

Small-company business trends

2014 Aflac WorkForces Report results for benefits decision-makers and employees from companies with 3-99 employees

As part of the fourth annual Aflac WorkForces Report, 596 benefits decision-makers at small companies¹ and 1,467 employees at small companies shared their opinions on a variety of workplace-benefits topics.

Small business snapshot:

Small companies are less likely than medium or large companies to say they feel extremely or very prepared to address changes to the health care system in 2014.

The most common benefits communication channel for small businesses is face to face, while medium and large companies choose email.

Small businesses were less likely than large and medium companies to say they offered smaller raises in 2013.

Just 23 percent of employees at small companies are extremely satisfied in their jobs, but it's a higher percentage than those at medium and large companies.



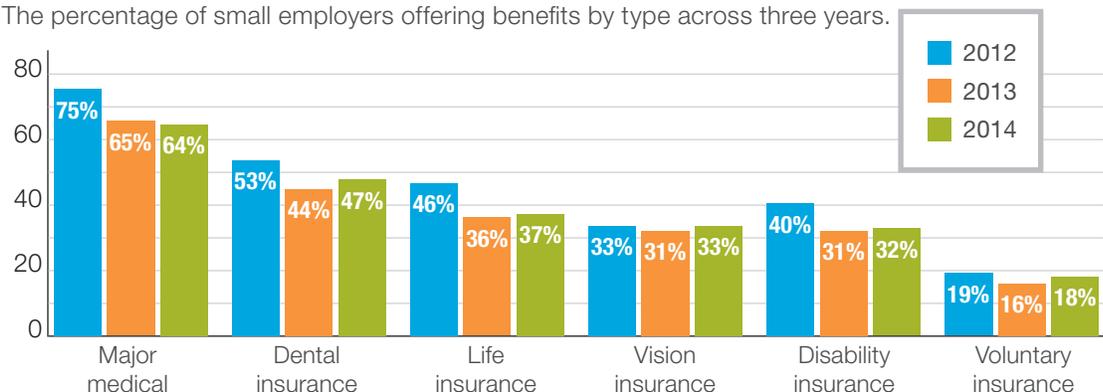
When compared to their counterparts at medium and large companies, more employees at small businesses (**70 percent**) say they wouldn't be able to adjust to the large financial costs associated with serious illness or injury.

Employees at small companies are more likely than those at medium and large companies to have less than \$1,000 to pay for unexpected out-of-pocket medical expenses.

Just 18 percent of small companies offer voluntary insurance to their employees, yet **50 percent** of employees at small companies who don't have access to voluntary insurance benefits say they'd be likely to purchase such benefits if they were offered by their employers.

Small-company benefits offering trends

The percentage of small employers offering benefits by type across three years.



The importance of benefits:

Businesses believe benefits are extremely or very influential on:

- Job satisfaction – 44 percent.
- Loyalty to employer – 43 percent.
- Willingness to refer friends – 28 percent.
- Work productivity – 35 percent.
- Decision to leave company – 30 percent.

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

- Job satisfaction – 75 percent.
- Loyalty to employer – 66 percent.
- Willingness to refer a friend – 48 percent.
- Work productivity – 64 percent.
- Decision to leave company – 47 percent.

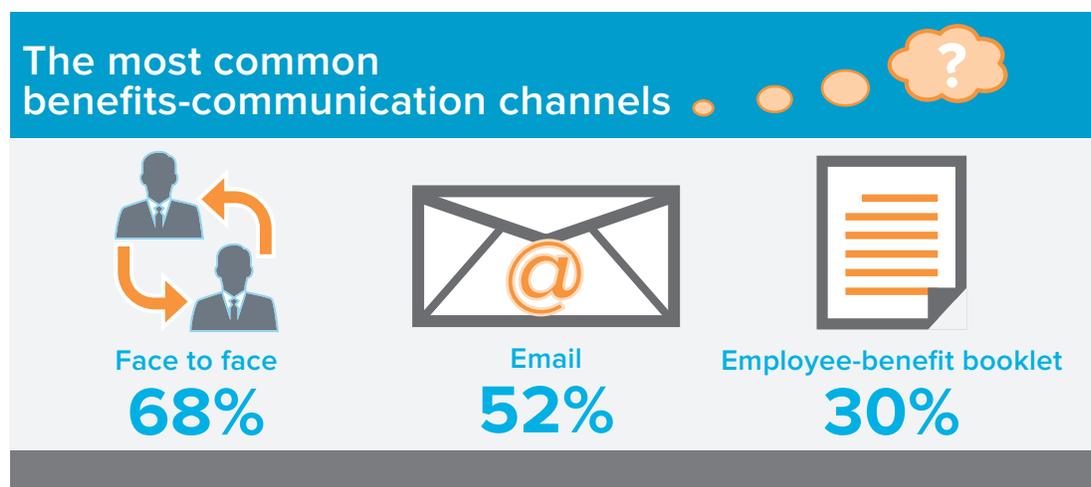
Key employer findings

Benefits offerings

	Percent of responses
Offer voluntary insurance to their employees	18%
Small companies that provide access to voluntary accident insurance reported declines in workers' compensation claims ²	34%
Those who offer access to voluntary disability insurance reported declines in their workers' compensation claims ²	43%
Offered employees health insurance through the new government SHOP Marketplace in 2013	5%
Expect to offer employees health insurance through the new government SHOP Marketplace in 2013	12%
Offered employees stipends to purchase their own health care coverage in 2013, instead of offering company-provided benefits	4%
Expect to offer employees stipends to purchase their own health care coverage in 2014, instead of offering company-provided benefits	10%
Offered insurance to employees through private exchanges in 2013	3%
Expect to offer insurance to employees through private exchanges in 2014	6%
Changed employee hours from full- to part-time in 2013	12%
Expect to change employee hours from full- to part-time in 2014	11%
Of those who decreased or plan to decrease employee hours from full- to part-time, say they are doing so to avoid penalties associated with health care reform	29%
Expect to eliminate or reduce employee benefits in 2014	15%
Use a broker or benefits consultant to select their employees' benefits options	62%

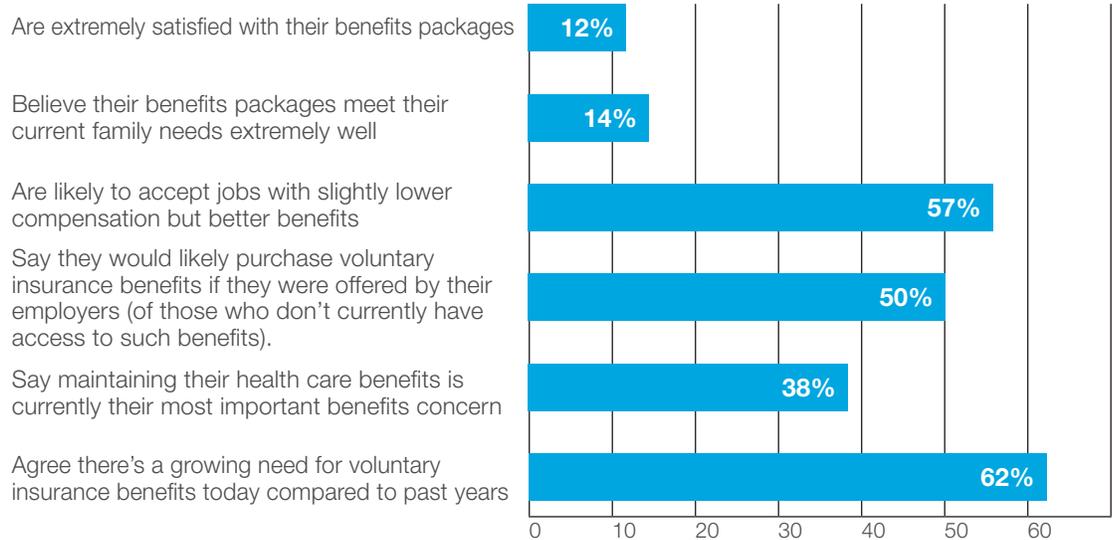
Hiring and compensation	Percent of responses
Awarded employees smaller raises in 2013 than in previous years	34%
Expect to award smaller raises in 2014	24%
Hired full-time workers in 2013	45%
Expect to hire full-time workers in 2014	34%
Hired part-time workers in 2013	39%
Expect to hire part-time workers in 2014	28%

Benefits communications	Percent of responses
Strongly or somewhat agree they effectively communicate the value of their benefits to employees	56%
Communicated about benefits three or more times in the past year	34%

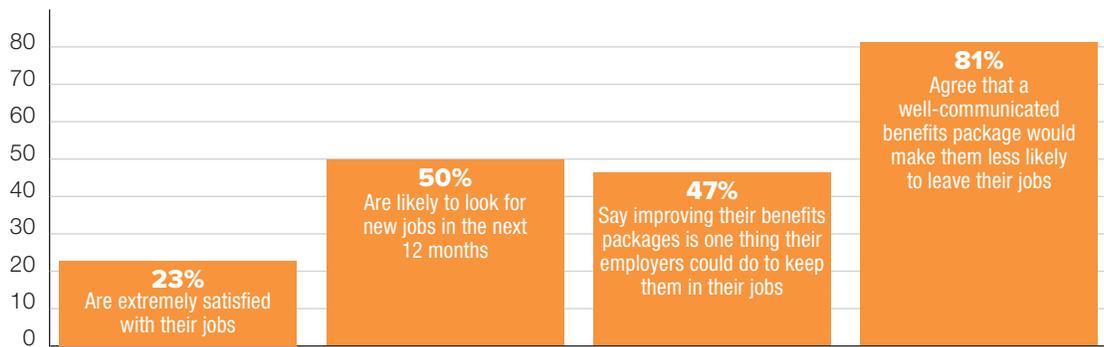


Key employee findings	Percent of responses
Financial preparedness	
Would not be able to adjust to the large financial costs associated with a serious injury or illness	70%
Completely or strongly agree their families are financially prepared for an unexpected emergency	22%
Have less than \$1,000 to pay for unexpected out-of-pocket medical expenses	59%
Have less than \$500 to pay for unexpected out-of-pocket medical expenses	34%
Would need to borrow from a 401(k) and/or use a credit card to cover unexpected medical costs	46%
Say high medical costs have affected their credit scores	12%
Have been contacted by a collection agency about outstanding medical bills	18%

Benefits engagement



Job satisfaction



The impact of health care reform

	Percent of responses
Employees believe health care reform is too complicated to understand	73%
Employees believe their employers will educate them about changes to their health care coverage as a result of health care reform	58%
Employees think their medical costs will increase	86%
Employers feel extremely or very prepared to address changes to the health care system in 2014	30%
Employers will rely on brokers or insurance companies to suggest changes to their benefits packages due to the changing health care environment	44%
Employees think their HR departments communicated extremely effectively about health care reform and any subsequent changes to their benefits	8%
Employees completely agree their employer has prepared them well for the impact of health care reform	4%
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	13%

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, captured 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, small companies are defined as those with three-99 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.

