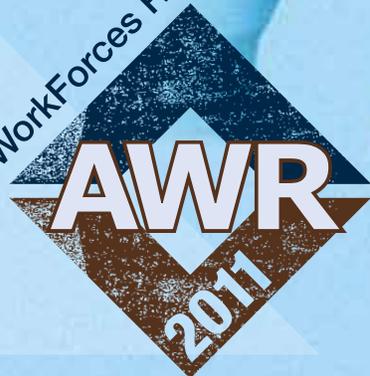


Benefits Trends: Protecting Your Critical Assets

Aflac WorkForces Report



Intellectual capital is immensely valuable

Intellectual capital is immensely valuable to companies across the country — in fact, its value is often considered second only to cash flow. However, the decline of intellectual capital is sometimes underestimated by business leaders who fail to realize that it's not only lost to employees' leaving their jobs, but also to disengagement, absenteeism, lagging productivity and plummeting morale.

Small companies frequently bear the brunt of the intellectual fallout. Their talent pools are often limited and, therefore, the loss of even a single employee can have far-reaching effects. The 2011 Aflac WorkForces Report, conducted in partnership with leading market-research firm Harris Interactive, revealed that many small companies are unknowingly intensifying the problem within their own organizations.

Often, employees at small businesses aren't prepared to cope with financial problems stemming from health crises or other devastating personal events. This lack of readiness contributes to large losses in productivity and engagement. At the same time, HR decision-makers

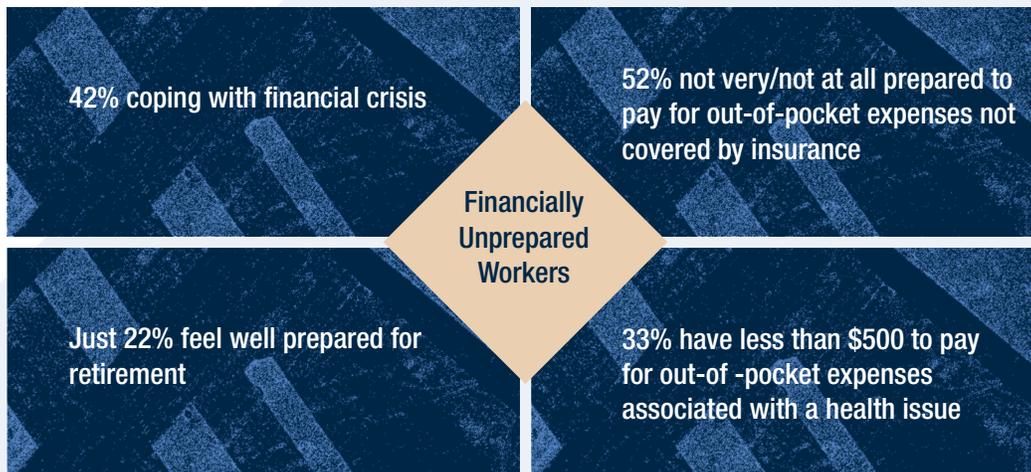
are often unprepared or ineffective when it comes to communicating solutions that could help alleviate these vulnerabilities.

Employees Vulnerable and Exposed

Many small-business leaders would be surprised to learn how seriously the economic landscape has affected their workers' financial stability, levels of insurance protection and overall mindsets.

When nearly half (42 percent) of employees strongly/somewhat disagree that their goals and dreams are financially protected, it is easy to see how dramatically the economy has affected their attitudes, both on and off the job.

Contributing to the anxiety and fear is the fact that most workers at small organizations have inadequate benefits packages, and are dissatisfied with solutions that could ease their financial strain.



The 2011 Aflac WorkForces Report revealed that many small companies are unknowingly intensifying problems within their own organizations.

Employers are often unaware of worker dissatisfaction or overestimate the adequacy of their benefits programs. For example, 51 percent of small-business leaders say their current benefits programs meet their employees' needs extremely/very well.



Contributing to Productivity Losses

The success of small businesses is directly related to their employees' ability to be productive, present and focused. That's why workers' personal and financial concerns can have such a detrimental effect on business operations. According to the Aflac study, small companies named "increasing employee productivity" as their top goal — whereas medium and large companies placed it third.

Unfortunately, health and personal issues seem to greatly diminish the productivity of workers at our nation's small businesses. Fully 37 percent of employees report experiencing issues that are affecting their ability to get their work done. On average, employees say 16 percent of work productivity is lost due to concern about personal issues.



Despite worker acknowledgement that adequate insurance coverage would have a significant impact on their ability to cope with personal concerns, employers aren't convinced. Just 17 percent of small-business owners and HR decision-makers believe an overall benefits package is very influential on work productivity.

Gaps in Benefits Knowledge

The Aflac WorkForces Report uncovered a potentially damaging gap between small-business owners and employees with regard to benefits knowledge.



Employers Say ...

52% "Our company communicates very/extremely effectively with employees."

46% "Employees are extremely/very knowledgeable about benefits offered."

54% "Our employees need to be more engaged in making benefits decisions."

Employees Say ...

"We believe our human resources department communicates effectively about benefits." **30%**

"We are not very/not at all informed about benefits offered at our company." **25%**

"I strongly agree that I need to be more engaged in making health insurance coverage decisions." **38%**

Perhaps most compelling for small business decision-makers is this news: Nearly half of workers (41 percent) say a well-communicated benefits program would make them less likely to change jobs, and 46 percent said their HR departments communicate too little about employee benefits.

Another employer/employee misunderstanding revolves around voluntary insurance benefits, which are an increasingly popular way for businesses to offer additional insurance options while absorbing no direct costs.

Small businesses are more likely than medium and large businesses to say they would not consider adding new voluntary insurance benefits (19 percent). Their reasoning? That employees have no interest in purchasing voluntary coverage.

However, employees who participated in the Aflac study have a different view: More than half (57 percent) of workers say they would be likely to purchase voluntary insurance benefits offered by their employers. Their top three reasons include the opportunity to choose from more coverage options, the chance to buy coverage that meets their needs and the option to own more comprehensive coverage.



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Protecting Intellectual Capital Protects Your Financial Assets

Small-business owners have the best of intentions when it comes to their workers; they often view their employees as members of their extended families. In fact, among companies of all sizes, only small businesses named “taking care of employees” and “doing the right thing” as the top two objectives for their benefits programs.

To help employees protect their finances and futures, small-business decision-makers must better align their intentions with employee needs by delivering more effective benefits packages. By doing so, they’ll protect their companies against declining productivity while retaining their all-important intellectual capital.



Aflac WorkForces Report

The Aflac WorkForces Report is a study highlighting the forces that impact the trends, attitudes and implementation of employee benefits. Surveying both American workers and business decision makers, the Report brings to light the perceptions and realities of benefits in the workplace. The insights aim to help businesses make informed decisions about benefits to better protect their employees and their bottom lines.

The Aflac WorkForces Report was conducted in partnership with leading global-market research firm Harris Interactive and includes results from surveys of more than 2,100 business decision makers and more than 4,000 workers at companies across the U.S.

