

# FYI<sup>®</sup> Roundup

## For Your Information<sup>®</sup>

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## Recent Research in HR and Employee Benefits 2014 — Fall Edition

Our latest *FYI Roundup* highlights selected reports and surveys, relevant to our industry, released in the last few months.

**In this article:** [Employment–Worker Classification](#) | [Engagement–H R Technology](#) | [Health–Older Workers](#) | [Health–ACA](#) | [Health–Public Sector](#) | [Wealth–Economic Well Being](#) | [Wealth–Annual Pension Reporting](#) | [Workplace Issues–Workplace of the Future](#)

### Employment — Worker Classification

Worker misclassification, especially for firms that use independent contractors, is inherently risky business. This inaugural report from the ICON Group examines the perceptions of some 50 senior level executives on what they believe to be true about independent contractors, their functions, financial risks, and worker misclassification audits:

[Worker Misclassification: Distinguishing Perception from Reality](#) — The survey presents insights on reality versus perceptions regarding worker misclassification audits and overall value and use of independent contractors. Specific data provided in the report includes the average duration of engaging an independent contractor, average annual costs, main reasons for hiring an independent contractor, functions they perform for the company, sourcing, future reliance on independent contractors, misclassification audit outcomes, and estimated financial risk for misclassification. The respondents were also asked to rate their confidence to pass an audit, and to indicate the executive function responsible for passing the audit (ICON Professional Services, 2014).



### Engagement — Human Resources Technology

HR technology best practices utilized by HR information technologists and information technologists provide valuable insight for firms to gauge how successful their HR systems are in delivering integrated workforce management, talent management, and business intelligence solutions. Now in its 17<sup>th</sup> year, the HR Systems Survey has become an essential source of technology benchmarking and trend information:

[Sierra-Cedar 2014–2015 HR Systems Survey](#) (registration required to download the report) —The state of HR technology is presented through three themes in this year’s survey: foundation, strategy and culture, and innovation and the concept of the quantified organization (an organization that supports data-driven decision making through the adoption of HR technologies, practices, and business intelligence) is introduced. Specific data is provided for trends, deployment options, vendor outlook, expenditures, and value achieved as it relates to various HR applications. Insights about systems strategy, adoption blueprint, integration and implementation practices, change management, and expenditure and resource strategy are also provided (Sierra-Cedar, 2014).

## Health — Older Workers

Planning for healthcare costs in retirement goes hand-in-hand with having enough savings for a comfortable retirement. A recent study commissioned by AARP looks at whether healthcare costs are included in retirement planning for workers age 50+ and if they feel they will be able to afford these costs in retirement:

[Planning for Health Care Costs in Retirement: A 2014 Survey of 50+ Workers](#) — The key findings of this study show that most workers ages 50 and older are including healthcare costs in their savings, but how much is being set aside for those expenses is unclear. Those who worry most about not having enough saved for potential healthcare costs are the 50-59 year old workers and women. There is also a correlation between income and education and the level of confidence about saving enough for retirement that was uncovered in this study. Although most of the workers in the 50+ age group understand that they will have to dig into their personal savings to cover potential healthcare costs, most plan to rely on Medicare. Regarding retirement, most of the age 50+ workers conveyed that their confidence in planning for retirement is weak. Many felt they started saving too late and others indicated that they never plan to retire (AARP, 2014).



## Health — The Affordable Care Act (ACA)

How are Americans faring one year into the ACA? A recent Harris poll conducted on behalf of Transamerica Center for Health Studies provides insight on the responses to phase one of the ACA and the individual mandate:

[One Year In: Americans Respond to the Affordable Care Act](#) — This survey is the third wave of research tracking the American public’s attitudes and behaviors regarding the ACA. Results indicated that 46% of Americans are uninformed about the individual mandate and that 43% have not heard of the state exchanges. A companion survey looks at the US general adult population and employers’ attitudes toward healthcare and their expectations of the ACA: [One Year In: Businesses Respond to the ACA](#) (Harris Poll on behalf of Transamerica Center for Health Studies, September 2014).

## Health — Public Sector

For state and local governments, the implementation of the ACA coupled with OPEB (other post-employment benefits) liabilities serve as an impetus for scrutinizing the management of health benefits offered to their active

workers and retirees. This sixth annual survey of governments provides information about budgets, staffing expectations, and strategies focused on healthcare costs:

[Health and OPEB Funding Strategies 2014 National Survey of Governments](#) — The report provides valuable data from state and local governments and school systems that address revenue expectations, employment level expectations, managing rising healthcare costs, impact of the ACA, strategies to move retirees, part-time, and seasonal employees to a health exchange, and plans on how much to set aside to fund other post-employment benefits liabilities. The ideas and innovations shared by the governmental entities provide insight into their healthcare priorities, of which learning more about wellness and disease management, pooling to form health consortiums to help with costs, and employee engagement with active and retired employees ranked as the top three areas to explore (Cobalt Community Research, 2014).

## Wealth — Economic Well Being

Since the end of the Great Recession almost five years ago, the US economy has experienced slow growth. In 2013, the Federal Reserve conducted a survey to better understand the financial condition of US households and recently reported their findings:

[Report on the Economic Well-Being of U.S. Households in 2013](#) — The survey covers a number of areas impacting household budgets including general finances, housing, credit, educational loans, savings, retirement, and medical expenses. Overall, the responses indicate that while most households are faring well since the Great Recession ended in 2009, financial stress is prevalent (Board of Governors of the Federal Reserve System, July 2014).



## Wealth — Pension Plans: Annual Reporting

In response to concerns about the quality and usefulness of Form 5500 investment and fee information, the Government Accountability Office (GAO) conducted a two-phase online survey with stakeholders — plan sponsors, service providers, retirement consultants, attorneys, and researchers— and interviewed knowledgeable agency officials to identify the problems in reporting and interpreting the information required for filing Form 5500. The results of the GAO's examination were submitted to the House Committee on Education and the Workforce:

[Private Pensions: Targeted Revisions Could Improve Usefulness of Form 5500 Information](#) — Three key challenges were identified for reporting and interpreting plan investment and fee information: (1) weaknesses in format — plan asset categories don't mesh with investment industry categories, making it difficult to understand plan investments, their structure, and level of risk, (2) inability to find key information because the attachments are not structured for searching, and (3) inconsistent data-naming conventions and ID numbers, causing difficulty in matching and collecting records. The chart below outlines the GAO's recommendations to improve the usefulness, reliability, and comparability of Form 5500 data for stakeholders. Additional recommendations were made to the secretaries of the DOL and Treasury and the director of the PBGC. The GAO also advised Congress to consider providing Treasury with the authority to require electronic filing for all of the Form 5500 series.

**GAO Recommendations for Executive Actions to Improve Form 5500**

Revise Schedule H plan asset categories to better match current investment vehicles and provide more transparency into plan investments

Revise the Schedule of Assets attachments to create a standard searchable format

Develop a central repository for EIN and PN numbers for filers and service providers to improve the comparability of form data across filings

Clarify Schedule C instructions for direct, eligible indirect, and reportable indirect compensation so plan fees are reported more consistently...

Simplify and clarify Schedule C service provider codes to increase reporting consistency

**Source:** GAO, 2014, Report 14-441

**Workplace Issues — Workplace of the Future**

Disruptive technologies, new technological advances, big data and social networks are impacting the way we live, communicate, collaborate, and work. All of these forces are impacting business and driving change within a multigenerational workforce. What will the workplace of future be like some eight years from now? Recent research shares predictions and projections that will shape the future of work by 2022:

[The Future of Work: A Journey to 2022](#) — The study draws on the thoughts and opinions of 10,000 people in China, India, Germany, UK, and the US as well as some 500 HR professionals around the world. The workplace of the future is viewed in the context of three color-designated worlds, blue for large corporations, green for companies where social responsibilities dominate, and orange representing companies breaking down into smaller entities of collaboration networks and specialties. What's at stake for HR? According to the study, in the blue world HR takes on prominence as the center of highly influential metric-driven strategy. The orange world is viewed as having a narrower recruiting and tendering role, with many functions outsourced. The forecast for green world companies is that HR will play a more widespread role helping employees to frame their work around their values and outside lives (PriceWaterhouseCoopers, 2014).

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