

12 Trends Influencing the Future of Workplace Benefits



The 2018 Aflac WorkForces Report is the eighth annual study examining benefits trends and attitudes. The study has tracked employer and employee attitudes surrounding benefits since just after the Affordable Care Act was signed into law (March 23, 2010).

This year's study captured responses from 2,000 employees across the United States in various business sizes and industries. All employees surveyed have health insurance benefits and play some role in their health insurance and benefits coverage decision-making.

In this employee survey overview, we review the **top-12 trends** from the 2018 Aflac WorkForces Report.

These trends fall into **four areas of focus**:



Overall benefits package

and its relation to job satisfaction, employee retention and financial well-being.



Benefits enrollment

experience, behaviors, expectations, preferences and overall best practices.



Financial security

of the workforce and how prepared they are for unexpected out-of-pocket costs for unforeseeable health events.



Voluntary insurance

and how it influences benefits and job satisfaction, as well as financial well-being.



OVERALL BENEFITS PACKAGE

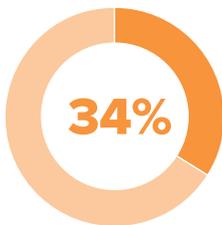
Trend #1

Strong benefits programs are linked to job satisfaction and retention

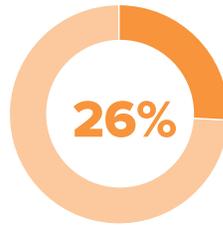
One of the biggest concerns for business leaders this year is retaining employees in a competitive talent marketplace. As the job market continues to grow, organizations that want to stay competitive must understand what they can do to keep their high performers.

It's no secret that benefits play a key role in this effort. Every year, the study continues to find that benefits are a significant factor in employee career satisfaction and retention. Of employees surveyed this year, a strong majority (70 percent or more) report that benefits packages are highly important to their well-being, financial health and job satisfaction.

While wage increases are, of course, the biggest incentive for retention, improving the benefits package ranks second overall, with 34 percent of employees saying this would help keep them in their job. Even among employees who aren't offered any benefits through their employer, approximately one-third would stay for improved benefits.



34%
of employees say an improved benefits package would help keep them in their job



26%
report having left a job or rejecting a job offer due to the benefits offered

Just as a robust benefits package can be an incentive to stay, less-than-desirable benefits can also influence an employee's decision to leave or turn down a job in the first place. Of employees surveyed, 26 percent report having left a job or rejecting a job offer due to the benefits offered. This appears to be a growing trend (up from 16 percent in 2016 and 21 percent in 2017).¹

Employees say benefits packages are **EXTREMELY** or very important:

-  Well-being 75%
-  Financial health 75%
-  Job satisfaction 72%

Employees say benefits packages are at least **SOMEWHAT** important:

-  Well-being 95%
-  Job satisfaction 94%
-  Financial health 94%
-  Loyalty to employer 88%

JOB SATISFACTION IS ON THE UP

Job satisfaction rebounded in 2018 after taking a dip in 2017. **A full 65 percent are extremely or very satisfied in their jobs, up from 59 percent in 2017.**

Benefits satisfaction has also reached a high in 2018, with 61 percent extremely or very satisfied with their benefits. High benefits satisfaction has hovered around 53 to 58 percent, dipping to 49 percent in 2017.

*“If benefits are not offered then I cannot take the job, simple as that.
No one can afford to live without benefits.”*

— Consumer, age 40²

Trend #2

A robust benefits program can be a strong recruiting tool

As the data shows, even in this highly competitive job market, salary isn't the be-all and end-all of recruitment. Year after year, we continue to see that employees place a high value on their benefits. In fact, more than half of employees surveyed (55 percent) say they would be at least somewhat likely to accept a job with lower compensation but a more robust benefits package, down from 58 percent in 2017. Roughly one-quarter are extremely or very likely to do so, up from 21 percent in 2017.



55% of employees surveyed say they would be at least somewhat likely to accept a job with lower compensation but a more robust benefits package.

Trend #3

Employees show a growing interest in nontraditional benefits

With employee benefits playing such an essential role in attracting and retaining top talent, it behooves organizations to get more progressive in addressing the holistic employee experience by considering the emotional, financial and physical well-being of their most valued assets. According to the survey, health and wellness discounts and discounts on home or auto insurance are among the top benefits employees would like to see offered during open enrollment.

A growing share of employees express interest in flexible spending accounts, reimbursement for educational expenses and benefits that cover members of extended families.

NONTRADITIONAL BENEFITS ARE ON THE



FSA: 29%
(up from 24% in 2017)



Scholarship or tuition reimbursement: 25%
(up from 22% in 2017)



Extended family benefits: 19%
(up from 15% in 2017)



BENEFITS ENROLLMENT

Trend #4

Employees need more easy-to-understand benefits information

The impact of enticing benefits packages is effectively lost if employees struggle to understand them. More information is the leading unmet need cited by employees so they can be confident about their benefits selections. More than additional time, money or assistance,

**30% of employees say
they need more information surrounding their benefits.**

Workers are often confused by health care benefits in particular, from understanding out-of-pocket costs to finding in-network providers.

While 51 percent have a solid understanding of their total annual cost for health care coverage and care,³ just **39% of employees surveyed have a full understanding** of their health insurance policy.



Nearly 1 in 5 (19%) did not feel confident
they understood everything they signed up for after their most recent benefits enrollment.



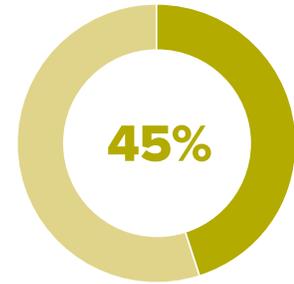
21% say “simpler language
to better understand what’s covered and what’s not” is the one thing that would help improve the way they enroll in benefits.



Trend #5 Employees are more likely to purchase benefits when they speak to an expert

Perhaps because benefits and health insurance are such sources of stress and confusion for employees, there is a preference among workers for benefits expertise. Employees say they're more likely to buy insurance if it's recommended by a benefits professional (45 percent) – more than if recommended by a family member (41 percent), friend (25 percent), employer (22 percent) or co-worker (19 percent).

An easily accessible benefits advisor – in person, by phone or by online chat – is one factor that 16 percent of respondents say would help improve the way they enroll in benefits. The same percentage say more help from a benefits consultant or advisor is what they most need to be confident about their benefits selections before their next enrollment.



of employees say they're more likely to buy insurance if it's recommended by a benefits professional

“My company provides a document that makes it easy to understand the benefits and costs of the health insurance. We also have an outside company that assists us with any large life changes and additional benefits that our health insurance covers.”

— Consumer, age 30²



Trend #6

Employees prefer digital technology for communications and claims

Email is the medium by which the largest share of employees prefer to communicate with an insurance agent (43 percent), followed by in person (20 percent) or over the phone (18 percent).

And digital forms of claims filing (online forms, email or an app) are preferred over offline channels by a 2-to-1 margin.



Digital claims filing is preferred to offline channels 2 to 1.



Just over **40 percent of employees surveyed would rather be subjected to some form of discomfort**, like doing three hours of hot yoga or cleaning up dog poop, **than research their insurance benefits during open enrollment.**

Trend #7

Many employees don't enjoy benefits enrollment, and most choose the same benefits year after year

As important as the benefits enrollment period may be, human resources professionals and especially employees come to dread enrollment, a constant source of stress and confusion, particularly for workers.

- The vast majority (93 percent) of employees choose the same benefits each year rather than making changes during open enrollment periods.
- More than half of employees surveyed (56 percent) spent less than a half hour researching their benefits options during the last open enrollment, including 19 percent who didn't do any research at all. On average, employees spent 32 minutes on this task.



FINANCIAL SECURITY

Trend #8

Consumers are financially unprepared for unexpected out-of-pocket costs

A key consideration regarding household finances and overall economic well-being is the ability to withstand financial disruptions. While more of the workforce are better prepared for emergencies than in previous years of the survey, a sizable minority of adults remain ill-prepared for the out-of-pocket costs associated with an unplanned illness or accident. Many are carrying debt from recent emergencies that they experienced. It's safe to say that many employees are unprepared for the unexpected.

Nearly half of employees (44 percent) could not go more than about three weeks without a paycheck, including 20 percent who live week to week, paycheck to paycheck.



Nearly one-third (31 percent) would not be able to cover an unexpected out-of-pocket medical bill greater than \$500.

 Down from 39 percent in 2017

Savings accounts and credit cards

are the most common ways employees would handle high unexpected out-of-pocket medical expenses (52 percent and 38 percent, respectively).



More than half (58 percent) would not be able to cover unexpected out-of-pocket medical costs of \$1,000 or more.

 Down from 65 percent in 2017

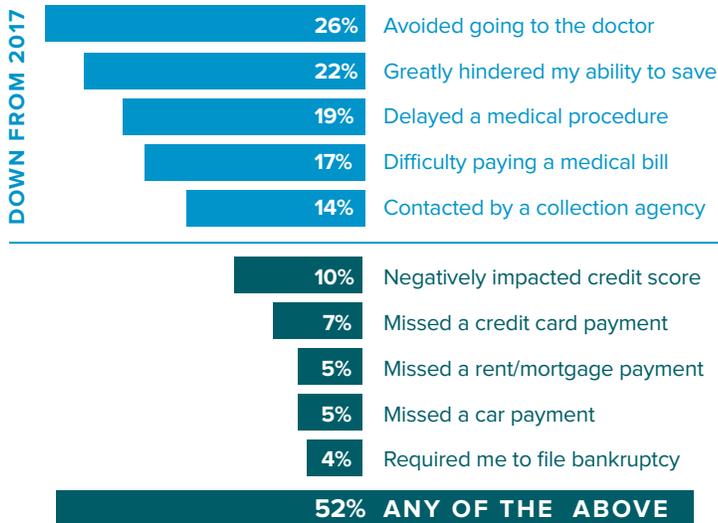
5 percent would borrow money from their 401(k) or other retirement account, and 13 percent aren't sure how they would pay for out-of-pocket expenses.



Trend #9

Medical events carry a high personal cost for many individuals

Just over half (52 percent) of employees surveyed have been adversely affected by high medical costs or bills; most commonly, they avoid or delay medical care. However, fewer employees are reporting more common impacts than they did a year ago.



Experiencing adverse realities related to high medical costs

or bills is highest among younger Gen-Z and millennial workers, those enrolled in high-deductible health plans and gig workers as well as those in lower to moderate income brackets.



Nearly 25 percent of employees surveyed say they or a family member have had to miss a week or more of work due to illness or injury in the past year.



While more than half of employees surveyed have been adversely affected by high medical costs or bills, fewer employees are reporting more common impacts than they did a year ago.

“When we were paying for our own insurance, we had a large deductible of \$1,500. I fell and broke my ankle on Christmas evening, and we waited to the new year to be sure it would count toward our deductible. The worst week of my life. I knew if we went to the emergency room or even urgent care, we would be paying the bills for years.”

— Consumer, age 47²



Trend #10

Many look to gigs to help make ends meet

While the old-fashioned job remains king, recent data⁴ released by the Federal Reserve found that nearly one-third of adults engaged in some form of gig work, either as a primary job or to supplement other sources of income. Our survey showed similar findings: 25 percent of employees reported having other jobs or gigs, including part-time, freelance or contract work.

According to these workers, the top reason for having multiple jobs or gigs is to help make ends

meet, although some employees report doing so to pay for health care benefits and related expenses (17 percent) or to obtain employer health care benefits (16 percent).

Most employees agree that there is a growing need for voluntary insurance benefits (85 percent) and this outlook rises to 90 percent of gig workers. When offered, enrollment in voluntary benefits is relatively high among gig workers (24 percent).

25% of employees surveyed report having other jobs or gigs, including part-time, freelance or contract work.



90% of gig workers agree that there is a growing need for voluntary insurance benefits.



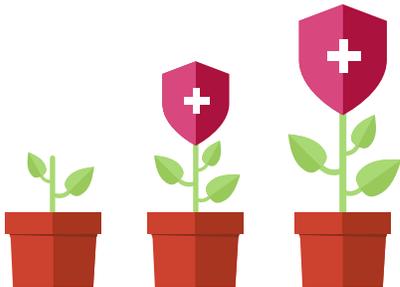


VOLUNTARY INSURANCE

Trend #11

Employees see a growing need for voluntary insurance

As the data has shown, employees who report being extremely or very satisfied with their benefits are more likely to be content with their career choices, and voluntary benefits continue to be seen as an important piece of the puzzle.



A strong majority (85%) of employees see a growing need for voluntary insurance benefits.

This sentiment has grown significantly – up from 64% reported in 2015.

Voluntary insurance is growing in importance among workers for many reasons, none the least being how little money Americans have set aside for medical emergencies. Employees understand that without ample savings, they would have to make considerable lifestyle adjustments in order to cover unexpected costs of an illness or accident. Voluntary insurance can help alleviate many of those concerns. What's more, those enrolled in voluntary insurance are:

More likely to be able to pay \$1,000 or more for unexpected out-of-pocket medical expenses (49% vs. 39%).⁵

Less likely to say they've avoided going to the doctor due to high medical costs (22% vs. 27%).⁵



Trend #12

Companies gain value by offering voluntary insurance

Voluntary benefits have long served as a way to protect workers when they are sick or injured – independently of major medical coverage. As health care costs continue to rise and workers take more control of their benefits decisions, voluntary insurance plans are even more relevant as key pieces of a company's overall benefits strategy. As this study has shown, year after year, voluntary insurance can go a long way toward helping companies attract, retain and keep employees satisfied.

Satisfaction with the overall benefits package rises from 61 percent for the overall population to 66 percent when voluntary benefits are offered and 72 percent when enrolled.

Job satisfaction rises from 65 percent for the overall population to 69 percent among employees in organizations where voluntary benefits are offered and 75 percent when enrolled.



Satisfaction with the overall benefits package



66%

when voluntary benefits are offered



72%

when enrolled



Job satisfaction



69%

when voluntary benefits are offered



75%

when enrolled

About the Study

The 2018 Aflac WorkForces Report is the eighth annual Aflac employee benefits study examining benefits trends and attitudes. The study captured responses from 2,000 employees across the United States in various industries. The 2018 Aflac WorkForces Report survey was conducted by Lightspeed on behalf of Aflac. For more information, visit AflacWorkForcesReport.com. This article is for informational purposes only and is not intended to be a solicitation.

¹ In 2016, the question asked if they had left or turned down a job offer due to benefits in the last 12 months. This was changed to "Have you ever left or turned down a job offer due to the benefits offered?"

² Aflac (2018). Benefits 365 Consumer Advisory Council conducted in June 2018.

³ Solid understanding refers to individuals who say they understand the total annual cost extremely or very well.

⁴ Board of governors of the Federal Reserve System (2017). Survey of household economics and decision-making. Accessed on Aug. 6, 2018, from federalreserve.gov/consumerscommunities/shed.htm.

⁵ Compared to employees who aren't offered voluntary insurance plans by their employers.

Aflac herein means American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York. WWHQ | 1932 Wynnton Road | Columbus, GA 31999.

