



# Benefits Buyers Study 2015

## FAST FACTS





# Benefits planning:

## A balancing act for employers

While benefits planning has never been easy for employers, recent trends have made it even more challenging. This flipbook highlights some of these key trends, and how employers like you are using benefits to maintain balance.

Use the tabs below to learn more:

HEALTH CARE REFORM

THE ECONOMY

DEMOGRAPHIC SHIFTS

BENEFIT BUYING TRENDS



How to navigate:



**FORWARD** Swipe to view next screen



**BACK** Swipe to view previous screen



**CONTENTS** Return to tabs screen

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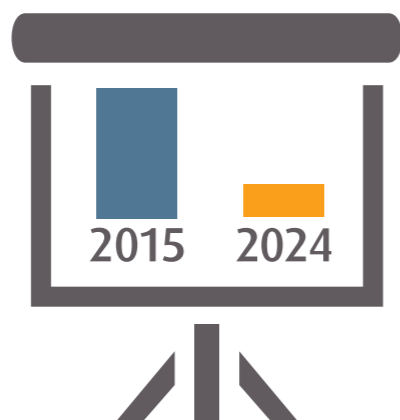


# Health care reform

**TREND:** Companies are offering health care coverage (for now).

**FACT:**

In 2015, **95%** of companies expect to retain their employer-subsidized health care coverage as a very important part of their total rewards package.



However, only **25%** believe they will offer employee health care coverage 10 years from now.



# Health care reform

**TREND:** The “Cadillac Tax” could drive change

**FACT:**

About **60%** of employers say their health benefit plan will require their company to pay the upcoming health care “Cadillac Tax” if they do not make any changes.

The Cadillac Tax is a **40%** excise tax on high-value benefit plans, passed as a part of the Affordable Care Act.





# The economy

**TREND:** HR's biggest concern is NOT the economy

**FACT:**

A recent survey showed that HR professionals are more concerned about the effects of health care coverage than economic challenges over the next five years.



**79%** are concerned with the continuing high cost of employee health care coverage in the U.S.



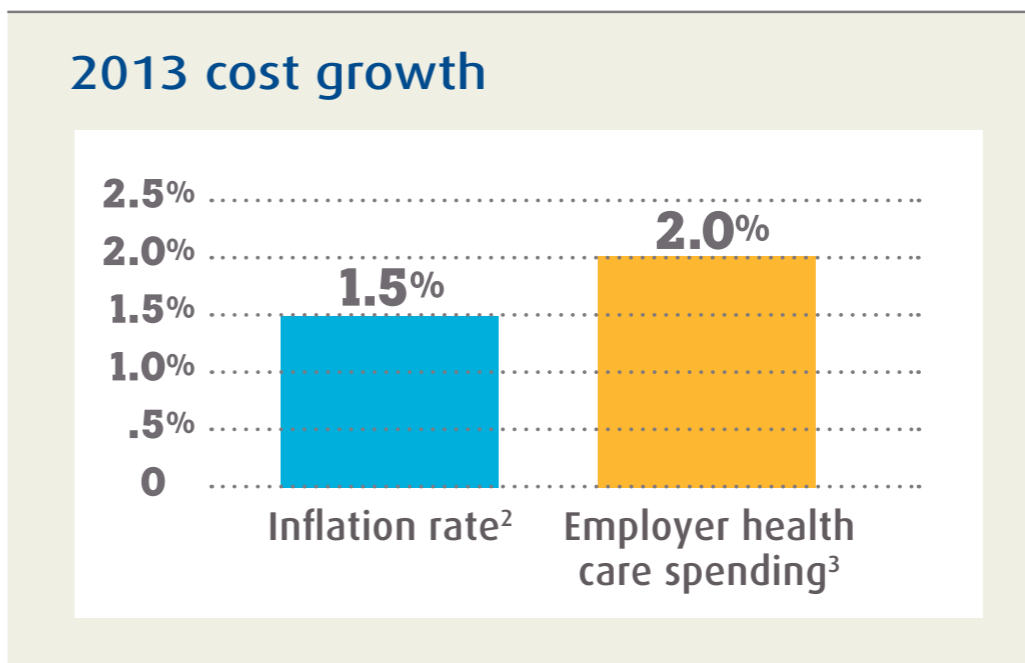
# The economy

**TREND:** Health care cost increases are slowing, but still growing

**FACT:**

Health care costs are increasing at a slower pace than in previous years — from **6%** in 2011 to **2%** in 2013.<sup>1</sup>

Still, 2013's growth in employer health care spending outpaced inflation by more than half a percentage point.



<sup>1,3</sup> Mercer, *National Survey of Employer-Sponsored Health Plans: 2013 Survey Report* (2014). Average total benefit cost per employee over previous year.

<sup>2</sup> Bureau of Labor Statistics, *Consumer Price Index — December 2013* (2014).



# The economy

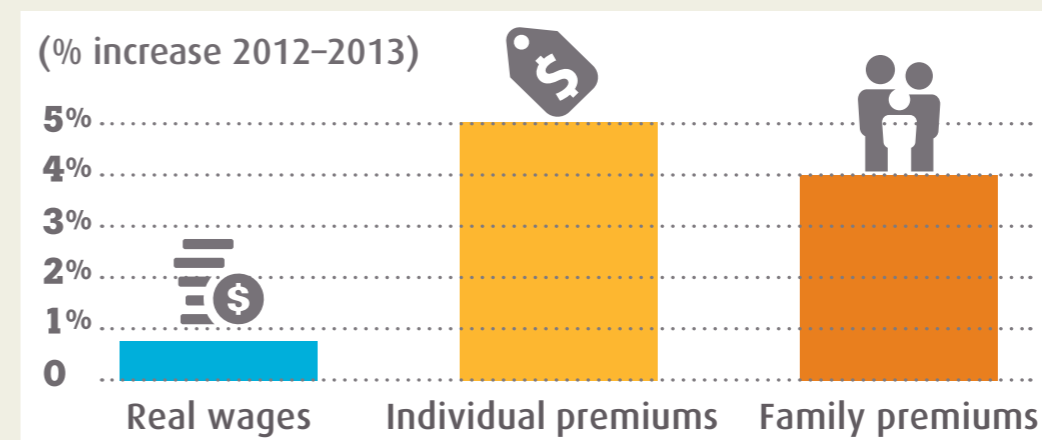
**TREND:** Health care costs are outpacing wage increases

**FACT:**

Between 2012 and 2013, workers' wages increased **1.8%** — but much of that was eaten up by inflation.

In that same time frame, average health insurance premiums grew **5%** for single employees and **4%** for families.

Health insurance premium cost growth rapidly outpacing real wage gains





# The economy

**TREND:** Employees lack essential insurance coverage

**FACT:**

Even though employees feel they need financial protection benefits, many do not have access to them through their employers.

Who needs it:	Who has it:
<ul style="list-style-type: none"> <li>• 77% of workers think that missing work for three months because of injury or illness would create a financial hardship<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Only 40% of private industry employees have access to employer-provided short term disability coverage<sup>3</sup></li> </ul>
<ul style="list-style-type: none"> <li>• 34% of households would have immediate trouble paying everyday living expenses if a primary wage earner died<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 57% of employees have access to employer-provided life coverage<sup>4</sup></li> </ul>

<sup>1</sup> Consumer Federation of America and Unum, *Employee Knowledge and Attitudes About Employer-Provided Disability Insurance* (2012).

<sup>2</sup> LIMRA, *Trillion Dollar Baby — Growing Up: The Sales Potential of the U.S. Underinsured Life Insurance Market* (2011).

<sup>3, 4</sup> Bureau of Labor Statistics, “National Compensation Survey: Employee Benefits in the United States” (Mar. 2013; accessed Aug. 7, 2014), <http://www.bls.gov/ncs/ebs/benefits/2013/ownership/private/table12a.pdf>.





# The economy

## **TREND:** Employees are open to automatic benefits enrollment

(When an employer enrolls an employee in a pre-selected insurance plan that the employee pays for, but provides the employee the option to decline the coverage)

## **FACT:**



**74%**



of employees are supportive of or do not object to employers **automatically enrolling new employees** in employee-paid disability plans, as long as the employee can opt out.



# Demographic shifts

**TREND:** Benefits attract key employees

**FACT:**

**78%** of workers — including Millennials, Gen X-ers and Boomers — say the **benefits package is an important factor** in their decision to accept or reject a job.





# Demographic shifts

**TREND:** Employers are worried about skill gaps

**FACT:**

**98%** of HR professionals surveyed said:



“A shortage of skilled workers” — especially those with STEM\* skills — will have some type of impact on the U.S. workplace in the next five years.



# Demographic shifts

**TREND:** Boomers and Millennials are working side by side

**FACT:**

With many Boomers working past retirement — alongside younger generations — benefit options need to appeal to a diverse range of needs.<sup>1</sup>

For example, voluntary life coverage is popular with employees under age 20 — and older workers who purchase policies for their children and grandchildren.<sup>2</sup>

Unum voluntary benefits — age of policyholder at purchase <sup>3</sup>						
Age	<20 <sup>*</sup>	20-29	20-39	40-49	50-59	60+
Life	26%	16%	19%	21%	14%	3%
ISTD	0%	16%	24%	31%	24%	5%
Critical Illness	0%	16%	26%	30%	23%	5%
Accident	1%	17%	23%	27%	25%	7%
Group Hospital Indemnity	0%	13%	23%	30%	28%	6%
All	13%	16%	22%	25%	19%	4%

<sup>1</sup> SHRM, SHRM® Workplace Forecast: The Top Workplace Trends According to HR Professionals (2013).

<sup>2,3</sup> Chart information taken from Unum’s 2013 database of new and inforce coverage.

<sup>\*</sup>Includes child policies.



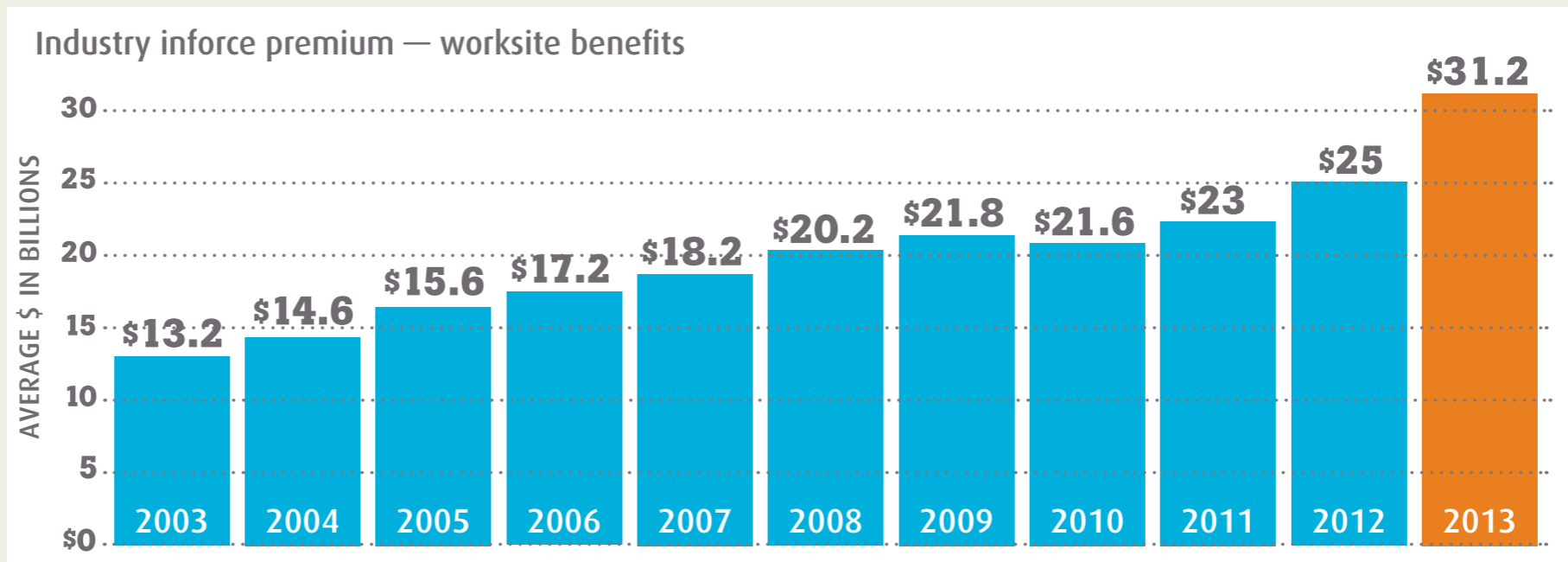
# Benefit buying trends

**TREND:** Employees are spending more on voluntary benefits

**FACT:**

In the past 10 years, employees have increased their voluntary benefit purchases by **\$18** billion dollars. In 2013 alone, employees increased this type of spending by nearly **24%**.

Voluntary benefits are experiencing significant growth





# Benefit buying trends

**TREND:** Employee coverage preferences are clear

**FACT:**

According to a 2013 LIMRA survey of top voluntary providers, these were the **top five voluntary benefits**, based on inforce premiums collected:

Dental

Short term disability

Accident

Long term disability

Term life





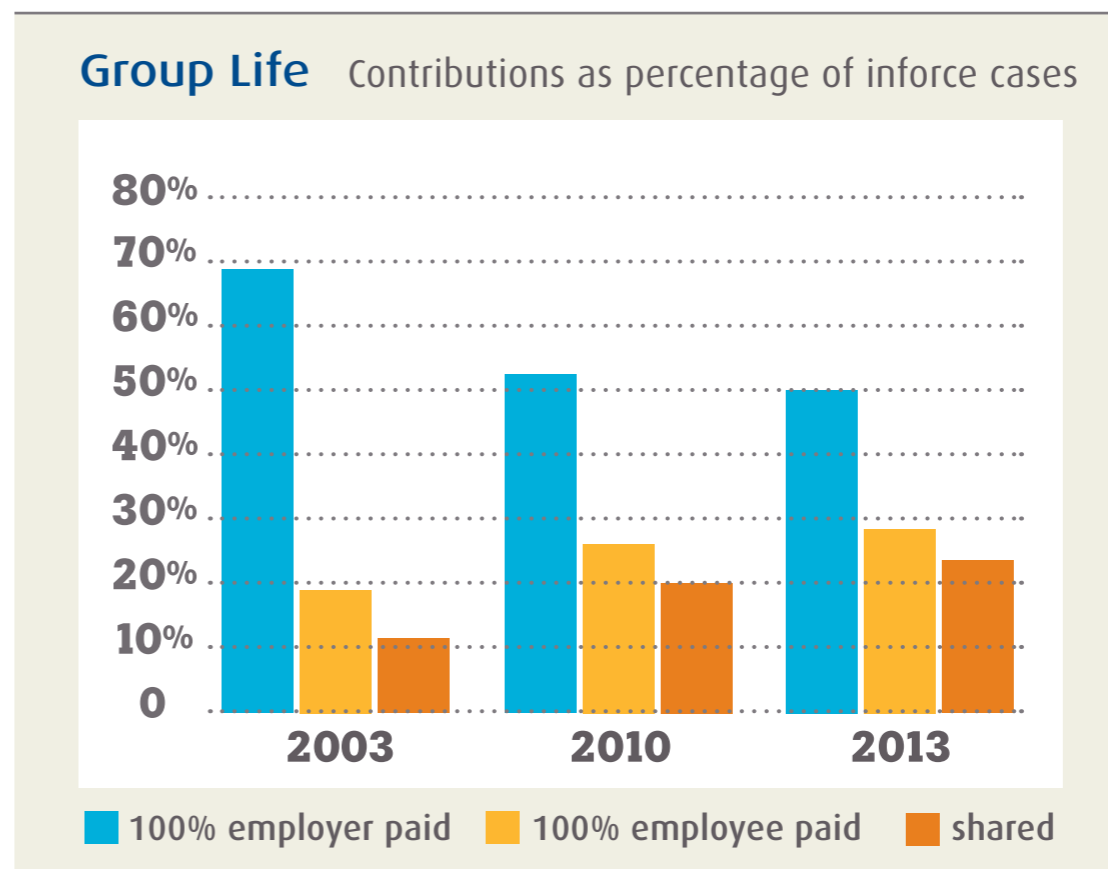
# Benefit buying trends

**TREND:** Group cost sharing is gaining in popularity

**FACT:**

While more Unum customers are shifting coverage costs, most are **splitting these costs** — instead of shifting the entire responsibility to employees.

This ten-year chart clearly demonstrates the trend in Group Life coverage:





# Benefit buying trends

**TREND:** Many employers find solutions in combined coverage

**FACT:**

Unum's top three most popular coverage combinations:

- 1** Life with Accidental Death and Dismemberment, Voluntary Disability
- 2** Life with Accidental Death and Dismemberment, Long Term Disability, Short Term Disability, Voluntary Life
- 3** Life with Accidental Death and Dismemberment, Long Term Disability, Voluntary Disability







For more information,  
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MK-3396 (10-14)

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