



September 2019

Employee Benefits

Rapid Response Survey

Survey date: Sept. 2019

No. of participants: 214

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canada.hbknowledge@aon.ca or visit solutions.aon.ca/healthbenefits/

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Rethinking objectives in the age of flexibility and choice

Many employers provide traditional health, dental, and insurance benefits like long- and short-term disability for their employees. Offering competitive benefit programs is a proven method of attracting and maintaining an engaged workforce. But employee needs are changing and so are their expectations. Year over year, it becomes more challenging for employers to maintain benefit plans that are cost-effective, relevant and valuable to employees.

This survey asked plan sponsors to consider their benefits offer in the context of changing employee expectations, diversity and inclusion, and technology- or generation-based workforce transformation. The results tell us that a static benefits strategy will no longer suffice. Employers must be nimble and open to increased flexibility and personalization in benefits. One-size-fits-all solutions are ceding ground to more varied plan offerings that target workforce demographic or industry sector needs.

Is it time to reinvent the wheel? Probably not. But it might be time to focus on the core offer. A solid core with a flexible outer ring could provide the stability organizations need to predict and control benefit costs, create measurable benchmarks, and address the specific characteristics of their workforce.

63%

benefits meet current workforce diversity needs

87%

employee expectations of benefits and workplace experience have changed

76%

the need to improve is ongoing

Focus on Change and Flexibility

Most employers (63%) believe their current benefits offer is meeting workforce needs from a diversity perspective. But even more (87%) say that further change will be needed as new generations enter the workforce. Focusing on the 5-generation workforce is already a priority for many employers. Adapting benefit programs to accommodate workforce demographics means paying increased attention to the needs of each of those generations and trying to find a viable compromise that achieves plan objectives.

Attraction, retention, and engagement are all influenced by an employee's perception of the value of their benefits. A high degree of personalization in benefits is a growing expectation for employees. Planning for the workforce entrance of future generations and anticipating their needs will differentiate employers looking at the long-game. Adaptability in plan design and management will be a critical attribute for the foreseeable future.

Plan sponsors' objectives will continue to focus on providing a market competitive, well-managed and engaging benefits offer. Changing employee expectations are dominated by workplace experience preferences. The desire for things like flexible hours and agile work options reflects new attitudes about the balance between work and personal life as well as the employer's role in supporting that balance. Expanding the benefits conversation to include workplace experience may help to achieve attraction, retention and engagement objectives.

Emerging Expectations: what do employees expect today that they did not expect in the past?

More flexible work hours	84%
Work/life balance support	79%
Clear approach to employee mental health	78%
More agile home/work options	77%
High degree of benefits personalization	56%
Emphasis on diversity and inclusion	51%
Access to financial education	46%
Clear approach to employee family/caregiver responsibilities	40%
Worksite perquisites like free snacks/drinks/social activities	31%
Help with debt management/consolidation	28%
Volunteering support and/or opportunities	26%
Employer-sponsored mindfulness/resilience classes	25%
Prayer or meditation space	23%
Gender affirmation - support through benefits plan	23%
Fertility treatment support	19%
Cognitive behavior therapy (CBT)	17%
Breastfeeding space	16%
Concierge services (help with chores, laundry, holiday planning, etc.)	10%

Emerging Benefits



Gender Affirmation

Of 212 organizations responding to questions about gender affirmation, 7% currently offer this benefit.



Fertility and family planning benefits

Among the 115 organizations responding to questions about fertility and family planning benefits, 77% cover fertility drugs, 26% cover IVF, 20% provide adoption benefits and 3% provide surrogacy benefits.



Backup caregiver benefits

Among 45 organizations responding to questions about backup caregiver benefits, 67% provide access to coverage for urgent or unexpected childcare needs; 44% for eldercare, and 40% for adult dependent care.



Virtual medical care

Among the 209 organizations responding to questions about virtual medical care, 19% currently offer virtual medical care, and 34% would consider offering it in the future.



Enhanced paid time off (PTO)

Among the 131 organizations responding to questions about enhanced PTO, 68% provide additional PTO for long service or other accomplishments, and 38% provide additional PTO to volunteer.

Objective Setting

Broad objectives like ensuring a plan reflects the best market price, service and coverage (65%) and cost management (61%) continue to be top-of-mind for plan sponsors. Current objectives are also heavily weighted towards employee satisfaction, engagement, and the role of benefits as recruitment and retention tools.

Increasing emphasis on objectives that involve level setting and address age, gender, income, and lifestyle preferences indicate a clear interest in moving towards a more flexible approach to benefits. These emerging objectives signal both the interest and the need for employers to take a deeper-dive into the characteristics of their specific industry, organization and workforce and evaluate their benefits offer under a more focused lens.

Improved employee choice/flexibility and better retention results are top objectives today and are also seen as growth areas going forward. Today's workforce is fluid and in many industries the competition for talent is fierce. Benefits and workplace experience are key retention tools and can make the difference in attracting and retaining a strong and engaged workforce.

Primary objectives today

Ensure plan reflects best market price, service, and coverage	65%
Improved employee satisfaction	62%
Cost management	61%
Improved employee awareness & understanding of benefits coverage	56%
Improved employee engagement	55%
Improved awareness & support for mental health	48%
Market positioning/competitiveness	41%
Better retention results	38%
Improved employee choice/flexibility	37%
Better recruitment results	34%

Objectives of increasing importance over the next 2-3 years

Plan harmonization (level setting for multiple employee classes/groups)	62%
Plan harmonization (M&A)	60%
Planning for future demography	43%
Addressing preferences influence by employee age and gender	43%
Addressing employee income and lifestyle preferences	42%
Market differentiation	40%
Governance/stewardship	32%
Improved employee choice/flexibility	28%
Improved return on investment	28%
Better retention results	25%



Voluntary Benefits

There is growing demand for benefit plans to be more flexible and offer product choices that respect employees' unique needs and lifestyles. Organizations have long been conscious of developing plans that consider core needs like health, dental, life and disability insurance. Voluntary benefits expand on this traditional approach by adding choices that address employees' individual needs and lifestyle.

Voluntary benefits that are fully employee-paid can both offset coverage gaps and acknowledge employee individuality. Organizations can maximize group buying power to provide a cost-effective array of benefits that satisfy the distinct needs of each employee.

	Part of current offer	Not part of current offer, but would consider it for the future	Not part of current offer and would NOT consider it for the future
Voluntary Insurance Benefits			
Optional life (n=207)	90%	6%	4%
Optional AD&D (n=199)	72%	15%	13%
Supplementary travel (n=199)	71%	13%	16%
Critical illness (n=192)	49%	36%	15%
Retiree health (n=187)	44%	19%	37%
Long-term care (n=178)	23%	36%	41%
Personal auto and property (n=180)	23%	24%	52%
Legal expense (n=178)	9%	31%	60%
Funeral (n=177)	8%	21%	71%
Pet (n=178)	6%	24%	70%
Identity theft (n=171)	2%	36%	61%
Device loss (n=174)	1%	16%	83%
Voluntary Lifestyle Benefits			
Gym/Fitness membership (n=204)	60%	25%	14%
Employee discount program (n=201)	59%	21%	20%
Financial planning (n=192)	36%	43%	20%
Event tickets (n=189)	35%	22%	43%
Employee purchase programs (n=187)	22%	32%	46%
Education (cooking, music, etc.) (n=186)	17%	27%	55%
Student loan assistance (n=179)	6%	35%	60%
Concierge services (n=183)	4%	30%	66%