

Recent Research in HR and Employee Benefits 2017 – Winter Edition

Our winter *FYI Roundup* examines a variety of publications that offer insights, trends and analyses of HR and employee benefit issues of interest. In this issue, we focus on benefit issues that include compensation best practices, the UK’s NEST retirement plan, health care reform, mental health and substance abuse programs in the US and Canada, and retiree health care. We highlight challenges employers face on the HR front surrounding declining union membership, an intergenerational workforce, workspaces and the global gender gap.

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Compensation

Studies examining compensation trends and best practices offer useful insights for broad-based compensation planning, director pay and governance as proxy season approaches.

[Compensation Best Practices 2017](#) – Analyzes pay data from some 7,700 global participants. The report highlights emerging trends, including the growing acceptance of “pay transparency” and the link between a firm’s “pay brand” and talent acquisition. Biggest compensation challenges predicted for 2017 revolve around talent wars, including: finding, growing and retaining top talent; millennial job-hopping; competition from young start-ups; hiring for high-growth companies; the shifting balance of power to job seekers; and improving company culture to retain newly trained employees. (Payscale, 2017)

[Director Compensation Report](#) – Examines non-employee director compensation at 300 large-cap, mid-cap and small-cap firms to determine market practices in pay levels and program structures. The analysis focuses on program design, governance and the reasonableness of director pay. Key findings are summarized by: cash versus equity; compensation committee pay; compensation for non-executive board chairs; lead director’s compensation deferrals; and annual limits on director compensation. Summary information is also broken down by company size, segment and sector (Energy, Financial Services, Industrials, Retail, and Technology). (FW Cook, 2016)



Global HR and Employee Benefits

The shortfall in retirement savings is a growing global concern. Challenged by pension deficits, an aging population and demands for social safety net programs, the UK has taken steps to alleviate those concerns by introducing a new retirement program, to be fully implemented by 2018.

[The United Kingdom's New Retirement Plan](#) – Details the UK's new retirement savings program – the National Employment Savings Trust (NEST) – that requires all employers to automatically enroll their employees in retirement accounts. This issue brief describes key features, including its phase-in, automatic enrollment features, and required levels of contributions by employers, employees and the government. It also discusses administration and management of the NEST program, fees, and various plan design features, including the default investment option. Goals, take-up rates by employees, and savings are compared to US retirement savings program initiatives including myRA, leading the authors to conclude that the UK has exceeded the US in expanding pension coverage. (Note: The issue brief can be downloaded from the website. National Institute on Retirement Security, 2016)

Health & Welfare

Recent reports tackle a wide range of health and wellbeing topics. Among the many issues addressed are: strategies for reducing health care costs; employer attitudes on ACA mandates; prescription drugs; sleep's impact on productivity; and older workers' willingness to delay social security claims.

[How Repealing Portions of the Affordable Care Act Would Affect Health Insurance Coverage and Premiums](#) – Estimates changes in coverage and premiums that would result from leaving the ACA's insurance market reforms in place while repealing the mandate penalties and subsidies. CBO projects that the number of uninsured would increase by 18 million in the first new plan year following enactment of H.R. 3762, 27 million following elimination of the ACA's expansion of Medicaid and marketplace subsidies, and 32 million in 2026. Premiums in the non-group market were projected to increase by 20 to 25% relative to current law projections in the first new plan year following enactment of the bill, by about 50% in the year following the elimination of the Medicaid expansion and marketplace subsidies, and would roughly double by 2026. (Note: Report can be downloaded from the website. Congressional Budget Office and Joint Committee on Taxation, 2017)



[Employer Attitudes Toward the Employer Mandate and The ACA](#) – Analyzes survey results from over 1,000 small, mid-size and large employers on their attitudes toward health care. Among other things, survey results illuminate employers' views on current and future health care offerings, employee satisfaction, affordability of health insurance and other health care expenses, the importance of benefits, managing the Cadillac Tax, and wellness programs. The data provides key insights about emerging trends. (Transamerica Center for Health Studies, 2016)

[Mental Health and Substance Abuse Gaining Traction](#) – Discusses a survey examining the nature and extent of 344 mental health/substance abuse benefits programs (including 257 survey respondents from US organizations and 97 from Canada). According to the survey report, 93% of participants offered some sort of mental health/substance abuse benefits, including preventive programs, education and awareness benefits, treatment

options, and return-to-work programs. Survey data provides insights into the impact of mental health and substance abuse on work performance, health care costs, disability claims and workers' compensation claims. (Note: The full-text report is free to members; non-members can purchase the study from IFEBP's website. International Foundation of Employee Benefit Plans, 2016)

[Health Care Costs in Retirement Survey](#) – Examines survey results from 1,316 US adults age 50 and older on managing health care costs during retirement. Participants' responses reveal that the majority fear they will not have enough money to cover medical or long-term care expenses in retirement, but more than two in five have not discussed their concerns with financial advisors, spouses or children. Data specific to plans to delay retirement, resources used to pay for medical expenses in retirement and “negative actions” such as not filling prescriptions and skipping doctor's appointments to avoid or minimize health care costs underscores the importance of saving now for post-retirement medical expenses. (Nationwide/Harris Poll, 2016)

Labor

According to [Unions in the Trump Era](#), union membership is at its lowest point in 70 years, with only one in 15 workers holding a union card in private industry. The author attributes the decline in the union ranks to reasons ranging from poor leadership to economic conditions, and argues that union leadership must listen to multigenerational workforce members, unite broadly, and reclaim the union movement's larger social purpose to secure a role in the changing workplace. (CommonDreams, January 3, 2017)



[Union Perseverance: Taking the Pulse of America's Union Workers](#) – Explores key concerns and aspirations of 1,573 active union members representing Millennials, GenXers and Boomers working in 15 different industries. Key survey findings highlight: a generational disconnect between Millennials and Boomers; higher millennial expectations of unions and the workplace; and the need for unions to offer more training or other skill-enhancing opportunities, adopt new strategies and greater engagement to expand membership. Analyses and recommendations offered in the study will provide union leaders with insights to serve their members now and in the future. (Prudential, 2017)

Talent Management – Ageism

Generational diversity is gaining attention on a global scale. Employers particularly in hospitality, retail and call center industries are leading the way in viewing “boomerang” workers (retirees) as an untapped source of talent.

[Clocking Back In: Boomerang Workers](#) – Surveyed nearly 4,500 job seekers to explore overt and covert ageism in five influential employment markets: US, UK, Australia, China and Mexico. The fourth in a series of reports focuses on how employers can leverage global candidate preferences and perceptions to create a successful talent acquisition program for boomerang workers. Key takeaways include: ageism is at top of employees' minds; it is not

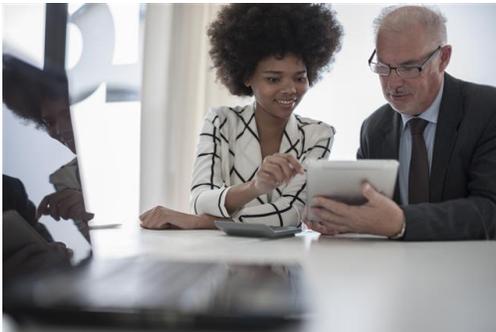


discussed enough; both overt and covert factors influence employees' perceptions of bias in the workplace; respondents aged 18-24 say ageism is one of their biggest career challenges; and hiring practices that appear to discriminate based on age can damage an employer brand. (Manpower Group Solutions, 2016)

Workforce – Millennials

Now that Millennials have surpassed Baby Boomers and Generation X in the workplace, their perceptions about the economy, society, business, the workplace, benefits and retirement savings continue to raise hot button issues for employers.

[The Millennial Benefits Perspective](#) – Examines Millennial attitudes on benefits and financial wellbeing by exploring how life events impact benefit selection, and identifies causes of financial stress. The trend analysis provides insights employers will find helpful in fashioning benefit programs to attract and retain younger and older Millennial workers. (Report can be downloaded from the website. MetLife, 2016)



[Financial Health of Young America: Measuring Generational Declines between Baby Boomers and Millennials](#) – Compares the financial health of Millennials (age 25-34 in 2013) and Baby Boomers (age 25-34 in 1989) in terms of earnings, home ownership, assets, net worth and retirement savings. Key findings show that Millennials' net worth is half that of the Boomers at the same age and younger workers earn \$10,000 less than young workers in 1989, a decline of 20%. Study recommendations to help younger workers attain financial security

include suggestions to policy makers and private employers on education and skills, raising incomes, reworking housing policies, improving capacities for asset and wealth accumulation and creating portable and universal retirement options. (Report can be downloaded from the website. Young Invincibles, 2017)

[Millennial Survey 2017](#) – Takes an in-depth look at Millennials, their perceptions about the world at large and expectations about business. Survey findings based on the views reported by almost 8,000 Millennials across 30 countries indicate: Millennials in developed countries feel pessimistic while those in emerging countries are optimistic; Millennials appear to be more loyal to employers than a year ago; business is behaving responsibly toward societal challenges, but could do more; business helps younger workers feel empowered by providing opportunities to engage in good causes; flexible working arrangements boost loyalty and workplace performance; and automation encourages creative thinking and opportunities to develop new skills for some, but is viewed as a threat to job security by others. Millennials provide their perspectives on how GenZ will adapt to the changing workplace in part 6 of the study. (Deloitte, 2017)

Workplace Issues – Messed Up?

One school of thought says messy desks/work areas impede productivity when employees have to search for things. Another view equates neatness with organizational skills and taps employees with the most pristine areas as the first to be considered for salary increases. New theories about messiness may disrupt current corporate thinking about clean desk policies.

[Good News for Messy People: How Disorder Can Lead to Success](#) – Wharton’s interview with Tim Harford (author of “*Messy: The Power of Disorder to Transform our Lives*”) provides interesting theories about messy people. His first-hand research indicates that being messy makes you more resilient, fosters creativity and is often a trait of highly successful people. Harford theorizes that people who have control over their work spaces are happy, comfortable and productive – something employers may want to consider to boost workplace morale. (Retrieved from: <http://knowledge.wharton.upenn.edu/article/how-being-messy-links-to-achievement/>. Knowledge@Wharton, 2017)



Have You Come a Long Way, Baby?

According to the World Economic Forum, the gender gap is widening, and it may take 170 years for men and women to reach global equality. The research, performed annually, analyzes four components to track gender disparities and progress over time: educational attainment; health and survival; economic opportunity; and political empowerment. The 2016 report looked at 144 countries, and found that Nordic countries remain the most gender equal societies. The US fell in rank from 28 in 2015 to 45 in 2016, despite progress made in education, business and politics. The research will be helpful to employers looking

at pay inequality and diversity issues in the workplace. Rankings for the top 10 countries closest to closing the gender gap are provided below.

Global Gender Gap Index 2016

The highest possible score is 1 (equality) and the lowest possible score is 0 (inequality).

Rank	Economy	Score
1	Iceland	0.874
2	Finland	0.845
3	Norway	0.842
4	Sweden	0.815
5	Rwanda	0.8
6	Ireland	0.797
7	Philippines	0.786
8	Slovenia	0.786
9	New Zealand	0.781
10	Nicaragua	0.78

Source: <http://reports.weforum.org/global-gender-gap-report-2016/rankings/> (Note: The full report can be downloaded from the World Economic Forum’s website)

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