



AFLAC | WORKFORCES REPORT | 2016

EMPLOYEE OVERVIEW



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The *2016 Aflac WorkForces Report* is the sixth annual Aflac employee benefits study examining benefits trends and attitudes. The study captured responses from 5,000 employees across the United States in various business sizes and industries.

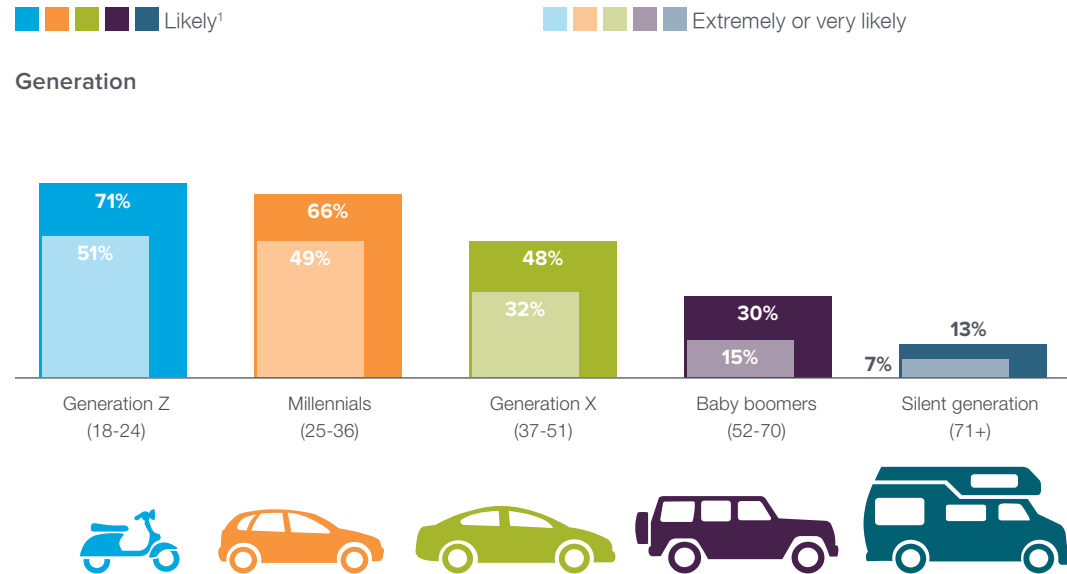
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Portrait of the U.S. workforce

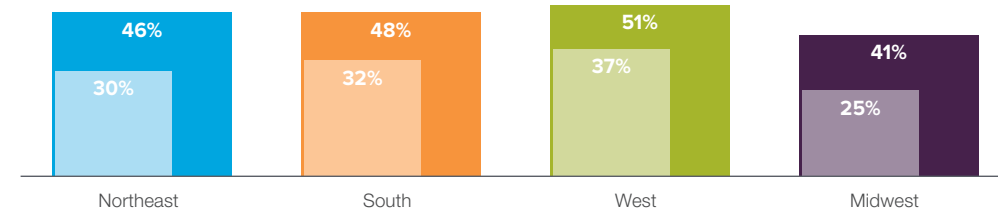
The economy has improved, unemployment levels have fallen, and it's increasingly easier to discretely look for a job online and through social networking. Employees indicate in the 2016 Aflac WorkForces Report that their employers can expect a certain amount of turnover – especially as more millennials and their protégés, Generation Z, enter the workforce. Nearly half of all employees (47 percent) are likely¹ to look for a new job in the next 12 months; 31 percent are *extremely or very likely*.

The job search is on

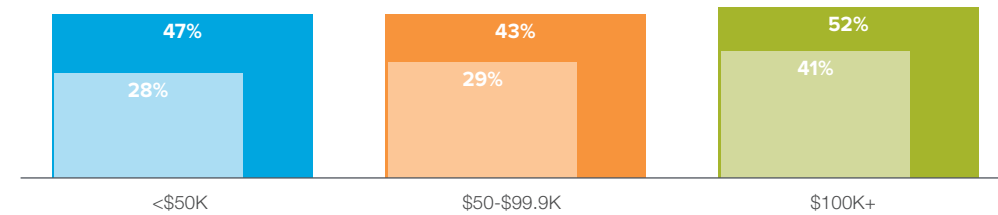
How likely are you to look for a new job in the next 12 months?



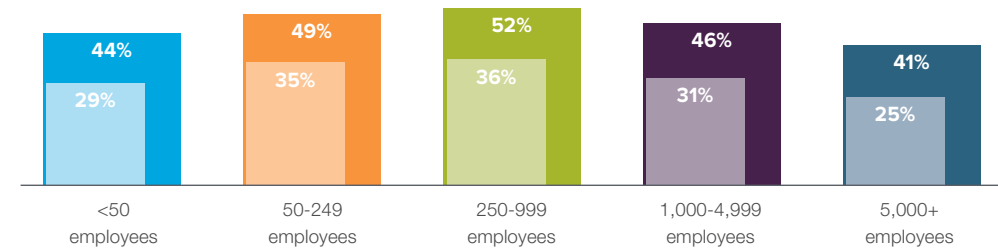
Region



Annual household income






Business size



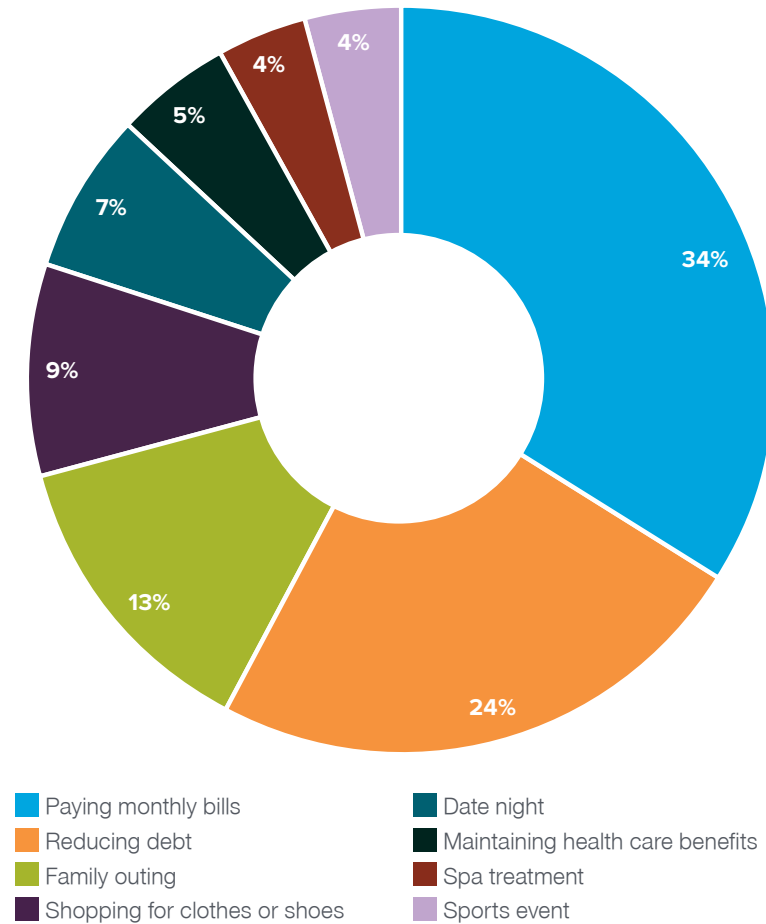
Health and wealth are top of mind for U.S. employees

New Year’s resolutions are infamously centered on weight loss goals, but employees admit they have another pressing issue on their minds – their wallets. “Manage my finances better” was the most frequently named 2016 New Year’s resolution after “eat healthier” and “exercise more frequently.” And if they had a little extra cash, employees most often said they’d use it to pay bills or reduce debt, instead of spending it on family outings, date nights or sporting events.

| 2016 New Year’s Resolutions | | |
|--|--|---|
| Eat healthier 61% | Exercise more frequently 55%  | Manage my finances better (i.e., set/adhere to a budget) 43% |
| Spend more time with friends or family 35% | Stay in touch more frequently with friends and family 31% | Travel more 29%  |
| Manage my health benefits more closely 24%  | Change jobs 16% | Some other resolution 12% |

Many employees would use extra cash to pay for essentials

If you had an extra \$132 in your pocket to spend on one of these activities, how would you spend it?

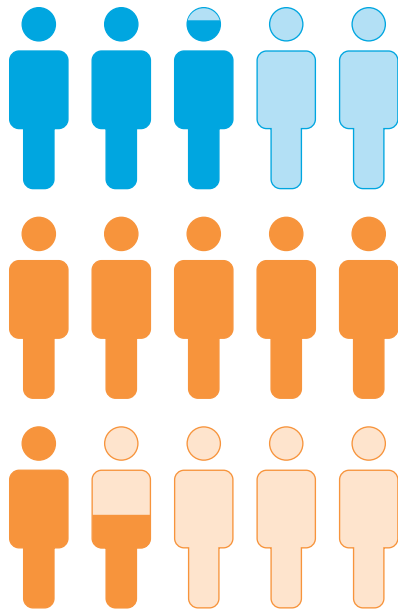


What’s the significance of \$132? The average family spent \$132 more on their health insurance benefits from 2014 to 2015.^{3, 4}

Health care costs top benefits concerns

Even though rate increases for health insurance premiums have slowed compared to 10 or 15 years ago, they are still outpacing inflation and workers' wages.⁴ The Aflac study found that employees are well aware of the continued drain on their wallets. In fact, far more than half (60 percent) said the top issues concerning them are **increasing out-of-pocket medical expenses** or the **increasing cost of major medical or health insurance** over maintaining their health benefits or the possibility of their employer eliminating spouse coverage. Fully 1 in 4 (25 percent) has had difficulty paying a medical bill due to high medical costs, and the majority (81 percent) believe the medical costs they are responsible for will increase.

While most individuals are now required to have health insurance, many employees aren't even close to being well-prepared given the expected cost of injury and illness. The study found that over half of today's workforce may face a financial crisis should illness, injury or disability strike.



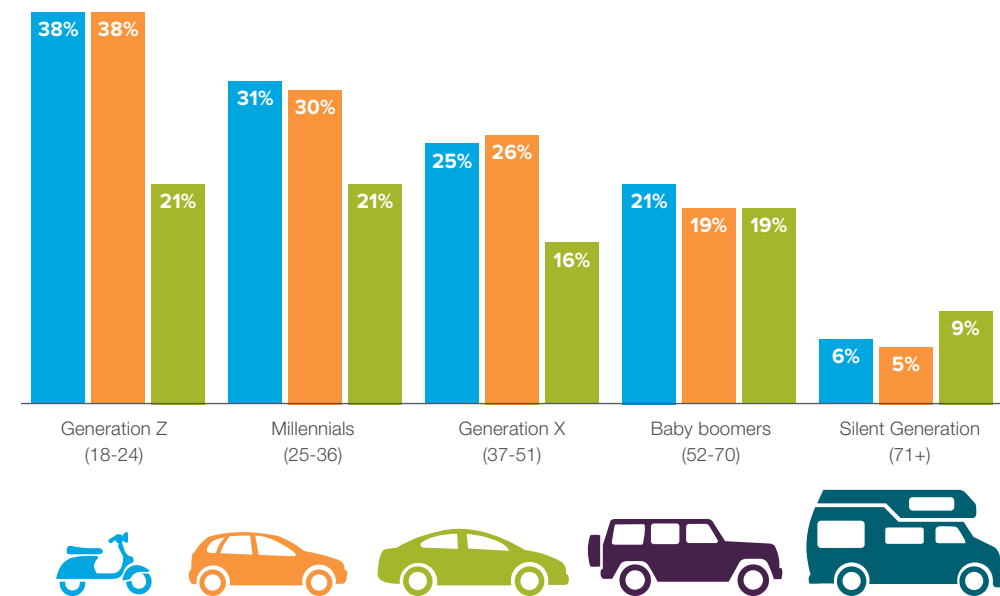
» **Nearly 3 in 5 (59 percent)** say they wouldn't be able to adjust to the large financial costs associated with a serious injury or illness.

» **A full 65 percent** of employees have less than \$1,000 to pay out-of-pocket expenses associated with an unexpected serious illness or accident that occurred today.

The youngest employees are least likely to have savings for a rainy day. Additionally, the report found that younger workers may not utilize the benefits that they do have. Generation Z and millennials were most likely to say they've avoided going to the doctor, put off a medical procedure or have been distracted at work by a personal issue. And although higher-earning employees fare better than those making less, many still report not having significant savings to pay for unexpected medical expenses.

Generation Z and millennials are more likely to say they've done the following in the last 12 months:

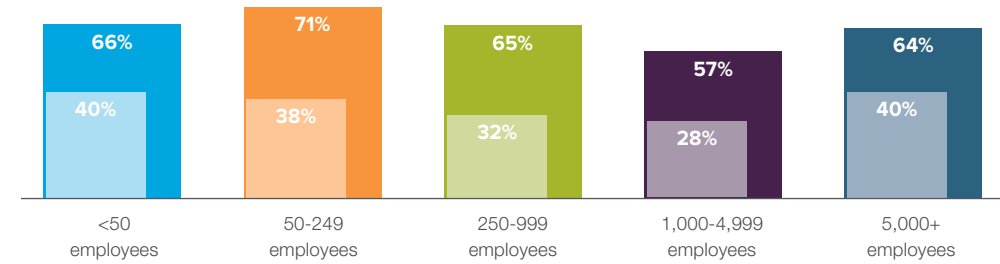
- Avoided going to the doctor
- Been distracted at work by a personal issue
- Put off a medical procedure longer than they should



How much would you be able to pay for out-of-pocket expenses if an unexpected serious illness or accident occurred today?



Business size



Out-of-pocket costs and risks



Cancer

- Nearly 1.7 million Americans were expected to be diagnosed with cancer in 2015.⁵
- A Duke University Medical Center study found that the average monthly out-of-pocket cost for older cancer patients insured privately, through Medicare or both is \$1,266.⁶



Heart attack

- The average hospital stay and related expenses for a heart attack is five days, adding up to \$21,500 – of which individuals with insurance can expect to be responsible for 10 to 20 percent (\$2,150- \$4,300).⁷

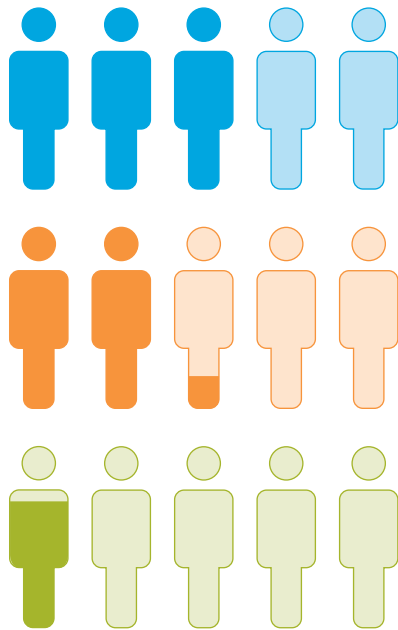


Disability

- Just over 1 in 4 of today's 20-year-olds will become disabled before reaching age 67.⁸
- 1 in 8 workers will be disabled for five years or more during their working careers.⁹

Employees want more money—and benefits

Everybody knows that money talks, but employees say there’s something else that can sweeten the pot – benefits. Though most employees say increasing their salaries is one thing that will keep them in their jobs, it’s clear that benefits are also playing an important role in recruitment and retention:



- » **60 percent** of employees are likely¹ to take a job with lower pay but better benefits.
- » **2 in 5 employees (42 percent)** say improving their benefits package is one thing their employers could do to keep them in their jobs; it’s the second most mentioned after “increase my salary” and is a higher proportion than those that mentioned a promotion.
- » **16 percent** have left a job or turned down a job in the last 12 months due to the benefits offered.

The best retention strategies vary by life stage, but salary increases and benefits top everyone’s lists.

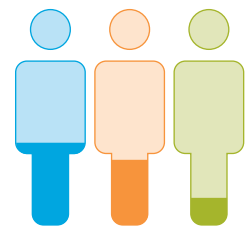
Which of the following, if any, could your employer do to keep you in your job?



| GENERATION Z (18-24) | MILLENNIALS (25-36) | GENERATION X (37-51) | BABY BOOMERS (52-70) | SILENT GENERATION (71+) |
|---|---|---|---|--|
| Increase my salary 72% | Increase my salary 66% | Increase my salary 74% | Increase my salary 74% | Increase my salary 65% |
| Improve my benefits package 39% | Improve my benefits package 43% | Improve my benefits package 44% | Improve my benefits package 41% | Improve my benefits package 18% |
| Give me a promotion 38% | Offer new growth opportunities 41% | Offer new growth opportunities 34% | Provide greater flexibility 24% | Provide greater flexibility 14% |
| Offer new growth opportunities 37% | Give me a promotion 41% | Give me a promotion 34% | Offer new growth opportunities 22% | Offer new growth opportunities 10% |
| Offer a clear path to promotion 31% | Provide greater flexibility 34% | Provide greater flexibility 30% | Give me a promotion 20% | Give me a promotion 8% |
| Provide greater flexibility 25% | Offer a clear path to promotion 33% | Offer a clear path to promotion 26% | Offer a clear path to promotion 14% | Offer a clear path to promotion 7% |

Benefits may boost employee satisfaction and keep them healthier

The report found a disconnect between the benefits employers are offering and the benefits employees want and need.



One-third of employees (**33 percent**) said they are only somewhat satisfied with their benefits.

Similarly, **29 percent** said their benefits meet their families' needs only "somewhat well."

10 percent said their benefits don't meet their needs.¹⁰

Yet, when employers get benefits right, there's a clear advantage. Compared to those who aren't satisfied, employees who are satisfied² with their benefits are:¹¹

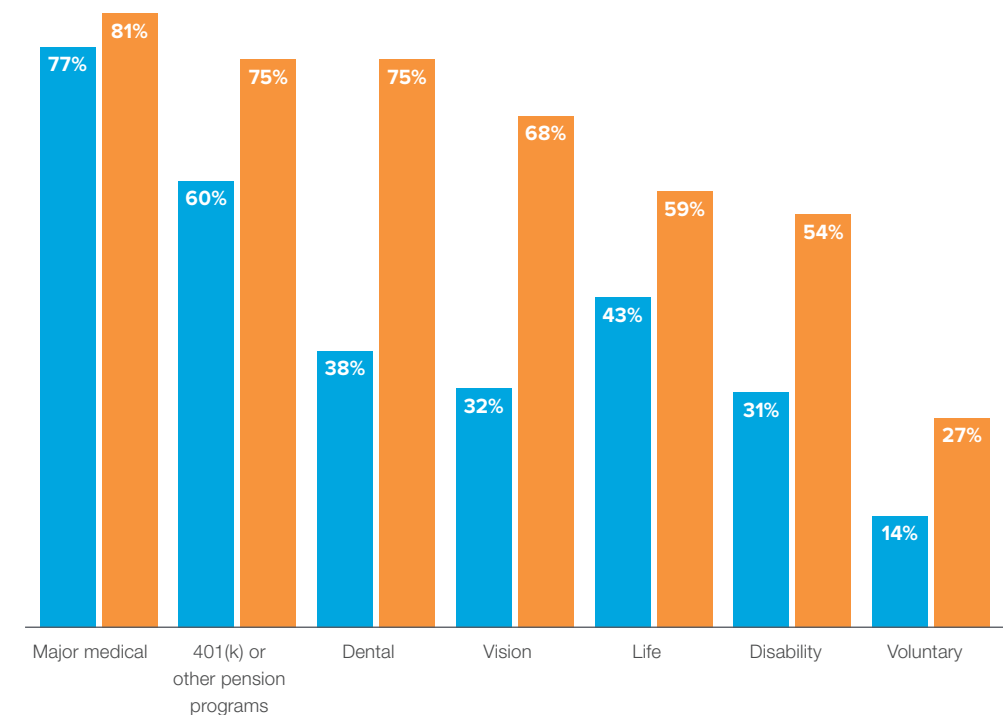
- » **More likely to be satisfied** with their jobs (96 percent vs. 68 percent).¹²
- » **Less likely to look for a job** in the next 12 months (46 percent vs. 57 percent).¹
- » **Less likely to avoid going to the doctor** (22 percent vs. 45 percent).
- » **Less likely to have been distracted at work** by a personal issue (23 percent vs. 33 percent).
- » **Less likely to put off a medical procedure** longer than they should (16 percent vs. 30 percent).

Substance matters: Employees are concerned about cost when it comes to their benefits, but many aren't willing to sacrifice quality. They most frequently named "overall value of the plans for the price paid" as most important to their satisfaction

with health insurance and benefits providers. Employees are also more likely to say they expect their employers to offer different types of benefits, compared to the views of employers. But over half (57 percent) say that if their employer didn't provide adequate health insurance, they would purchase additional, affordable products to ensure their coverage was adequate.

Employees expect more from their benefit packages:

■ Employer opinion: Which of the following benefits does your company consider essential to offer employees?
 ■ Employee expectation: Which of the following benefits do you expect your employer to offer?



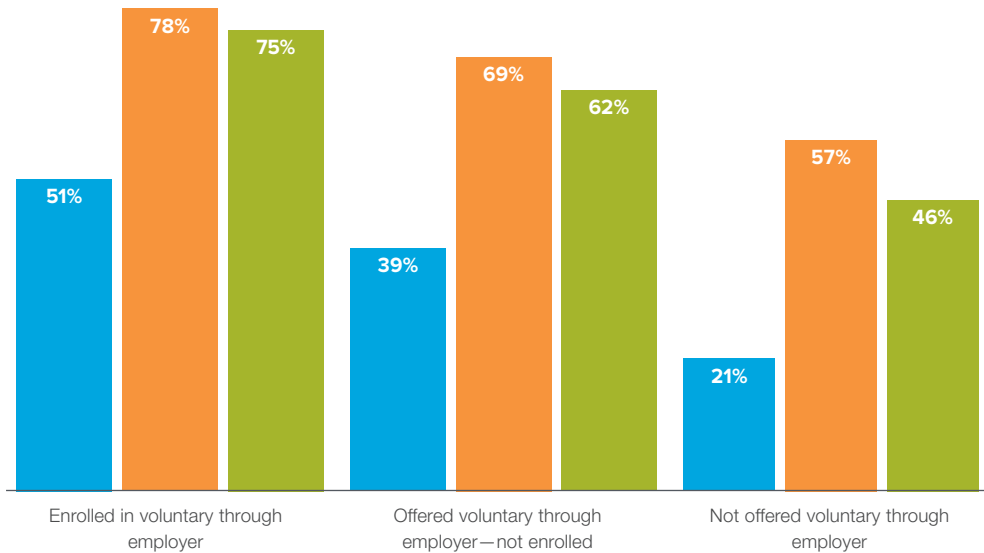


What are employees saying about voluntary benefits?

Voluntary insurance includes supplemental life, disability, critical illness, hospital, accident, cancer insurance and much more. These insurance products pay policyholders cash benefits when they are sick or injured, and are usually bought through an employee’s workplace. Nearly 4 in 5 employees (79 percent) see a growing need for voluntary insurance today compared to last year. And of those, 60 percent say it’s because of the rising cost of medical services. Employees who were offered voluntary benefits at work reported higher levels of satisfaction with their jobs and their benefits.

Employees offered and enrolled in voluntary benefits are more likely to be:

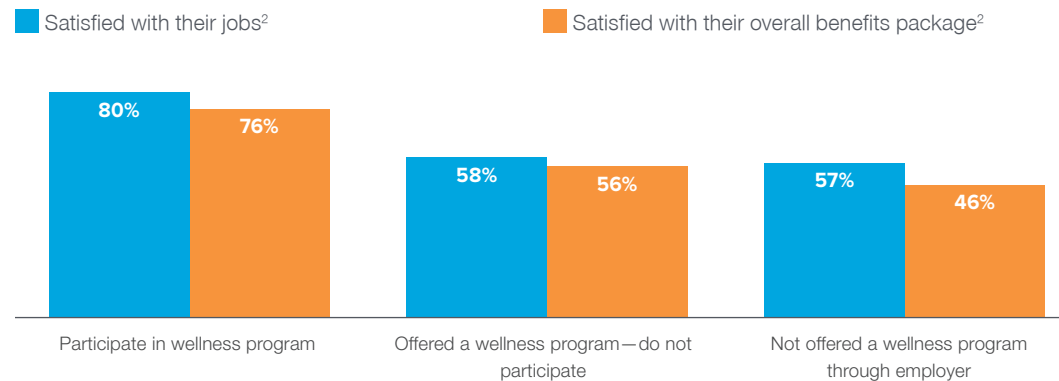
- Prepared to pay out-of-pocket expenses not covered by major medical/health insurance¹³
- Satisfied with their jobs²
- Satisfied with their benefits²



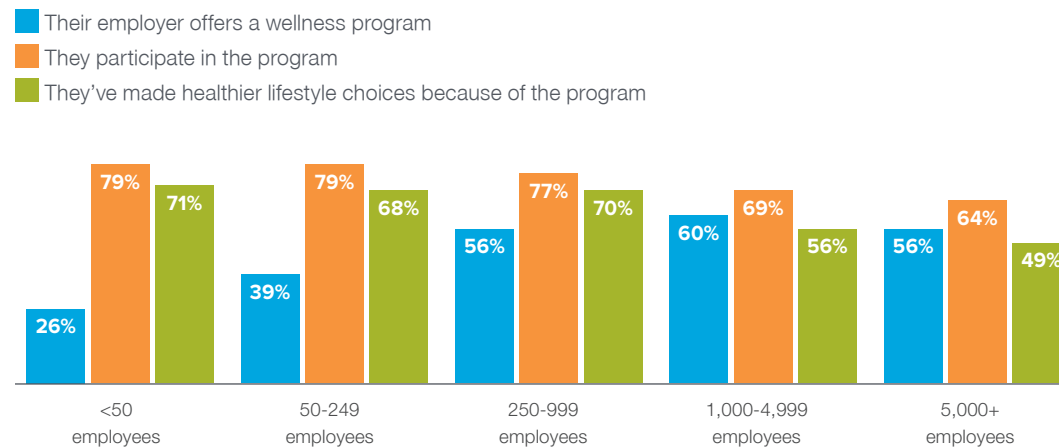
What are employees saying about wellness programs?

Sixty-one percent of employees agree that they've made healthier lifestyle choices because of their company's wellness program.¹⁴ Additionally, the study found that employees who participate in wellness programs offered at their workplaces have higher satisfaction levels.

Employees who participate in their companies' wellness programs are more likely to be:



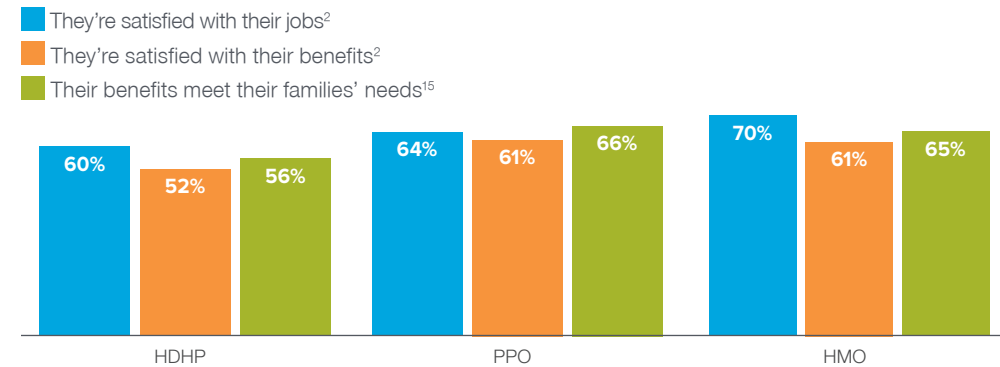
Though small employers are less likely to offer wellness programs, when they do, their employees are at least as likely to participate and more likely to say it has helped than larger firms.



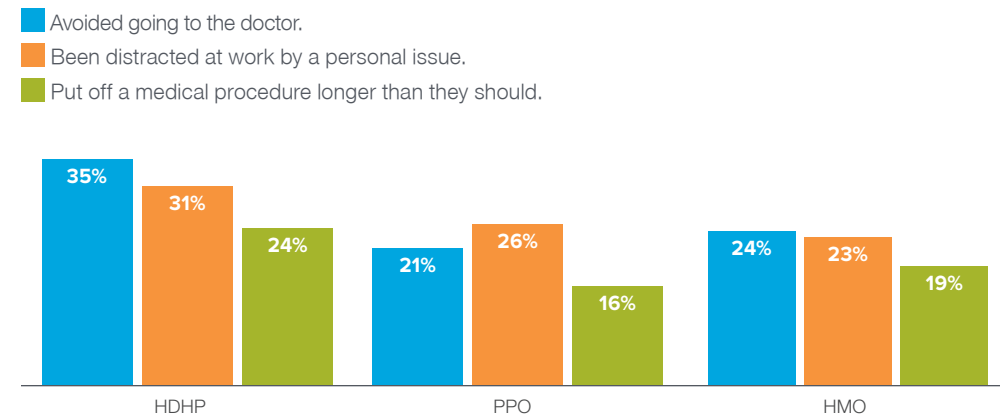
What are employees saying about high-deductible health plans?

Sixteen percent of employees are enrolled in a health plan with an annual deductible of at least \$1,000. Though employees enrolled in HDHPs may be more likely to be knowledgeable about consumer-driven health plan options, they also reveal a few drawbacks. Employees enrolled in HDHPs are:

Less likely to say:



More likely to say in the last 12 months they've:



About the study

The 2016 Aflac WorkForces Report is the sixth annual Aflac employee benefits study examining benefits trends and attitudes. The study captured responses from 1,500 benefits decision-makers and 5,000 employees across the United States in various industries.

The Employer Survey was conducted online within the United States between Jan. 11, 2016, and Feb. 11, 2016, among 1,500 benefits decision-makers at companies with at least three employees. Results were weighted to enable year-over-year trending. No estimates of theoretical sampling error can be calculated; a full methodology is available.

The Employee Survey was conducted online within the United States between Jan. 20, 2016, and Feb. 3, 2016, among 5,000 adults ages 18 and older who are employed full or part time at a company with three or more employees and not retired. Results were weighted to match U.S. demographics. No theoretical sampling error can be calculated; a full methodology is available.

The 2016 Aflac WorkForces Report survey was conducted by Lightspeed/GMI on behalf of Aflac.

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

Footnotes and sources

¹ Includes somewhat likely, very likely and extremely likely.

² Includes extremely satisfied and very satisfied.

³ Henry J. Kaiser Foundation. "2014 Employer Health Benefits Survey." Accessed March 3, 2016. <http://kff.org/report-section/ehbs-2014-summary-of-findings/>

⁴ Henry J. Kaiser Foundation. "2015 Employer Health Benefits Survey." Accessed March 3, 2016. <http://kff.org/report-section/ehbs-2015-summary-of-findings/>

⁵ American Cancer Society. "Cancer facts and figures 2015." Accessed Feb. 11, 2016. <http://www.cancer.org/acs/groups/content/@editorial/documents/document/acspc-044552.pdf>

⁶ Clear Health Care Costs. "By the numbers: Out-of-pocket costs for cancer treatment." Accessed Feb. 11, 2016. <http://clearhealthcosts.com/blog/2011/08/by-the-numbers-out-of-pocket-costs-for-cancer-treatment/>

⁷ Health cost helper. "Heart attack treatment cost." Accessed on March 3, 2016. <http://health.costhelper.com/heart-attack-treatment-cost.html#extres5>

⁸ U.S. Social Security Administration. "Social Security Basic Facts." Accessed Feb. 16, 2016. <http://www.ssa.gov/pressoffice/basicfact.htm>

⁹ Council for disability awareness. "Disability statistics." Accessed March 3, 2016. http://www.disabilitycanhappen.org/chances_disability/disability_stats.asp

¹⁰ Includes not very and not at all prepared.

¹¹ Compared to employees who are not very or not at all satisfied with their benefits.

¹² Includes somewhat satisfied, very satisfied and extremely satisfied.

¹³ Includes extremely and very well-prepared.

¹⁴ Among employees offered wellness programs.

¹⁵ Includes extremely and very well.

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