

10 Trends Influencing the Future of Workplace Benefits



The 2018 Aflac WorkForces Report is the eighth annual study examining benefits trends and attitudes. Through many dynamic changes to the U.S. health care system, financial recovery and a rebounding job market, the study continues to track employer and employee attitudes surrounding benefits, including the types of benefits offered, the influence benefits have on business performance, as well as trends in enrollment offerings and technology. This year's study captured responses from 1,700 employers across the United States in various business sizes and industries.

In this employer survey overview, we review the **top - 10 employer trends** emerging from the 2018 Aflac WorkForces Report. These trends fall into four main areas of focus:



Business growth and objectives



Rising cost of health care



Benefits selections and advisors



Supplemental insurance



BUSINESS GROWTH AND OBJECTIVES

Trend #1

Companies continue to be in an optimistic growth mode, even as concerns about health care and benefits costs remain worrisome.

Today, business owners are optimistic about the growth of their companies. More than half (57 percent) show an increase in revenue, while many steadily maintain their revenue (36 percent). Of course, the acknowledgment of such growth potential often leads to business expansion – and that means new hires.

While trends in hiring and benefit program expansion have generally slowed since 2016, they do remain strong. Close to half of companies (46 percent) expect to hire full-time employees, and 34 percent expect to hire part-time employees in the coming year.

Hiring expectations for next year:



The most frequently mentioned benefits program objective is to remain competitive with other employers.

Trend #2

Staying competitive in the marketplace remains the most important business objective.

One of the most important objectives that concerns business owners is remaining competitive in today's growing marketplace – a full 27 percent say it's their top objective. Since 2014, the need to control costs as a top priority has dropped significantly (from 27 percent to 17 percent in 2018), indicating that the development of a strong team is an important investment for the long run.

In keeping with such an investment, business leaders feel that offering these new recruits quality benefits allows them to remain competitive among other employers. When talented, potential employees walk in for an interview, employers feel that their strong benefits package can help seal the deal.

“Staying competitive in today’s market is key. We need to stay on top of technology because what worked once may no longer work. Others will bypass you if you do not!”

– Benefits decision-maker with 3-49 employees¹



RISING COST OF HEALTH CARE

Trend #3

Fewer employers report feeling the “squeeze” of health care costs.



In recent years, employers have felt less pressure to cut corners when it comes to the health care plans they offer.

However, this year, fewer employers say rising health care costs prevented them from increasing compensation

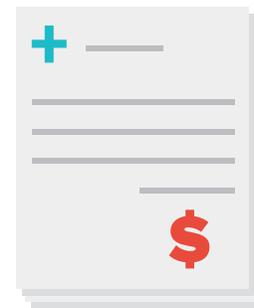
(53 percent compared to 66 percent in 2017).

Even common money-saving practices such as increasing employee shares of the premium or raising employees' copays slowed compared to previous years.



19% increased employee share of premium

(down from 26% in 2017).



18% increased employees' copays

(down from 27% in 2017).



“We’re in a business that has a declining experienced work pool. Finding experienced people with the skills we need is extremely difficult. We have had an open position for almost two years and have not been able to fill it with an experienced person. Because it’s so hard to find skilled employees, we work hard at retaining the ones we do have. Offering multiple insurance options is one of the ways we do that.”

— Employer with 3-49 employees

Trend #4

Regardless of this positive news, costs continue to be a concern for many employers – especially small businesses.

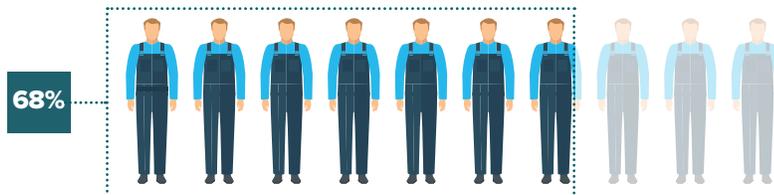
While the numbers may reveal a sense of optimism and a strong belief in quality benefits packages, many businesses remain worried about their ability to financially sustain their benefits programs. In reality,

11% of businesses say they cannot afford the plans in which they currently participate.



Small businesses are the most worried about being able to sustain the cost of their benefits programs: 14 percent of small businesses that currently offer benefits say they can't continue to sustain the cost of their benefits programs. Additionally, cost is the leading reason that small employers don't offer benefits. A full 68 percent of small employers not offering benefits feel they simply can't afford it.

68% of small employers not offering benefits cannot financially sustain a benefits program for their workforce.



“The hardest thing is continual rising costs of benefits. The reason it is so hard is that it dilutes what we have for resources to retain employees. Our customers won't pick up the slack; we can't continually raise our pricing and still be competitive.”

– Benefits decision-maker with 3-49 employees¹

Trend #5

Employers with HDHPs are less confident that their plans boost employee satisfaction.

If one of the most important objectives in business today is growing a strong team of talented and satisfied employees, the option to offer a high-deductible health plan may not serve this goal. Confidence in HDHPs offered on their own has dropped significantly, as seen below.

Companies that offer HDHPs are less likely than average to agree that their benefits plan:



Increases satisfaction

⬇️ (75% vs. 81%)



Enables them to attract top talent

⬇️ (66% vs. 71%)



Increase worker productivity

⬇️ (60% vs. 69%)

Employers who offer HDHPs are less likely than average to say their benefits program has a strong influence on:



The financial health of employees

⬇️ (61% vs. 66% overall)



Worker productivity

⬇️ (53% vs. 60%)

The most important aspect of offering HDHPs is the employer's need to keep their employees in the know about how these plans work. Beyond informational meetings during open enrollment, education serving to clarify the details of the HDHP plan is vital to the financial well-being of employees who take on this option.

As a result, many employers have reported frustration in the language used to describe such coverage, making both enrollment season and education quite difficult. Sadly, only 53 percent of employers who offer or who are considering offering these plans say that employees understand the cost potential and overall pros and cons "extremely or very well."

"The rising cost of coverage makes it challenging to give the same benefit coverage for the same price. Doing a la carte might help keep the price down, but it might not work for everybody."

– Benefits decision-maker with 50 or more employees¹



BENEFITS SELECTIONS AND ADVISORS

Trend #6

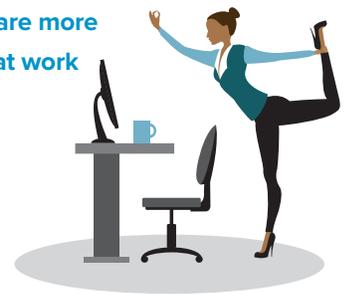
Most employers believe the benefits they offer matter to workforce satisfaction and well-being – although fewer measure their success.

Quality benefit packages don't just entice new hires. They're the strongest influence on overall well-being and job satisfaction of those who join the team, according to 81 percent of employers who offer benefits. And a majority of employers (96 percent) believe that happy and healthy employees are more productive at work. This, in turn, creates loyal, productive and financially healthy employees.

A considerable amount of thought and effort goes into protecting the well-being and satisfaction of employees. With that said, it is surprising to find that only 56 percent of employers have a system in place to track the success of such efforts.

For companies that do measure the success of their benefits investments, employee engagement and satisfaction surveys are most commonly used for tracking progress.

A majority of employers (96%) believe that happy and healthy employees are more productive at work



“When you find good employees you have to keep them satisfied or they will search for something better.”

— Benefits decision-maker with 50 or more employees¹



Trend #7

Value, overall costs and reputation drive employer benefits selections.

When it comes to choosing the right benefits provider, the vast majority of employers of all types and sizes claim that the reputation of their health insurance provider is either “very important” or “extremely important” to their business. In 2015, just 57 percent of employers in the survey shared this belief. Since then, the annual survey reported a steady increase, with 88 percent of employers now making the reputation of health insurance providers a top priority. Aside from reputation, the value for price and the overall cost of plans remain the top reasons for selecting a particular health insurance or benefits provider.

“I find that the better benefits we offer, the more likely we are able to avoid employee turnover.”

— Benefits decision-maker with 3-49 employees¹

Trend #8

Employers choose benefits advisors for their strong knowledge and expertise.

The importance of choosing the right benefits package is often a stressful and confusing process for employers and employees alike. That’s why 60 percent of employers who offer benefits say they seek the help of a broker or benefits consultant to understand their options.

They say knowledge is power. A benefits consultant or broker’s strong knowledge of best practices in employee benefits is the top reason they’re asked by employers to assist. This is especially true when employers are seeking out new benefits solutions. With the help of an insurance broker, or even a benefits comparison website, employers are empowered with facts about their options.

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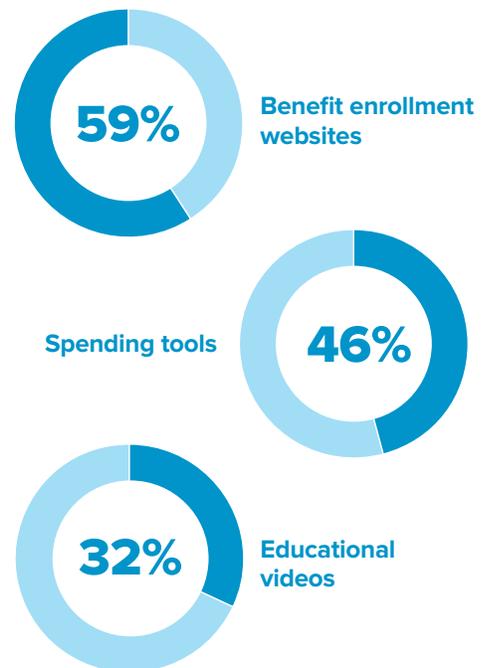
Trend #9 Technology is the wave of the future, but nothing beats face-to-face discussions.

Efficiency is important in today's fast-paced world. Technology and internet-based tools deliver information and outcomes with ease, which is why online benefits enrollment remains the most popular option for employers. Yet, nothing can truly replace the confidence and satisfaction of a face-to-face discussion. That's why companies reported in-person enrollment as the second most popular method after online enrollment. Even fewer companies reported using self-service paper enrollment.

According to the survey, 90 percent of business leaders were interested in at least one enrollment or educational tool for their employees to take advantage of. These included benefit enrollment websites (59 percent), spending tools (46 percent) and educational videos (32 percent).

Most employers (91 percent) say that face-to-face conversations with benefits advisors are highly effective for enrollment. And when it comes to small organizations, in-person enrollment reminders are used just as often as the reminders that pop up in an employer's email inbox.

90% of business leaders were interested in at least one enrollment or educational tool for their employees to take advantage of, including:





SUPPLEMENTAL INSURANCE

Trend #10

Supplemental insurance goes hand in hand with growth and profitability.

Many business owners now offer supplemental insurance, which simultaneously supports growth and keeps employees satisfied in various ways. First and foremost, the needs and interests of employees are kept in mind when offering supplemental insurance. And if offered as a bundle, employers are often interested in purchasing their supplemental insurance policies with accidental death and dismemberment coverage, medical bill negotiation and prepared benefits education opportunities.

Companies that **OFFER** supplemental insurance are more likely than those that **DON'T** to say:

They're growing in terms of sales/
revenue in the last 12 months

62% vs. **55%**

They're able to invest more
in their benefits program

23% vs. **17%**

*Satisfying the needs,
interest or demands of
employees continues
to be the top reason for
offering supplemental
insurance benefits.*



About the Study

The 2018 Aflac WorkForces Report is the eighth annual Aflac employer benefits study examining benefits trends and attitudes. The study captured responses from 2,000 employees and 1,700 employers across the United States in various industries. The 2018 Aflac WorkForces Report survey was conducted by Lightspeed on behalf of Aflac. For more information, visit [AflacWorkForcesReport.com](https://www.aflac.com/workforcesreport). This article is for informational purposes only and is not intended to be a solicitation.

¹ Aflac (2018). Benefits 365 Employer Advisory Council conducted in June 2018.

Aflac herein means American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York.

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