



Aflac[®]
WorkForces Report

**AFLAC WORKFORCES REPORT
EMPLOYEE OVERVIEW**

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The 2017 Aflac WorkForces Report is the seventh annual study examining employee benefits trends and attitudes. The study captured responses from 5,000 employees and 1,800 employers across the United States in various business sizes and industries.

- 1** Trends influencing the future of workplace benefits
- 2** Key findings
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- 4** Health care legislation: Controlling costs is among employees' top concerns
- 5** The perfect blend: Factors contributing to successful benefits enrollments



“I’ve had many jobs as an independent contractor that I really enjoyed, but because I needed benefits that were affordable, I had to find a job where I was an actual employee to receive the benefits I needed.”

- Consumer, age 35-54'

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Trends influencing the future of workplace benefits

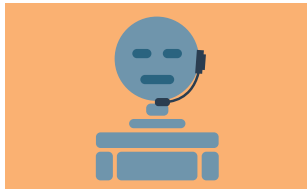
One size no longer fits all

In a very short time, the very definition of work has evolved. For some, work continues to be full time or part time, beginning and ending with the punch of a time clock. For others, work is freelance, multiple part-time gigs, flexible or online. The future of work seems to know no bounds, and employer-provided benefits are rapidly changing to keep pace.

Since the 1970s, federal tax incentives motivated businesses to offer health benefits as part of employee compensation packages. In the meantime, health care costs continue to rise, outpacing wages and inflation, particularly for families. Cost concerns, coupled with growing competition for talent, have helped accelerate innovation in the employer benefits space. One size no longer fits all, and it's taboo for even small employers to limit the design of their employee benefits packages. Meanwhile, employers are balancing the preferences and needs of three or more generations in their workforce. This shift encourages a "more is better and anything is on the table" philosophy, from unlimited time off to perks for employees' pets.

As employers pull out all the stops, the 2017 Aflac WorkForces Report helps to unlock the mystery behind employees' attitudes and opinions surrounding workplace benefits and key trends influencing how the modern workforce will embrace future benefits offerings.

Environmental factors influencing employee workplace attitudes and trends



TECHNOLOGY IS REDEFINING THE WORKPLACE

It's predicted that 1 in 3 jobs will be converted to software, robots or smart machines by 2025. Many highly skilled workers are finding themselves trained for a job that is no longer needed, requiring them to retrain or start again.^{2,3}



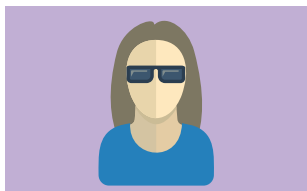
OPPORTUNITIES ABOUND

Job-matching websites such as Monster.com, Indeed.com, and Upward.com as well as consulting networks like Upwork, FlexJobs, and Uber are allowing employees and prospects to expand their work opportunities.



ADOPTING A SHARING ECONOMY

Individuals are turning to a new set of services that provide access to products without the burdens of ownership, which in turn affects ideals and expectations for home and car ownership and other purchase decisions, including benefits.^{4,5}



MILLENNIALS ARE ENTERING THEIR PRIME WORKING AND SPENDING YEARS

The largest generation in history is moving into their prime working and spending years. Their motivations and values are already leaving a mark on the workplace for future generations, including a high affinity for technology, adopting a sharing economy and valuing wellness.⁴



RISING HEALTH CARE COSTS

Health care costs continue to rise, outpacing wages and inflation – particularly for families. In 2017, costs are expected to rise at the same rate as 2016.^{6,7}



UNPREDICTABLE HEALTH CARE LEGISLATION

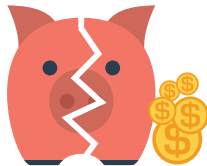
Since the Affordable Care Act was enacted in 2010, health care legislation faced many challenges and partisan politics. With the inauguration of a new president and administration, the future of health care laws and regulations continues to be in flux.

2

Key findings

For seven consecutive years, the Aflac WorkForces Report has tracked workplace attitudes and trends through economic recovery and the implementation of health care reform. This year, the study continues to explore employee reactions to rising health care costs and potential changes to health care legislation; the link between benefits, career satisfaction and financial security; and exactly how to help employees maximize their benefits enrollment process.

Four key themes emerged:



Financial insecurity is the norm



Benefits are linked to retention and career happiness



Benefits enrollment leaves employees wanting more



Understanding benefits details (particularly costs) drives satisfaction

“I racked up bills on health care during the year, and come summer, I had to use up my vacation savings to pay those bills.”

– Consumer, age 25-34'



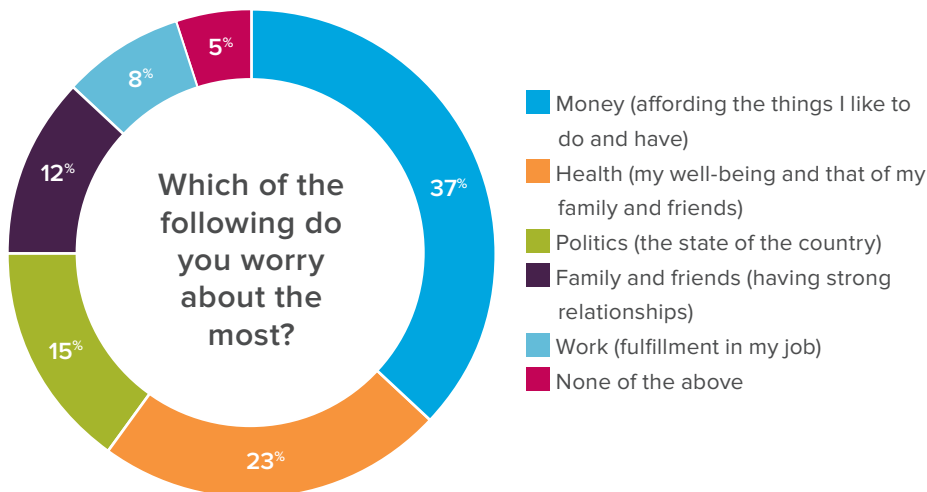
FINANCIAL INSECURITY IS THE 'NORM'

Health care costs in 2017 are expected to rise at similar rates as 2016,⁷ yet employees continue to express that they aren't financially prepared for out-of-pocket health care costs. In fact, responses from the Aflac study reveal nearly half of employees (46 percent) are not very or not at all prepared to pay out-of-pocket expenses if an unexpected illness or accident occurred today.

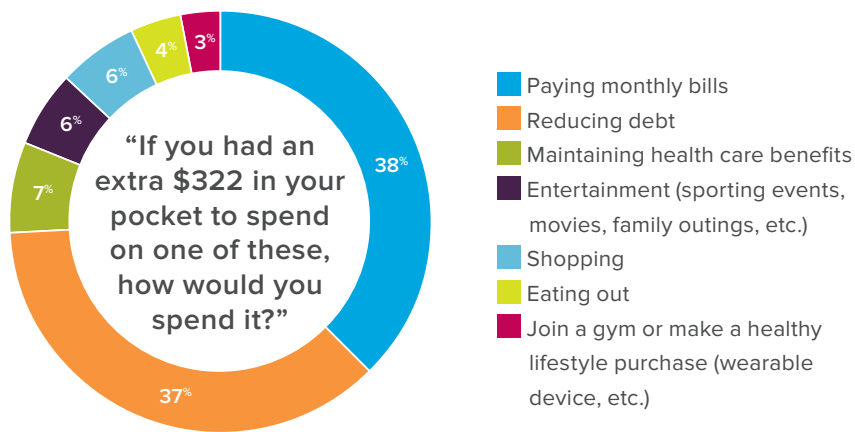
Similarly:

- » Nearly two-thirds (65 percent) of employees could pay less than \$1,000 in out-of-pocket costs for an unexpected illness or accident today.
- » If they had extra cash, 75 percent of employees would pay their monthly bills or reduce their debt rather than spending it on eating out, shopping or other experiences.
- » More than 1 in 5 employees have had difficulty paying a medical bill, delayed a medical procedure, haven't been able to save or have avoided the doctor due to high medical costs.

Employees' top concerns revolve around being able to afford the things they'd like to do and have, followed by health



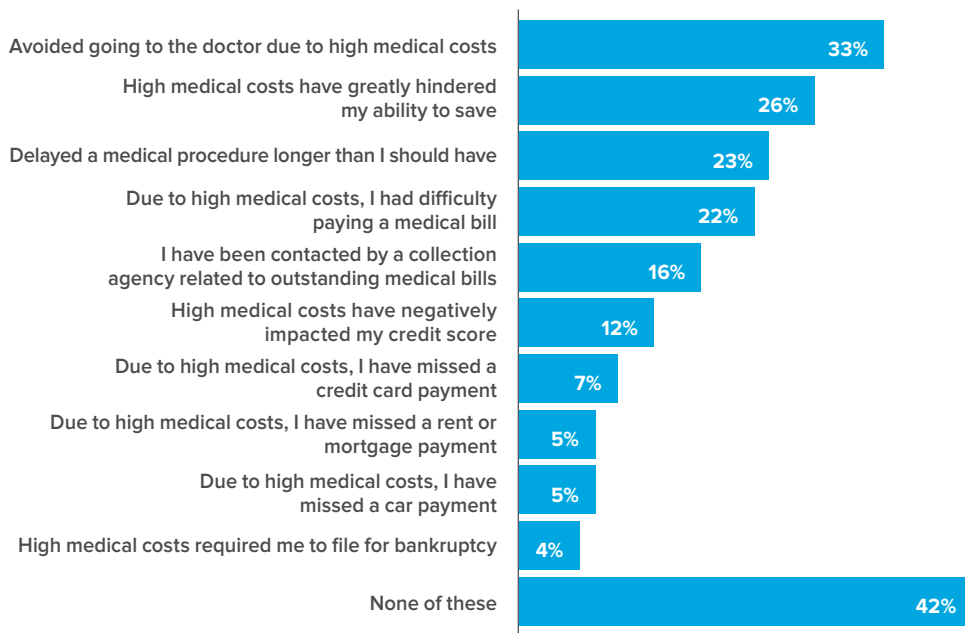
With extra cash, 75 percent of employees would pay their monthly bills or reduce their debt



DID YOU KNOW? The average family paid \$322 more in 2016 from the previous year for family health insurance coverage.⁶

More than half of employees have been negatively affected by a high medical cost

Which of the following have happened to you personally? Select all that apply.



BENEFITS ARE LINKED TO RETENTION AND CAREER HAPPINESS

Whether they're retraining for a new career or using new tools to change how they look for work – the study continues to find year over year that benefits play a key role in employees' career satisfaction and retention.

Career happiness

Employees who are satisfied with their benefits are more likely to be satisfied with their current career choice.

- » **80 percent** of those who are extremely or very satisfied with their benefits agree or strongly agree they are content in their career choice, compared to **40 percent** of those who are not very or not at all satisfied with their benefits.
- » And **78 percent** of those who are extremely or very satisfied with their benefits are also extremely or very satisfied with their job, compared to **45 percent** of those who are somewhat satisfied with their benefits and **30 percent** of those who are not very or not at all satisfied with their benefits.

Retention

Employees who are satisfied with their benefits are less likely to look elsewhere for work.

- » One-third (**34 percent**) of employees have looked for a new job in the past year, particularly among those who are not very or not at all satisfied with their current benefits package (**45 percent**), compared to **28 percent** of those who are very or extremely satisfied.
- » Improving employee benefits is one of two top actions employers should take to retain employees. While salary continues to be the top way to retain employees, **39 percent** of employees said increasing their benefits would keep them in their current role. Employees also indicate that they believe their benefits package is vital for financial health and overall well-being.

Half of employees

would look for a job with better benefits if their employer didn't provide adequate coverage.





“Benefits are definitely a make-or-break deal for me. My first job’s pay was peanuts, but the benefits were really good. I really felt like I was working just for the benefits at one point – but I knew that we had good insurance, which was really important with small children and the desire to grow our family more without high out-of-pocket expenses.”

– Consumer, age 25-34¹

“Improve my benefits package” is the second top action employers can take to help retain employees

Which of the following, if any, could your employer do to keep you in your job?
Select all that apply.



81 percent of millennials (ages 21-36) say they would be a happier employee if their **benefits were improved.**

27 percent of millennials have **left a job** due to the benefits offered.

“When I was job searching, I carefully researched company benefits, and I declined a job offer because benefits were not offered.”

– Consumer, age 25-34.¹

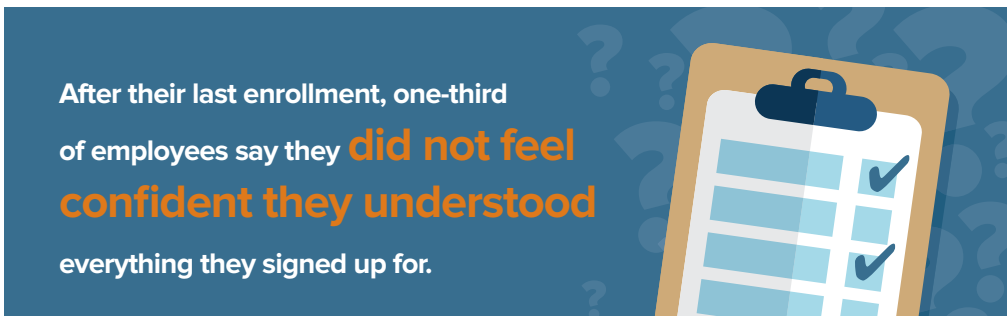
BENEFITS ENROLLMENT LEAVES EMPLOYEES WANTING MORE

Benefits enrollment season is the annual opportunity to review benefits options and elect new coverage. With the exception of certain qualified events such as losing coverage, marriage or the birth of a baby, the enrollment period only occurs once per year. The decisions that employees make during annual enrollment greatly influence their financial protection for the year ahead. And with employees contributing to an increasingly greater percentage of their health care costs, the need to be engaged has never been greater.

Aflac's survey responses reveal that albeit an important time period, enrollment season is also a complex, mysterious and often stressful process for the workforce.



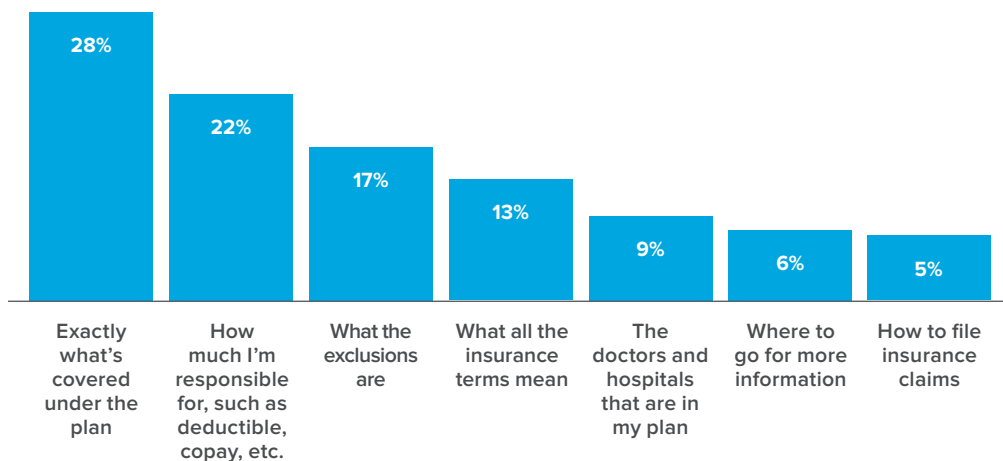
- » Employees most often name “simpler language” and “more options” as things they’d change to improve their benefits enrollments.
- » 44 percent of employees say they wish enrollment was like shopping on Amazon.com, with the ability to easily compare plans, while 20 percent of employees wish they could talk to someone and purchase their plan in person.



- » Only one-quarter of employees said they were confident in their selections. Nearly one-third of employees said they need more information (31 percent) before their next enrollment to be confident in their selections, followed by more money (22 percent), help from a benefits consultant or advisor (14 percent), and more time (8 percent).

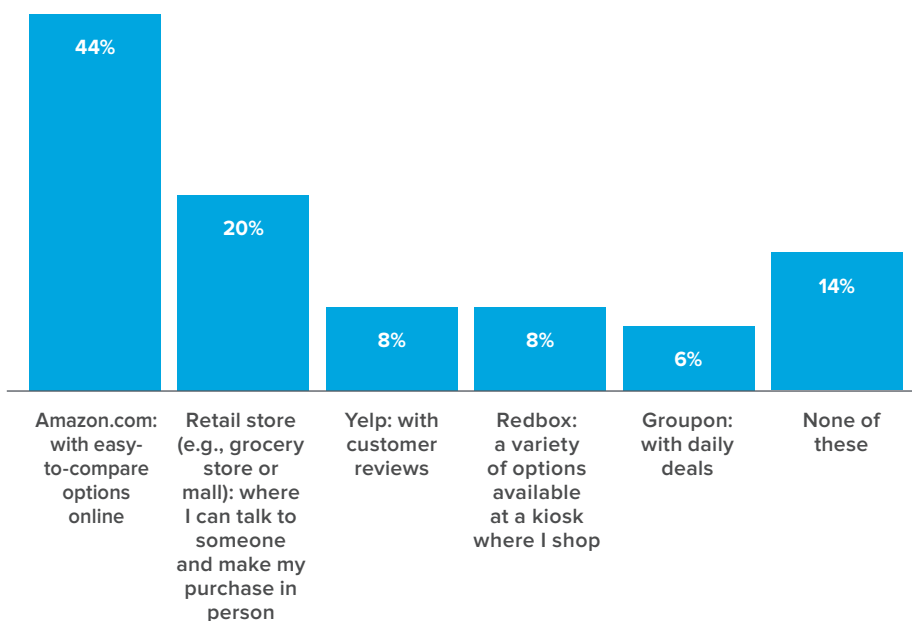
Half of employees say the biggest mystery about their benefits is what's covered or how much they're responsible for paying

Of these options, what's the biggest mystery about your benefits?



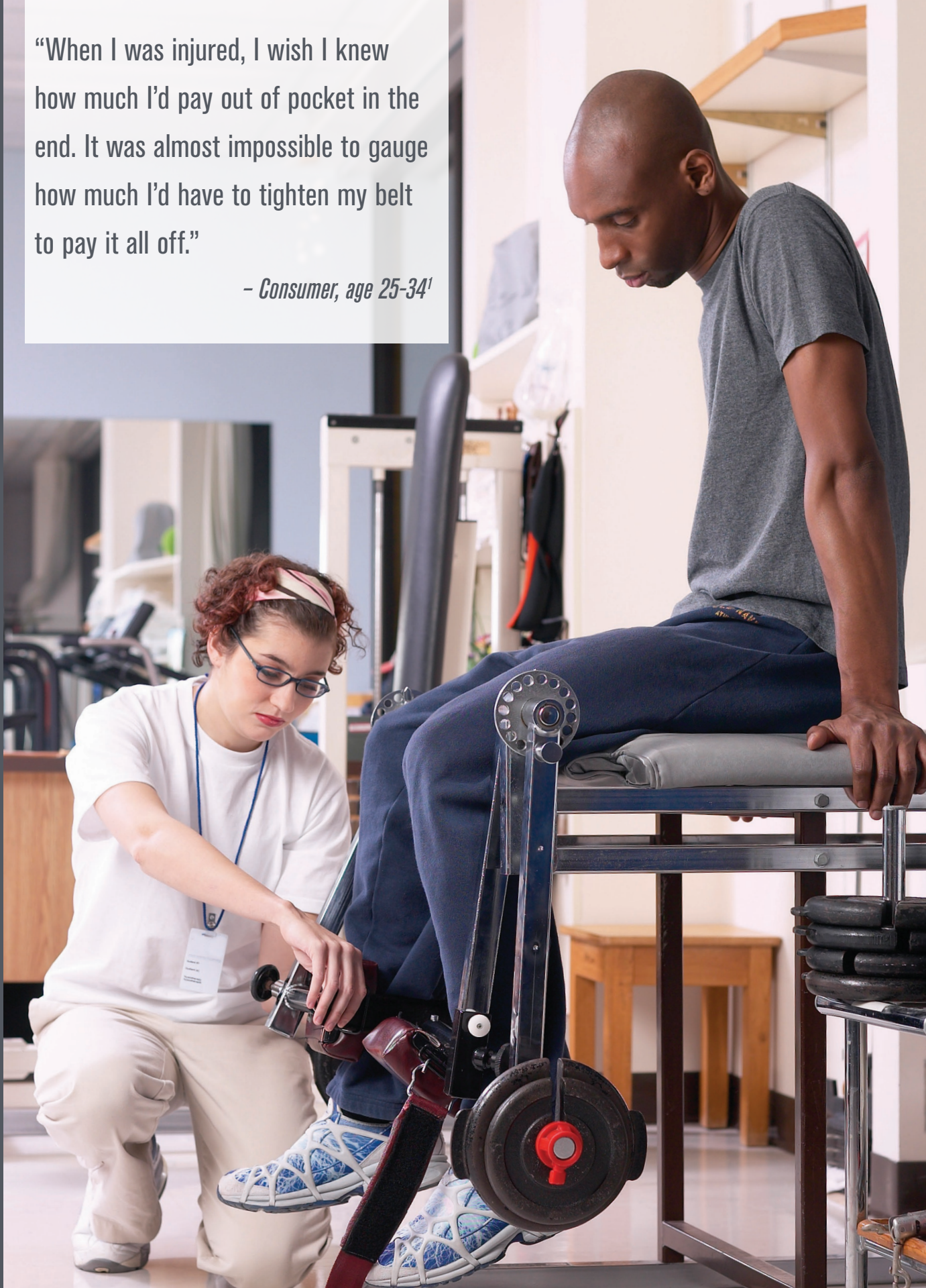
Employees want easy-to-compare options

In an ideal world, my benefits enrollment process would be more like...



“When I was injured, I wish I knew how much I’d pay out of pocket in the end. It was almost impossible to gauge how much I’d have to tighten my belt to pay it all off.”

– Consumer, age 25-34¹



UNDERSTANDING BENEFITS DETAILS (PARTICULARLY COSTS) DRIVES SATISFACTION

It's said that knowledge is power, but what if you have facts and information without grasping how it influences your circumstances? While facts and figures are helpful for benefits enrollment, truly understanding benefits details has a significant influence on employees' satisfaction with their overall benefits packages, the enrollment processes – even their jobs.

un·der·stand·ing

Noun: The ability to understand something; comprehension.

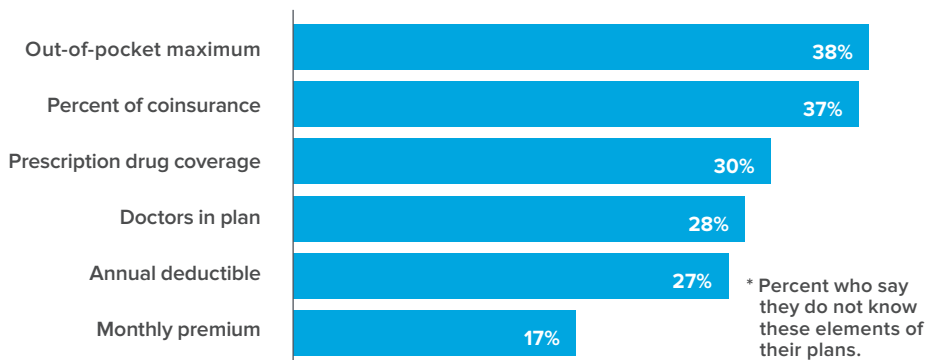
Adjective: Having insight or good judgment.

It is especially critical that employees have the tools and resources they need to fully understand the benefits they sign up for because there is a financial cost. More than half of employees (55 percent) estimate that they waste up to \$750 each year because of mistakes they make during open enrollment with their insurance benefits.

Responses reveal:

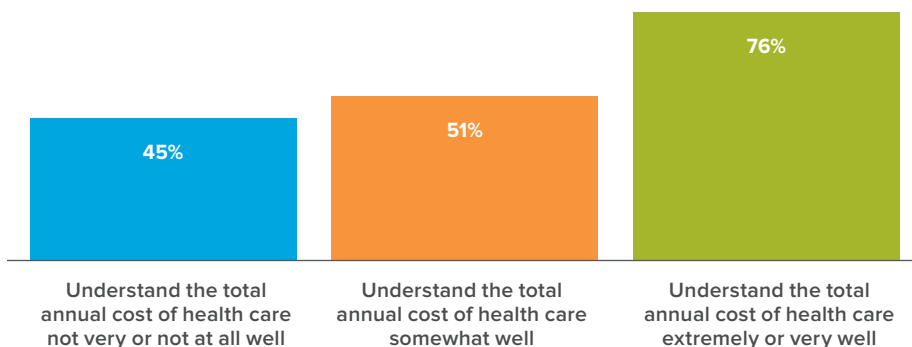
- » 3 in 4 employees said there were some things about their current coverage they did not understand.
- » Employees who understand the total annual cost for health care and their policies express more positive feelings about enrollment and greater satisfaction with their benefits than those who don't understand total annual cost of their policies.
- » Understanding total annual cost for health care is linked to greater understanding of details about their plans such as premium, annual deductible and coinsurance.
- » Meanwhile, employees who don't understand⁸ the total annual cost of health care are significantly more likely than those who do understand the cost extremely or very well to say they've wasted money because of mistakes they made during open enrollment.

Which aspects of their plans do employees need greater understanding about?*

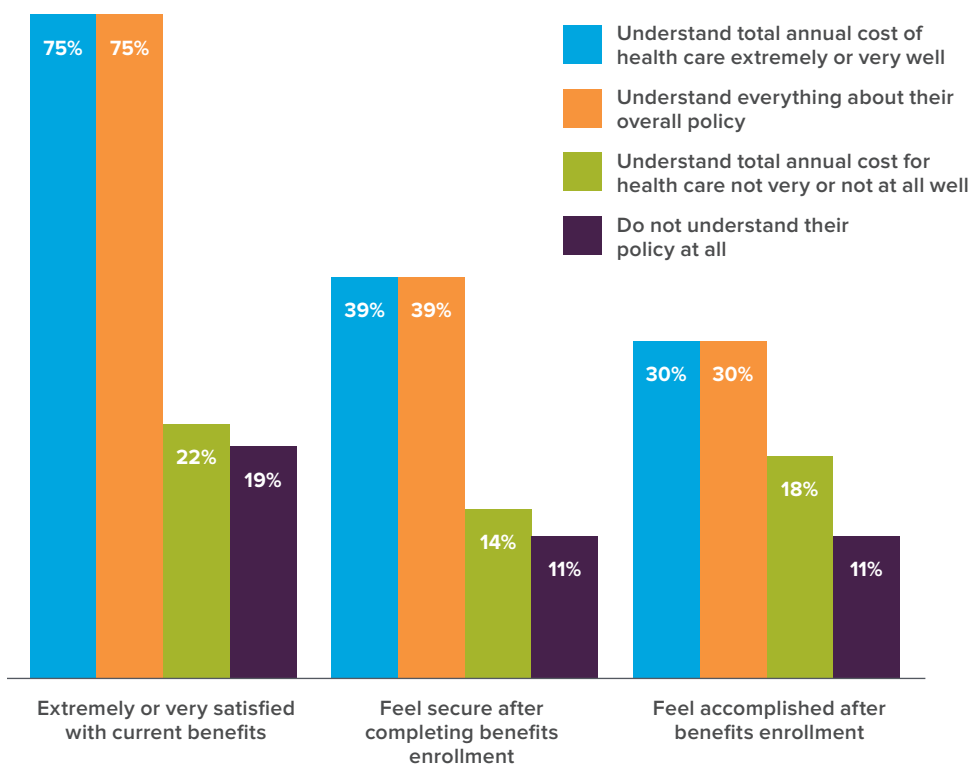


Job satisfaction is significantly higher among employees who understand the cost of health care

Extremely or very satisfied with their jobs...

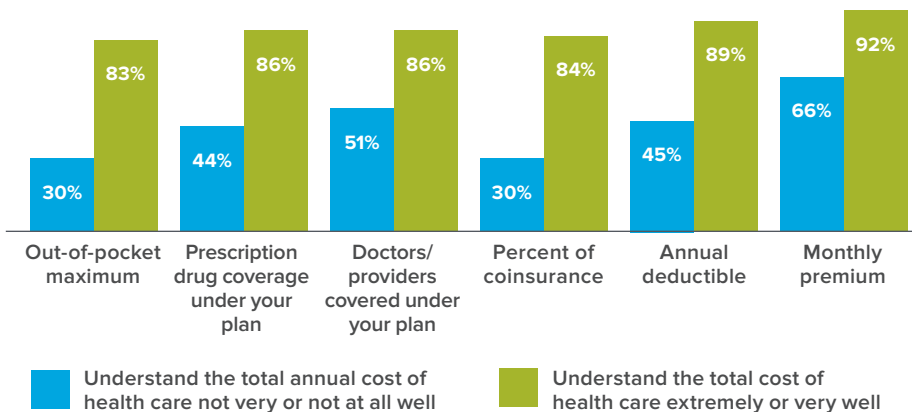


Understanding health policies and costs is linked to benefits and enrollment satisfaction



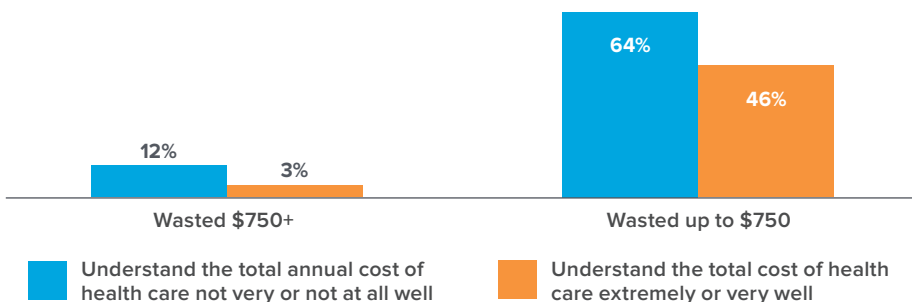
When employees know their plan details, they are more likely to understand the total cost of health care

How well do you understand...



Wasted money during open enrollment

How much money, if any amount, do you estimate you waste each year because of mistakes you make during your benefits enrollment?



Transitioning off of mom and dad's plan?

43 percent of young adults who are covered on their parents' health insurance plans admit they do not understand the total annual cost for health care — reporting their understanding is not very or not at all well, compared to 19 percent of young adults who are not currently covered on their parents' plans.

3

A closer look

Voluntary benefits, value-added services
and high-deductible health plans

Voluntary Insurance Benefits



81 percent of employees see a growing need for voluntary insurance benefits.



More than 7 in 10 employees (72 percent) who are not offered voluntary insurance at work would be at least somewhat likely to purchase voluntary insurance. About one-third of these individuals are very or extremely likely to do so.

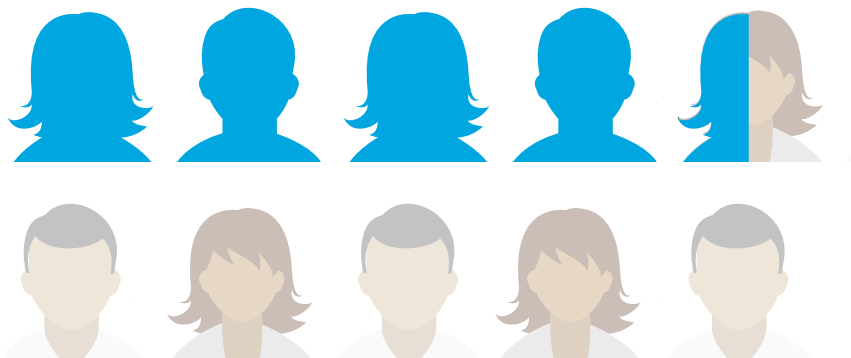


69 percent of employees believe the rising costs of medical services are driving the need for voluntary benefits, followed by increasing deductibles, premiums and copays (57 percent).



Two-fifths of employees (39 percent) strongly or completely agree that voluntary benefits are essential for a comprehensive benefits program. When including those who at least somewhat agree, it's even greater – 90 percent.

Value-added services



44 percent of employees would like their employers to offer health and wellness discounts.

Other services that employees wish their employers offered during enrollment include:



Health reimbursement account
29%



Home and auto discounts
29%



Flexible spending account
24%



Identity theft or fraud protection
23%



Scholarship or tuition reimbursement
22%

Nearly half (49 percent) of employees would be more likely to purchase voluntary benefits if they came with fraud or identity theft protection.

High-deductible health plans

Of employees enrolled in high-deductible health plans, 61 percent said it was their only option for major medical enrollment.

Employees have mixed opinions about high-deductible health plans.

PROS



86 percent will choose a high-deductible health plan again next year.



74 percent agree that the plans are a way for companies to fairly share the cost of health insurance premiums with employees.⁹

CONS



55 percent spent more money because they selected one of these plans.



54 percent say the plan was financially detrimental to them and/or their family.



48 percent regret choosing a high-deductible health plan.



43 percent agree they didn't understand how a high-deductible health plan really works.⁹

Millennials (21-36) are more likely than any other generation to say they regret choosing an HDHP,

they did not understand how an HDHP works and they spent more money by selecting an HDHP.



“The most important thing for me (with the future of health care) is making sure that my family and I can afford the basic care to keep us healthy and that we are covered for any unforeseen negative happenings.”

– Consumer, age 35-54¹



4

Health care legislation

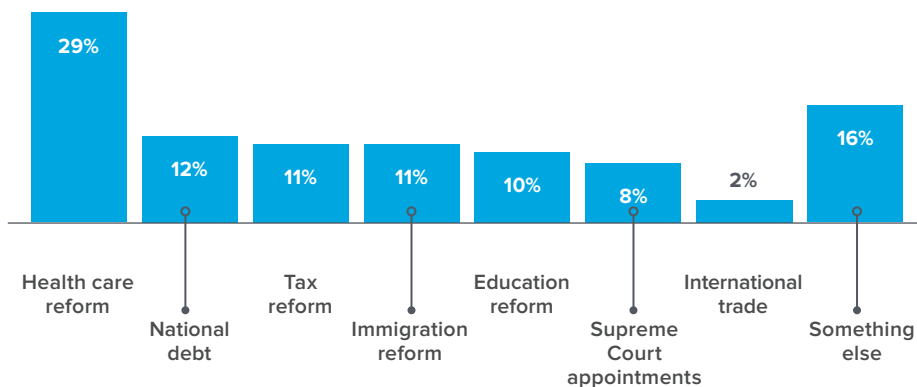
Controlling costs is among employees' top concerns

Health care reform was named as the most important issue to 29 percent of employees – mentioned more often than national debt, tax reform or Supreme Court appointments. And regardless of their political affiliation or cause of choice, employees most often said “lowering health care costs” is most important to them.

While split regarding whether they support repealing the Affordable Care Act, a majority of employees support aspects of health care legislation such as requiring health insurance to cover preventive care and essential health benefits (80 percent) and preventing insurers from excluding care to people with pre-existing conditions (75 percent). And assuming costs are the same, more than 3 in 5 employees (64 percent) prefer fewer health plan options with more generous coverage, as opposed to more options but less generous coverage.

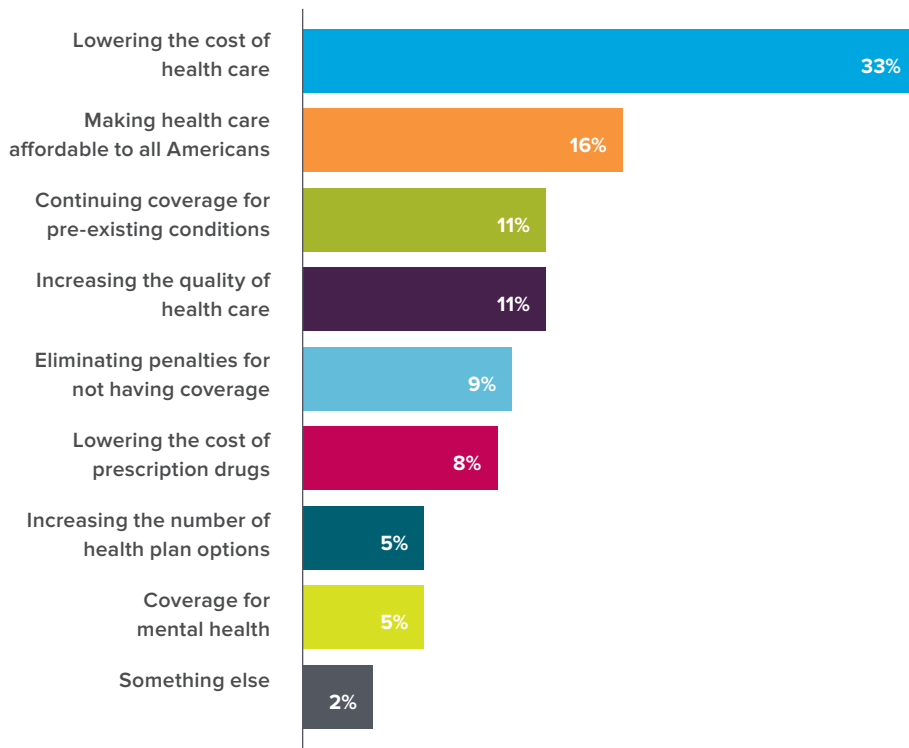
Of the following issues, health care reform is most important to employees

Which of these issues is most important to you?



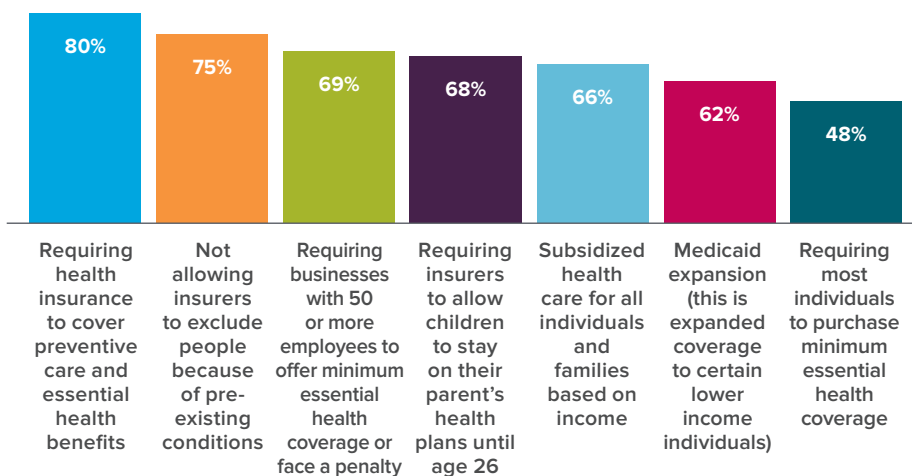
Lowering health care costs named No. 1 priority

When it comes to the future of health care, what is the most important to you?



Overall, employees support the following health care regulations

Do you support the following health care legislation?



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The perfect blend

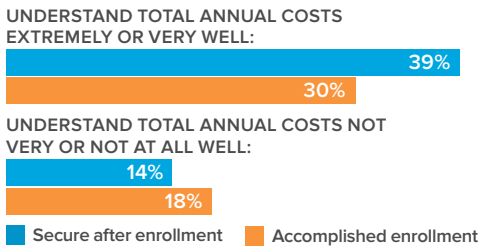
Factors contributing to successful benefits enrollments

Knowledge

3 in 4 employees say there are at least some things about their current coverage that they do not understand.



Employees who understand the total annual cost for health care are more likely to feel secure or accomplished after completing enrollment than those who do not feel they understand the costs.



Support

87 percent of employers that use technology during enrollment say it improved their employees' understanding of their benefits.



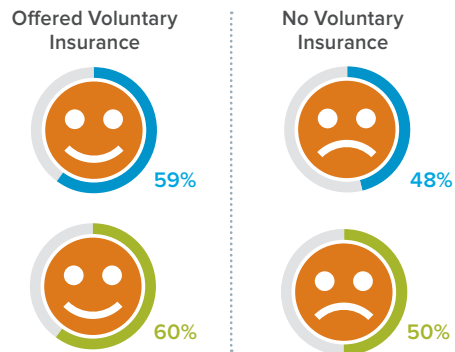
Half of employees prefer to use websites or other online sources of information (51 percent) during enrollment.



Adequate financial protection

Employees enrolled in voluntary insurance are significantly more likely to feel extremely or very satisfied with their overall benefits package compared to those who are not offered voluntary insurance at their workplace.

- EXTREMELY OR VERY SATISFIED WITH OVERALL BENEFITS PACKAGE
- BENEFITS PACKAGE MEETS FAMILY'S NEEDS EXTREMELY OR VERY WELL



Easy-to-find and clear information

67 percent of employees say reading about their benefits is complicated, long or stressful.



Employees most often name **simpler language** and **more options** as things they'd change to improve their benefits enrollments.

Resources and footnotes

- ¹ Benefits 365 Advisory Council. Qualitative results achieved through activities posted to consumers and benefits decision makers the week of May 16, 2017.
- ² PBS News Hour (2014). Smart robots will take over a third of jobs by 2025, Gartner says. Accessed on May 4, 2017, from <http://www.pbs.org/newshour/rundown/smart-robots-will-take-third-jobs-2025-gartner-says/>.
- ³ McKinsey and Company (2016). Technology, jobs and the future of work. Accessed on May 4, 2017, from <http://www.mckinsey.com/global-themes/employment-and-growth/technology-jobs-and-the-future-of-work>.
- ⁴ Goldmansachs (2015). Macro economic insights: Millennials changing consumer behavior. Accessed on May 4, 2017, from <http://www.goldmansachs.com/our-thinking/pages/millennials-changing-consumer-behavior.html>.
- ⁵ PwC (2015). Consumer intelligence series: The sharing economy. Accessed on May 4, 2017, from <https://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf>.
- ⁶ Henry J. Kaiser Family Foundation (2016). 2016 Employer Health Benefits Survey. Accessed on May 4, 2017, from <http://kff.org/report-section/ehbs-2016-summary-of-findings/>.
- ⁷ PwC (2016). Medical cost trends: Behind the numbers in 2017. Accessed on May 4, 2017, from <https://www.pwc.com/us/en/health-industries/health-research-institute/behind-the-numbers.html>.
- ⁸ Understand not very well or not at all well.
- ⁹ Somewhat, strongly or completely agree.

This article is for informational purposes only and is not intended to be a solicitation.

Aflac herein means American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York.

About the study

The 2017 Aflac WorkForces Report, conducted by Lightspeed GMI, captured responses from 1,800 benefits decision-makers and 5,000 employees across the United States in various industries.

The employee survey was conducted online in the United States between Jan. 26 and Feb. 17, 2017, among adults ages 18 and older who are employed full or part time at a company with three or more employees. Results were weighted to match U.S. demographics. No estimates of theoretical sampling error can be calculated; a full methodology is available.



The No. 1 provider of voluntary insurance at the worksite in the United States.¹⁰



Average account tenure: 18 years



Ethisphere Magazine included Aflac in its list of the World's Most Ethical Companies for the 11th consecutive year.



With One Day Pay,¹¹ Aflac processes and pays claims quickly.

¹⁰Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2016. Avon, CT: April 2017.

¹¹One Day PaySM is available for certain individual claims submitted online through the Aflac SmartClaim® process. Claims may be eligible for One Day Pay processing if submitted online through Aflac SmartClaim®, including all required documentation, by 3 p.m. ET. Documentation requirements vary by type of claim; please review requirements for your claim(s) carefully. Aflac SmartClaim® is available for claims on most individual Accident, Cancer, Hospital, Specified Health, and Intensive Care policies. Processing time is based on business days after all required documentation needed to render a decision is received and no further validation and/or research is required. Individual Company Statistic, 2018.