

## 2012 INDUSTRY INSIGHTS:

# Education

## Five trends impacting the industry's ability to attract and retain talented educators.

The United States Bureau of Labor Statistics predicts education will be among the top 20 industries providing new job growth for the U.S. In fact, the education industry is expected to grow 14 percent over a 10-year span.<sup>1</sup> While the industry will experience steady growth, the 2012 Aflac Workforces Report reveals five trends that will have a significant impact on the sector's ability to attract and retain talented employees.

### TREND ONE:

#### Workers face vulnerabilities with financial future and health.

The Aflac study found that educators are facing significant financial security and health challenges. In regards to financial security, well over half of employees (64%) say they are currently coping with a financial crisis and/or trying to reduce debt. In fact, 29 percent say one of their biggest challenges is having enough money to meet their current expenses and more than 2-in-5 (45%) say they are not at all/not very prepared to pay out-of-pocket costs not covered by major medical insurance.<sup>2</sup>

Many education professionals are also very concerned that they aren't prepared financially to retire. Nearly half (47%) say saving for retirement is one of their biggest challenges and 41 percent say their expected retirement age is older than they previously anticipated. This is not surprising when nearly one quarter of education workers (21%) say they are not very/not at all confident in their financial future.<sup>2</sup>

Contributing to their anxiety are family and health issues. More than one-fourth of workers (27%) say they are experiencing a health issue personally and/or with a close relative. Similarly, 27 percent say they have experienced a family issue that has impacted their ability to get work done.<sup>2</sup>

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**HEALTH AND FINANCIAL CONCERNS**

**27%** say they are dealing with a serious health issue personally or with a close relative.

**45%** are not at all/not very prepared to pay out-of-pocket costs not covered by major medical insurance.

**TREND TWO:**

**Employees experience higher health care costs.**

If they haven't already, education workers will soon begin to feel the pressure of rising costs, as more education employers plan to combat rising

costs by shifting costs to employees in the form of increased employee copays and share of premium, as well as higher deductible plans (Chart 1).

**Chart 1: Education Institutions Plan to Reduce Benefits Options in 2012\***

	Education	All US Industries
Increase employee copays	43%	26%
Increase employee premiums	33%	26%
Implement a high deductible plan	16%	15%
Introduce health incentives	14%	8%
Offer an HSA as an alternative	13%	11%
Eliminate contributions for family coverage	7%	5%

\* Respondents could choose from more than one option.

Like most industries, education personnel value their benefits packages, and more than 3-in-10 workers (35%) say maintaining health benefits options is the most important issue for them right now. They are especially reliant on their employer for their insurance plans, and nearly half (49%) say they would feel more negatively towards

their employer if the employers increased the employee portion of health insurance costs. To minimize the impact of negative responses from even the facilities' top talent, employers will need to work to maintain competitive benefits packages, and look to cost-effective solutions that minimize the impact on employees.<sup>2</sup>

**TREND THREE:**

**Lack of tailored benefits to meet employee needs.**

When it comes to benefits options, education institutions are calling for greater employee engagement, but they may not be using the most effective strategies. While employers in education are most likely to say that is it very or extremely important to tailor benefits to employees at different levels or life stages (55% vs. 43% of industries overall), still 57 percent of these employers are not yet making these types of benefits available to employees.

Offering a range of options that help to meet individual levels or life stages can have a positive impact on employee interest and engagement. The Aflac study reveals that well over half of education employees (67%) say they would be more likely to take advantage of a benefits package tailored to their personal situation.<sup>2</sup>

For employers, ongoing feedback is critical to understand the gaps in benefits packages and employee engagement, as well as

benefits comprehension. Implementing benefits surveys and measurement, while also engaging benefits and HR partners as needed, can help education employers to gain important feedback from employees regarding their benefits decisions. The Aflac study revealed that a small percentage (only 29%) of educational institutions survey or measure employee preferences

or needs when it comes to benefits options and only 32 percent survey benefits satisfaction.<sup>2</sup> These results show there is room for education employers to make more informed decisions when developing their employee benefits packages.

#### TREND FOUR:

### Employees don't understand their employer's contribution to their plans.

Many workers in education want to receive information about benefits from their HR departments. In fact, more than 4-in-10 (46%) say their HR departments communicate too little about employee benefits options.<sup>2</sup>

prising when half of education employees (50%) say their employer communicates about employee benefits options only during open enrollment and new hire.<sup>2</sup>

What may be surprising to employers is that a clearly-communicated benefits package can have a significant effect on employee retention and the bottom line. The Aflac study found that 40 percent of employees say that a well-communicated benefits package would make them less likely to leave their job. Unfortunately, 44 percent of education employees say they do not truly understand their employer's contribution towards their insurance plans.<sup>2</sup> This is not sur-

The report reveals ample room for employers to communicate their current investment in employee benefits through learning events, one-on-one sessions, online portals and other interactive outlets. As employers focus on effective methods to clearly communicate their programs to their workforces, they can also help build employee engagement and enrollment to help meet each employee's needs.

#### TREND FIVE:

### Voluntary insurance plans not widely available.

Voluntary insurance has been viewed as a nice-to-have benefit in years past, yet now is considered a cost-effective supplement to core benefits. Considering that more than half of education employees (57%) say they would be at least somewhat likely to apply for voluntary benefits plans if made available by their employer, employers are also sharing their interest in having these supplemental plans available. The most popular reasons that education employees gave for adding voluntary coverage include: to offer them more options when it comes to health care coverage, to give them more comprehensive coverage and to meet their needs.<sup>2</sup>

with out-of-pocket costs associated with serious illnesses or accidents, such as daily living expenses, rent and gas, as well as unreimbursed medical expenses. And, voluntary insurance plans have no direct costs to the employer making them available to employees.

Not only do voluntary plans offer workers the option to bolster their insurance coverage, but many plans include a wellness benefit that covers the expense of preventive procedures (e.g., mammograms, vaccines, etc.) and may pay the policyholder cash benefits for covered wellness visits. This can go a long way in encouraging annual visits to the doctor or preventive procedures to support overall health and well-being.

Voluntary insurance plans help people cope

## CONCLUSION

A resilient and loyal workforce is essential for the success of education programs. With many workers facing financial and health-related issues, many may already contribute to large losses in productivity and engagement on the job due to being under-protected and unprepared for unexpected events. The latest findings

from the Aflac study support a comprehensive approach, focusing on managing health care costs, establishing effective communication strategies and delivering competitive benefits solutions to retain, protect and engage a talented education workforce.

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<sup>1</sup> Bureau of Labor and Statistics (2012). Occupational Outlook Handbook: Projections overview. Accessed from <http://www.bls.gov/ooh/About/Projections-Overview.htm>.

<sup>2</sup> 2012 Aflac WorkForces Report, a study conducted by Research Now on behalf of Aflac, January 24–February 23, 2012.