BENEFIT
Plan Trends

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Leadership Affects Employee Satisfaction Levels

In addition to being motivated by their job responsibilities and their relationships with their co-workers and immediate supervisors, employees are more engaged when they have company leaders who support long-term growth over short-term gains, and who provide their employees with a clear vision of the company's direction, according to a report on the factors that drive employee engagement and satisfaction recently published by Internet firm Answers Corporation.

Based on the results of a survey of 4,115 U.S. employees conducted in fall 2014, the analysis indicated that American workers are generally dissatisfied, scoring a 65 in satisfaction on a 0-100 scale on which a score of 80 or higher is considered the threshold at which a company meets and exceeds employee expectations. The survey showed that 27% of the respondents are engaged in their work, 28% are completely disengaged, while 45% fall somewhere in the middle.

The study also found that the top three drivers of employee engagement are company leadership, job responsibilities, and the quality of the relationship with the supervisor. Researchers observed that employees want to be kept informed about the company's direction, and expect leaders to communicate company information frequently and effectively. They also noted that most of the respondents (86%) reported having a positive relationship with their immediate supervisor.

However, the findings revealed that over half (55%) work with someone who really annoys them, and that those respondents had a lower average satisfaction score (58) than those (72) who did not report having an annoying co-worker. However, only 20% of the survey participants who said they have an annoying co-worker identified that person as their direct supervisor.

In addition, the survey indicated that only 46% of employees have ever participated in company-led employee experience measurement

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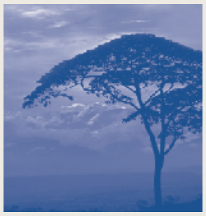

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programs, and that of those who did participate, just 15% reported that action was taken as a result of those surveys. In addition, 48% said they do not believe their employer understands their career goals, and just 43% reported that their employer has an ongoing process to understand employees' job satisfaction and whether employees are likely to stay at the company.

The results of the analysis further showed that receiving training at work significantly boosts job satisfaction levels: the average satisfaction score of respondents who received no formal training was 52, compared to 72 for those who were trained.

Broken down by industry sector, the survey showed that employees in the energy and utility industries are the most satisfied, with average satisfaction scores of around 70. The findings also indicated that white-collar workers (66) are more satisfied than blue-collar workers (63). While women (59) were found to be slightly more engaged than men (57), there was no gender disparity in satisfaction levels, with both men and women having an average score of 65.

Employers Express Concerns About Retirement Readiness of Workers

Most sponsors of defined contribution (DC) plans acknowledge that retirement readiness has become a major issue for their employees, and are attempting to support their workers in saving for retirement by boosting their savings and investment education programs, and by adopting automatic features and target-date funds for their DC plans, the results of a survey by professional services company Towers Watson have revealed.

The survey of 457 large and mid-sized DC plan sponsors conducted in June and July 2014 showed that 78% consider retirement readiness to be a top issue for their employees, and 82% believe retirement security will become a more important issue for their workers in the next three years. The results further indicated that just 12% of respondents believe their employees know how much they need to save for a secure retirement, while only 20% believe their employees feel comfortable making investment decisions. Moreover, 53% said they are concerned about older workers delaying retirement.

In addition, the survey results suggest that DC plan sponsors are continuing to simplify their investment offerings to align with participant needs: 66% said they offer between 10 and 19 investment options, and 86% said they use target-date funds as their default option. The findings indicated that among the most common plan features are simple but diverse investment lineups, and automated enrollment and deferral features with flexibility for pre-tax and after-tax contributions.

Researchers noted, however, that retirement plan participants do not always take advantage of solutions designed to improve their retirement readiness. For example, 54% of the plan sponsors surveyed said they offer an automatic increase feature for participants' contributions annually, but only 28% said they mandate it. Similarly, 54% said they offer an option to make Roth contributions, but reported that less than 11% of their employees take advantage of this feature.

Health savings accounts (HSAs) are another tax-efficient vehicle for retirement savings, researchers pointed out. They observed, however, that nearly all of the companies surveyed (99%) that offer HSAs and DC plans allocate the contributions separately; and that of those that offer HSAs, only 19% specifically educate their workers on the wealth accumulation benefits of a DC plan compared to those of an HSA.

The results further showed that the majority (61%) of the plan sponsors surveyed continue to focus their retirement education programs on traditional but passive methods, including account statements, newsletters, group meetings, and online web casts; while less than 10% use mobile apps extensively or have tried gamification, which uses game design to motivate employees to meet their savings goals.

Employers Take Steps to Rein In Health Care Costs

Amid relatively low health care cost inflation in 2014, employers took action on several fronts to hold down growth in the average per-employee cost of health benefits, according to the results of a survey conducted by human resource consultancy Mercer.

The survey of 2,569 U.S. employers conducted in late summer 2014 found that health care costs rose 3.9% in 2014, with total health benefit costs (including employer and employee contributions for medical, dental, and other health coverage) averaging $11,204 per employee. Researchers observed that while this was a bigger increase than the historically low increase in 2013, it is still well below the 7% average rate of growth over the past 15 years.

The survey also asked employers to estimate how much health care costs are likely to increase in 2015. The findings indicated that respondents expect health benefit costs per employee to rise 4.6% on average, and that costs would rise by an average of 7.1% if they made no changes to their current plans.

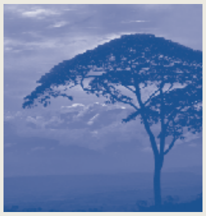
Researchers pointed out that while the past five annual surveys have consistently shown that employers remain committed to offering health coverage, in 2014 the shares of employers saying they expect to drop their plans and send employees to the public exchanges fell even further: just 4% of all of the large employers (500+ employees) surveyed in 2014 said they believe it is likely that they will terminate their employee health plans within the next five years, down from 6% in 2013; and 16% of the small employers (50-199 employees) polled said they are likely to drop their plans, down from 23% in 2013.

The findings further suggested that one of the main developments restraining health care cost growth in 2014 was an increase in the enrollment of covered employees in high-deductible consumer-driven health plans (CDHPs), from 18% in 2013 to 23% in 2014. Over the same period, enrollment in traditional preferred provider organizations (PPOs) declined from 64% to 61%, and enrollment in health maintenance organizations (HMOs) fell to just 16%. The results showed that in 2014 the average cost of coverage in a CDHP paired with a tax-advantaged health savings account was 18% less than coverage in a PPO and 20% less than in an HMO.

The results also indicated that dependent coverage is coming under increased scrutiny as employers look for additional ways to manage enrollment growth: 9% of large employers now impose a surcharge (of a median amount of $100 a month) on the premiums for spouses who have other coverage available, while another 9% do not extend coverage to dependents.

In addition, the survey found that while individual deductibles are especially high in CDHPs they are also rising in PPOs, with large employers raising PPO deductibles by 15% on average in 2014. To help employees manage costs, employers are increasingly making available transparency tools that allow participants to compare health provider price and quality information and factor cost into their decision-making: 77% of the large employers surveyed said their employees now have access to this type of information by phone, online, or through a mobile app.

Another strategy for limiting costs is providing employees with access to telehealth services, or primary care services delivered online or over the phone. The survey found that the share of large employers who offer telehealth services rose from 11% in 2013 to 18% in 2014.



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Employees Are Using Technology to Remain Connected to Work

While employees around the world are becoming increasingly comfortable with using mobile devices to work remotely, most still prefer to spend at least some time each week in the office, according to a global study on the role technology plays in workplace and workforce trends by computer hardware manufacturers Dell and Intel.

The study's findings were based on the results of a survey conducted between July and September 2014 of 4,764 full-time employees across 12 countries in North America, Europe, Asia, and Africa; as well as on in-depth interviews with industry experts. Of the employees surveyed, more than half said they currently use personal devices for work purposes or expect to do so in the future, with smartphones and laptops being the devices most frequently used.

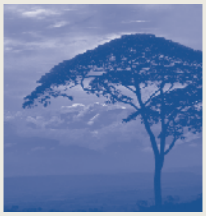
The analysis showed that employees are increasingly doing work in different locations: on average, the employees polled reported working 29 hours per week in their employer's office, five hours per week at home, four hours per week at an external location such as a client's office, and two hours per week in a public place. Nearly two-thirds (64%) said they conduct at least some business at home after business hours. However, the office continues to be seen as the primary place of work, with 97% saying they spend at least some time in their employer's office.

While 76% of the office-based employees surveyed said they feel they work best in an office at their desk, 48% reported that they are frequently interrupted. The results also indicated that 51% of employees frequently instant message or email colleagues who are located physically near them rather than talking with them directly.

The study's findings further suggest that perceptions of at-home workers are shifting, as 52% of the employees surveyed said they believe that those working from home are just as productive or more productive than those in the office. Of those who spend any time working from home, around one-half said they are more productive at home than in the office, 36% said they are just as productive, and only 14% said they are less productive.

In addition, the survey findings indicate that there are clear benefits of working from home: of the respondents who reported working from home, 30% said they sleep more, 40% said they drive less, and 46% said they feel less stress. However, significant shares of these respondents admitted they are distracted by spouses, children, parents, and pets in the home; while 20% said they exercise less and 38% said they snack more when working from home.

Researchers noted that while the employees surveyed appear to be generally optimistic about the future of technology, most do not think it will fundamentally change the ways people work. For example, 76% said technology has had an influence on the way they work in the past year, and 46% said technology has increased their productivity and enabled them to communicate faster. But the majority said they doubt that advancements in technology will replace humans in the workplace, with only 34% saying they think their job will be fully automated in their lifetime.



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