



8 benefits trends to watch in 2017

Top influential benefits trends to expect in the year ahead

1. Tailoring benefits packages to attract and retain millennials

Millennials now represent the largest segment of the U.S. labor force (53.5 million).¹

The pinnacle footprint of this generation may be the value they place on improving and expanding their life experiences over gaining more stuff.² When it comes to their work, this means that millennials may be keeping their options open and looking for new jobs. The 2016 Aflac WorkForces Report reveals that 66 percent say they are likely to look for a new job in the next 12 months.³

While most workers, including nearly two-thirds (67 percent) of millennials, naturally say that increasing their salaries is one thing that will keep them in their jobs, it's clear that benefits also play an important role in recruitment and retention.³ Millennials who are extremely or very satisfied with their benefits are also more likely to be satisfied with their jobs, compared to millennials who are not very or not at all satisfied with their benefits (89 percent vs. 27 percent).³ Additionally, more than any other age group, 72 percent of millennials are at least somewhat likely to take a job with lower pay but better benefits, making benefits options an important way employers can attract and retain their workforce.³

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2. Improving work-life balance and flexibility for families

Not only is today's workforce looking for work that will fit their lifestyle, but according to the Pew Research Center, it's becoming more common for both parents in U.S. households to be working full-time.⁴ For employers, this means making workplace flexibility and policies that will foster work-life balance a top priority. According to the annual Aflac Open Enrollment study:⁵

- » 46 percent of employees expect a flexible work schedule.
- » 27 percent expect to have the option to work from home.

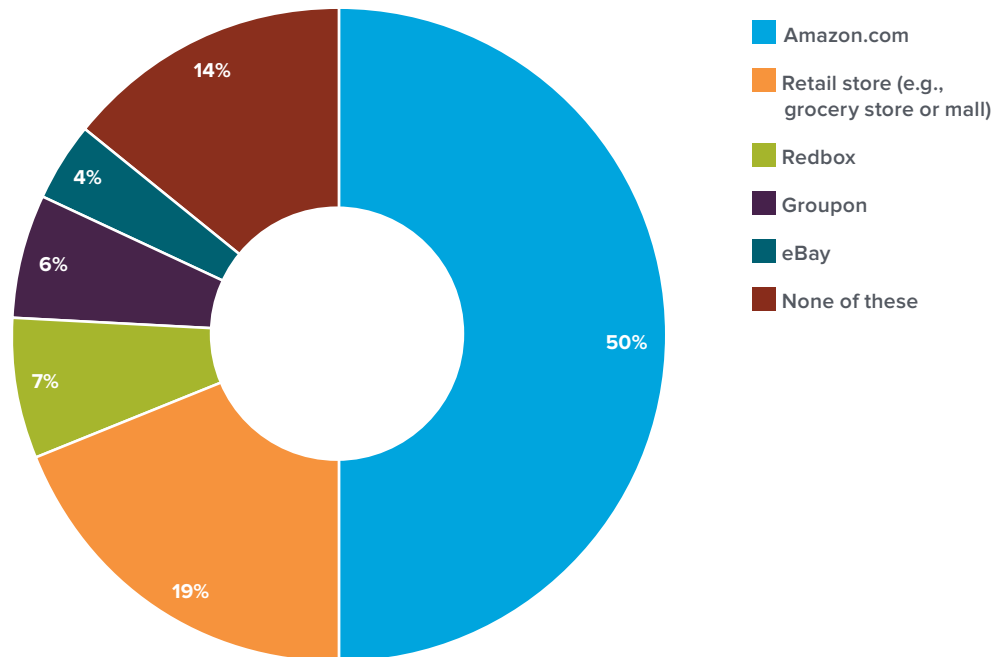
Of course flexibility is highly dependent on industry, role and position, but pioneering employers are trying innovative ways to offer flexibility. For example, there's Amazon's pilot of part-time teams, where entire teams, including managers, work a 30-hour work week, while still receiving full benefits.⁶

3. Enrollment technologies for employers and their workforce

The Aflac Open Enrollment study asked employees to describe an ideal benefits enrollment experience. Half said they'd prefer their benefits enrollment process to be more like Amazon.com, with easy-to-compare options online – something many health insurance exchanges are beginning to accomplish. In 2016, 16 percent of employers projected they'd move employee health insurance benefits to exchanges, up from 6 percent in 2014 and 2015.³ These online marketplaces caught on slower than some predictions, but they continue to bring promising benefits solutions for businesses, with one-stop shopping and improved enrollment experiences that many consumers have come to expect. Leveraging these tools could help to alleviate some of the current benefits enrollment challenges.

In an ideal world, my benefits enrollment process would be more like...

Respondents chose from: Amazon.com, with easy-to-compare options online; A retail store, where I can talk to someone and make my purchase in person; Redbox, with a variety of options available at a kiosk where I shop; Groupon, with daily deals; eBay, with auction pricing; and none of these.

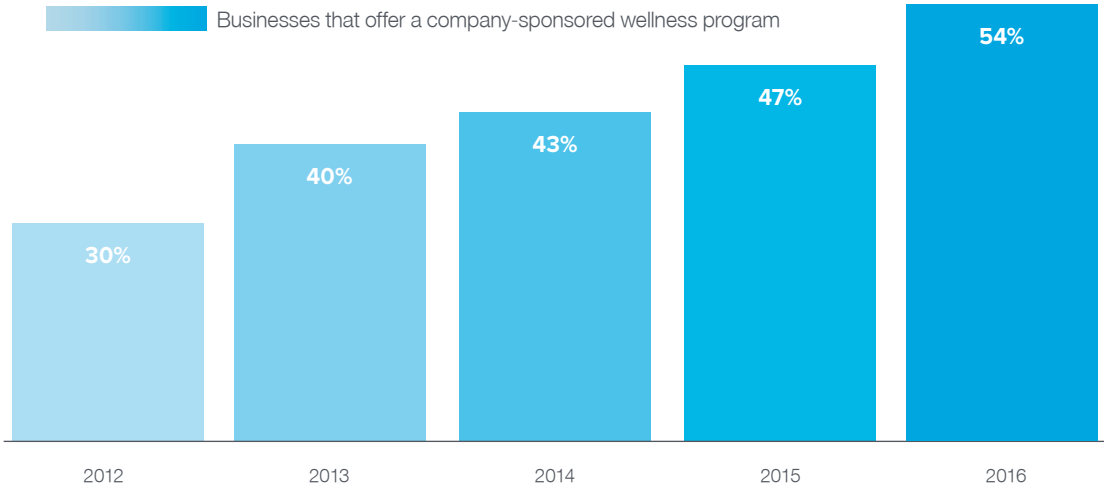


4. Wellness technologies helping to cut inefficiencies

Advances in medical technology could be making employer wellness programs more effective. The 2016 Aflac WorkForces Report found that 54 percent of employers have a company-sponsored wellness program – up considerably from 30 percent in 2012.³ Of those offering a new or emerging wellness option, like telemedicine, an on-site medical clinic, wearable devices or an on-site pharmacy, over half said the service has reduced overall employee health costs. Additionally, among employees offered a wellness program, 61 percent of

employees agree that they've made healthier lifestyle choices because of their company's wellness program. And employees who participated in wellness programs offered at their workplaces had higher levels of job satisfaction.

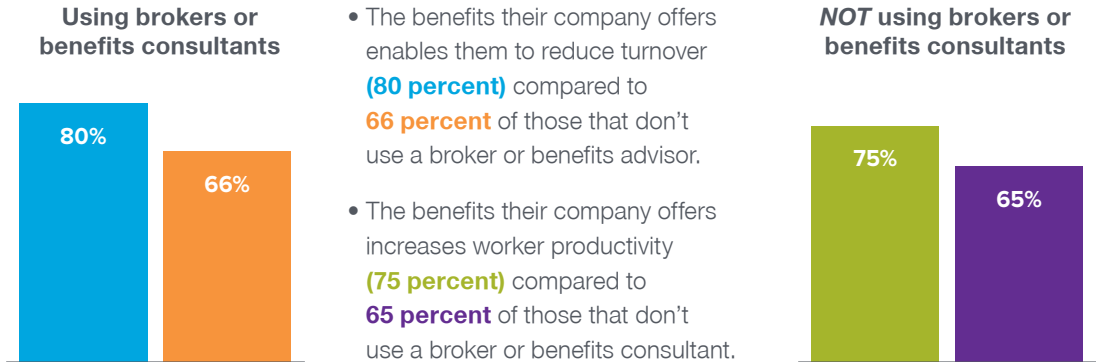
Company-sponsored wellness programs are on the rise.



5. Outsourcing benefits administration and resources

Six years into the enactment of health care reform, employers increasingly understand health care reform legislation. In fact, 93 percent of employers say they understand it somewhat, very or extremely well.³ Still, with significant reporting requirements, employers are mixed when it comes to being prepared. Nearly half said they're very well-prepared for reporting requirements, leaving another 52 percent only somewhat or not very well-prepared to comply with IRS reporting rules.^{3,7} With so many new demands, employers are looking for additional support. In fact, 68 percent of employers are interested in outsourcing at least one benefits administration service to a third party. Employers can find additional assistance through benefits brokers.³

Offering a broker or benefits consultant impacts turnover and productivity.

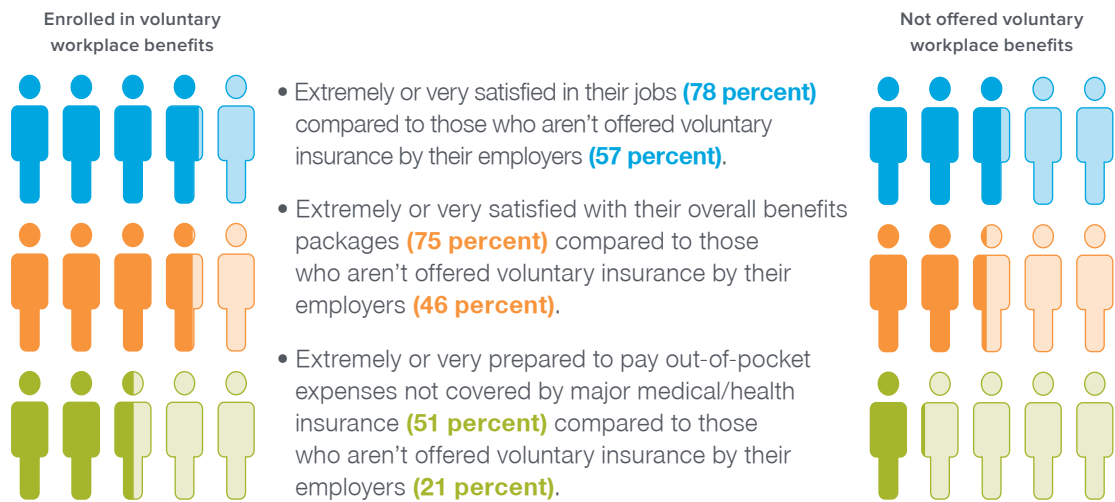


6. Rising demand for voluntary insurance

Voluntary insurance isn't a new benefits option, but it is becoming more of a fundamental component of the employee-benefits package. These policies include supplemental life, disability, critical illness, hospital, accident, cancer insurance and much more. They pay policyholders cash benefits when they are sick or injured and are usually applied for through an employee's workplace.

With the cost of health insurance and out-of-pocket costs rising, it's no surprise that nearly 4 in 5 (79 percent) employees see a growing need for voluntary insurance today compared to last year.³

Taking a closer look, employees enrolled in workplace voluntary insurance are more likely to say they're:

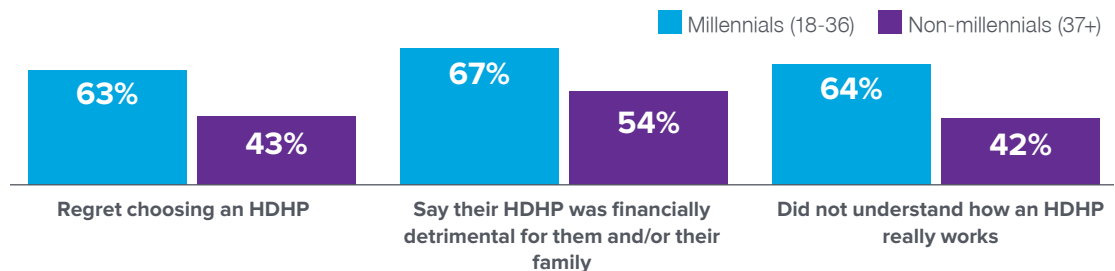


7. Lower-value plans requiring more benefits education

Many studies continue to find a trend toward high-deductible health plans and lower-valued plans with higher out-of-pocket costs for employees.^{3,8} The reality is that employers are faced with a balancing act to offer robust benefits while staying within their budget constraints. As more employers move to these types of plans, benefits education will be especially important for the workforce and even more so for millennials. Not only are millennials more likely than non-millennials to say they chose an HDHP and that it was their only option, but they're also more likely to express negative experiences with their HDHPs and to say they didn't understand how an HDHP really works.⁵

Education about high-deductible health plans is especially important to millennials.

Millennials are more likely than non-millennials to say they chose an HDHP and that it was their only option. They're also more likely to express negative experiences with their HDHPs:¹



8. Year-round benefits communication

Employer benefits are usually payroll deducted, so it's natural to want to "set it and forget it," but in the long run, this strategy isn't beneficial for anyone. With minimal benefits communication, employees miss out on understanding and utilizing their benefits programs. Likewise, employers miss the opportunity to build morale and maximize their employees' health, well-being and productivity at work. Since it can take hearing a message seven to 15 times for individuals to remember and take action on that message, employers will see benefits professionals recommending that they communicate about their benefits throughout the year. Examples include reminders about perks like telemedicine, directions for what to do if or when experiencing a qualifying event, and education about different aspects of coverage such as deductibles, copays and out-of-pocket costs.

Sources

¹ Pew Research Center (2015). Millennials surpass Gen Xers as the largest generation in U.S. labor force. Accessed on Sept. 29, 2016, from <http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/>.

² Event Brite and Harris Interactive (2014). Millennials: Fueling the experience economy. Accessed on Sept. 28, 2016, from http://eventbrite-s3.s3.amazonaws.com/marketing/Millennials_Research/Gen_PR_Final.pdf.

³ 2016 Aflac WorkForces Report conducted by Lightspeed GMI on behalf of Aflac, captures responses from 1,500 employers and 5,000 employees across the U.S. Accessed Oct. 21, 2016, from www.AflacWorkForcesReport.com.

⁴ Pew Research Center (2015). Raising kids and running a household: How parents share the load. Accessed on Sept. 28, 2016, from <http://www.pewsocialtrends.org/2015/11/04/raising-kids-and-running-a-household-how-working-parents-share-the-load/>.

⁵ 2016 Aflac Open Enrollment Study conducted online within the United States from June 16-July 5, 2016, among 1,900 adults ages 18 and older who are employed full or part time. Accessed on Oct. 21, 2016, from <https://www.aflac.com/business/resources/aflac-workforces-report/default.aspx>.

⁶ USA Today (2016). Amazon to experiment with part-time tech teams. Accessed on Sept. 29, 2016, from <http://www.usatoday.com/story/tech/news/2016/08/19/amazon-experiment-part-time-tech-teams-30-hours/88999034/>.

⁷ Because of the nature of the legislation, this question was only asked of employers with 50 or more employees.

⁸ The Henry J. Kaiser Family Foundation (2016). 2016 Employer Health Benefits Survey. Accessed on Sept. 29, 2016, from <http://kff.org/report-section/ehbs-2016-summary-of-findings/>.

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