

**Benefit Trends & Challenges**

# **Results from the 2015 Aflac WorkForces Report**



# About the Aflac WorkForces Report

- Groundbreaking research designed to uncover timely benefits trends that impact companies and their employees – *now and in the future*.
- Fifth annual study includes responses from over 5,300 workers, nearly 2,000 HR decision-makers and business owners, and more than 300 insurance brokers surveyed in February 2015.
- Nationally representative sample of employees and employers, conducted by Research Now.
- Media coverage: USA Today, CNN, Yahoo!, Bloomberg, CBS, ABC Radio, Benefits Selling, Advisor Today, Employee Benefit Adviser and many more.



# Latest findings

- Confusion remains with health care reform (HCR).
- The financial state of the U.S. workforce is concerning.
- Benefits provide a competitive advantage.
- Engagement and communications are lacking.
- Voluntary insurance is in demand.
- Brokers are unsure about the future.





Adapting to the realities of  
health care reform



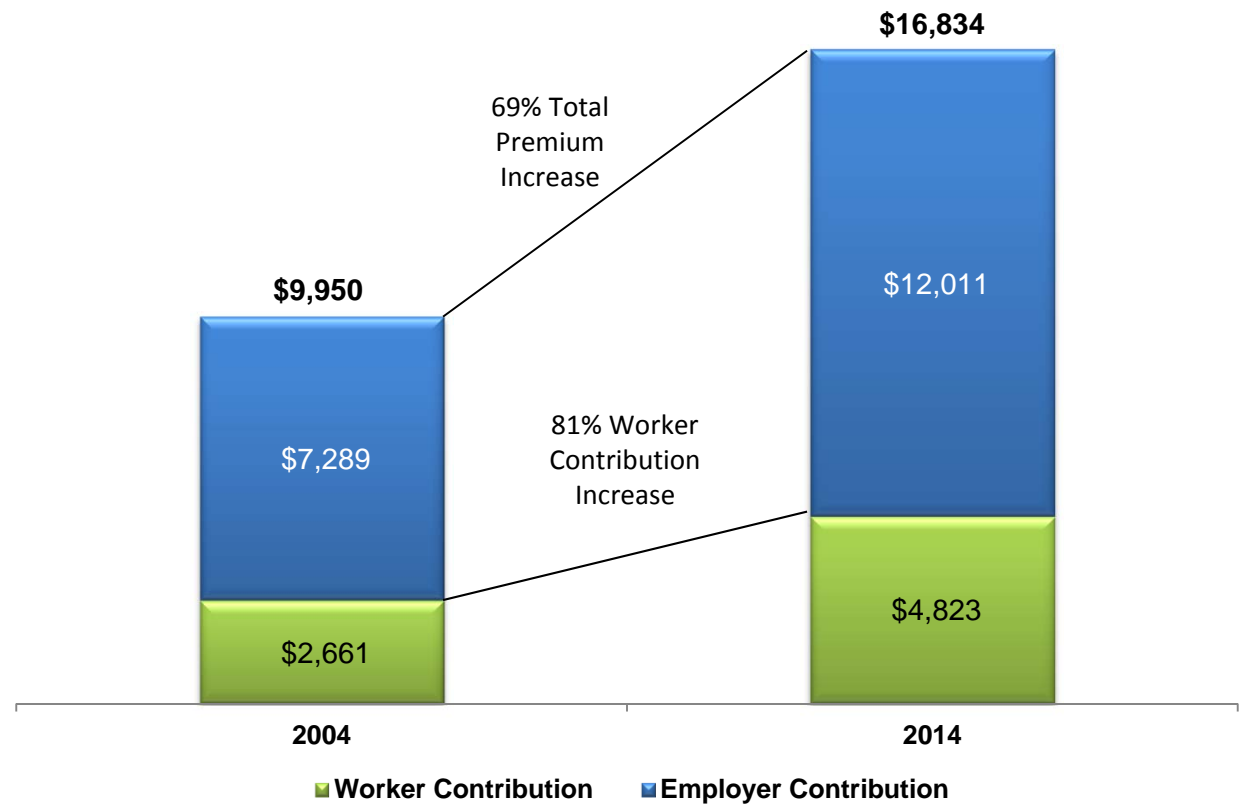
# Current realities

- Moving to the next phase of reform.
- Implications are beginning to be felt.
- Confusion remains.
- Costs continue to rise.
- Employees are vulnerable.



# Current realities: Rising insurance costs

Average annual health insurance premiums and worker contributions for family coverage from 2004-2014



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2004-2014

# Current realities: Rising health care costs

**\$21,200**

Mean hospital cost in  
2012 for a surgical stay  
(Agency for Healthcare Research  
and Quality)

**\$13,700**

Average annual medical  
cost for people  
diagnosed with diabetes  
(American Diabetes Association)



## Broker perspectives





# FACT: Brokers are unsure about the future.

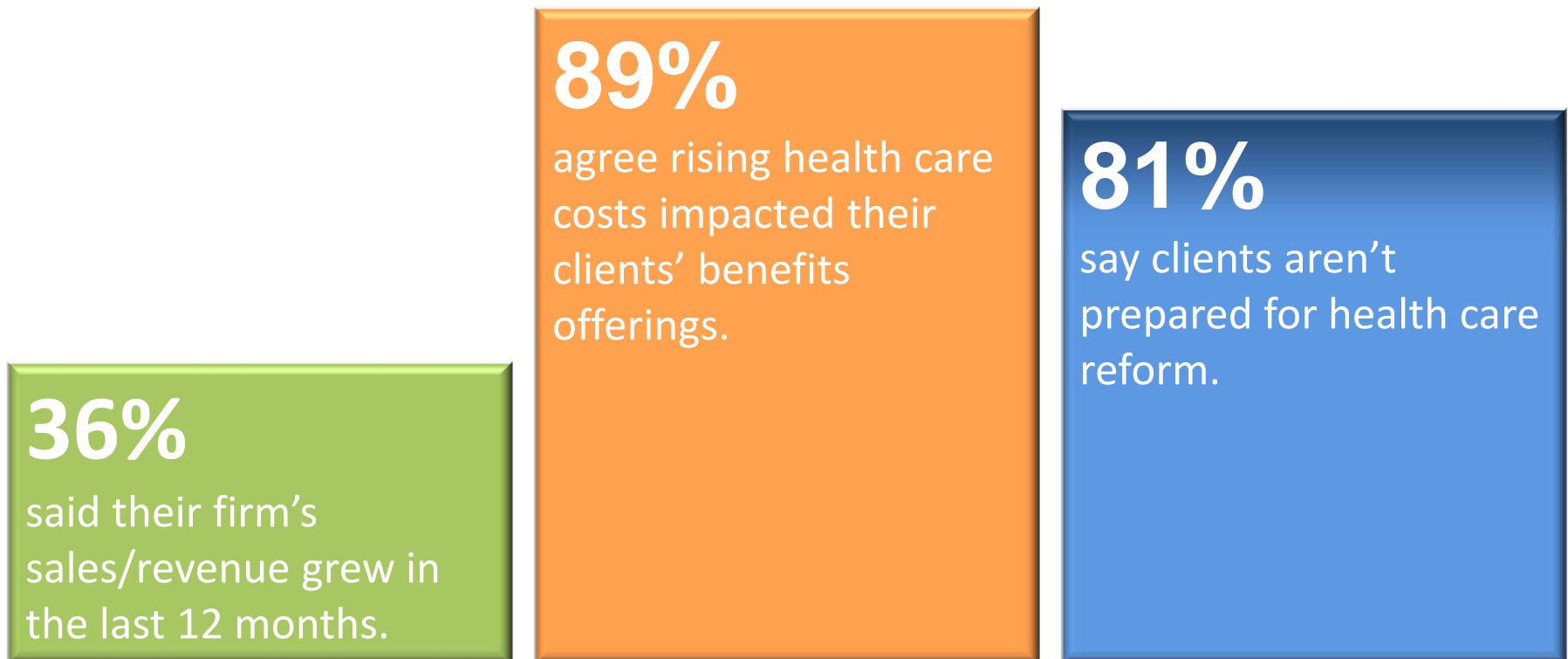
**45%**

of brokers are considering EXITING the industry.

**75%**

of brokers have seen peers EXIT the industry in the last year.

# FACT: Brokers have serious concerns.



# Successful brokers:

- View HCR as an opportunity.
- Are expanding their list of target clients.
- Are enhancing consulting services.
- Are pursuing opportunities via exchanges.
- Are increasing sales of voluntary benefits.



# Brokers' views on voluntary benefits:

**58%**

plan to increase  
voluntary benefits  
revenue in 2015.

**40%**

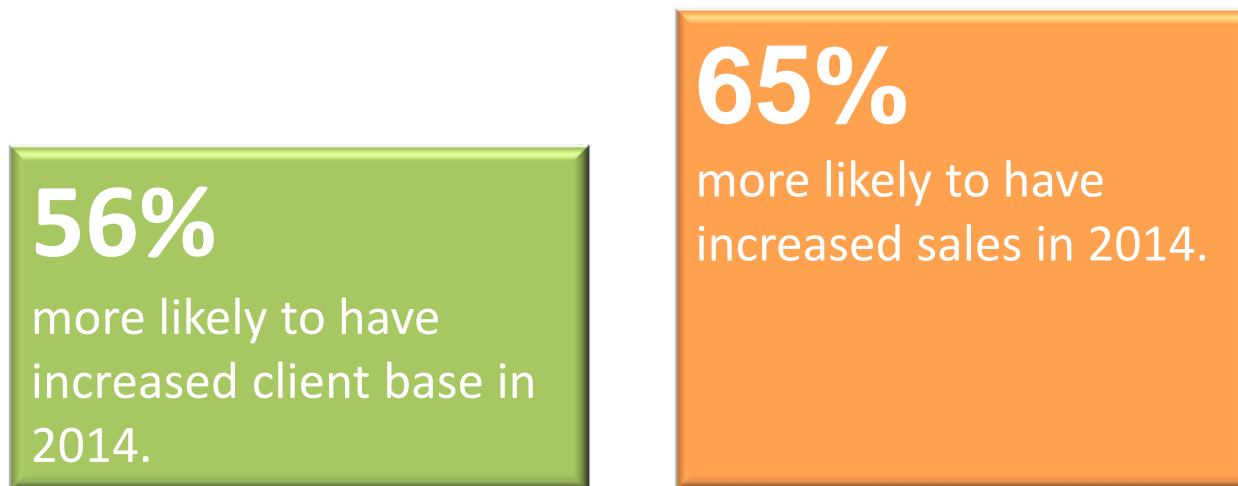
began selling it in the  
past three years.

**59%**

offer voluntary to satisfy  
the needs of clients'  
employees.



# Brokers currently offering voluntary:



## Employer perspectives

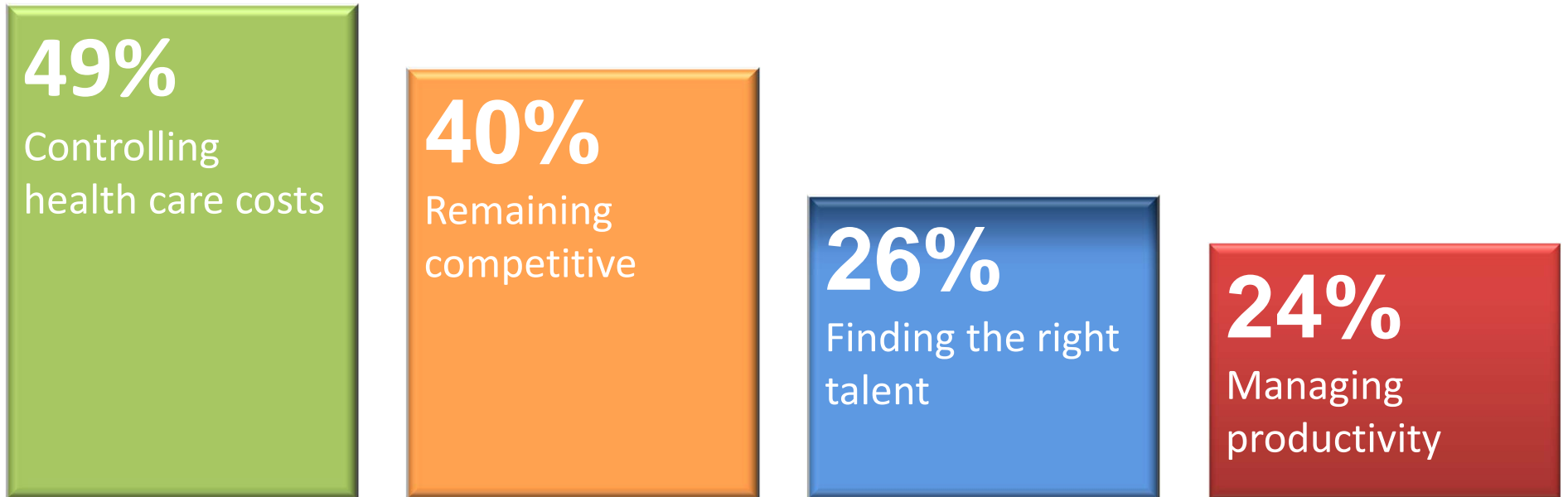


# Today's employers:

- Are concerned about rising costs.
- Still lack understanding about HCR.
- Are moving employees toward consumerism.



# Top business objectives for employers



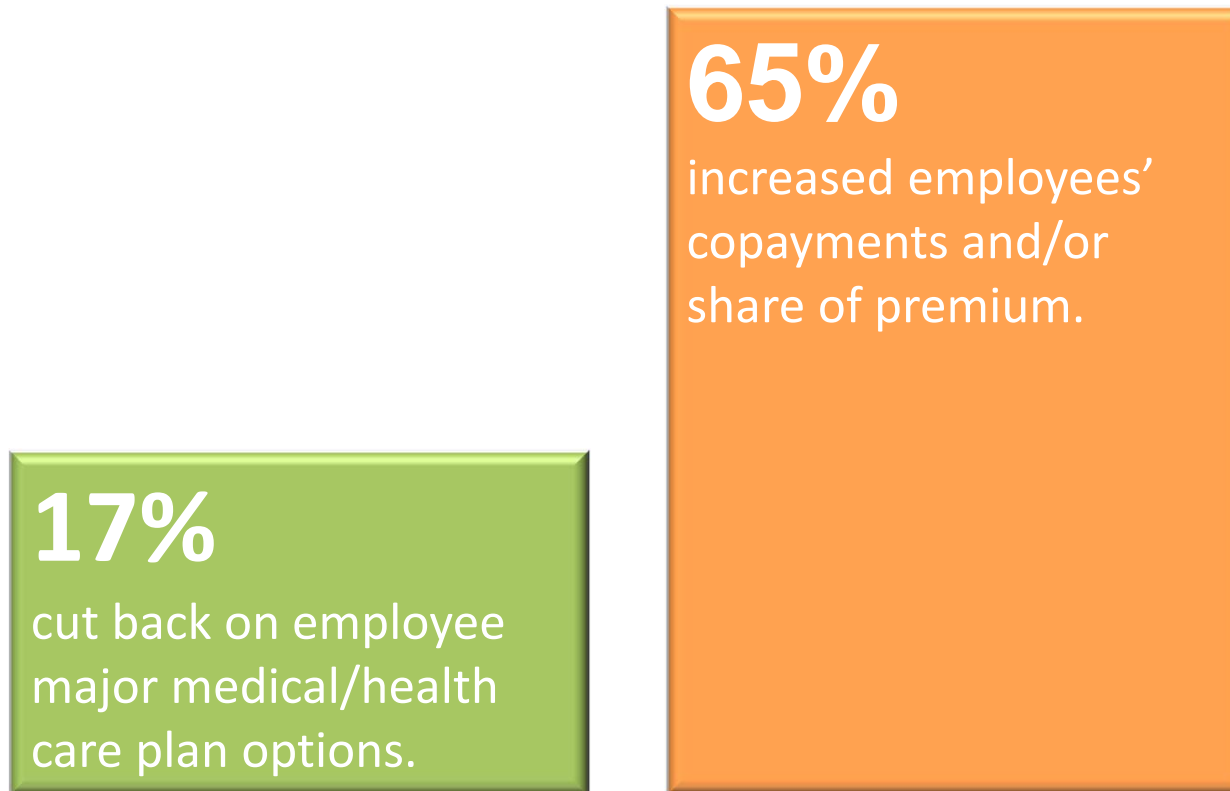


# Health care reform: Confusion

**41%**  
of employers  
understand health care  
reform very/ extremely  
well

**65%**  
of employees believe  
employers will educate  
them about HCR.

# Reform is impacting costs and choices



## Employee perspectives



# Today's workforce:

- Is financially unprepared and feels unprotected.
- Is in denial about health realities.
- Isn't engaged in benefits decisions.





# Workers are financially unprepared

**45%**

have NO financial plans in place.

**40%**

are NOT prepared to pay for out-of-pocket expenses.

**34%**

feel extremely/very confident in their financial future.

**28%**

have less than \$500 to pay for out-of-pocket expenses.

# Workers do not feel protected

**31%**

are distracted by personal health or financial issues.

**15%**

feel their benefits package meets the needs of their family extremely well.

**12%**

are already dealing with high medical bills.

# Workers are not facing health/accident realities:

**17%**

think they/family will be diagnosed with a chronic illness.

**8%**

say they/family will likely be in a car accident.

**10%**

say they/family will become disabled.

**11%**

say they/family will require a long-term hospital stay.

# Workers are distracted

**20%**

named “personal financial issues” as the top non-work-related issue that distracts them during work.

**11-20%**

is the range employers most often selected when estimating how much productivity is lost due to personal or health issues.



## Productivity: Benefits solution

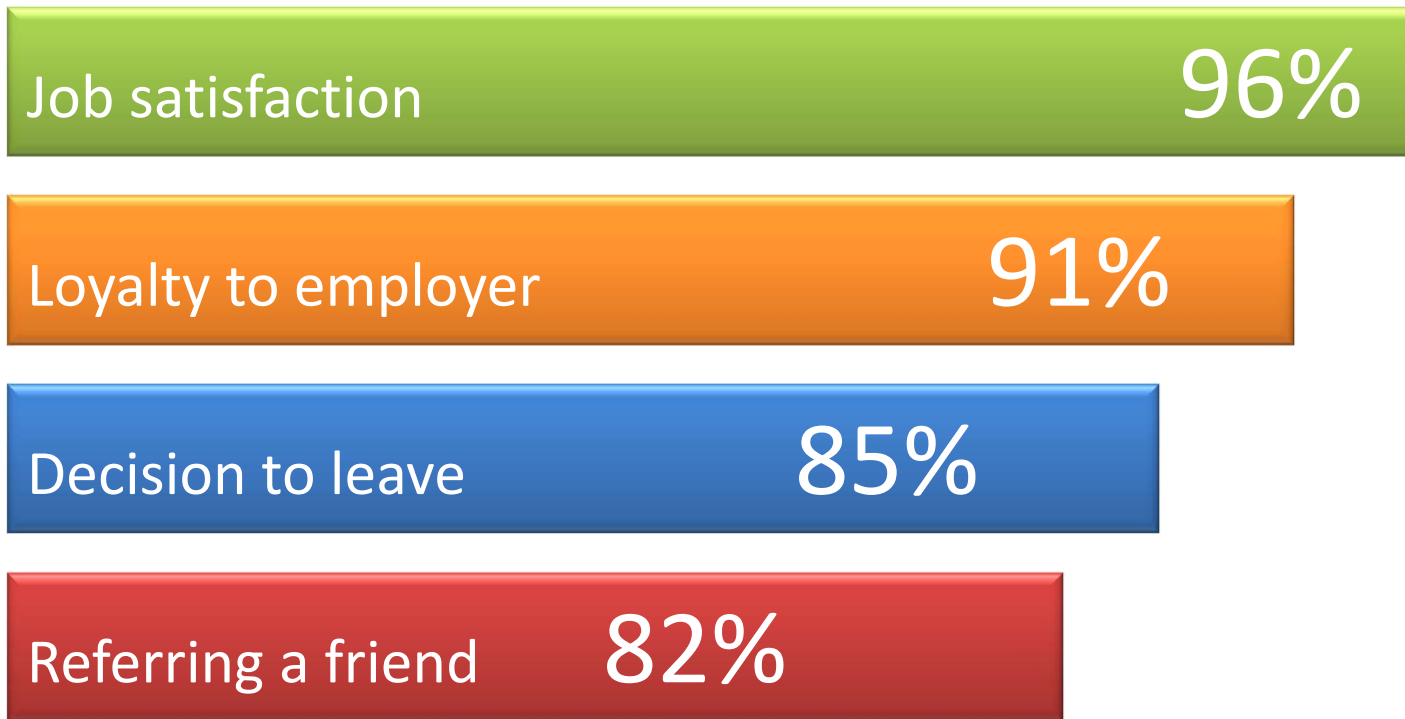
**55%**

of workers say adequate insurance would strongly/significantly impact their ability to cope with personal issues.

**44%**

of HR decision-makers think an overall benefits package is extremely/very influential on work productivity.

# Benefits matter: The importance of a benefits package on...



**59%** of employees are likely to accept a job with lower pay but better benefits.



# Benefits alone may help alleviate projected turnover:

**49%**

of workers are likely to look for a new job in the next year.

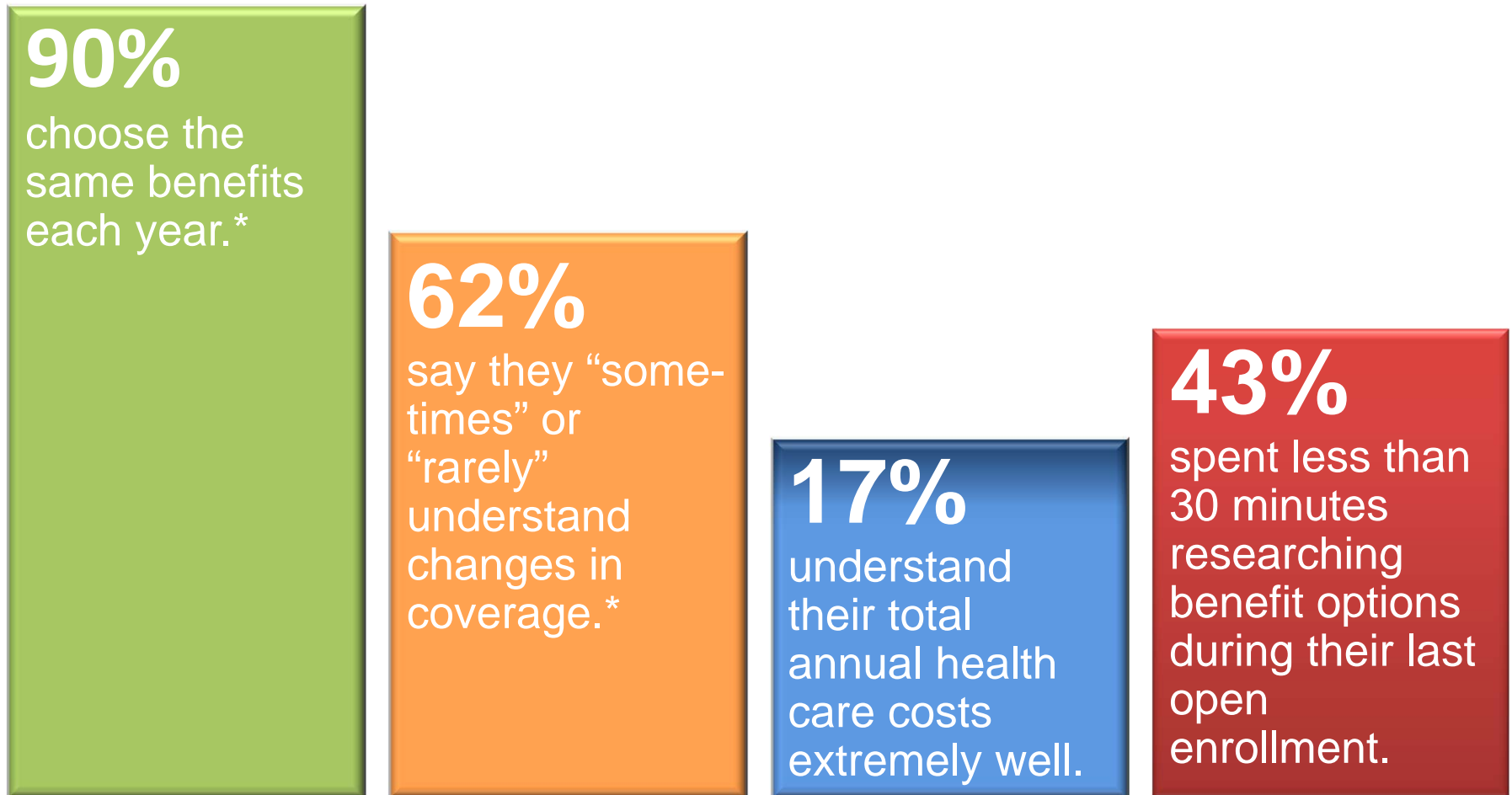
26% of those are extremely/very likely.

**45%**

of these workers agreed:

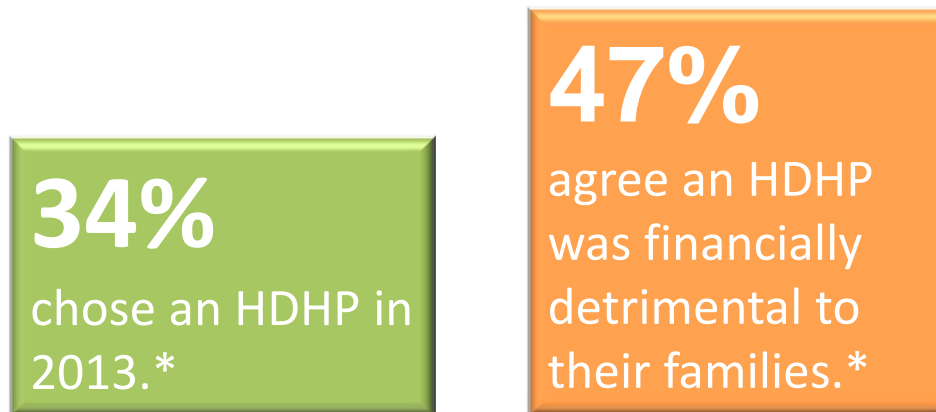
“Improving my benefits package is one thing my employer could do to keep me in my current job.”

# Despite the importance, employees aren't engaged in benefits decisions



\* Figures are from Aflac's 2014 open enrollment survey, conducted by Research Now.

# Choosing high-deductible health plans (HDHPs)



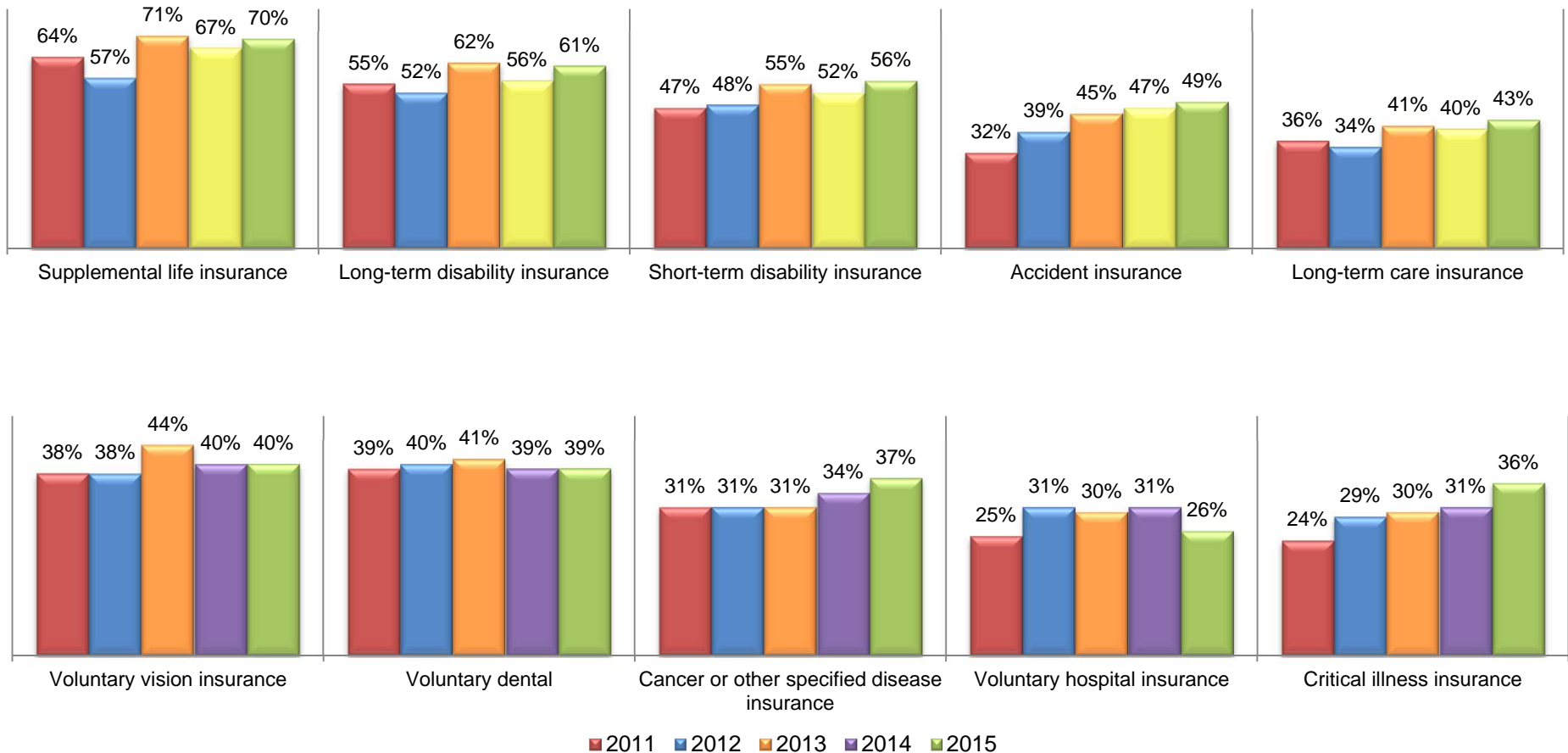
\* Figures are from Aflac's 2014 open enrollment survey, conducted by Research Now.

## The voluntary advantage





# More employers are offering voluntary benefits

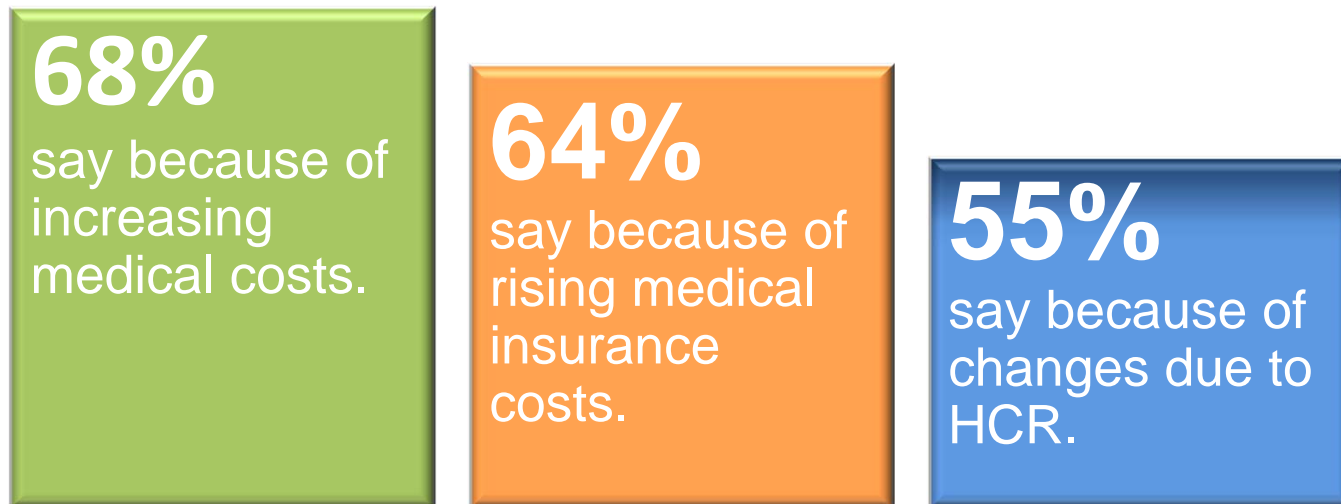


ERQ2: Which of the following voluntary insurance benefits does your company offer to employees? Select all that apply. Among those that offer voluntary benefits.  
 Note: Voluntary hospital insurance labeled Hospitalization for sickness and injury in 2014. Hospital intensive care insurance dropped from 2015 survey. In order to answer this question, respondents must indicate that they offer voluntary benefits in Q1. Due to changes in response options year over year, caution is advised when making comparisons to trend data.

# Desire for voluntary benefits

**88%** say voluntary benefits are part of a comprehensive benefits program.

**64%** see a growing need for voluntary insurance versus previous years.



# Impact of voluntary benefits

**48%** of employees are enrolled in voluntary benefits programs.

Among those enrolled through their current employer:



# Importance of brand in health insurance decisions

**87%**

of workers say brand is important when selecting a health insurance option.

**49%**

say it is extremely/very important.

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FACT SHEET

### Large business trends

**2015 Aflac WorkForces Report results for large businesses**

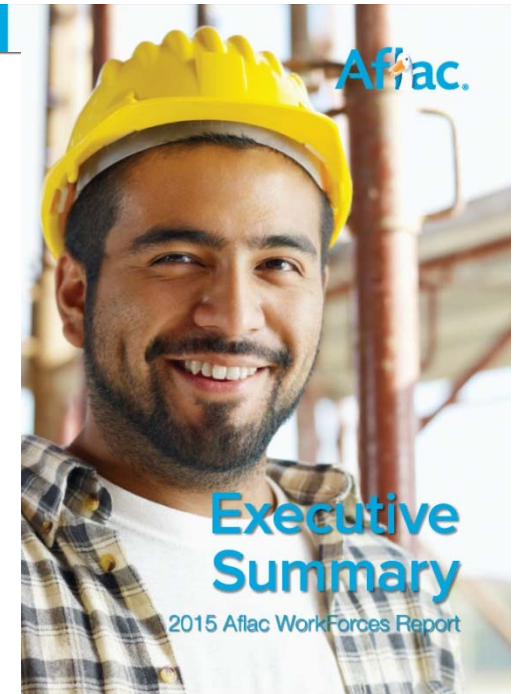
**At a glance**  
 The report surveyed 9,877 employees and 659 business decision-makers at businesses with 500 or more employees.  
 Requests employees: 11 percent  
 Retention employees (those after 150 days): 24 percent  
 54 percent of employees are extremely or very satisfied with their benefits packages.  
 55 percent of employees are extremely or very satisfied with their jobs.

**Employer benefits offerings**  
 The percentage of employers offering benefits by type across four years

Benefit Type	2012	2013	2014	2015
Major medical	94%	94%	94%	94%
Dental insurance	89%	89%	89%	89%
Life insurance	72%	72%	72%	72%
Vision insurance	68%	68%	68%	68%
Disability insurance	52%	52%	52%	52%
Voluntary insurance	1%	1%	1%	1%

**Value of benefits**  
 Employees are at least somewhat likely to accept a job with slightly lower pay but better benefits: 50%  
 Employees say improving their benefits package is one thing their employer could do to keep them in their jobs: 37%  
 Employees at least somewhat agree they consider voluntary insurance to be part of a comprehensive benefits program: 69%

WORKFORCES REPORT | 2015



FACT SHEET

### Workers' financial woes

**The insurance landscape has changed, but workers' financial woes remain the same**

Changes to the way health insurance is delivered and purchased mean more Americans than ever have access to the critical financial protection provided by major medical coverage. That's good news – and it's even better news when it's paired with evidence of a resurgent economy. Unfortunately, the financial upswing hasn't yet trickled down to U.S. workers' bank accounts: The 2016 Aflac WorkForces Report reveals that people throughout the nation are struggling with money issues, and it's not an exaggeration to state that many are just one injury or illness from financial disaster.

#### Living on the edge

The improving economy may mean better raises and bonuses down the road for U.S. employees, but years of reduced or eliminated raises and bonuses have left some workers in financial turmoil. In many cases, their health care costs – including premiums, deductibles and out-of-pocket expenses – have gobbled up their raises and more. The backslide in take-home pay has left many walking financial tightropes, and even seemingly minor medical expenses threaten to send them tumbling. Consider these employee facts:

	Percent of responses
Agree they wouldn't be able to adjust to the large financial costs associated with a serious injury or illness.*	67%
Agree they regularly underestimate the total costs of an injury or illness, including medical, household and out-of-pocket expense.*	68%
Agree their families are financially prepared for an unexpected emergency.*	68%
Are currently dealing with high medical bills.	12%
Have less than \$1,000 on hand to pay unexpected out-of-pocket medical expenses.	52%
Have less than \$500 on hand to pay out-of-pocket medical expense.	28%

\*Agree = Completely, strongly or somewhat agree

#### The credit conundrum

While credit is useful in a pinch, building up a large amount of debt is a financial misstep. Many Americans whose budgets are stretched to the max are forced to use credit to cover medical

### THE ADVANTAGE OF VOLUNTARY BENEFITS

Employee findings from the 2015 Aflac WorkForces Report showed:

**88%** agree that voluntary benefits are a part of a comprehensive benefits program.

**64%** see a growing need for voluntary insurance benefits compared to years past.

**70%** of those without access to voluntary benefits say they would be likely to purchase voluntary benefits if their employer offered them.



Employees enrolled in voluntary benefits are:

**31%** more likely to be extremely or very satisfied with their benefits packages than those who aren't offered the benefits by their employers and **26%** more likely to say their benefits meet their families' needs extremely or very well.

**41%** more likely to say they're taking full advantage of their employee benefits than employees who aren't offered the benefits by their employers.

Source:  
2015 Aflac WorkForces Report, conducted by the 2015 by Research Now, on behalf of Aflac.

\*Includes completely, strongly and somewhat agree.  
Percentages add to more than 100% due to rounding.

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Aflac, Aflac Family Life Assurance Company of Columbus

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**Questions?**

