

FYI® Roundup

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Recent Research in HR and Employee Benefits 2019 – Spring Edition

Our spring roundup looks at recent research publications relevant to HR and employee benefits. Latest information on compensation, pensions, retirement savings, financial wellness, healthcare, and HR technology is highlighted along with a selection of reports on workforce and workplace issues. Studies addressing talent acquisition and employment branding, the relationship between financial literacy and financial wellness, workplace mental health, and a state level analysis of healthcare costs and the burden on working families provide insight about these important and timely workplace issues. This issue includes the latest data from the U.S. Bureau of Labor Statistics' employer costs for compensation and the recently released 2019 Social Security and Medicare Trustees Annual Report.

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Compensation

The hot issues of gender pay and disparity is the focus of a report that includes a company scorecard. Another study identifies the latest compensation best practices and correlates them to employee turnover.

Gender Pay Scorecard – Evaluates and ranks companies based on pay equity disclosures. This report provides background information on the gender pay disparity issue, including regulatory history and comparative practices in the U.S. and U.K. Scores are provided for 46 companies across five categories, including equal pay gap, racial pay gap, and commitment, among others. Recommendations are offered for shareholders and corporations on improving pay equity disclosure. (Arjuna Capital, 2019)

The 2019 Compensation Best Practices Report – Looks at the top issues around compensation best practices, including retention, pay transparency, benefits, and pay brand. This survey of over 7,000 respondents offers a look at what companies are doing in the compensation arena to attract and retain employees, including higher initial pay offerings, variable pay, benefits and other perks, and bigger base pay increases. One surprise: even though retention remains a significant factor in the

competitive job market, the average pay raise for 2019 remains at about three percent. (PayScale, 2019 –

Note: registration required to download report)

Health

Recent reports covering healthcare focus on trends in health plan offerings, healthcare place of service, and medical pricing. Other studies look at the impact of healthcare costs on Americans, including a state level analysis of the issue. Two new surveys address mental health in the workplace and personalization in digital health provide valuable insight on these growing areas of concern for employers.

[Strong Minds at Work](#) – Explores the impact of employee mental health issues on the workplace. This unique survey of HR professionals and employees looks at factors affecting mental wellbeing, mental health resources available in the workplace, implications of absenteeism/presenteeism, and issues around the stigma. Tips on training and communication practices are offered, along with suggestions about available resources, such as tele-behavioral health and app-based programs. (Unum, 2019 – **Note:** report can be downloaded from the website)

[The U.S. Healthcare Cost Crisis](#) – Examines the major issues around perceptions of health care cost and quality in the United States. This report provides statistics on what Americans think of the health care system, how views diverge based on political party affiliation and age, perceptions of insurance companies, and comparisons to health care in other countries. The report also focuses on health care costs, including lack of transparency and their effect on consumer behavior. (Gallup, 2019 – **Note:** registration required to download report)

[The Burden of Healthcare Costs for Working Families](#) – Provides state level analysis on health care costs for working families with employer-sponsored insurance. Breaking down the data by state, this report looks closely at factors such as income, deductibles, and premiums to evaluate the burden on employees. It also offers comparative data by state on trends in cost burdens over time. (University of Pennsylvania, Leonard Davis Institute of Health Economics, 2019)

[FH Healthcare Indicators & FH Medical Price Index, 2019](#) – Focuses on trends in health care place of service and medical pricing. This report draws on data from over 28 billion health care claims in the private sector, providing information on alternative places of service, and median procedure charges and imputed allowance amounts. The Healthcare Indicators provide data on utilization, diagnoses, and demographics at places of service such as retail clinics, ambulatory surgical centers, and telehealth. The Medical Price Index analyzes median procedure charges and imputed allowance amounts in six procedure categories (professional evaluation & management [E&M], hospital E&M, radiology, medicine [excluding E&M], pathology and laboratory, and surgery. (FAIR Health, 2019)

Spotlight on Buck Surveys

Our Survey Team just launched a *HIPAA readiness survey* to assess organizations' level of compliance understanding and readiness.

The survey is open through May 17, 2019. If you participate, you'll receive a comprehensive report with our findings in June/July – free of charge.

Please [click here](#) to take the survey. For any questions, contact HRSurveys@buck.com.

Employer Perspectives of Personalization in Digital Health – Looks at how employers understand the demand for personalization in digital health care, what they are doing to implement it, and the disconnect between the two. This survey of large employers reveals that most are aware of the potential that personalization holds for impacting benefits strategies in a positive way and provides information about sources being used for such data, and channels for implementation. Included are suggestions for additional ways employers can improve their approach to personalization. (NBGH/Castlight, 2019 – **Note:** registration required to download report)

2019 Medical Plan Trends and Observations Report – Offers a snapshot of trends in employee benefit health plan offerings. This analysis of over 1,000 plans across nine industry groups offers insights into what employers are doing to control costs, and includes statistics on voluntary benefits, wellness incentives, surcharges, HDHPs, and more. (Direct Path/Gartner, 2019 – **Note:** registration required to download report)

HR: talent, technology

Latest thinking for talent acquisition through company branding and the use of technology in the digital transformation of HR functions are the focus of two recently released publications.

Fortune 500 Employment Branding Report – Explores the use of employment branding as a strategic initiative to attract talent and create a hyper-personalized engagement experience for candidates. The report ranks the top 100 companies on their employment branding efforts and includes useful information on recruitment marketing and advertising trends, career websites, and the candidate experience. A section on corporate social responsibility is also included, in recognition of the trend towards greater demand for the alignment of company and candidate values. (Wilson HCG, 2019 – **Note:** registration required to download report)

2019 Industry Trends in HR Technology and Service Delivery – Identifies the latest trends in adoption and implementation of human capital software as part of the digital transformation of HR. This survey of 271 organizations across the globe looks at expectations around HR technology and platform selection criteria. A technology capability model is used to evaluate an organization's technological maturity, using various criteria such as HR technology strategy, processes, service delivery, employee/manager direct access, and reporting and analytics. (Information Services Group, 2019 – **Note:** registration required to download report)

Pensions

Insights about defined benefit plan funding portfolio optimization and defined contribution plan generational participation trends are the focus of latest pension research studies.

Revving Pension Plans Funding Engines – Provides information on how DB plan sponsors can optimize plan portfolio growth in the wake of market volatility. This report reviews strategies for

generating returns and explores some of the issues associated with the major investment growth engines. (Cambridge Associates, 2019)

Retirement Reality Check – Reviews participation in defined contribution plans across three generations. This survey of over 1,000 workers examines what Millennials, Generation X, and Baby Boomers have been doing to save for retirement, what their shortfalls are, and offers insight into areas for improvement. Also included is a special section on environmental, social, and governance (ESG) investment options. (Natixis, 2019)

Retirement savings/financial wellness

A number of publications focused on financial literacy, retirement savings, financial wellness, financial security, and behavioral aspects of how independent workers save for retirement, were released over the last few months, will give plan sponsors valuable information to enhance their savings programs.

What is Retirement? Three Generations Prepare for Older Age – Examines perspectives on retirement from the viewpoint of three generations. This survey looks at everything from retirement fears to retirement dreams, along with savings behaviors, positive word associations around retirement-related terms, and where and when each generation expects to retire. (Transamerica Center for Retirement Studies, 2019)

Financial Literacy in the United States and its Link to Financial Wellness – Measures eight areas of individual personal financial knowledge to assess financial literacy and its impact on financial wellness. This unique index looks at individual knowledge on areas such as saving, investing, debt management, insurance, and risk, to evaluate trends in financial literacy and indicators of financial wellness. Not surprisingly, greater financial literacy was correlated with greater financial wellness, impacting issues such as retirement savings and debt. (TIAA, 2019)

2019 Financial Attitudes and Behaviors Among Independent Workers – Looks at the financial habits of independent workers, including how they are saving for retirement. This survey also provides comparative data across generations and with traditional workers and retirees. (T. Rowe Price, 2019)

2019 Primerica Financial Security Monitor Insights Report – Reports on how middle-income Americans are meeting their financial goals and coping with financial stress. This survey of 1,000 adults with annual income between \$29,000 and \$106,000 found that their number one concern was not saving enough for retirement, followed by worries about high debt levels. Other data points include what areas of personal finance middle-income Americans want help with, and perceived impact of working with a financial advisor. (Primerica, 2019)

2018 State of the American Family Study – Reviews how American families are coping with finances and financial planning issues, and how many feel the “The American Dream” is still within reach. This report offers statistics and insight into behaviors and priorities, along with special sections on families

across numerous demographics, as well as military, Millennial, and “Sandwich Generation” families. (MassMutual, 2019)

The Employer’s Guide to Financial Wellness – Looks at the relationship between financial wellness and mental health, and its impact on the workplace. This report uses a “financial fitness” score to evaluate survey responses related to borrowing and savings habits, and debt, and provides suggestions for building a business case for financial wellness benefits. (Salary Finance, 2019 – **Note:** registration required to download report)

Workforce

Insight about the employee experience, with a focus on managing Gen Z workers and a report on the critical impact of employee engagement programs provide useful information for managing the current workforce.

The Ultimate Guide to Generation Z in the Workplace – Looks at the newest generation in the workplace and provides insights and suggestions for employers on how to motivate, lead, and manage Generation Z. This guide describes some of the characteristics of this generation of workers, especially as they relate to career motivations and goals, and offers tailored suggestions on successful management strategies. (InsideOut Development, 2019. **Note** – book can be downloaded from the website)

2019 State of Employee Engagement – Considers the importance of employee engagement efforts and reviews perceptions of both HR professionals and employees to gauge their effectiveness. This report provides statistics on the critical need for companies to have an engagement strategy, and looks at some of the factors that contribute to successful engagement efforts, as well as some of the stumbling blocks encountered along the way. (WeSpire, 2019)

Workplace

Latest research addressing the need for employers to offer a greater work-life balance and enhance employee engagement, gives employers a multitude of ways to improve the employee experience, workplace culture and enhance employee productivity.

2019-US Employee Benefit Trend Study – Focuses on how employers can reshape their benefits programs to create a more supportive and meaningful work environment for employees. This report looks at various ways in which employers can adapt to the trend towards a blended work-life world, including understanding what really motivates employees, creating a more holistic benefit program, and developing policies that are more employee-centric. (MetLife, 2019 – **Note:** registration required to download report)

The IWG Global Workspace Survey – Looks at how employers across the globe are accommodating the increasing employee demand for flexible work arrangements, whether through remote work, co-

working, or flexible hours. This survey offers data on the importance of flexible work policies in attracting and retaining talent, increasing diversity, and driving business. Also presented are statistics on the biggest obstacles employers cite to implementing flexible work. (International Workplace Group, 2019)

2019 State of Workplace Empathy – Evaluates the impact and relevance that empathy has as a workplace value. This report examines how critical the employee experience of empathy in the workplace is to performance, retention, and organizational success, but notes that the empathy gap is continuing to widen. The report provides insights into the kinds of policies and benefits that would help companies create a culture of empathy, and why it matters so much. (BusinessSolver, **Note:** Executive Summary only 2019)

Embracing a Digital BYOD Policy in the Workplace – Considers how incorporating employee personal mobile devices into the workplace could impact employee engagement. This survey looks at how employees are already using their personal devices for communication, scheduling, training, and other needs, and suggests that this tendency be harnessed through investing in digital solutions that would improve employee engagement and reduce costs. (Workjam, 2019 – **Note:** registration required to download report)

Social Security & Medicare annual trustees report

2019 OASDI Trustees Report – The 2019 Social Security and Medicare Trustees Report is now available. Findings include continuing predictions for both short- and long-term shortfalls, projecting depletion of the Social Security programs by 2035 (one year later than in last year's report), and Medicare's Hospital Insurance Trust Fund by 2026 (no change from last year). (Social Security Administration, 2019)

Statistics – Employee compensation data

Employer Costs for Employee Compensation – Provides comparative data on employer costs for wages, salaries and employee benefits in private industry and state and local government as of December 2018 (the latest data released by the US Bureau of Labor Statistics).

Overall, wages and salaries averaged \$24.91 per hour and accounted for 68.6% of total costs, while benefit costs averaged \$11.41 and accounted for the remaining 31.4%. Total compensation costs for private industry workers averaged \$34.05 per hour, while compensation costs for state and local government workers averaged \$50.55 per hour.

The following table shows the relative importance of employer costs for employee compensation as of December 2018 for private industry and state and local government workers:

Compensation Component	Private Industry	State and Local Government
Wages and Salaries	70%	62.5%
Benefits	30	37.5
Paid Leave	7.2	7.5
Supplemental Pay	3.2	1.0
Insurance	8.0	11.8
Health	7.5	11.5
Retirement and Savings	3.9	11.8
Defined Benefit	1.6	10.9
Defined Contribution	2.3	0.8
Legally Required Benefits	7.7	5.5

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