

## Recent Research in HR and Employee Benefits 2018 – Fall Edition

As we enter another fall season, it's time to review some of the latest publications addressing HR and employee benefits issues. This time, we focus on executive compensation, workplace wellness programs, retirement planning, the gig economy, healthcare benefits, and health savings accounts. New reports offer insight into Millennials and "Gen Z," the issue of debt as a factor in retirement savings and financial security, and the effect of knowledge on productivity. Finally, we look at the Bureau of Labor Statistics' most recent figures on employer costs for employee compensation.

### **Employee Benefits: Nonprofit Organizations**

Starting off our recommended reading is a new report offering a snapshot of employee benefits in the nonprofit sector and some insights into why nonprofit employees tend to stay longer in their positions.

[Nonprofit Survey 2018](#) – Explores the nonprofit sector, examining attraction and retention incentives, retirement benefits, saving for retirement, healthcare costs, and post-retirement plans. (TIAA, 2018 – **Note:** this is the executive summary)

### **Executive Compensation**

A new report offers some theories on why executive compensation has increased so rapidly in recent years.

[CEO Compensation Surged in 2017](#) – Looks at trends in CEO compensation growth and CEO-to-worker compensation ratios, including both the average worker and those within the top 0.1 percent. This report examines historical compensation patterns over the last several decades, offering an analysis of the recent surge in CEO pay. (Economic Policy Institute, 2018)

### **Financial Wellness**

New research on financial wellness programs finds that both employers and employees consider such programs useful but getting employees to participate remains challenging.

[2018 Workplace Benefits Report](#) – Evaluates financial wellness programs from the perspective of employees and employers. This report looks at specific employee needs and some of the reasons for employee nonparticipation in such programs. It also provides suggestions to employers for improving current programs. (Bank of America/Merrill Lynch, 2018)

## Healthcare

Recent reports and studies tackle issues relating to healthcare costs, trends, and alternatives to cost-sharing. Also included are two reports on health savings accounts, which provide a glimpse into the growing HSA marketplace.

[2018 Employer Health Benefits](#) – Provides information on trends and benchmarks for employer-sponsored health insurance, including premiums, employer contributions, cost-sharing provisions, and more. (Kaiser Family Foundation, 2018)

[2018 Midyear HSA Market Statistics & Trends](#) – Uses survey data from the top 100 HSA providers to offer a snapshot of the health savings account market. This report provides statistics on asset growth, industry contributions and withdrawals, and investment assets. (Devenir, 2018 – **Note:** this is the executive summary)

[2018 HSA Participant Profiles](#) – Focuses on health savings accounts and provides statistics on demographics, use of account funds, and healthcare spending and savings behavior of HSA participants as compared to the general population. (Alegeus, 2018 – **Note:** this is part one of a two-part research series; registration required to download report)

[Value Innovations by Employers: Examples Beyond Cost Sharing](#) – Evaluates alternatives to placing an increasing burden of healthcare costs on employees. This report evaluates some of the innovative approaches employers are using to deal with the increasing cost of employee healthcare, such as workplace clinics and payment/delivery reform. It also looks at the implications of such efforts within the context of a changing healthcare system. (Duke Margolis Center for Health Policy-Robert Wood Johnson Foundation, 2018)

## Pension Plans

A new report on cash balance plans offers statistics and insights into an area of the retirement plan market that is experiencing rapid growth.

[2018 National Cash Balance Research Report](#) – Analyzes IRS Form 5500 filings for cash balance retirement plans. This report breaks down numerous factors, including annual growth, company contribution, asset size, regional trends, and more. (Kravitz, 2018)

## Wealth: Retirement Planning

Various reports on retirement planning look at the urgent issue of retirement preparedness within the context of wage disparities, disconnects between employer-employee perceptions about retirement security, and the expectations and experiences of pre-retirees and retirees. A case study on the implementation of automatic enrollment features at a Fortune 500 firm is also included.

[Potential versus Realized Savings Under Automatic Enrollment](#) – Traces the evolution of retirement savings at a Fortune 500 firm after it adopted automatic plan enrollment features in 2005. This report evaluates data on plan contributions, withdrawals, loans, and specifically investigates the relationship of auto-enrollment with the effect of pre-retirement withdrawals on plan balances over time. (TIAA, 2018)

[2018 Retirement Preparedness Study](#) – Evaluates the ways in which pre-retiree expectations for retirement have changed over time and looks at the current retiree experience, including factors influencing the ability to have a “dream retirement.” This report primarily focuses on pre-retirees, including evolving views on sources of retirement income, actions they are taking (and not taking) to save, and generational differences in retirement savings behavior and attitudes. (PGIM Investments, 2018)

[Growing Wage Inequality, the Minimum Wage, and the Future Distribution of Retirement Income](#) – Looks at wage disparity in a larger economic context and examines implications for the future. This report evaluates the impact of increasing wage inequality on lifetime earnings and retirement income and includes data on a minimum wage model to ameliorate such effects in the coming decades. (Urban Institute, 2018)

[Striking Similarities & Disconcerting Disconnects: Employers, Workers and Retirement Security](#) – Examines how employers perceive employee retirement concerns, including the importance of offering retirement benefits, the desire for phased retirement programs, and the experience of older workers. This survey of over 1,800 employers also reviews various aspects of 401(k) plans currently offered, broken down by employer size. The survey provides detailed statistics and recommendations for workers, employers, and policymakers on improvement of retirement savings success. (Transamerica Center for Retirement Studies, 2018)

## Wellness

New reports examine trends and data around designing wellness programs and one employer’s experiment with a comprehensive workplace wellness program.

[2018 Wellness Industry Trends](#) – Reports on strategies companies are using to create and expand on competitive wellness programs. This survey provides trends and statistics on investment around specific offerings, factors influencing the design and success of programs, and vendor evaluation criteria. (Wellable, 2018)

[What Do Workplace Wellness Programs Do?](#) – Evaluates the results of a large-scale trial involving the creation of a workplace wellness program at the University of Illinois. Using data from over 12,000 enrollees, the study looked at three key areas: the influence of financial incentives on participation, the types of employees who voluntarily enroll in such programs, and the ultimate effect on medical spending, employee productivity, health behaviors, and wellbeing. (National Bureau of Economic Research, 2018)

## Workforce: Gig Economy

Some of the latest research on the “gig economy,” shorthand for a host of work arrangements that are becoming increasingly more commonplace, provides data and a glimpse into the future of the gig workers. One report looks at alternative work arrangements for independent workers, and another provides comparisons with traditional workers, offering insight and evidence that the gig economy is growing.

[State of Independence in America 2018](#) – Looks at the current state of the independent workforce, as well as long-term trends. This 8<sup>th</sup> annual report looks at the demographic makeup of independent workers and provides key statistics on trends, including an increasing number of high earners, and the impact of economic factors on employment choices. The report also looks at the role of skills, training, and automation, and makes some predictions about the future of the independent workforce versus traditional employment (hint: the latter is not going away). (MBO Partners, 2018)

[The Gig Economy & Alternative Work Arrangements](#) – Provides insight into the various forms of work outside of traditional employment, concluding that the data indicates “a tale of two gig economies.” The report breaks down the different types of work arrangements, looks at costs and benefits from worker perspectives, and explores worker satisfaction. The report also offers suggestions for team leaders on management and motivation of workers and points out opportunities and challenges for executives in dealing with the new gig economy. (Gallup, 2018 – **Note:** registration required to download report)

## **Workforce: Global**

Turning an eye to the global workforce, a new report looks at how technology (or the lack of it) impacts worker experience and, in turn, the health of global companies. Another report takes on the issue of employee motivation, providing psychological insights and a roadmap for employers to effect organizational changes.

[The New Global Digital Workplace Divide](#) – Draws on survey data from over 12,000 workers in 12 countries to examine the impact of “technology laggard” organizations on worker satisfaction, retention, and productivity, as well as security risk issues. (Unisys, 2018 – **Note:** registration required to download report)

[The Case for Motivation](#) – Explores the key issue of employee motivation and its impact on productivity. This report draws on data from employees in over 50 countries to examine the factors affecting employee motivation and the effect of stress levels on innovation activity. The report outlines three intrinsic employee needs and provides a roadmap for employers who want to tap into these needs to unlock motivation and spark innovation. (Korn Ferry, 2018)

## **Workforce: Millennials & Generation Z**

New reports about the workforce focus on the two youngest generations, providing insight into their views on finances, expectations in light of an increasingly digital workplace, and financial literacy needs.

[Millennial Study 2018](#) – Examines Millennial attitudes and experiences with homeownership, debt, and saving. This survey looks at how Millennials view various aspects of the American dream and the obstacles they face, with special sections on gender differences and California Millennials. (Bank of the West, 2018)

[From Smartphones to Smart Planning: Millennials & Money](#) – Analyzes the relationship between Millennials and money to pinpoint what drives financial confidence. This survey of Millennial workers with household incomes of \$50,000 or more looks at financial goals and priorities as compared to previous generations, concluding that “parents, passion, planning, and priorities” are the keys to financial confidence for Millennials. (Guardian, 2018)

[Employers, It's Time to Grow Up: Engaging the Millennial & Gen Z Workforce](#) – Provides a roadmap for employers to “listen, engage, and empower” the new workforce generation. This report looks at characteristics of the two

generations and explores ways to align employer values with employee priorities, use digital and personalized processes for better engagement, and provide learning and other opportunities. (Allegis Group, 2018)

[Young Adult Financial Literacy Study](#) – Seeks to understand the financial behaviors and literacy of young adults ages 16-25. This survey found that 76 percent of young adults were optimistic about their financial future, with 20 percent considering themselves already financially independent. Valuable insights are provided into this generation's financial goals, the specific steps they are taking to meet such goals, and the challenges they foresee in being able to sustain their optimism. (Charles Schwab, 2018)

## Workplace Issues

Advocating that “knowledge is most valuable when preserved,” recent research monetizes productivity losses due to unshared knowledge or unique knowledge and notes that lack of knowledge-sharing can cost companies millions.

[Workplace Knowledge and Productivity Report](#) – Quantifies both the cost of losing “unique” knowledge due to employee turnover and the impact of unshared knowledge on employee productivity. This study found that improvements in knowledge-sharing may result in as much as \$2 million in productivity savings for small firms, and \$200 million or more for larger firms. (Panopto, 2018 – **Note:** registration required to download report)

## Spotlight on: Debt

In this issue we take a special look at the increasing challenges workers face over debt, with new reports that provide statistics on debt levels and explore student loan repayment assistance as a valuable employee benefit.

[Deep Dive into Debt](#) – Provides statistics on attitudes and behaviors towards debt, and its effect on financial wellbeing. Statistics include amounts and types of debt carried, average percent of total monthly income spent on expenses and discretionary expenses, and debt-to-savings ratios. (Northwestern Mutual, 2018)

[2018 Student Loan Survey Report](#) – Examines the value of offering student loan repayment benefits to employees. This survey of 1,000 student loan borrowers found that 80 percent would prefer to work for a company that offers student loan repayment benefits, a 10 percent increase from two years ago. Over half of respondents would prefer employer contributions to student loan debt over healthcare benefits, and 49 percent would choose such assistance over a 401(k) plan. (IonTuition, 2018 – **Note:** registration required to download report)

## Statistics

[Employer Costs for Employee Compensation](#) – Private industry employer costs for paid leave averaged \$2.39 per hour worked or 7.0 percent of total compensation; supplemental pay averaged \$1.32 or 3.8 percent; insurance benefits averaged \$2.72 or 7.9 percent; retirement and savings averaged \$1.35 or 3.9 percent; and legally required benefits averaged \$2.64 per hour worked or 7.7 percent. Among major industry groups, retirement and savings benefit costs ranged from 21 cents per hour worked (1.5 percent of total compensation) for leisure and hospitality employees to \$3.56 (6.1 percent) for information industry employees. (Bureau of Labor Statistics, reflecting data for June, 2018)

**Employer costs per hour worked for employee compensation and costs as a percent of total compensation: all private industry workers**

<b>Compensation Component</b>	<b>Cost</b>	<b>Percent</b>
Total compensation	\$34.19	100.0
Wages and salaries	23.78	69.6
Total benefits	10.41	30.4
Paid leave	2.39	7.0
Vacation	1.24	3.6
Holiday	.71	2.1
Sick	.29	0.9
Personal	.14	0.2
Supplemental pay	1.32	3.8
Overtime & premium	.29	0.8
Shift differentials	.07	0.2
Nonproduction bonuses	.96	2.8
Insurance	2.72	7.9
Life	.04	0.1
Health	2.56	7.5
Short-term disability	.06	0.2
Long-term disability	.05	0.1
Retirement & savings	1.35	3.9
Defined benefit	.57	1.7
Defined contribution	.78	2.3
Legally required benefits	2.64	7.7
Social Security & Medicare	1.99	5.8
Social Security	1.59	4.6
Medicare	.40	1.2
Fed. unemployment insurance	.04	0.1
State unemployment insurance	.16	0.5
Workers compensation	.46	1.3

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