

FYI[®] Roundup

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Volume 38 | Issue 106 | July 24, 2015

Recent Research in HR and Employee Benefits 2015 — Summer Edition

Our latest *FYI Roundup* provides selected reports and surveys highlighting recent research in these areas: compensation best practices, healthcare costs, health literacy, defined contribution plan trends, global retirement insights, college savings, multigenerational workforce issues, workplace transformation and new research tools for discovering public pension plan information.

In this article: [Compensation – Best Practices](#) | [Compensation – Employer Costs](#) | [Healthcare](#) | [Healthcare – Engagement](#) | [Retirement – Defined Contribution Plans](#) | [Retirement – Global Retirees](#) | [Wealth – College Savings](#) | [Workplace Transformation](#) | [Research Tools](#)

Compensation — Best Practices

Competitive wages continue to be one of the key motivators for top talent to stay put. One annual report examines responses from 5,530 business leaders across a wide variety of industries to capture perceptions and insights about employers' compensation concerns:

[2015 Compensation Best Practice Report](#) – This report addresses the top challenges confronting employers in 2015. Employee retention is a key concern. Hiring the right people and compensation management are the other issues addressed in the survey. One-third of the employers polled indicated they do not regularly perform market and compensation analyses, making it difficult to gain insight into how their talent needs have changed. Most employers are also disillusioned with their compensation structures. A recap of issues addressed from the 2014 edition of the report is provided for comparison purposes (PayScale, 2015).



Compensation — Employer Costs

The most recent data from BLS (US Bureau of Labor Statistics) measures employer costs for wages, salaries and employee benefits for non-farm, private, state and local government workers. The data is part of the National Compensation Survey series:

[Employer Costs for Employee Compensation](#) – Employer costs for total compensation as of March 2015 are provided in the June statistical release. Benefit costs include health insurance, paid leave, supplemental pay, insurance, retirement and savings, and legally required benefits. The table below ranks the relative importance of employers’ benefit costs (US Bureau of Labor Statistics, 2015):

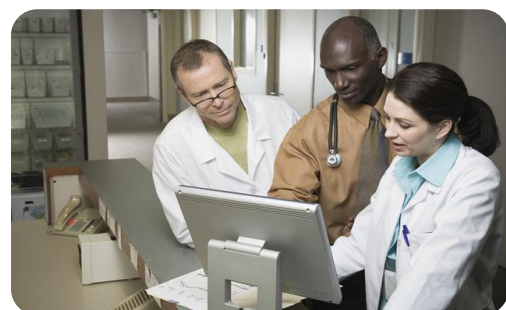
Relative importance of employer costs for employee compensation, March 2015			
Compensation component	Civilian workers	Private industry	State and local government
Wages and salaries	68.3%	69.3%	64.0%
Benefits	31.7	30.7	36.0
Paid leave	7.0	6.9	7.3
Supplemental pay	3.0	3.6	0.8
Insurance	8.9	8.2	11.9
Health benefits	8.4	7.7	11.6
Retirement and savings	5.3	4.1	10.2
Defined benefit	3.4	1.9	9.3
Defined contribution	1.9	2.2	0.9
Legally required	7.5	7.9	5.9

Source: US Bureau of Labor Statistics, March 2015

Healthcare — Outlook

A recent white paper, released by a healthcare policy think tank, looks into the future of the US healthcare system and its sustainability:

[Hitting the Wall: When Health Care Costs are no Longer Manageable](#) – This report examines fiscal pressures confronting both government healthcare programs and employer-sponsored health insurance by looking at trends and predicting that in combination, the convergence of these trends will be “too much to bear” for the US healthcare system. According to the analysis, the crisis point for healthcare affordability will be between 2025 and 2030, coinciding with the time when most baby boomers have left the workforce. The report suggests that policy makers “make changes now to shore up public sector programs” and



support employer-sponsored insurance programs in making inevitable changes to the healthcare coverage they provide to their employees (American Health Policy Institute, 2015).

Healthcare — Engagement

Healthcare reform has disrupted the way all Americans access medical insurance. Understanding the choices offered in the workplace and in the healthcare marketplaces is becoming increasingly important. A recent study looks at the emerging trend of health literacy as a way to engage employees into making appropriate decisions about their healthcare coverage:

[WorkForces Report: Health Literacy the Next Benefits Challenge](#) – The report correlates gaps in healthcare enrollment, contentment and knowledge between high and low income wage earners, and notes that those earning higher income tend to have a better understanding of their healthcare benefits. The report aims to help employers address gaps in their healthcare literacy programs and improve employee engagement in communicating health benefit options (Aflac, 2015 — Note: this is an executive summary).

Retirement — Defined Contribution Plans



Defined Contribution plans are taking center stage as the primary retirement savings vehicle in the workplace. One survey canvassed over 750 US corporate plan sponsors to identify trends and obtain insight about how employers view their responsibilities in providing DC plans to help employees with their retirement security initiatives:

[Aligning Goals, Improving Outcomes: 2015 Defined Contribution Plan Sponsor Survey Findings](#) – The survey focuses on what drives retirement decision making in designing defined contribution plans. The data captures information from plan sponsors about goals, measuring

success, financial wellness, use of innovative plan features and how decisions are made in designing DC plans. Additionally, the report provides insight about DC plan communications, impediments to change, fiduciary concerns, investments and participant asset allocations. The discussion on implications supports the trend that DC plans be viewed holistically (J.P. Morgan Asset Management and Matthew Greenwald & Associates, 2015).

Retirement — Global Retirees

Increasing life expectancy has changed the concept of retirement around the globe. One research study, the eleventh in a series focused on the aging population, provides insights about retirement choices based on the views of 16,000 people in 15 countries and territories:

[The Future of Retirement: Choices for Life](#) – The research uncovers emerging trends and aspirations of retirees and soon-to-be retirees. Leisure time, retirement goals, attitudes toward spending, financial support, and relocation are some of the issues addressed in the report. One key take-away is that 66% of working age people who have received or expect to receive an inheritance believe it will help fund their retirement savings (HSBC, 2015).

Wealth — College Savings

USA Today reported that the national student loan debt is “a staggering \$1.2 trillion,” and the *Wall Street Journal* called the graduating class of 2015 the most “indebted ever.” Recent research has addressed this hot-button issue from two perspectives: saving and paying for college:

[How America Saves for College](#) – The report looks at how American families are planning to meet the challenge of sending their children to college. The study examines parents’ decisions toward savings, savings vehicles and how much they are setting aside for tuition. Savings strategies are reported and the more successful savings strategies are highlighted. The data, obtained from interviews with 1,988 parents with at least one child under the age of 18, is summarized in a series of charts and tables (Sallie Mae and Ipsos Public Affairs, 2015).



[Paying for College – A Practical Guide for Families](#) – This primer provides valuable insight for parents on understanding the student loan financial aid process. Information covered includes financial forms required to qualify for tuition assistance, need-based aid, merit-based aid and other types of assistance. Useful information about tax credits and deductions, loan types, considerations for single and divorced parents, plus loan repayment information is presented. The guide also includes a list of helpful websites (Prudential, 2015).

Workforce Issues



The multigenerational workforce continues to be a top concern for employers across all industries. Several recent research reports address engagement issues, the value of older workers in the workplace, what’s on employees’ minds, and identifying and developing talent:

[A Business Case for Workers Age 50+: A Look at the Value of Experience](#) – This case study (an update of an earlier one published in 2005), quantifies the cost for retaining and hiring older workers, examines recruiting, retention and engagement issues confronting employers, and confirms that workers age 50 and older are a critical component of a high-performing business (AARP, 2015).

[Work and Well-Being Survey](#) – The survey analyzes responses received from employees on the following issues: job satisfaction, advancement opportunities, work-life balance, health and safety practices, communication, employment experience (in terms of feeling valued), fairness and trust, work stress levels and general feeling of well-being at work. The participants were full-time, part-time and self-employed workers in the US aged 18 years plus. The subgroup analysis provides responses by four generations: Millennials, GenXers, Boomers and Matures (American Psychological Association, 2015).

[The Hartford's Millennial Parenthood Survey](#) – The infographic displays the results of Millennial parents polled on how parenthood affects their work-life behavior and attitudes in terms of extended time off, career change, child-care provider responsibilities and what they expect from employers to help them be responsible parents (The Hartford, 2015).

Workplace Transformation

Many HR experts have shared their vision of the workplace of the future. One global workplace solution provider discusses how “digiterati” organizations drive enterprise transformation through transformative vision, governance, engagement and innovation, contributing to the evolution of the workplace:

[Smart Workplace 2040](#) – Based on previous research focused on the “techno-workplace of the future,” the latest research describes what a typical day would be like for a worker in the year 2040. The prevalence of technology and the rise of entrepreneurial behaviors transform the workplace into an “ECO Campus” by 2040. The potential disruptive trends between technology and workplace factors that affect business performance, workplace strategies and knowledge worker productivity are explored, resulting in the prediction that 25 years from now the workplace will be all about choice, fluidity, identity, care, experience and intuitiveness (Johnson Controls, 2015).



Research Tools



[Public Plans Database](#) – This new website launched in May was developed by state and local government affinity groups covering 150 DB and DC state and local government plans. The website offers “quick facts” publications on various topics including asset allocations and funded ratios (Center for State & Local Government Excellence, The Center for Retirement Research at Boston College and the National Association of State Retirement Administrators).

Authors

Teresa Wilkins, MS (LIS)
Kin Chan

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