

A row of international flags on poles against a clear blue sky. The flags are arranged in a diagonal line from the top left towards the bottom right. Visible flags include Italy (green, white, red), Japan (white with red circle), Lithuania (yellow, green, red), Malta (white with black cross and Maltese cross), and Mexico (green, white, red with national emblem).

Aon Global Benefits Study

Insights Presentation

April 2015

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Agenda

1. Introduction to the survey
2. Where we are now
3. Priorities / challenges for 2015/16
4. Decision making metrics
5. Benefits management efficiency metrics
6. Conclusions



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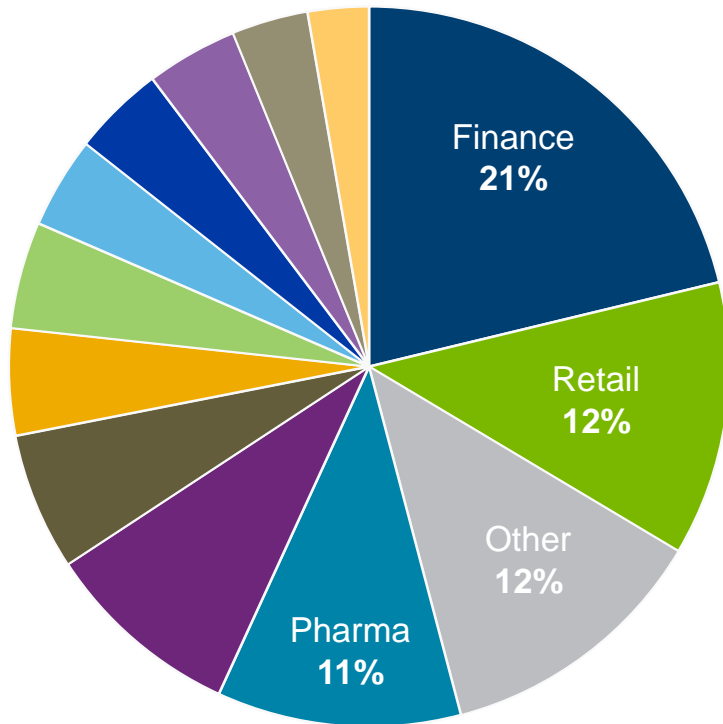
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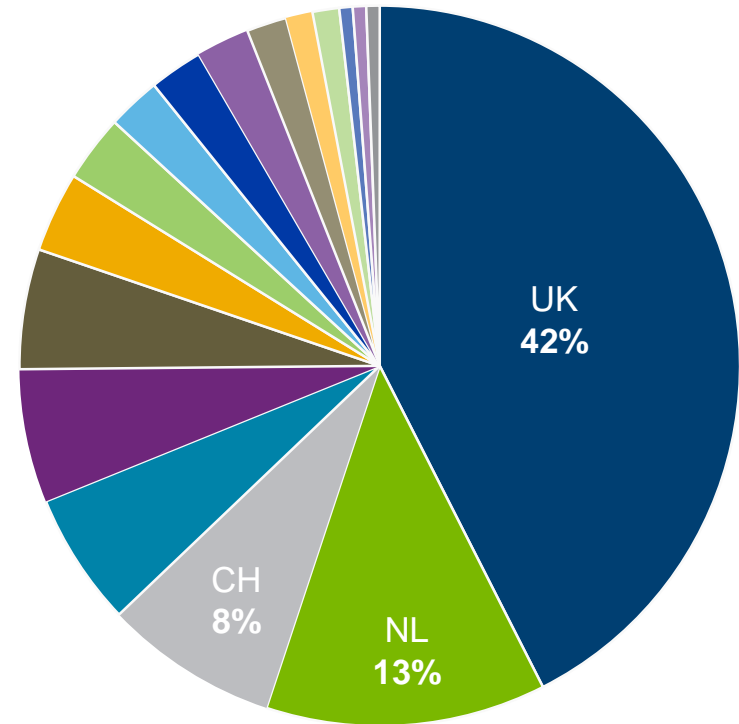


Participant Profile: Industry and Location

➤ Participants by industry (n=184)



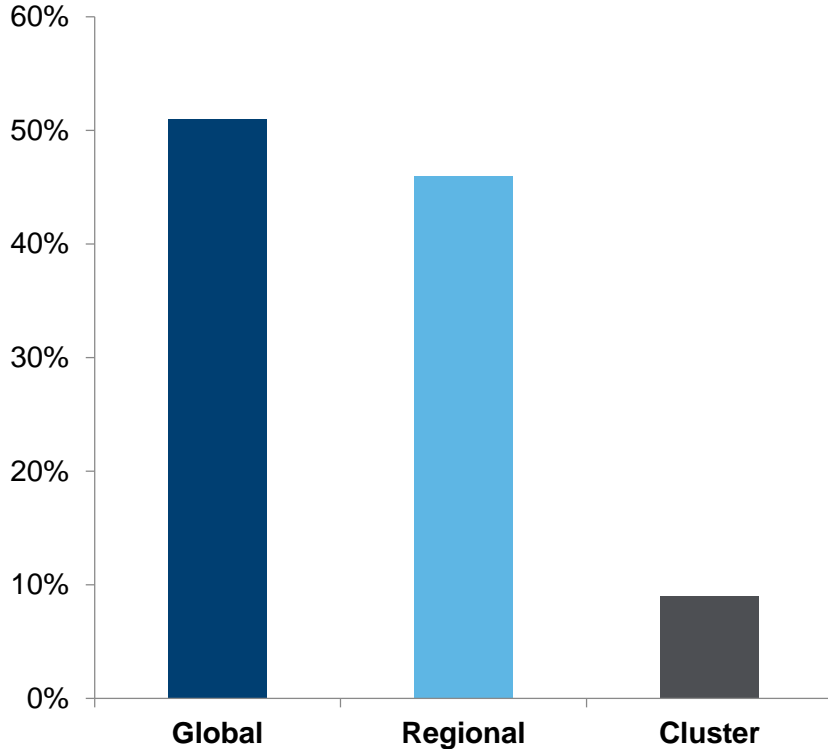
➤ Participants by country (n=184)



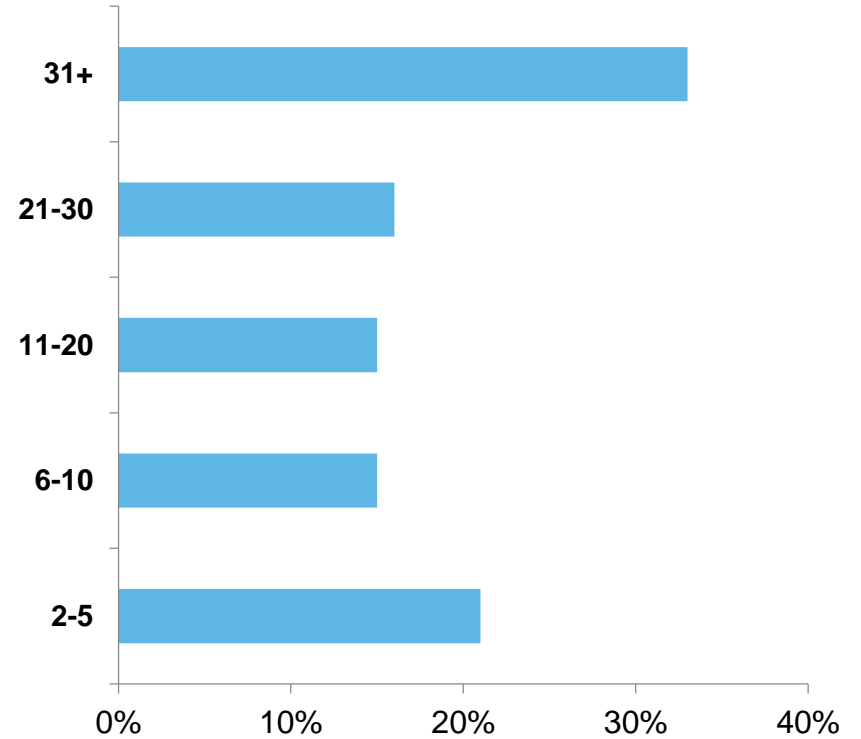
71 participants based in the UK – 10 of whom are attending today

Participant Profile: Role and Remit

Participants by role (n=184)



Number of countries in role remit (n=184)



Similar ratios for the UK participants

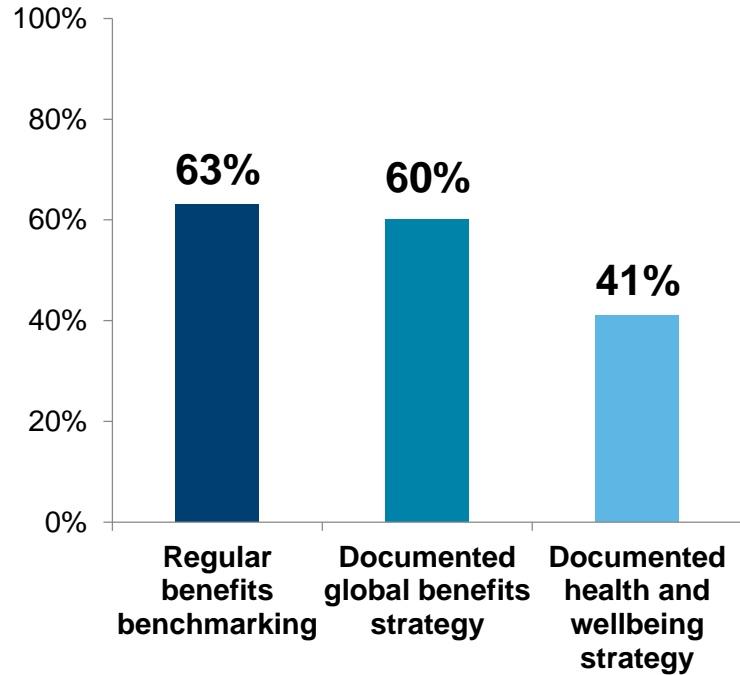
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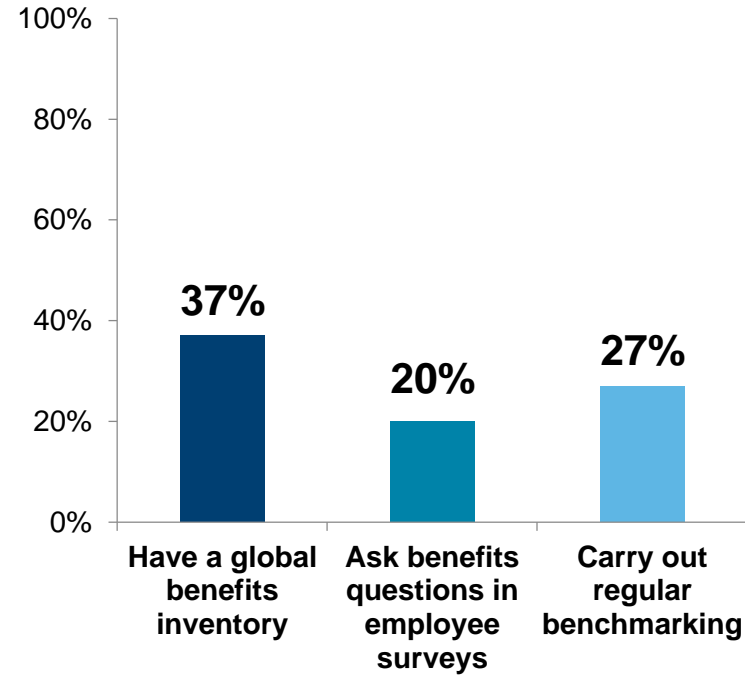


Benefits Strategy

➤ How many participants utilize...?



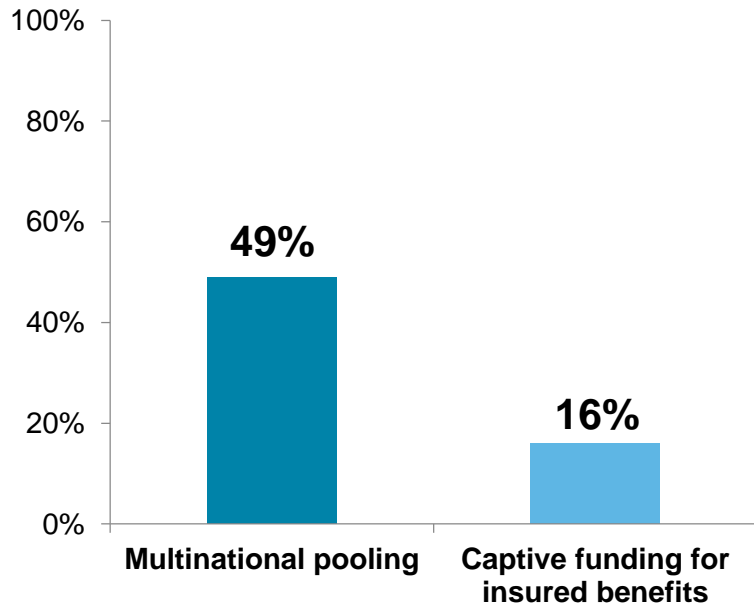
➤ How many participants with a global benefits strategy don't.....



Questions over the effectiveness of the global benefits strategy if further activities not pursued

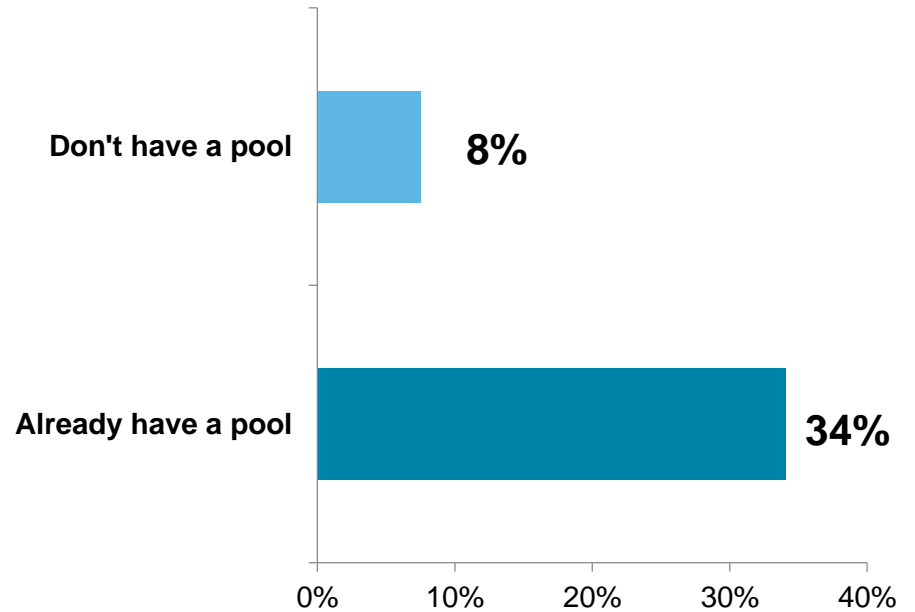
Benefits Financing

➤ How many companies have a multinational pooling or captive financing arrangement?



A clear market trend towards organizations investigating captive and other financing options

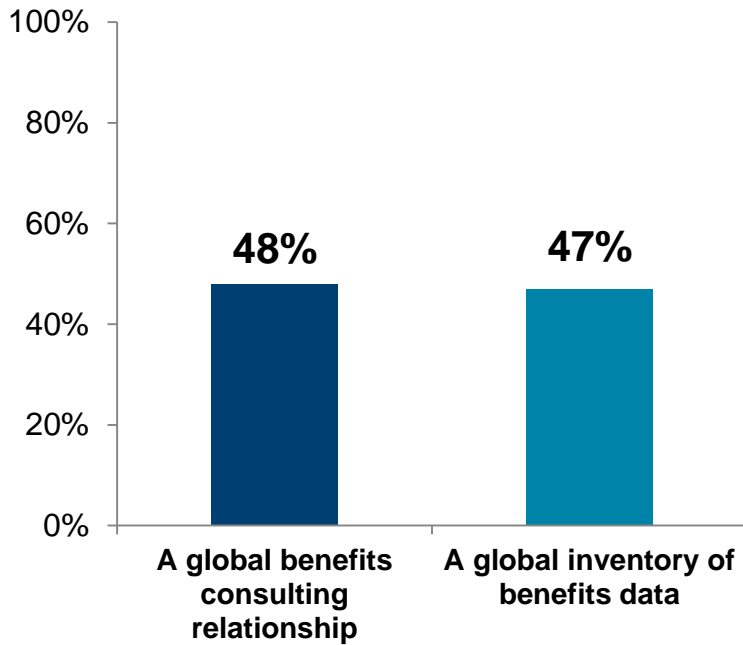
➤ Is reviewing or implementing a pooling strategy a priority for you?



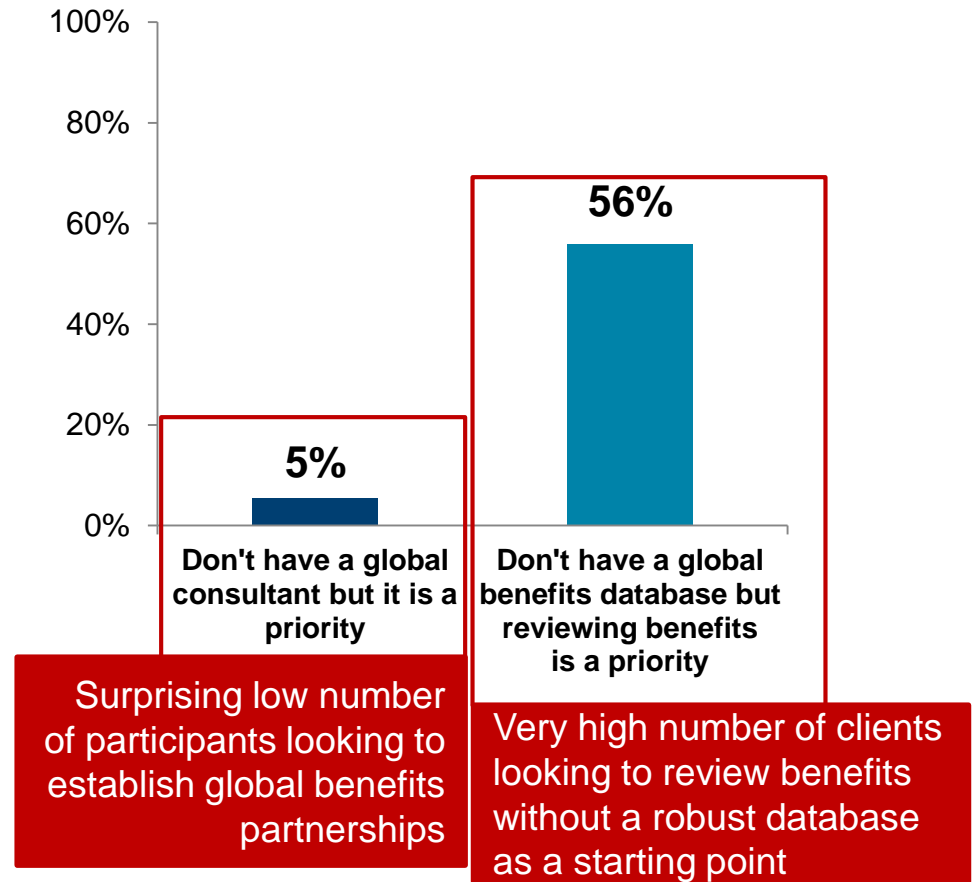
Very few companies looking to implement new pools – standard pooling has had its day?

Benefits Governance

➤ How many participants utilize...?

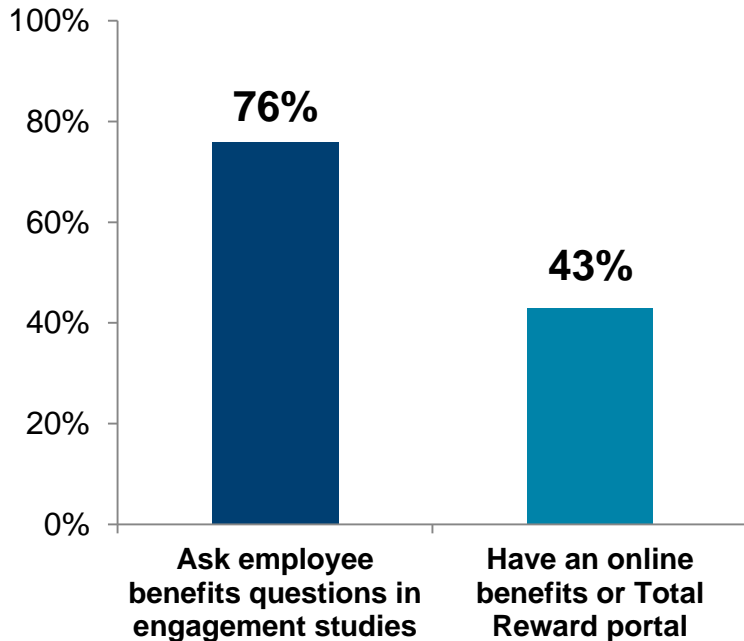


➤ How many participants...?

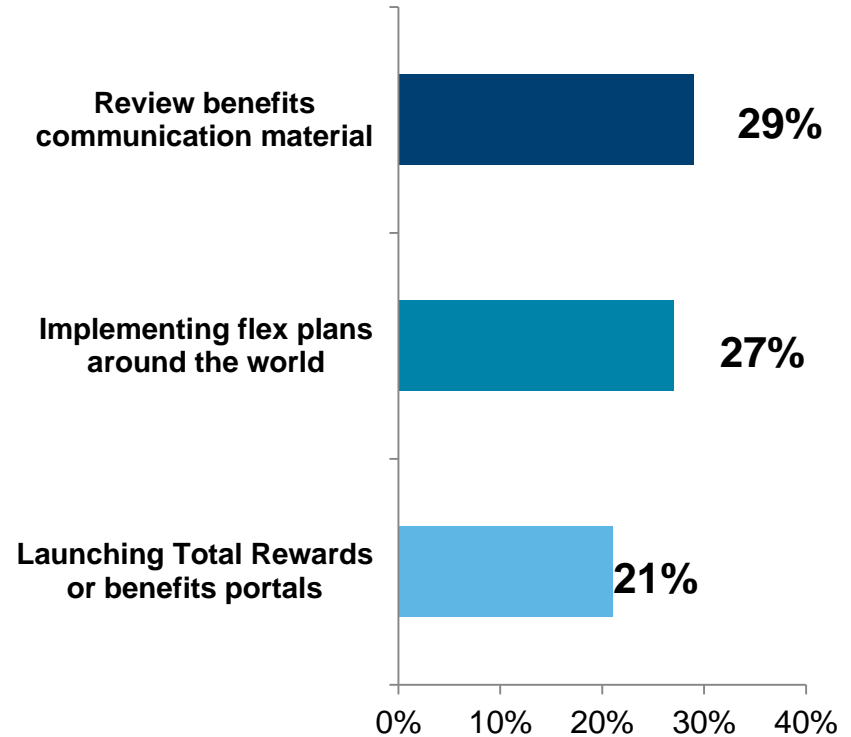


Employee Perception of Benefits

➤ How many participants ...



➤ How many participants see the following as priorities



Benefits often asked about in surveys but employees dissatisfied with follow-up. Poor employee communication often reduces perceived value of benefits

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3. Priorities/Challenges for 2015/16

Priorities

	All respondents	Global	Regional
Reviewing benefits in key countries	1	1	1
Setting a global benefits strategy	2	2	3
Reviewing or implementing a pooling strategy	3	8	2
Implementing a health and wellbeing strategy	4	3	5
Reviewing employee communication materials	5	4	6
Implementing flexible benefits in 1 or more countries	6	7	4
Launching a total rewards portal	7	5	8
Implementing a global benefits mandate	8	6	7

The key priorities for multinationals are strategic in nature

Recent trends towards global flex and total reward potentially waning

Management of pools typically the responsibility of regional rather than global teams

3. Priorities/Challenges for 2015/16

Challenges

	All respondents	Global	Regional
Time consuming benefits administration	1	2	1
Lack of information on benefit programs	2	1	2
Dealing with rising healthcare costs	3	3	7
Lack of budget for priority projects	4	4	3
Benefit program compliance issues	5	5	5
Employee dissatisfaction with benefits	6	6	4
Poor third party service levels	7	7	6

Benefits administration an increasing drag on global benefits professionals

Understanding existing programs a key step before focusing on priority projects

European state health systems reducing the impact of rising health costs

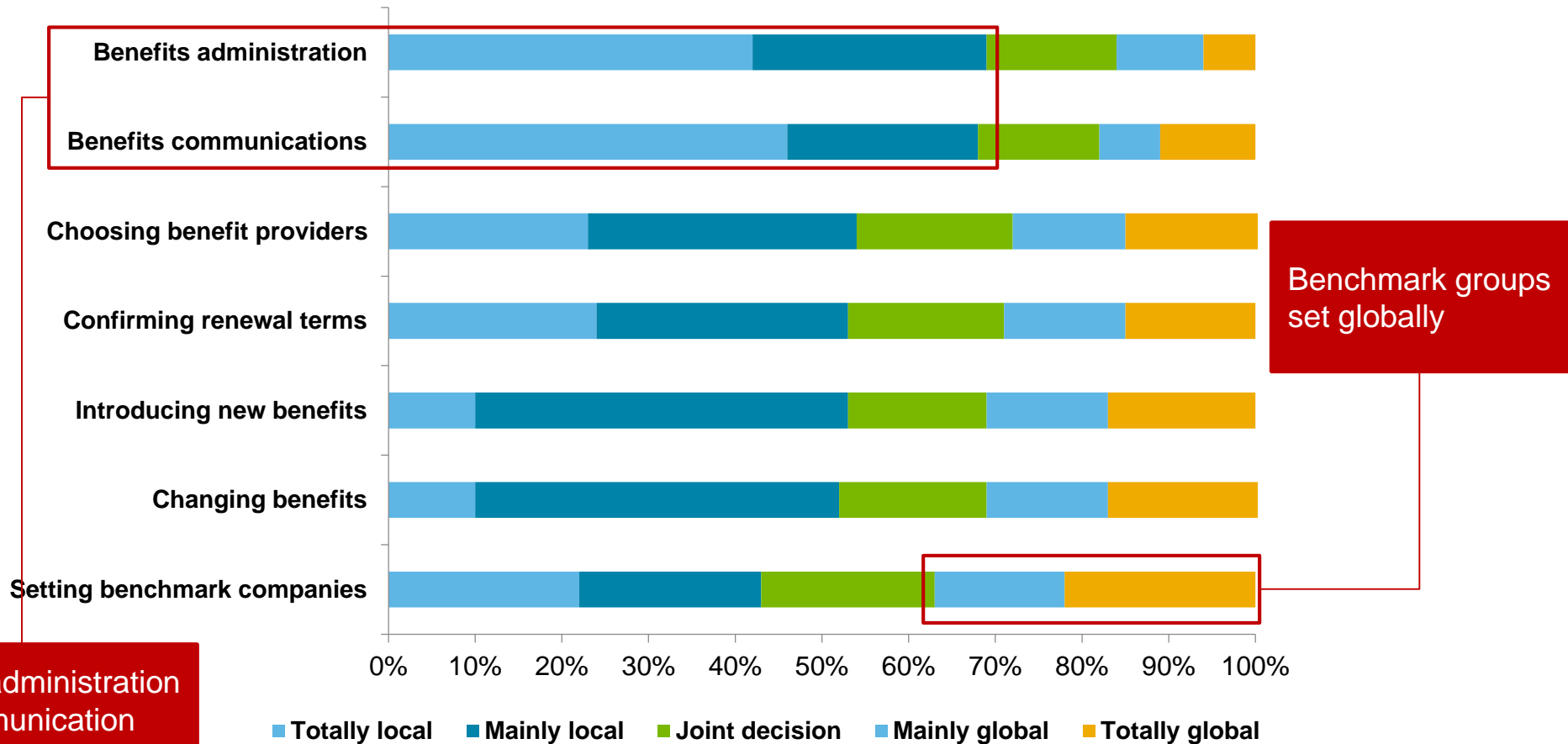
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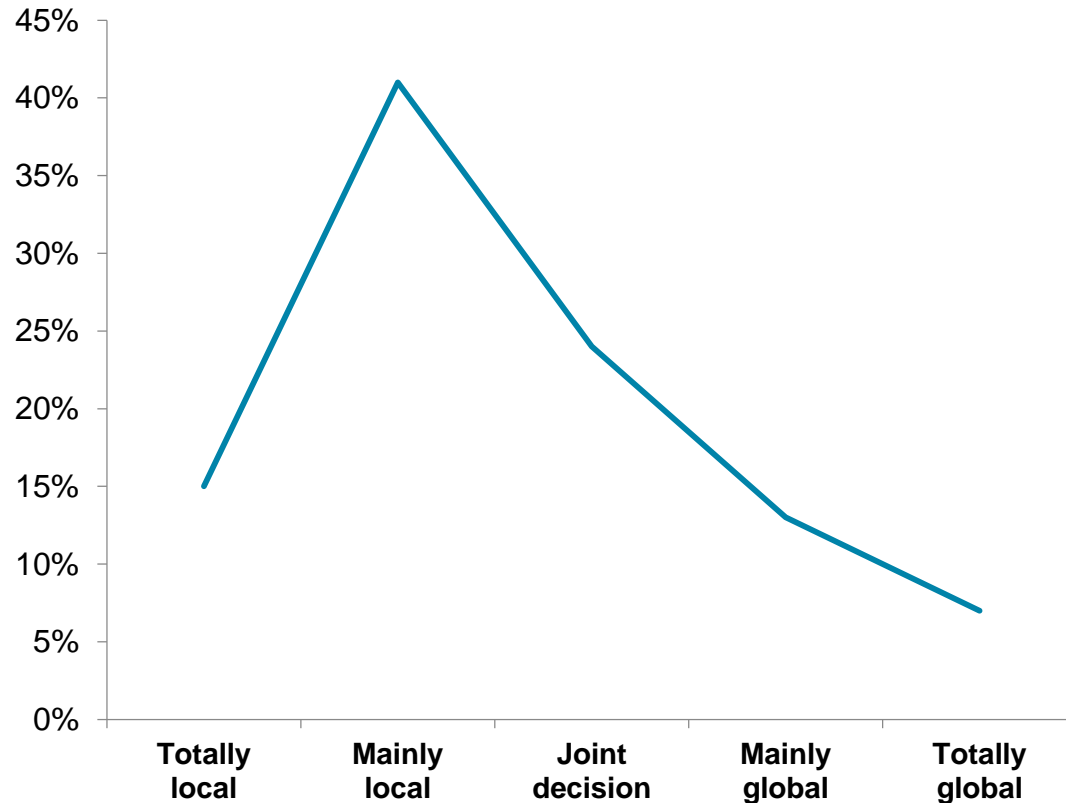
Where Are Decisions Being Made?

➤ What is the balance of decision making between global and local stakeholders?



Where Are Decisions Being Made?

➤ Distribution of the overall decision making balance



Key statistic	Numeric	Interpretation
Median	2.43	Mainly local
Average	2.62	Local / joint
Upper quartile	3.29	Joint
Lower quartile	1.86	Mainly local

Despite clear centralization trends at multinationals the majority of benefit decisions still being driven by local stakeholders

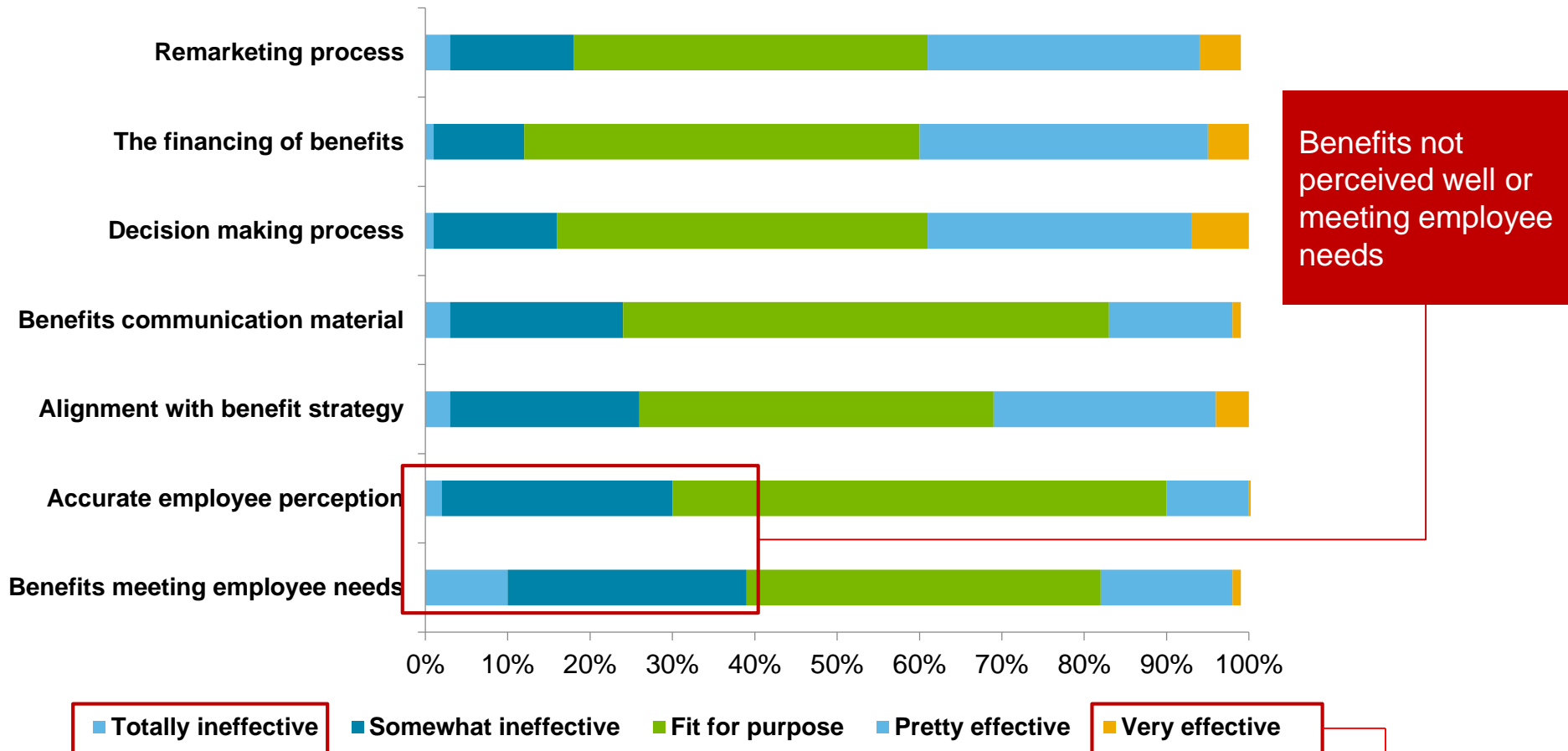
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How Effectively Are Benefits Being Managed?

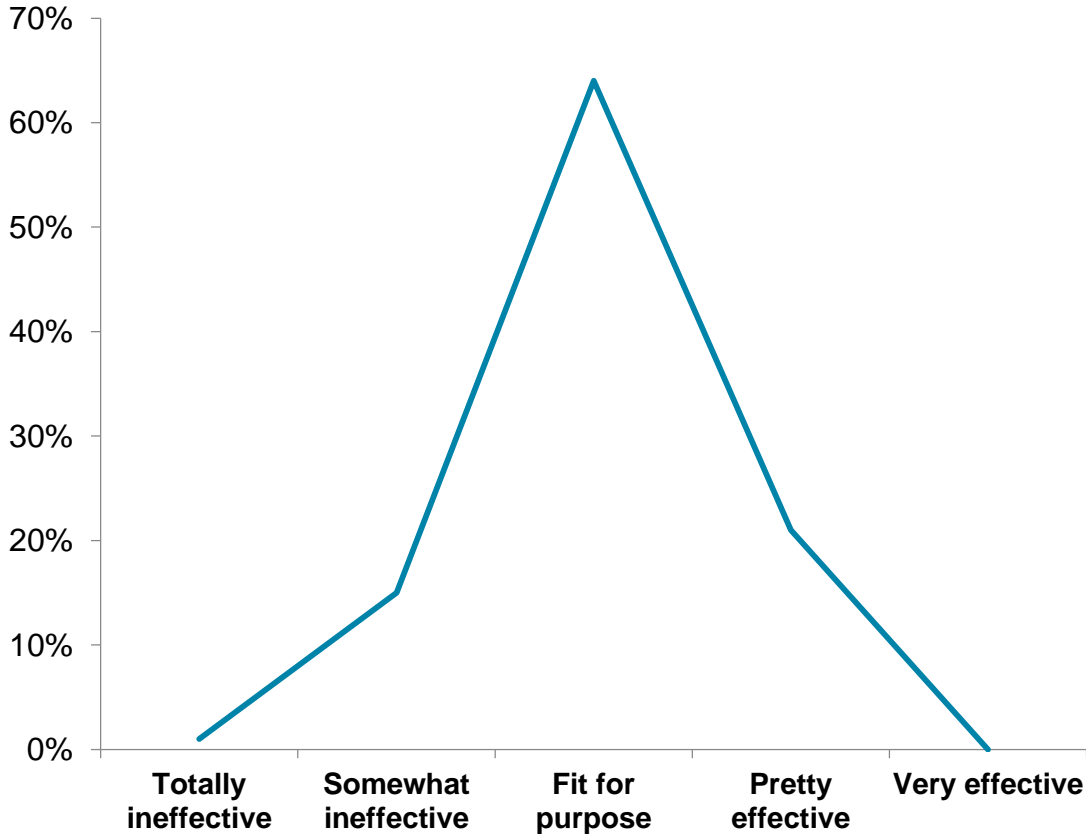
➤ How effective are the following key areas of benefit plan operations?



Very few extreme responses – no major issues but many improvement areas

How effectively are plans being managed?

➤ **Distribution of the overall effectiveness of benefit operations**



Key statistic	Numeric	Interpretation
Median	3.00	Fit for purpose
Average	3.07	Fit for purpose
Upper quartile	3.43	Fit for purpose
Lower quartile	2.71	Fit for purpose

The results show a clear lack of excellence in the management of plans.

Most organizations adopting a “just enough is good enough” attitude

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Key Conclusions

- 1.** The market trend of increasing centralization is ahead of the operational reality. The decision making at most multinationals has heavy involvement from local stakeholders
- 2.** There are clear opportunities in all areas of benefit plan management to improve efficiencies and drive savings
- 3.** Benefit administration issues are a resource drain and this is likely to get worse as the trend of centralization continues
- 4.** Most organizations still reporting a lack of centrally held benefits information which is a real barrier to driving strategic priorities
- 5.** The popularity of multinational pooling looks to have peaked with organizations looking to Captives and other financing initiatives to improve efficiencies



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