

Rethinking total rewards

Delivering value for all segments and
life stages of your workforce

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A business of Marsh McLennan



Today's panel



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Delivering value for **all segments of your workforce**



**Benefit
eligible
employees**

**Non-benefit
eligible
employees**

**Top-tier
employees
and executive
talent**

Supporting employees' biggest concerns within a complex economic environment



3 in 5

employees say their company is not meeting all their needs¹



Inflation



Work/life balance



Diverse needs

Implement voluntary programs without administrative burdens or direct cost

- ▶ Delivers direct savings to cover everyday living expenses
- ▶ Provides coverage features supporting employee mental health
- ▶ Access to support for employees' real-life circumstances

¹Mercer 2022 Global Talent Trends



emerging themes shaping today's
changing landscape

**Choice and
customization**

**Diversity, equity
and inclusion**

**Robust total
rewards strategy**



74%

of employees say having benefits customized to meet their needs would increase loyalty to their employer¹

¹MetLife, U.S. Employee Benefit Trends Study, 2023

More choice in health and well-being benefits, leads to more positivity surrounding employers, jobs and ability to afford care

10+ benefits/resources offered¹

52%

6–9 benefits/resources offered¹

42%

5 or less benefits/resources offered¹

32%

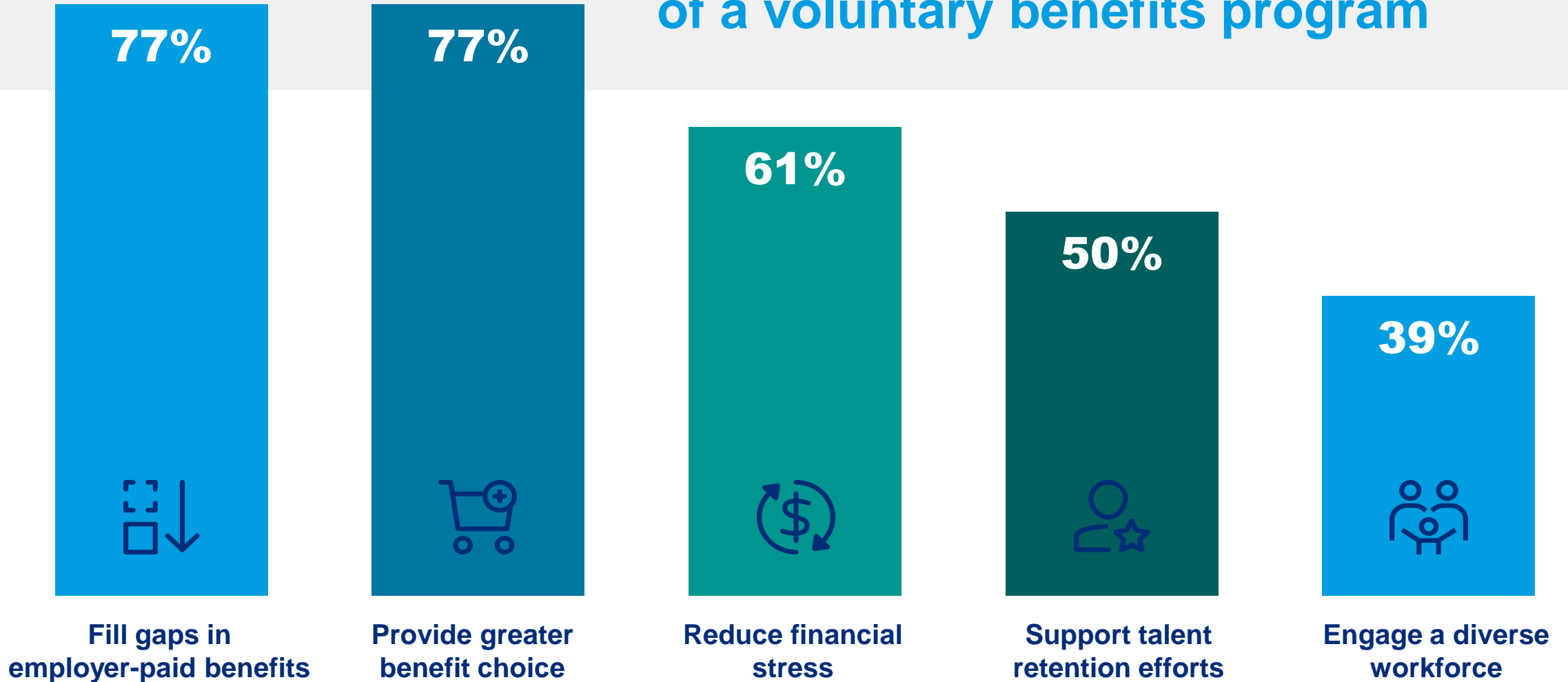
More than half

of employees are at least somewhat likely to accept slightly lower compensation for a more robust benefits package²

¹Mercer's Inside Employee Minds, 2021; ²Aflac WorkForces Report, 2020-2021

Top objectives

of a voluntary benefits program



Employee needs are changing

Employers who adapt will win the war on talent



Diagnose your employees top concerns

Needs are changing rapidly — you can't rely on historical data to prioritize solutions



Maximize for energy, not motivation

Well-being concerns top the list — employees' basic needs for security are not being met



Optimize total rewards

Employers have an opportunity to differentiate — and maximize rewards investments — by aligning offerings to employee needs and values

Meeting employees needs both at work and in life ...

Workforces are diverse and so are their needs

- Generation
- Ethnicity
- Sexual orientation
- Family structure
- Behaviors
- Race
- Gender identity
- Geographic
- Socioeconomics
- Interests



▶ **80%** of employers say an important benefits objective is meeting the needs of employees across all life stages and the diversity spectrum¹

¹MetLife, U.S. Employee Benefit Trends Study, 2022

The impact of the non-benefit eligible workforce: Part-time employees, gig workers and independent contractors

Contingent workforce continues to grow as people across the US are leaving traditional full-time jobs



Companies/organizations are evolving



Expanding workforces only during period of peak demand



Utilizing specialized help on as-needed basis versus staffing full-time

¹McKinsey American Opportunity Survey, Spring 2022; ²Zippia. "20+ Essential Part-Time Job Statistics [2023]: Who Works Part-Time And Why?" Zippia.com. Feb. 26, 2023, <https://www.zippia.com/advice/part-time-job-statistics/>

Who is the

non-benefit eligible worker?

Largest category:
18–34
Gen Z/Millennials

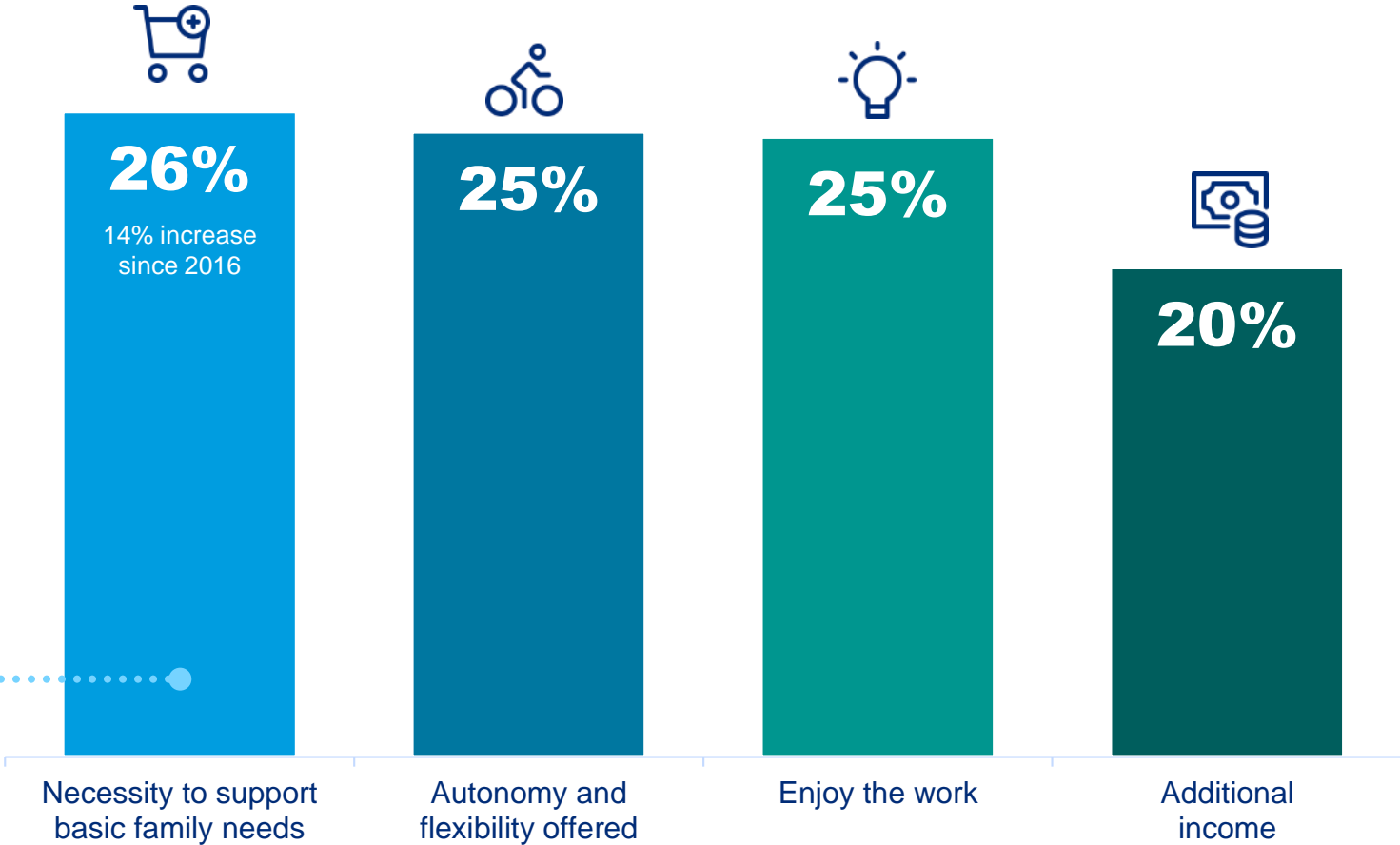
Largest category:
First-generation
immigrants

Largest category:
Less than high school
—
Advanced degree

Largest category:
Less than \$25,000

Source: McKinsey American Opportunity Survey, Spring 2022

What this workforce is looking for outside of a pay check



These jobs tend to come with one major drawback:

a lack of benefits

Source: McKinsey American Opportunity Survey, Spring 2022

Effectively supporting and managing independent and part-time workers will provide a

competitive advantage

in today's rapidly evolving business landscape

Non-benefit eligible workers face additional downsides



Access to health insurance/healthcare



Unreimbursed business costs



Lack of retirement program and no employer match



Continued skills/knowledge

Employers can deliver value and provide better support



1 Recognize

the growing availability of flexible work



2 Understand

why employees want to work this way



3 Review

challenges data to alleviate barriers



4 Provide

support and benefits to ensure success

Source: McKinsey American Opportunity Survey, Spring 2022

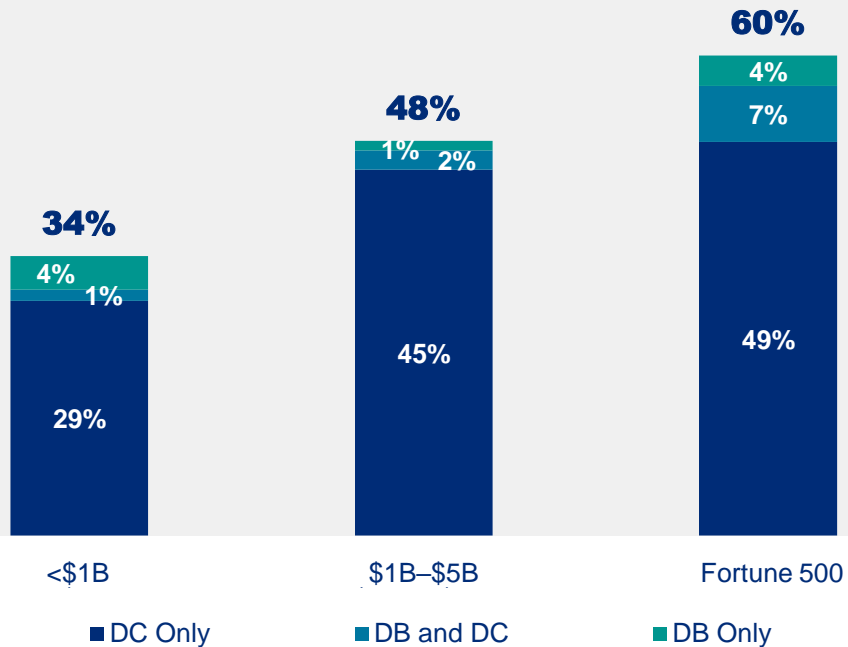
Executive Benefits in the context of Total Rewards



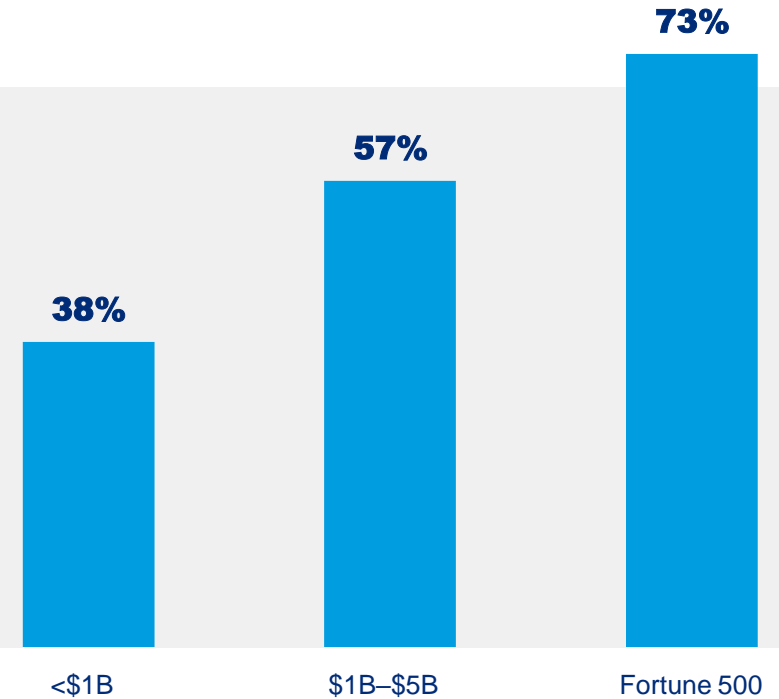
Nonqualified retirement plans

Prevalence by company revenue and Fortune 500¹

Employer-paid benefits¹



Voluntary deferral plans¹



¹Mercer's Executive and Broad-based Employee Retirement Tool (EBERT)

Executive Benefits

Health & Welfare Benefits and Perquisites Prevalence¹

64%

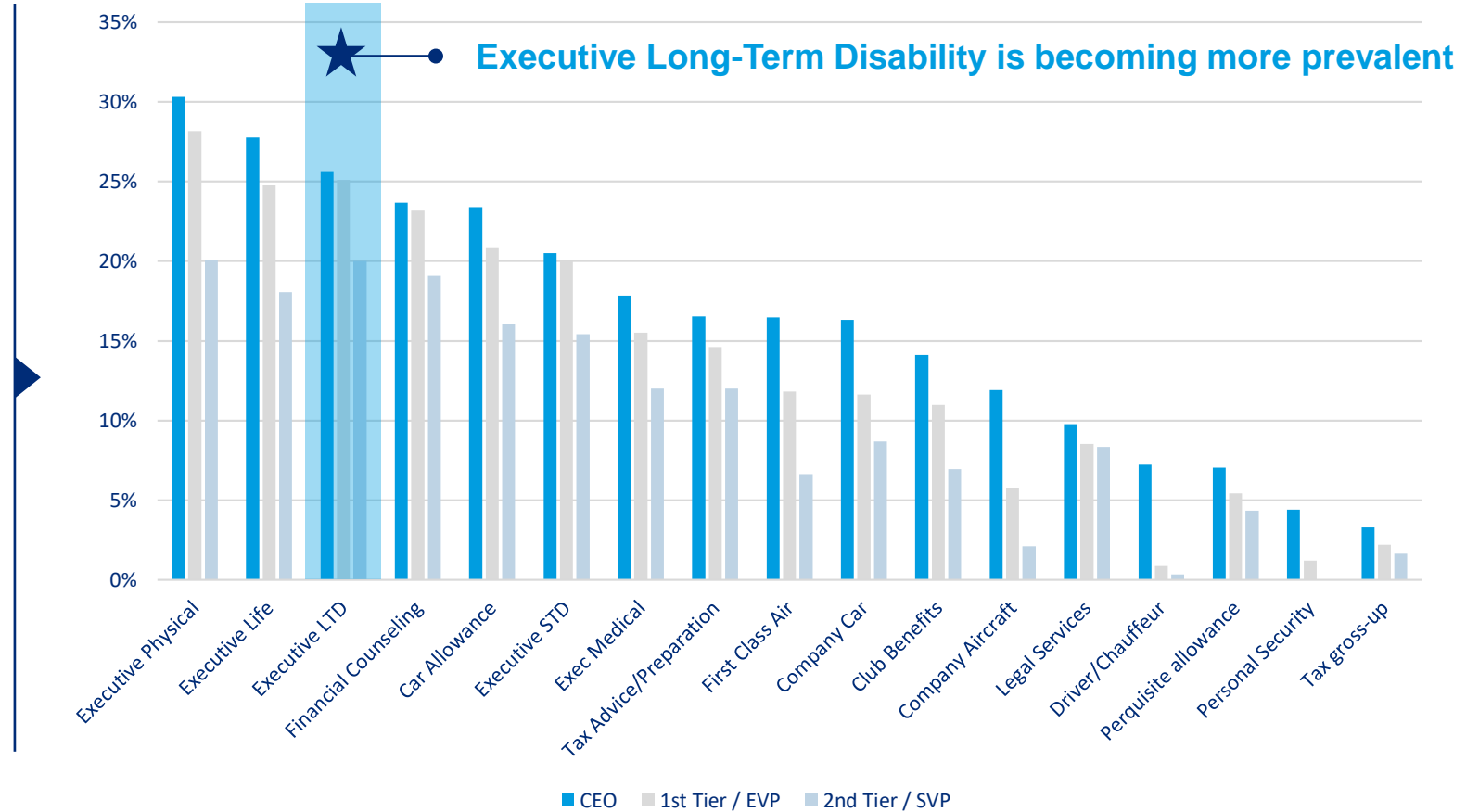
of companies provide at least one employer-paid executive health and welfare benefit to the CEO

59%

Tier 1

47%

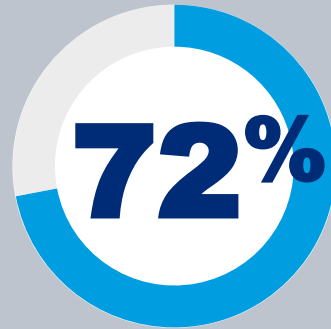
Tier 2



¹2022 Mercer North America Executive Rewards Survey

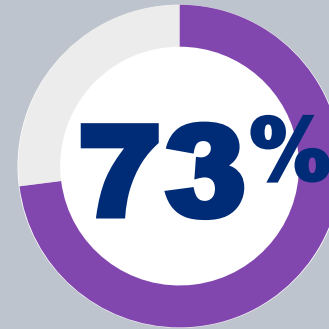
The need for income protection

Well-being



of full-time employees believe that employers have a responsibility to help employees with their financial well-being¹

Long-Term Disability



of long-term disability plans do not include short-term incentives in the definition of pay²

Short-Term incentives bonus



of executives' short-term incentive bonus is a percentage of salary³

¹The State of Employee Finances Report, May 2022; ²Mercer's Absence and Disability Management Survey, 2021; ³Mercer Internal Research, 2023

Comprehensive Long-Term Disability Solution

Layers of coverage

Lloyd's of London

Individual Disability Insurance

Group Long-Term Disability



Key takeaways



Key takeaways for you

Considerations for employers



Meeting employees where they are

- Employee expectations are rising for benefits that meet needs across all life stages and the diversity spectrum
- Increased financial constraints are driving the need for more employee support



Reframing your total rewards strategy

- Consider solutions that support employees' specific life circumstances
- Focus on a variety of solutions to energize all employees — benefit eligible, non-benefit eligible and key executives



Gather insight and take action

- Think beyond compensation
- Review and understand the demographics and needs of your workforce
- Gather insight from forums and surveys to support benefits choices employees desire

Featured resources



2023 VB Planning Guide

Download our new planning guide [here](#) to learn innovative ways to meet employees' needs beyond compensation.



Upcoming events

Stay current and register for our upcoming New Shape of Work webcasts [here](#).



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Thank you





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