

Medium-sized company business trends

2014 Aflac WorkForces Report results for benefits decision-makers and employees from companies with 100-499 employees

As part of the fourth annual Aflac WorkForces Report, 610 benefits decision-makers at medium-sized companies¹ and 1,263 employees at medium-sized companies shared their opinions on a variety of workplace-benefits topics.

Medium-sized business snapshot:

More than 7 in 10 medium-sized businesses use a broker or benefits consultant to select employees' benefits options. These medium businesses are more likely than their small and large counterparts to rely on insurance experts to determine what changes should be made to their benefits packages in a changing health care environment.



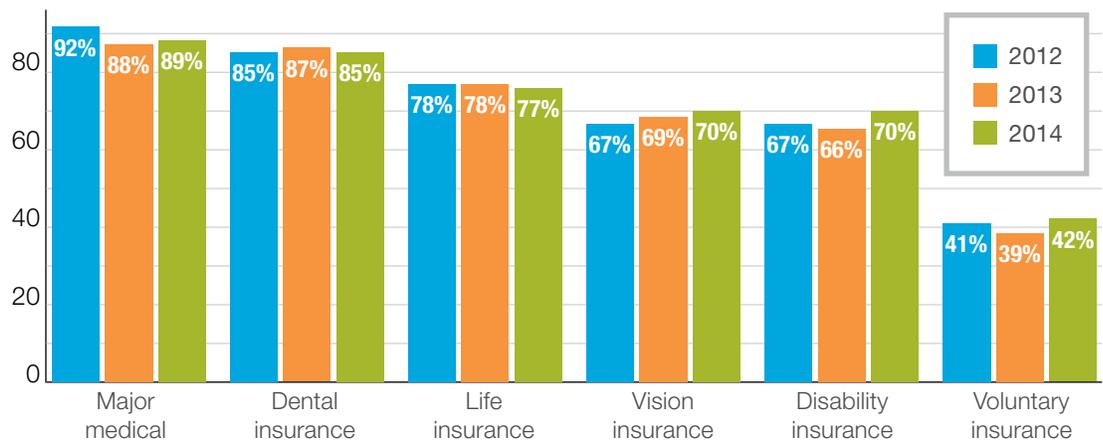
Medium-sized businesses were more likely than small or large businesses to have hired full-time workers in 2013, and are more likely to expect to do so in 2014.

60 percent of employees at medium-sized companies are likely to accept jobs with slightly lower compensation but better benefits – a higher percentage than reported by workers at small and large companies.

60 percent of workers at medium-sized companies who aren't offered voluntary insurance benefits say they would likely purchase such benefits if they were offered. This is a greater likelihood than reported by employees at small and large businesses.

Medium-sized company benefits offering trends

The percentage of medium-sized employers offering benefits by type across three years.



The importance of benefits:

Businesses believe benefits are extremely or very influential on:

- Job satisfaction – 54 percent.
- Loyalty to employer – 50 percent.
- Willingness to refer friends – 37 percent.
- Work productivity – 37 percent.
- Decision to leave company – 35 percent.

Yet, employees believe benefits are extremely or very important to:

- Job satisfaction – 78 percent.
- Loyalty to employer – 66 percent.
- Willingness to refer a friend – 51 percent.
- Work productivity – 63 percent.
- Decision to leave company – 57 percent.

Key employer findings

Benefits offerings

	Percent of responses
Offer voluntary insurance to their employees	42%
Medium-sized employers that provide access to voluntary accident insurance experienced declines in workers' compensation claims ²	34%
Medium-sized employer that offer access to voluntary disability insurance experienced declines in their workers' compensation claims ²	33%
Moved their employees to private exchanges in 2013	5%
Plan to move their employees to private exchanges in 2014	7%
Of those who moved or plan to move their employees to private exchanges, say doing so is financially advantageous for their companies	41%
Offered employees stipends in 2013 to purchase health care coverage on their own, instead of providing company benefits	4%
Expect to offer employees stipends in 2014 to purchase health care coverage on their own, instead of providing company benefits	9%
Decreased employee hours from full- to part-time in 2013	12%
Expect to decrease employee hours from full- to part-time in 2014	11%
Of those who decreased employee hours from full- to part-time, say they're doing so to avoid penalties associated with health care reform	19%
Expect to eliminate or reduce benefits in 2014	15%
Use a broker or benefits consultant to select employees' benefits options	73%

Hiring and compensation

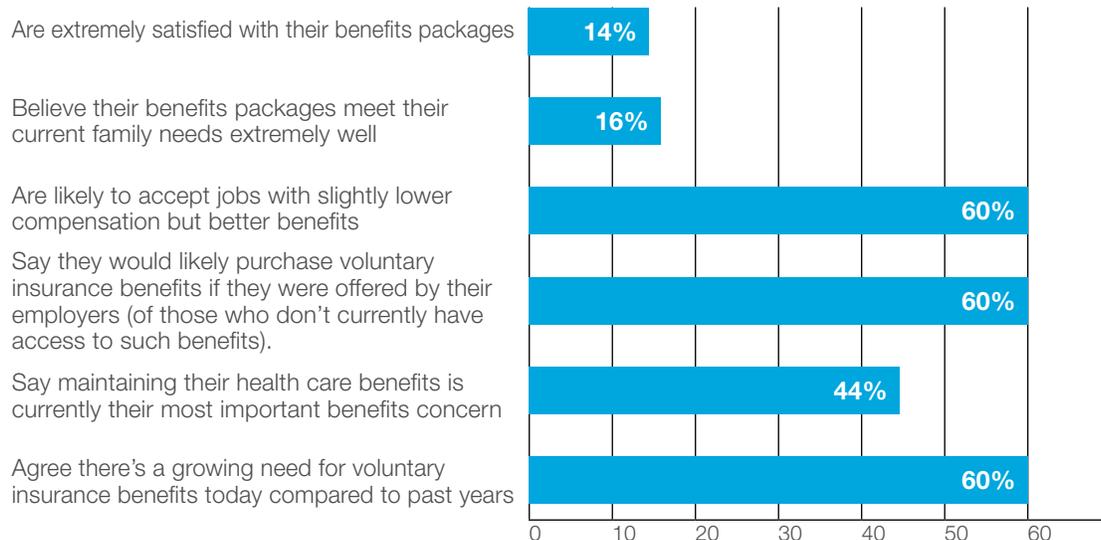
	Percent of responses
Awarded employees smaller raises in 2013 than in previous years	42%
Expect to award smaller raises in 2014	23%
Hired full-time workers in 2013	71%
Expect to hire full-time workers in 2014	58%
Hired part-time workers in 2013	47%
Expect to hire part-time workers in 2014	38%

Benefits communications	Percent of responses
Strongly or somewhat agree they effectively communicate the value of their benefits to employees	67%
Communicated about benefits three or more times in the past year	52%



Key employee findings	Percent of responses
Financial preparedness	
Would not be able to adjust to the large financial costs associated with a serious injury or illness	66%
Completely or strongly agree their families are financially prepared for an unexpected emergency	23%
Have less than \$1,000 to pay for unexpected out-of-pocket medical expenses	49%
Have less than \$500 to pay for unexpected out-of-pocket medical expenses	26%
Would need to borrow from a 401(k) and/or use a credit card to cover unexpected medical costs	53%
Say high medical costs have affected their credit scores	8%
Have been contacted by a collection agency about outstanding medical bills	12%

Benefits engagement



Job satisfaction



The impact of health care reform

	Percent of responses
Employees believe health care reform is too complicated to understand	75%
Employees believe their employers will educate them about changes to their health care coverage as a result of health care reform	70%
Employees think their medical costs will increase	85%
Employers feel extremely or very prepared to address changes to the health care system in 2014	44%
Employers will rely on brokers or insurance companies to suggest changes to their benefits packages due to the changing health care environment	51%
Employees think their HR departments communicated extremely effectively about health care reform and any subsequent changes to their benefits	10%
Employees completely agree their employer has prepared them well for the impact of health care reform	3%
Employees say the frequency of their employers' benefits communication increased compared to last year	20%
Employees agree they are very or extremely knowledgeable about federal and state exchanges	10%

About the study

The 2014 Aflac WorkForces Report is the fourth annual Aflac employee benefits study examining benefits trends and attitudes. The study, conducted in January 2014 by Research Now, captures responses from 1,856 benefits decision-makers and 5,209 employees from across the United States. To learn more about the Aflac WorkForces Report, visit AflacWorkForcesReport.com.

This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 1-800-318-2596) for additional information.

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

Sources

¹ For the purposes of the Aflac WorkForces Report, medium-sized companies are defined as those with 100-499 employees.

² Aflac's "Impact of Voluntary Accident and Voluntary Disability Insurance on Workers' Compensation Claims" study reflects a survey conducted in November 2013 by Aflac and Lieberman Research Worldwide. Survey participants included 600 employers at small, medium and large U.S. companies. Small employers are defined as those with three-99 employees. Medium employers are defined as those with 100-499 employees. Large employers are defined as those with 500 or more employees.

