

BENEFIT

Plan Trends



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Baby Boomers Lack Confidence in Their Retirement Readiness

Less than one-quarter of baby boomers say they are confident they are ready for retirement, and just over one-half report having any retirement savings at all, according to the results of a survey conducted by the Insured Retirement Institute (IRI).

The survey of 800 Americans aged 53 to 69, conducted February 9-11, 2016, found that just 24% of respondents are confident they will have enough savings to last throughout their retirement years. Researchers pointed out that this is the lowest level in the six years the IRI has been conducting this survey: in 2011, for example, 37% of the boomers polled expressed confidence that they had saved enough for retirement.

Overall, the results indicated that the baby boomers surveyed have very low levels of confidence in their financial readiness for retirement: just 22% said they believe they are doing a good job in preparing for

retirement, only 27% said they are confident that their savings will be sufficient to cover health care costs in retirement, and just 16% said they are confident they can cover the cost of long-term care.

Of the baby boomers surveyed, 55% reported having retirement

savings, and of those who indicated that they have savings, 42% said they have saved less than \$100,000, 29% said they have saved between \$100,000 and \$250,000, and another 29% indicated they have saved more than \$250,000.

The survey also showed that the respondents who reported that they lack confidence in their retirement security expressed some common regrets, with 68% saying they wish they had saved more, and 67% saying they wish they started saving earlier. By contrast, just 27% said they regret not having maximized their employer plan benefits.

The findings further indicated that significant shares of baby boomers are delaying retirement: 30% of respondents said they had postponed their plans to retire in the past year, and 59% said they now plan to retire at age 65 or older. Researchers observed that while just 17% of the baby boomers

Also In This Issue

- Employees Seek Opportunities to Grow Within Current Company
- Americans Increasingly Want Higher Wages in Lieu of Better Health Benefits
- Conventional Performance Management Approaches Are Challenged

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surveyed in 2011 said they plan to retire at age 70 or older, this figure had risen to 26% in the most recent survey.

When asked what they would do if they exhausted their financial resources in retirement, 71% of respondents said they would try to cut back to rely only on Social Security, 54% said they would try to return to work, 22% said they would rely on charity, and 19% said they would seek help from their children or other family members.

The findings also revealed that baby boomers are losing confidence that they will be able to leave an inheritance to their children: just 46% of respondents in the 2016 survey said they believe it is important to leave money to heirs, down from a high of 67% in 2013.

In addition, the survey found that significant shares of baby boomers are currently facing financial difficulties: 30% reported that they have stopped contributing to retirement accounts, 30% said they have found it more difficult to pay their mortgage or rent, and 16% said they have taken premature withdrawals from their retirement accounts.

The survey also showed, however, that the boomers who have consulted financial professionals are more confident on average: although only 27% said they work with a financial professional, 80% of this group indicated that they feel better prepared for retirement as a result, and 78% of this group reported that they have at least \$100,000 saved for retirement.

Employees Seek Opportunities to Grow Within Current Company

While workers value a competitive salary and benefits, they are also highly motivated by having opportunities for professional growth and development within their current company, the

findings of a recent survey by talent management solutions provider Cornerstone OnDemand survey indicated.

The survey was conducted September 16-30, 2015, among 2,000 Americans aged 18 and over who are employed full-time, and 546 HR managers or higher at companies with at least 50 employees. The results revealed that career satisfaction (19%) and work-life balance (19%) are the top reasons cited by employees for staying at their current jobs. The survey also showed that 29% of respondents left their last job because of work overload and a lack of healthy work-life balance.

When asked what they believe are the most important benefits an employer can offer employees other than a competitive salary and health insurance, 25% said professional growth opportunities, 23% cited flexible work schedules, 18% said cash bonuses, and 12% said other corporate perks and benefits, such as free food and exercise classes.

The survey also found that many employees are prepared to make life-altering decisions and considerable sacrifices in order to find a sense of satisfaction, fulfillment, and purpose in their career: 89% of the workers surveyed said they would consider making a lateral career move with no financial incentive for multiple reasons, including to move to a position that offers greater personal satisfaction (59%), to start an entirely new career (41%), or to take on a professional challenge (40%).

The findings further indicated that while most employees would consider a lateral move within their company—i.e., to a position with the same or similar title and pay grade but in a different department of the organization—only 27% would consider a lateral move to work for a different company, and 66% would first look to see if there was an interesting open position at their current company before looking elsewhere.

According to researchers, these findings suggest that employees want to remain loyal to their current employer, but only if they feel that growth opportunities are abundant. While 40% of

respondents reported that they had been promoted in their company at least once, only 32% said their employer encourages employees to work in different departments to gain additional experience and skills, and just 22% said they have already made a lateral move at their company.

The survey results also indicated that many employees would welcome the chance to work in another city. More than three-quarters (77%) of the workers surveyed said they would choose to relocate if given the opportunity, with 67% saying they would be willing to relocate to another U.S. city, and 39% saying they would be open to moving to Canada or the European Union. However, only 15% said their employer offers relocation opportunities.

Americans Increasingly Want Higher Wages in Lieu of Better Health Benefits

While most American workers say they are satisfied with the health insurance benefits they have now, there is a long-term trend toward wanting more cash compensation and less generous health benefits, according to a report published by the Employee Benefit Research Institute (EBRI).

The report, “Views on Employment-Based Health Benefits: Findings from the 2015 Health and Voluntary Workplace Benefits Survey,” was written by Paul Fronstin. The report’s findings were based on the results of a survey of 1,500 adults aged 21-64 conducted June 10-19, 2015, as well as on historical survey data.

The 2015 survey showed that most workers are satisfied with the health benefits they have currently: 50% said they are either extremely or very satisfied with their employment-based health insurance coverage, and 41% said they are somewhat satisfied. The results also indicated, however, that there appears to be a longer-term trend away from feeling satisfied with the

current mix of benefits and wages, and toward a preference for less generous health benefits and higher wages. Fronstin noted that the percentage of respondents who said they would rather have lower health benefits and higher wages has doubled in recent years, from 10% in 2012 to 20% in 2015. By contrast, just 14% of respondents in 2015 said they would trade wages to get better health benefits.

The 2015 survey findings also confirmed, however, that most workers are reasonably satisfied with their current health benefits. For example, 45% of respondents said they are extremely or very confident that their employer or union has selected the best available health plan, and 43% indicated they are somewhat confident. Most of the respondents also said they are confident that their employer or union will continue to offer health insurance, with 64% saying they are extremely or very confident, and 27% saying they are somewhat confident. According to Fronstin, the percentage of workers who are confident that their employer or union will continue to offer health insurance has been steady since 2003, but is now below the record high level seen in 2000.

But the 2015 results further indicated that most workers are confident that they could choose the best available plan if their employer or union stopped offering coverage: 41% said they are extremely or very confident they could choose the best plan, and 42% said they are somewhat confident. By contrast, just 16% said they are not too or not at all confident.

However, the workers surveyed appear to have mixed views on how they would prefer to obtain health insurance. If given the choice of how they receive health coverage, 44% said they would prefer to continue getting coverage the way they do today; 39% said they would prefer to choose their insurance plan, while their employer pays the same amount toward health insurance as they do today; and 17% said they would prefer that their employer gave them the money currently being spent on health benefits, and



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allowed the workers to decide whether to purchase coverage at all, and how much to spend.

Conventional Performance Management Approaches Are Challenged

Although companies are spending substantial amounts of time and money on performance management, too few business leaders are confident that their approaches are supporting the workforce of the future or improving the performance of the business itself, a report released by Accenture Strategy has warned.

The findings of the report, “Is Performance Management Performing?” are based on a survey conducted December 2015 to January 2016 of 2,100 leaders and employees from organizations across North and South America, Europe, and Asia Pacific. The survey showed that while 94% of the respondents agree that performance management improves business performance, only 34% believe their organization’s current performance management approaches effectively support the delivery of business objectives, and just 32% think performance management is providing a clear line of sight between organizational and individual performance. Moreover, 89% of the employees surveyed said they believe their performance would significantly improve if performance management were changed.

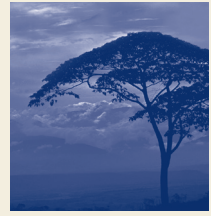
Less than half of respondents expressed confidence in their company’s capacity to manage the basics of performance management, including developing and growing employees (40%), retaining employees (28%), engaging and motivating

employees (40%), and making fair decisions regarding bonuses, pay raises, and promotions (36%). The leaders and employees surveyed indicated that they lack confidence in their organization’s management of more complex workforce needs, with only around one-third saying they think current performance management approaches effectively promote collaboration (35%) and creativity (32%).

Nearly half (48%) of the leaders surveyed said they think increased workforce diversity is creating a greater variety of employee motivations and expectations. In addition, 77% indicated they believe that personalizing performance management practices to individuals or groups is mandatory to meet the needs of the workforce of the future, and 41% of respondents said they believe that “one-size-fits all” performance management practices have a major negative impact on performance management. However, just 34% reported that their organization has moved away from standardized performance management approaches.

While 50% of the leaders surveyed said they believe that employees are increasingly looking for development and coaching opportunities, and 53% said they think that personalizing feedback and coaching would significantly improve employee performance; 52% of the leaders acknowledged that the annual review process is often used as an alternative to engaging in actual performance development, and 73% of the employees polled reported that they have not seen performance management practices move away from a focus on paperwork to a focus on conversations.

Yet researchers observed that some companies are experimenting with new approaches to performance management: for example, rewards can be allocated based on real performance data or survey data from all of an employee’s project leaders, or employees can determine rewards for one another in a crowdsourced approach.



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