through benefits. Twenty-five percent of small employers said they have a responsibility for their workers' financial wellness, while 48% of large company employers said the same. Notably, 34% of small company employees believed their employer should play this role, representing the largest gap between employer and employee perception among the three company sizes.

**Employers have a responsibility for the financial wellness of their employees**



When offered benefits, roughly half of employees worry less about unexpected health and financial issues. Similarly, employers agree their employees are worried less and therefore expect employees to be more focused and productive at work.

**Employees and employers who say insurance/benefits provide peace of mind for the unexpected**



Employees at small and medium-sized businesses are synched up with their employers when it comes to feeling that having insurance/benefits gives peace of mind for the unexpected. A gap of 13% is seen in the very small (2 to 9 employee) companies, perhaps due to lack of alignment on employers' and employees' expectations of benefits to be provided.

Many companies with 10,000 - 25,000 employees are in growth mode. These employers are eager to bring their benefits offerings to the next level and work hard to protect their workforces. Their employees are right behind them.

Overall, the Study shows increased alignment between the perceptions of employees and employers toward ensuring peace of mind for the unexpected. Among the very small business, as well as in some of the larger businesses, employees may feel that the benefits packages they receive are not yet optimally aligned with their expectations. These insights can help employers to gain greater understanding towards employee needs, and to offer a benefits portfolio that will alleviate their workers' worries about unexpected events.



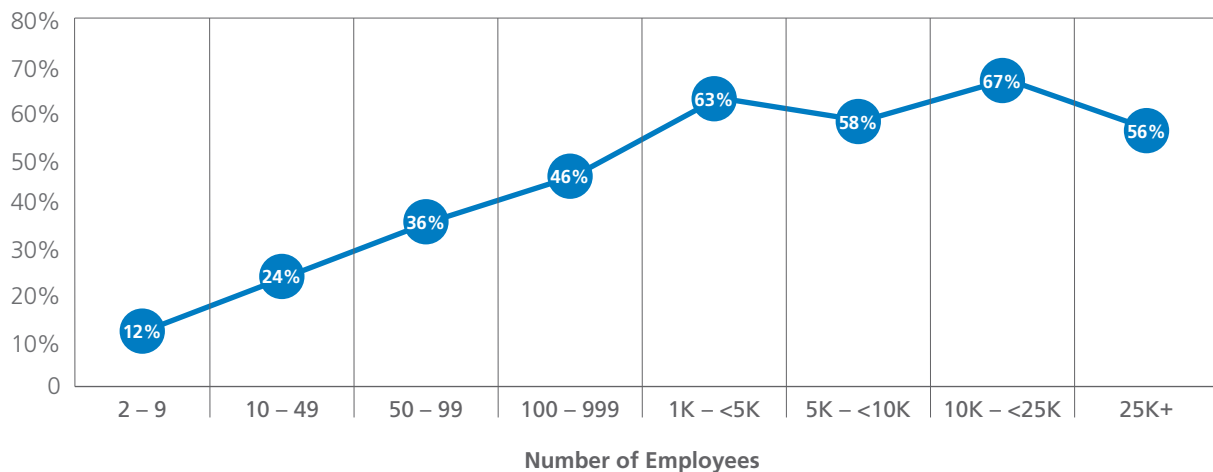
## CLARITY

### Providing Education to Create Clarity

#### Maximizing Benefits Communication

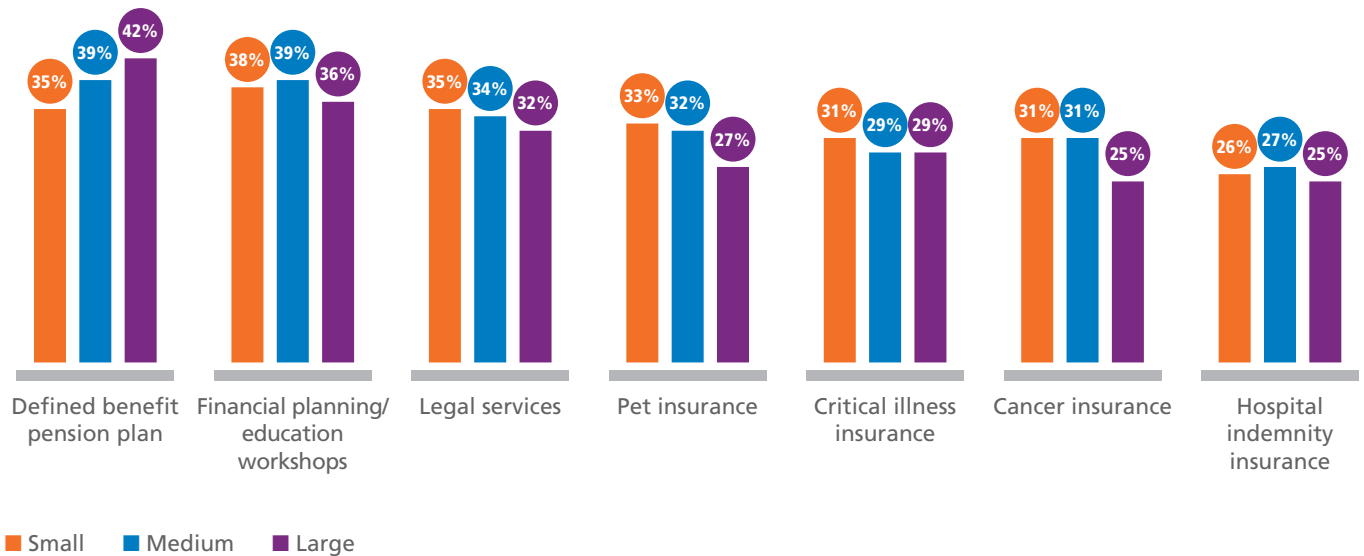
When it comes to offering financial education in the workplace, there are differences across the company sizes. The larger the company, the more likely employers are to offer financial educational workshops, with an over 40% discrepancy between the smallest and largest companies.

#### Employers offering financial education workshops to help employees understand their financial needs and achieve their goals



Interestingly, the seven least understood benefits across all business sizes are the same, and include several financial products that could help employees effectively plan for their future financial wellness. This demonstrates an opportunity for employers of all sizes to educate their employees on the benefits of these products. By leveraging partners and resources, including brokers and enrollment firms, companies can develop communications and educational tools that will help employees most easily navigate unfamiliar benefits.

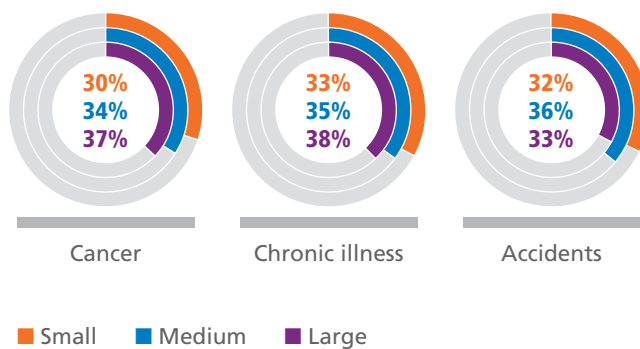
**Least understood benefits, by business size\***



\* Rank-ordered according to total responses, as reflected in MetLife’s Benefits Impact: *Delivering Dynamic Benefits to a Loyal Workforce, May 2014*

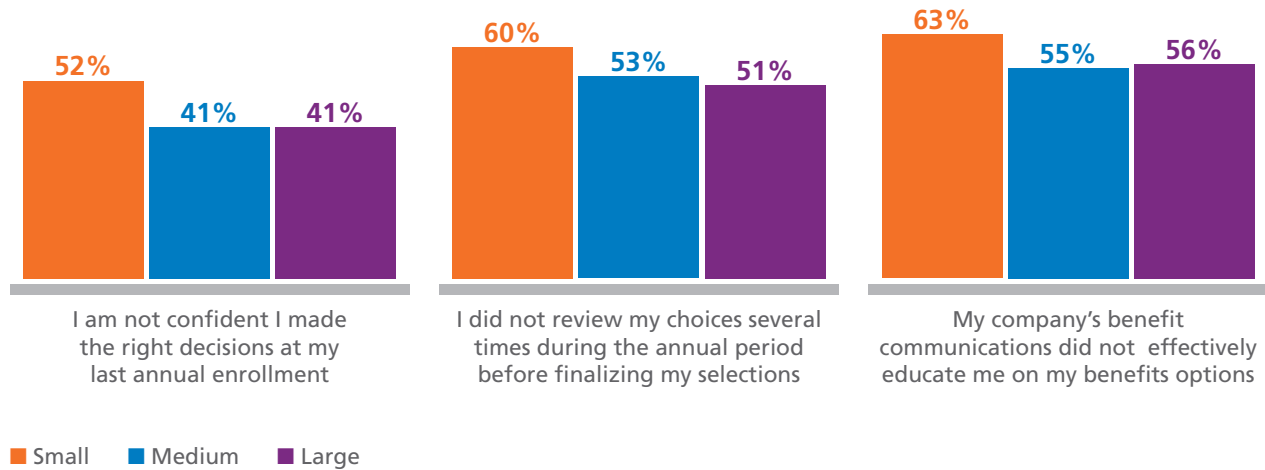
Employees are trying to make the best benefit decisions as possible. This is best evidenced by the importance employees place on coverage around chronic disease and critical illnesses. Though critical illness and cancer insurance are not well understood by employees, there is some indication that as they observe the impact of such illnesses on those around them, employees begin to more actively consider and explore relevant coverage. As an illustration, 33% of employees across all company sizes say that a family member having cancer is an important consideration when deciding on benefits. Any chronic disease will trigger such considerations in 35% of employees across all company sizes. In addition, 34% of employees’ benefits decisions are affected by someone in their immediate circle who has suffered an accident.

**Circumstances affecting employees’ benefits decisions**



Overall, employees are still in need of confidence-building at enrollment time. A majority of employees across all company sizes say they did not review their selections several times before making them final. Yet, 41% of employees at both medium and large-sized companies say they were not confident in their last round of benefit decisions. And, over half of employees at small companies expressed the same.

### Employee lack of confidence in benefit decision making



Employers of all sizes can look to their carriers, brokers, and consultants to help employees understand how benefits work. This will bolster employee confidence during enrollment, and give them peace of mind when it comes to protecting their loved ones and assets.

### Creating Confidence Requires Commitment

The 4 Cs of Benefits Confidence reinforce the importance of a truly comprehensive benefits offering, ensuring employees across all company sizes have access to the right solutions to fit their needs, as well as the help and guidance they need to make confident decisions.

### Turn Insights into Action



#### 1. COUNT

Employers should work with their brokers, consultants, and providers to assess whether their budget allows for opportunities to enhance and grow existing portfolio in a cost-effective way.



#### 2. COVERAGE

Seek to better understand employee benefit needs, and act to close gaps in preferences and expectations.



#### 3. CARE

Partner with employees on their financial security by offering tools and resources that help them sort through their current financial situation and look optimistically on their future financial wellness.



#### 4. CLARITY

Leverage partners and resources, including enrollment firms, brokers, and consultants to effectively develop communications and educational tools that will help employees best utilize their benefit selections all year round.

For more insights into how the 4 Cs of Benefits Confidence can cultivate workplace appreciation, visit [BenefitTrends.MetLife.com](http://BenefitTrends.MetLife.com)

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