

Recent Research in HR and Employee Benefits 2016 – Spring Edition

Our spring *FYI Roundup* contains a potpourri of research analyzing the latest benefit trends and exploring other issues of interest to employers. In this issue, we focus on benefit trends, workforce issues, wellness, lifestyles, pension plans, retirement savings, talent management, and the Bureau of Labor Statistics' latest data on federal minimum wage workers.

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Benefit Trends

Employer-sponsored benefits continue to play a key role in promoting employee loyalty and satisfaction. Trend studies can help employers shape their benefit programs to keep a multigenerational workforce happy and healthy. Two recent studies examine employers' and employees' attitudes toward current benefit offerings:

[14th Annual Employee Benefits Trends Study](#) – This annual study summarizes responses received from over 2,000 employers and employees about employee benefit offerings. It provides insights into employees' experiences and employers' objectives. Key takeaways to factor into plan design include: the rise of employee loyalty; a craving by Millennials for more employer support and guidance about financial and physical well-being; and a sense that employers are offering solutions that fit the needs of a multigenerational workforce and help employees “live their best lives” (MetLife, 2016).

[Employee Benefits Trends in the Workplace and Marketplace: Perspectives from the C-Suite and HR/Benefits Managers](#) – This white paper focuses on how the ACA is impacting employers' benefit strategies. It provides valuable insights into what's on the minds of corporate executives and HR managers and what changes to benefit offerings may lie ahead. Healthcare cost management, voluntary benefit offerings, wellness and human capital management issues are highlighted (Wells Fargo, 2016).





Health – Wellness

Employer-sponsored wellness programs help keep employees content and healthy. One recent study provides an overview of how workplace wellness and health programs help employees reach their healthy lifestyle goals:

[Winning with Wellness](#) – This study focuses on successful and effective workplace wellness programs as a win-win for employers and employees. Among other things, it addresses financial trends, best practices, the use of incentives and how laws such as the ACA, GINA, HIPAA and ADA affect workplace wellness programs. It also examines

how current cultural trends foster an environment of healthy living and sustain workplace wellness programs (U.S. Chamber of Commerce, 2016. **Note:** the report can be downloaded from the website).

Global Workplace

Flextime Programs

Increased profits, happier and more productive employees and a sound business reputation are a few of the success factors attributed to flextime programs in this recently released guide:

[Guide to Flexible Working](#) – According to this guide, 75% of businesses worldwide have a flexible working policy. Employers who have — or are considering — a flextime program will find this resource useful. It discusses the prevalence of such programs, design considerations and tools that will be helpful to maintain productivity levels, ensure security and foster teamwork. Along with best practices, the guide provides a handy checklist for implementing a flextime program (Vodafone, 2016.

Note: the guide can be downloaded from the website).

Flexible Retirement

The retirement dynamic is changing as workers are living and working longer. A recent survey examines the concept of flexible retirement and how it can create a win-win for employers and employees alike:

[The New Flexible Retirement](#) – This survey promotes the concept of flexible retirement, highlighting how it benefits employers, employees and governments in 15 countries. Through country-by-country comparisons, it identifies how flexible retirement is viewed, how workers envision retirement, employer support for flexible retirement, and key indicators (population over 65, official retirement age, effective retirement age, and employment rate of older people). Although flexible retirement has not taken off, this survey identifies the underpinnings of what could be an emerging trend of retaining workers beyond age 65 (Aegon Center for Longevity & Transamerica Center for Retirement, 2016).



Talent Management

Recent research in the talent management space highlights shifting dynamics in the 21st century workforce. One report forecasts how the labor force will change and what employers will need to consider to get work done across the globe:

[Human Age 2.0 Future Forces at Work](#) – This research report provides a new playbook of what’s needed to get work done in a new era of work where talent — not capital — is the economic differentiator. The report identifies shifting labor demographics, individual choice (i.e., Uber, Airbnb), customer sophistication and the technology revolution as the drivers behind Human Age 2.0. Each driver is examined, leading the researchers to conclude that novel ways of getting work done are emerging out of the “new normal” of instability and market disruption. This research offers some insights into challenges confronting the workforce that may be useful to employers (Manpower Group, 2016).

Lifestyles

Longevity

Life expectancy in the United States is at an all-time high, and research on its impact is extensive. One recent study explores how American culture can foster a long lifespan for employees:

[The Sightlines Project: Seeing Our Way to Living Long, Living Well in 21st Century America](#) – The research



investigates the effects of financial security, healthy living and social engagement on longevity and well-being. Information and metrics useful to employers in planning 21st century retirement and wellness programs as well as communicating with employees through social media, on how these programs benefit healthy lifestyles well into retirement, are presented in the study (Stanford Center on Longevity, 2016).

Travel

With summer approaching, vacation plans are in the air. A recent poll suggests how Boomers plan to travel this year:

[Travel Trends 2016](#) – This online survey indicates that the majority of Baby Boomers plan travel to see family and friends, relax, rejuvenate and escape their everyday routines. It also found that only 54% of U.S. workers will use all of their vacation time, and one-third are likely to bring their work with them on vacation (AARP, 2016).

Retirement

Retirement planning and saving, changes in pension plan design, investments and financial literacy programs continue to be hot-button issues in 2016. Several reports released during the first quarter of 2016 highlight these issues:

Baby Boomers – Retirement Savings

[Boomer Expectations for Retirement](#) – This annual report examines Boomers’ expectations about their retirement readiness and assesses their confidence in planning for retirement, healthcare, long-term care and financial security. This year’s update notes a shift in what Boomers see as their primary income sources. It also highlights their intent to spend on leisure activities in retirement despite having under-saved, less of a willingness to leave an inheritance to their heirs and the increased use of financial professionals for advice (The Insured Retirement Institute [IRI], 6th Annual report, 2016).



Defined Benefit Plans

[Closing the Gap in DB Plans](#) – This annual survey provides insights on DB finances from 180 financial executives who primarily work at U.S. companies with more than \$1 billion in annual revenues and are responsible for DB plans with more than \$250 million in assets. The analysis focuses on current thinking around closing DB pension deficits, the complexity in calculating liabilities and returns over the long term, and strategies to model future DB contributions (CFO Research and The Prudential Insurance Company of America, 2016).

Defined Contribution Plan Design

[Constructing a Defined Contribution Investment Lineup: Four Best Practices](#) – This report illustrates DC plan design with a focus on investment outcomes. It discusses the following best practices in depth and how they can be incorporated into a DC plan: identifying plan objectives; focusing on investment fundamentals; creating a tiered investment lineup that reflects plan objectives; and ensuring ongoing oversight (Vanguard, 2016. **Note:** the report can be downloaded from the website).



Retirement Plans — Income Replacement Rates

[Retirement Security – Better Information on Income Replacement Rates Needed to Help Workers Plan for Retirement](#) – This report focuses on the adequacy of target

replacement rates provided by the DOL in assessing retirement income. It examines spending patterns by age, key factors used in developing the rates and their usefulness. The report concludes that workers may have difficulty deciding which target replacement rate is right for them and in translating account balances in DC plans into a retirement income stream. The report recommends that the DOL offer retirement planning tools that

allow users to determine retirement income needs based on lifestyle choices and adjust the replacement rate used to calculate their needs. Detailed appendices include data from the Consumer Expenditure Survey, a review of key factors used by researchers and financial professionals in developing target replacement ratios, and an assessment of information on replacement rates provided by various federal agencies to workers (U.S. Government Accountability Office, 2016).

Retirement Savings Accounts – Rate of Return Guarantees

[You Get What You Pay For: Guaranteed Returns in Retirement Savings Accounts](#) – Losses by savers close to retirement during the recent recession has stirred interest in rate of return guarantees. This paper takes an in-depth look at design features, existing and proposed guarantees, and the costs and benefits of this savings option. The research indicates that guarantees can be beneficial to savers but their true economic costs must be considered (The Brookings Institution, 2016).

Wealth – Robo-Advisors

[Robo-Advisors: They Invest by Algorithm but Don't Return Calls](#) – This quick-take presents an overview of the rapidly growing use of automated financial services, aka Robo-Advisors, to manage assets. The newsletter discusses market growth, key players and the regulatory climate around this emerging trend toward automated portfolios (BloombergView, 2016).

Workforce

Millennials

Diversity and inclusion are important parts of the workplace dynamic. Equal pay and advancing women into top leadership roles are gaining momentum. Recent research examines what younger female workers want from the workplace:

[Millennial Women](#) – Interviews with company executives, rising female stars at prestigious firms and talent leaders provide the basis of this report about what millennial women need and want from the workplace. Five themes emerged that provide universal insights about all younger workers that will help senior executives shape workplace values and develop leaders to ensure that long-term business objectives are sustained (International Consortium for Executive Development Research [ICEDR], 2016).

Latest Data from the BLS

The U.S. Bureau of Labor Statistics' [Characteristics of Minimum Wage Workers](#) presents highlights and 10 statistical tables describing workers who earned at or below the federal minimum wage in 2015. As an example, the table below depicts hourly workers and the prevailing federal minimum wage by occupation (U.S. Bureau of Labor Statistics, 2016).



Table 4. Wage and salary workers paid hourly rates with earnings at or below the prevailing federal minimum wage, by occupation, 2015 annual averages

Occupation	Number of workers (in thousands)				Percent distribution				Percentage of workers paid hourly rates		
	Total paid hourly rates	At or below minimum wage			Total paid hourly rates	At or below minimum wage			At or below minimum wage		
		Total	At minimum wage	Below minimum wage		Total	At minimum wage	Below minimum wage	Total	At minimum wage	Below minimum wage
Total, 16 years and older	78,232	2,561	870	1,691	100.0	100.0	100.0	100.0	3.3	1.1	2.2
Management, professional, and related occupations	17,187	125	51	73	22.0	4.9	5.9	4.3	0.7	0.3	0.4
Management, business, and financial operations occupations	4,954	36	9	27	6.3	1.4	1.1	1.6	0.7	0.2	0.5
Professional and related occupations	12,232	89	42	47	15.6	3.5	4.8	2.8	0.7	0.3	0.4
Service occupations	18,879	1,664	381	1,283	24.1	65.0	43.8	75.9	8.8	2.0	6.8
Healthcare support occupations	2,853	63	30	33	3.6	2.5	3.4	2.0	2.2	1.0	1.2
Protective service occupations	1,965	49	7	41	2.5	1.9	0.9	2.4	2.5	0.4	2.1
Food preparation and serving related occupations	7,117	1,270	214	1,056	9.1	49.6	24.6	62.5	17.8	3.0	14.8
Building and grounds cleaning and maintenance occupations	3,932	133	64	69	5.0	5.2	7.4	4.1	3.4	1.6	1.7
Personal care and service occupations	3,012	150	66	84	3.9	5.9	7.6	5.0	5.0	2.2	2.8
Sales and office occupations	20,151	457	303	153	25.8	17.8	34.9	9.1	2.3	1.5	0.8
Sales and related occupations	7,996	312	211	101	10.2	12.2	24.2	6.0	3.9	2.6	1.3
Office and administrative support occupations	12,154	145	93	52	15.5	5.7	10.7	3.1	1.2	0.8	0.4
Natural resources, construction, and maintenance occupations	8,758	82	25	57	11.2	3.2	2.9	3.4	0.9	0.3	0.7
Farming, fishing, and forestry occupations	693	34	13	21	0.9	1.3	1.5	1.2	4.9	1.9	3.0
Construction and extraction occupations	4,745	27	7	19	6.1	1.0	0.9	1.1	0.6	0.2	0.4
Installation, maintenance, and repair occupations	3,319	22	4	17	4.2	0.8	0.5	1.0	0.7	0.1	0.5
Production, transportation, and material moving occupations	13,258	233	109	124	16.9	9.1	12.5	7.3	1.8	0.8	0.9
Production occupations	6,824	77	37	41	8.7	3.0	4.2	2.4	1.1	0.5	0.6
Transportation and material moving occupations	6,434	155	72	83	8.2	6.1	8.3	4.9	2.4	1.1	1.3

Note: Data exclude all self-employed workers, whether or not their businesses are incorporated.

Source: U.S. Bureau of Labor Statistics

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