

# Adapting benefit strategies to meet your whole workforce



# Today's panel



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# total rewards

# Employers at a tug of war with economy and labor market



**“US economic growth slowed significantly at start of 2023”**

*-ABC News*

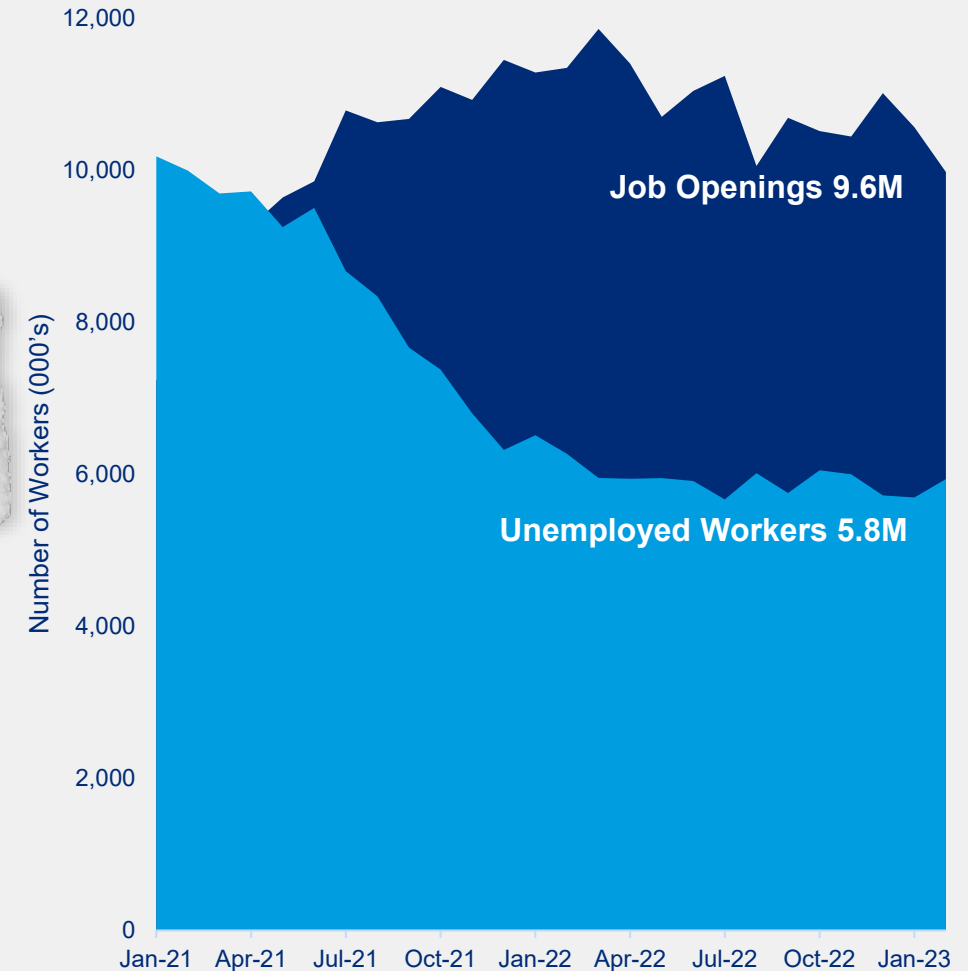
**“Recession is coming, and stock markets won’t come through it unscathed”**

*-CNBC*

**“US Inflation Eases, But Stays High, Putting Fed in Tough Spot”**

*-AP News*

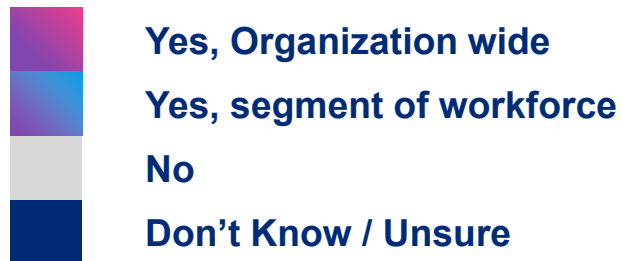
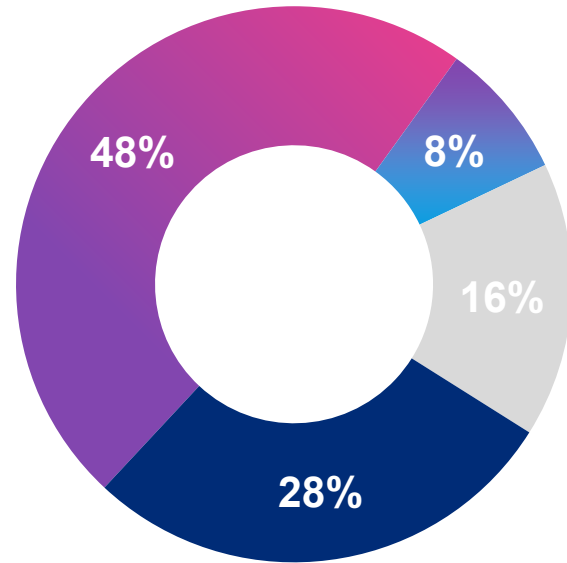
## US Labor Shortage



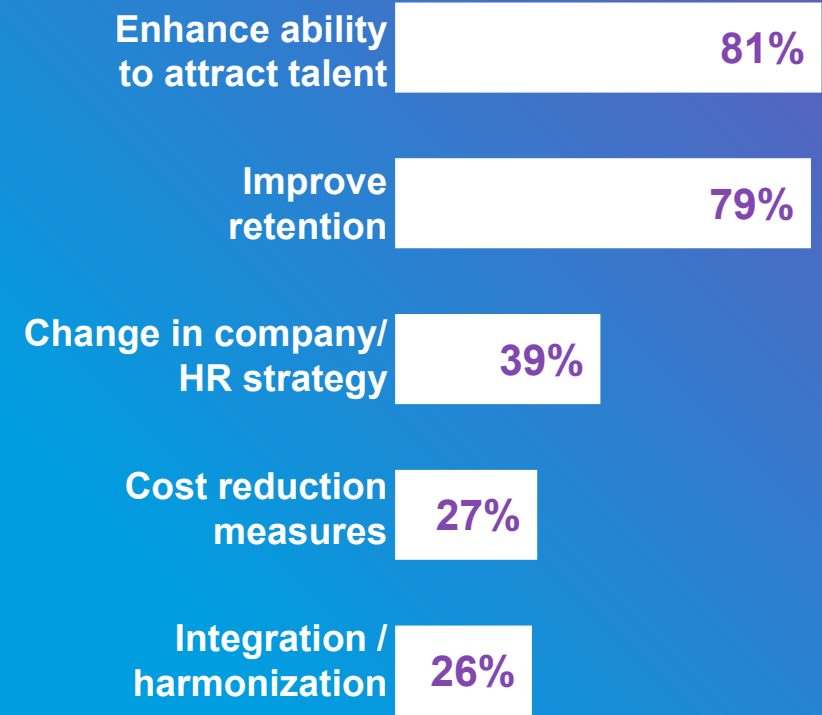
Source: Bureau of Labor Statistics, Data for January 2021 – March 2023 (released May 2023)

# Despite economic conditions, employers continue to invest in Total Rewards

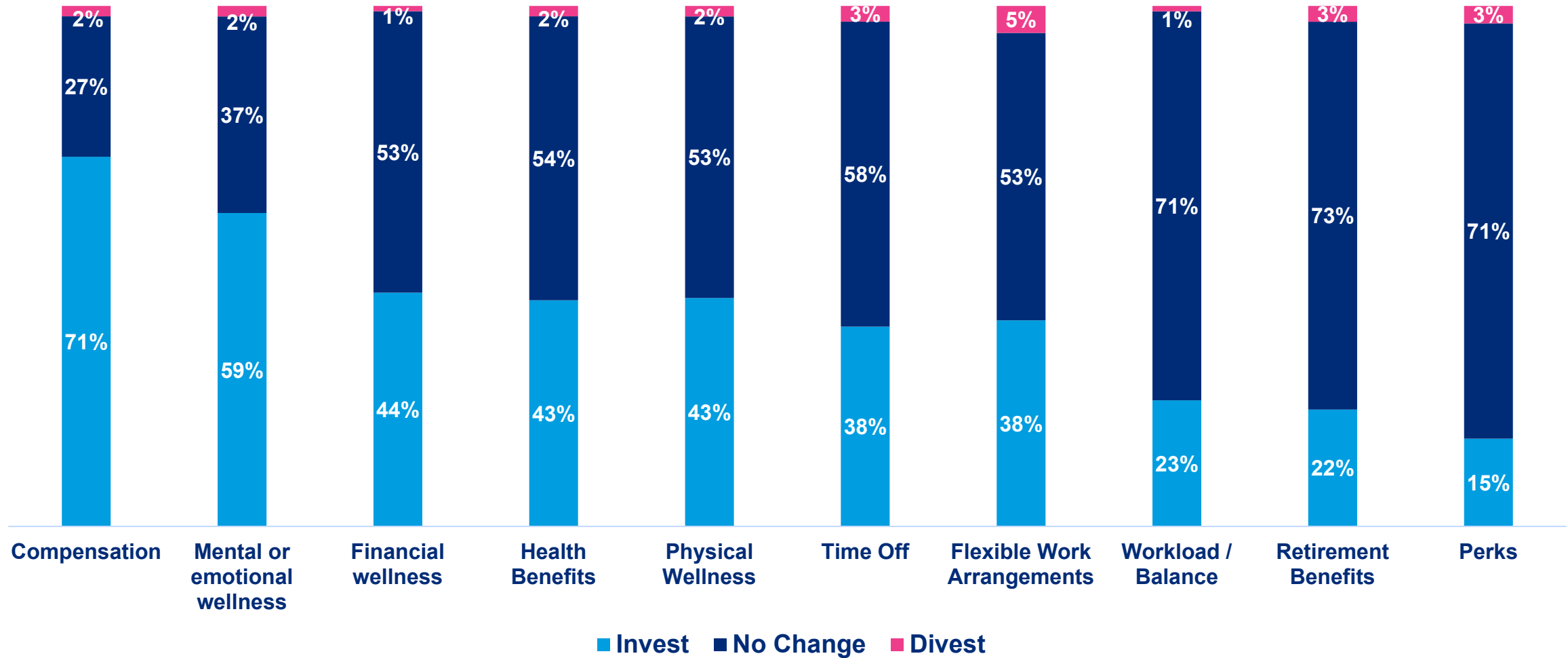
Do you intend to revisit your total rewards strategy in the next 6-12 months?



What is the key reason for revisiting your Total Rewards strategy?



# Compensation, Health and Wellness are core areas of investment



Source: Mercer's 2023 Total Rewards and Recognition Survey; n=1,044. Note: Figures may not total 100% due to a small fraction of employers who do not consider this an element of Total Rewards

# Employee input is an underutilized tool for optimizing the Total Rewards portfolio

79%

of employers utilize benchmarking on a recurring basis for analyzing their Total Rewards programs..

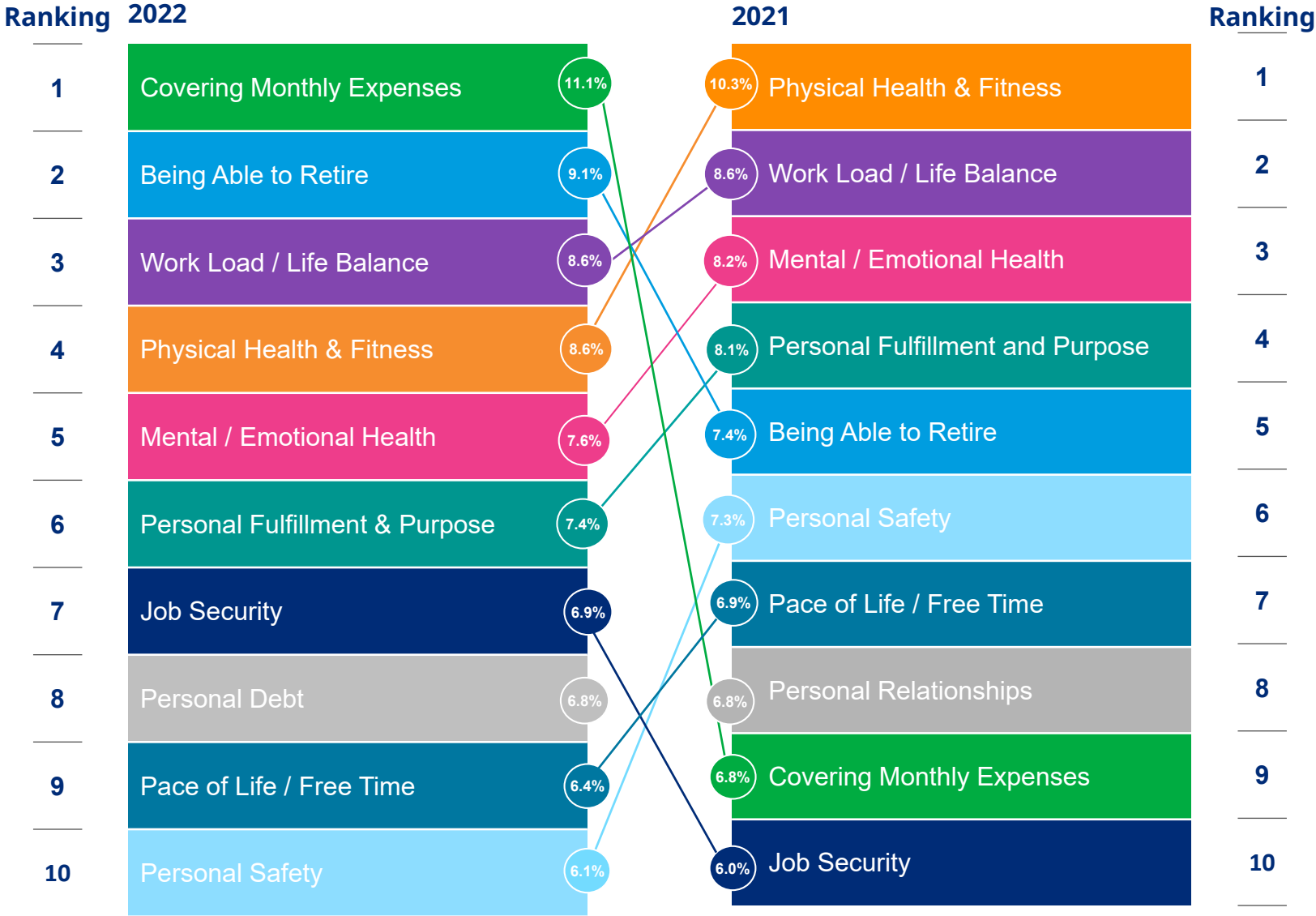
...but only

24%

of employers utilize employee preference research on a recurring basis

# Employees wants and needs have been shifting rapidly

**Concerns over short-term financial security jumped to the #1 spot, from #9, in one year**



Grey items represent items that were not in the top 10 both years



# What's keeping your workforce up at night?

Two years of multiple existential crises are weighing heavily on workers. They are worried about their health and well-being:

## Short-term financial health



### Covering Monthly Expenses

is the #1 concern of workers - up from #9 in 2021

## Long-term financial security



### Only 46%

of workers are confident they can turn their retirement savings into a consistent stream of income to last the rest of their lives

## Work life balance



### 51%

of workers report feeling exhausted on a typical day at work

## Physical health



### #4

concern of workers; remaining a top concern – but down from #1 in 2021

## Mental health



### Top 5

concern of workers across most demographics – rising to #2 for workers below age 35 and LGBTQ

# health benefits

# A focus on three key themes within health and benefit design



**Affordability**



**Accessibility**



**Value**

# In planning for 2024, employers are preparing for rising health care costs while staying focused on attraction and retention

5.3%

Increase in average per-employee cost of employer-sponsored health insurance in 2023<sup>1</sup>

34%

of employees are not confident they can afford healthcare<sup>2</sup>



Inflation is driving health care cost – but it also makes affordability a bigger concern



Employers are looking to enhance benefits by filling existing gaps

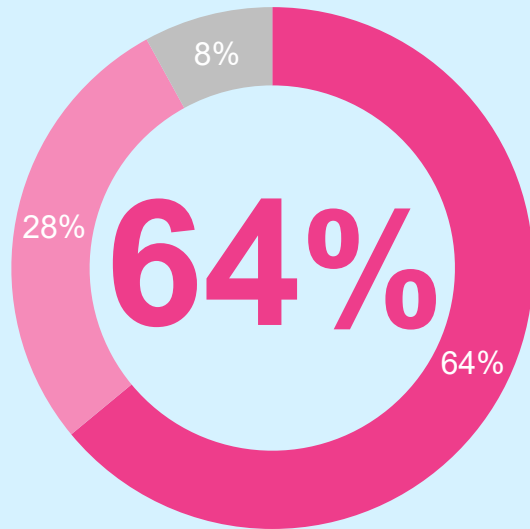


As cost growth speeds up, think value

<sup>1</sup> Mercer National Survey of Employer Sponsored Health Plan  
<sup>2</sup> Health on Demand Survey

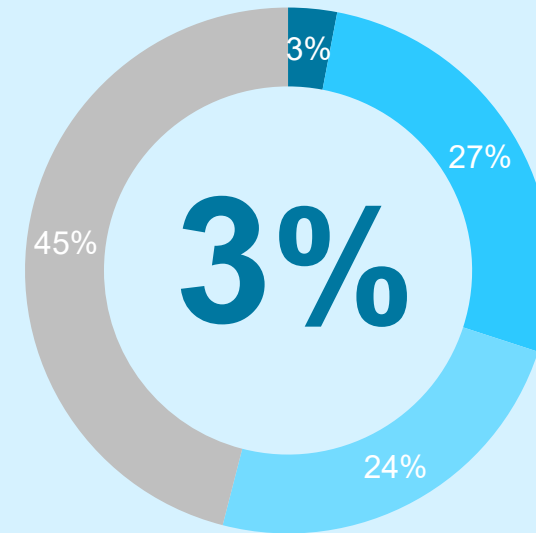
# Employers continue to prioritize benefits enhancements — and to minimize cost-shifting to employees

## Will enhance health and well-being offerings in 2024



- Planning to make enhancements
- Not making enhancements in 2024, but did so with the past two years
- Not making enhancements

## Will shift enough cost to employees via plan design changes to reduce projected health plan cost increase\*

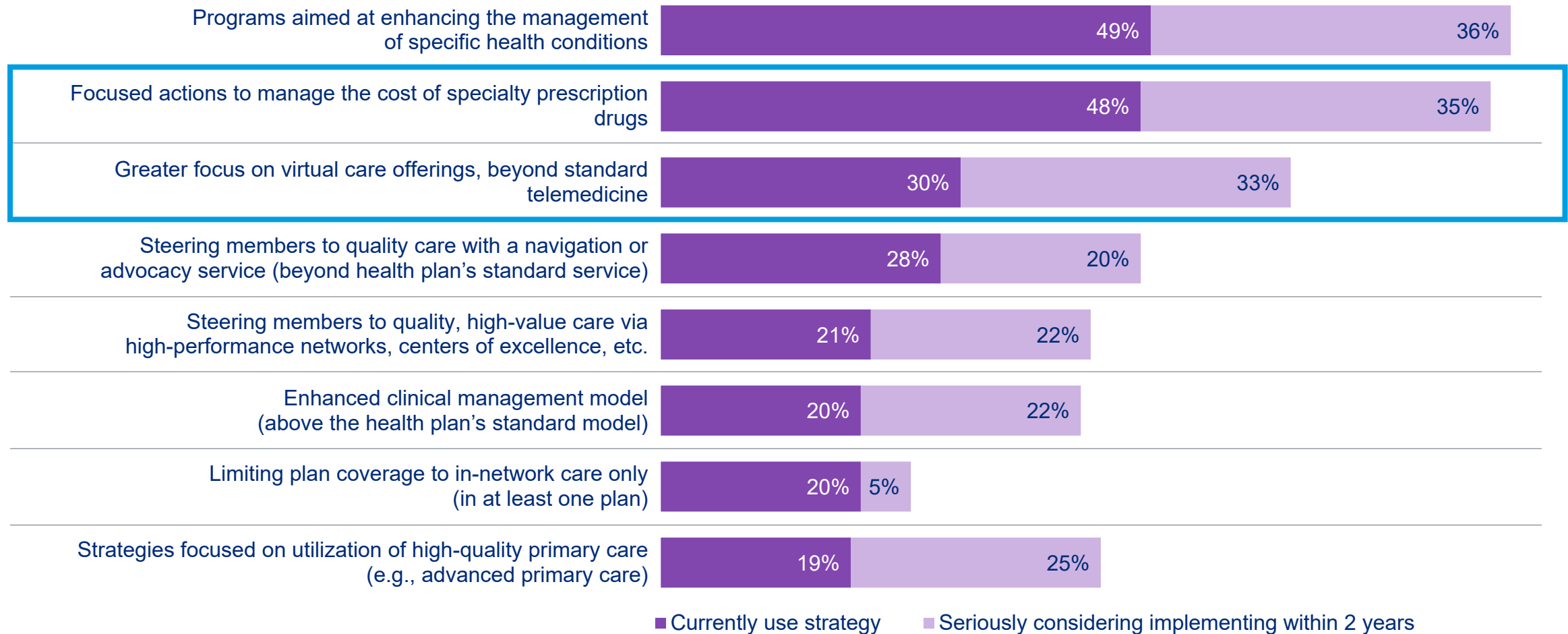


- Will raise cost-sharing enough to reduce projected cost increase
- To keep pace with the projected cost increase
- By less than the projected cost increase
- Will not raise any cost-sharing requirements

Employers with 500 or more employees

\*In medical plan with the highest enrollment

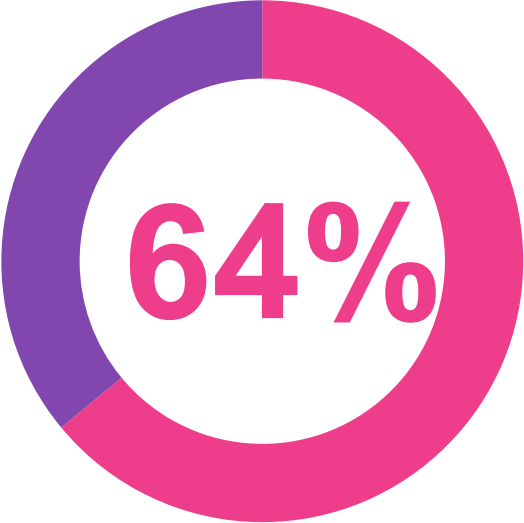
# Strategies employers are using to slow health cost growth -- without shifting cost to employees



Employers with 500 or more employees

# Expanding virtual care beyond traditional telemedicine

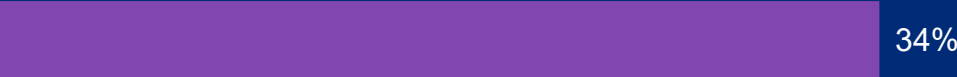
Telemedicine for acute care is a nearly universal offering. But today nearly two-thirds of sponsors provide other virtual solutions to address a broader range of healthcare needs



■ Provide virtual care beyond telemedicine or plan to in 2024

## Virtual care solutions offered\*

**Behavioral health care** (network of exclusively virtual therapists)



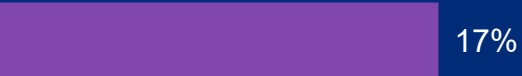
**Specific care categories**, such as musculoskeletal or diabetes



**Specialty care**, such as dermatology or reproductive care



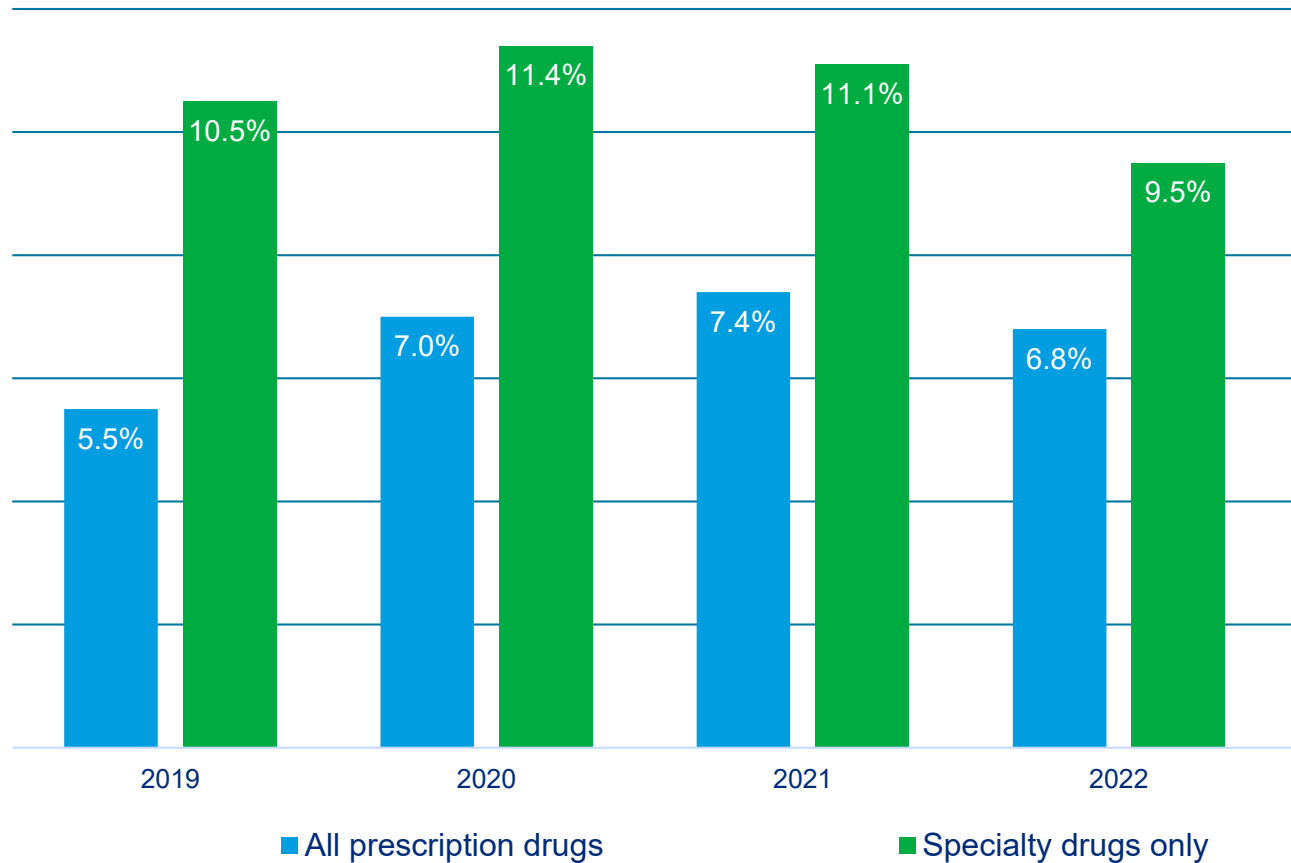
**Primary care** (e.g., 98point6, Medici)



\*or planned for 2024

# Driven by specialty drugs, Rx cost is growing at nearly twice the rate of overall health benefit cost

Average annual change in prescription drug benefit cost per employee



Employers with 500 or more employees



# financial wellbeing

# The Growing Importance of Financial Wellbeing

Of Americans with financial regrets, the biggest regret is a **lack of emergency savings**, which was noted by 23% of respondents.



# Inflation is hitting hard for everyone

Workers are making lifestyle changes to adapt

**7 out of 10**

employees say that high inflation and market volatility in 2022 has significantly increased their financial stress...

...and this holds true across income levels

## Financial Wellbeing Offerings

- + Control day-to-day finances and prepare for the unexpected
- + Alleviate stress and positively impact productivity by getting on track to meet financial goals
- + Close financial wellbeing equity gaps

# The big picture

## Financial wellbeing

### Why should employers care?

#### Opportunity

Employee stress extends into the workplace and financial wellbeing tools can help

**56%**

of adults have less than \$1,000 saved for emergency situations<sup>1</sup>

**< 50%**

feel confident they can turn their retirement savings into a steady income to last the rest of their life<sup>2</sup>

**64%**

of LGBTQ Americans say debt is a problem vs. 39% of non-LGBTQ Americans in upper-income groups<sup>3</sup>

**73%**

of workers say high inflation and market volatility in 2022 has significantly increased their financial stress<sup>2</sup>

- Financial wellbeing benefits can help employees control day-to-day finances to better prepare for the unexpected
- Solution can support members to alleviate stress and positively impact productivity by getting on track to meet financial goals
- Financial wellbeing programs can include point solutions, broad platforms, and/or engagement methods that drive employees to action
- Targeted financial wellbeing offerings can help close financial wellbeing equity gaps

***Employers can strategically implement solutions to help address common financial risks within their employee population.***

<sup>1</sup>Bankrate survey, January 2022 (<https://www.bankrate.com/banking/savings/financial-security-january-2022/>)

<sup>2</sup>Mercer's 2022 Inside Employees' Minds Study

<sup>3</sup>EBRI 2022 Retirement Confidence Survey

# Financial Wellbeing

## What is it?

Financial wellbeing is the **active, lifelong state** of building courage to actively engage and manage one's assets, liabilities, cash-flow and insurances with a **goal of reducing stress and increasing financial freedom and opportunity**



# Financial wellbeing strategy considerations

## Employers are asking...

- What is the best way to incorporate financial wellbeing into our overall business strategy?



Program Objectives



Integration with other benefits



Budget

- How do we determine what our population needs, could benefit from, or would value?



Type of Offering



Employee Demographics



Industry

- What are the “best” financial wellbeing vendor solutions to consider?



Employer Size



Existing Vendor Relationships



Number of Vendors

# total rewards POV

# Economic realities will require more scrutiny of the portfolio

Employers must examine where in their Total Rewards portfolio to:

- ▶ **Invest**
- ▶ **Remix**
- ▶ **Reduce**





# Actions you can take



## Understand what's top of mind for your employees

Needs are changing rapidly – you can't rely on historical data to prioritize solutions. Engage in active listening and take a disciplined approach to action



## Optimize total rewards

Economic realities will require the Total Rewards portfolio be optimized. Use employee preference to determine where trade-offs might be warranted



## Examine programs for other sources of value

Cost savings don't necessarily require trade-offs. Examine elements of your healthcare and financial benefits for cost savings opportunities



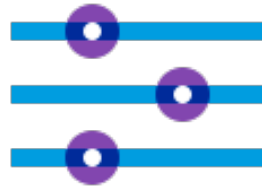
# Featured resources

## Total Rewards Guidebook



Access a guidebook for total rewards leaders to create a sustainable strategy that meets employee needs — working within the current economic realities [here](#).

## WorldatWork



Meet Mercer at Total Rewards '23 June 12-14 in San Diego as we present on the latest and cutting-edge Total Rewards strategies. [Contact us](#).

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