MetLife

10TH ANNUAL STUDY OF EMPLOYEE BENEFITS TRENDS

10th Annual

Study of Employee Benefits Trends

Seeing Opportunity in Shifting Tides

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

— Sir Winston Churchill

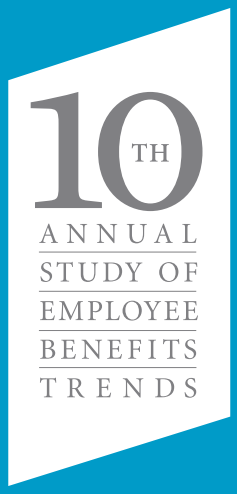
The Star Fish

A favorite of beachcombers of all ages, the star fish (or sea star) lives in all the world's oceans from tropical climates to polar habitats. This iconic creature is found in a wide variety of sizes and colors but always with the recognizable star shape. The star fish is a smart survivor being able to regenerate its arms and eat a diverse range of foods – even surviving for several weeks without feeding. It is best spotted at low tide in rocky pools where it stands out clearly from its environment.

In common with the star fish, employers who see opportunity for benefits to drive business objectives despite shifting economic tides, also stand out from their surroundings as they recognize ways to leverage employee benefits both in good times and bad.

Table of Contents

10th Anniversary —
What a Difference a Decade Makes



The 10th anniversary edition of MetLife's Annual ***Study of Employee Benefits Trends*** marks a decade of exploring an evolving benefits landscape from the point of view of employers and employees across all U.S. regions, industries and company sizes. Through both robust years and through turbulent economic times, the Study has identified significant key findings and insights that have served to inform and shape today's benefits strategies for employers and their advisors.

Over the last decade, the Study has found that employers' top benefits objectives – to control costs, attract and retain employees and increase productivity – have remained fairly consistent over time, with slight shifts in priority often indicative of a good or poor economy. However, because the face of the workforce has changed over ten years, the strategies that employers use to achieve those same objectives must also change.

Year-over-year, the Study shows what strategies are working and with what results – highlighting how employers might want to shift strategies in light of the findings and enabling them to make informed decisions.

Then and Now — A Look Back Across Ten Years of the Study

- Ten years ago the millennial generation, Gen Y,[i] was hardly on the front burner for workforce management. Today, this generation is redefining what benefits will mean in the coming decade. The Study illustrates how generational concerns and expectations change over time. In 2003, only 33% of employees age 21-30 were very worried about running out of money in retirement. Today, their outlook shaped by the recession, 52% of this age group are focused on their long term financial security.
- Ten years ago many Baby Boomers were looking at the prospect of retiring before age 65. The looming concern was about the pending "Boomer exodus" and the resulting knowledge loss for the American workforce. Today, Boomers are wearily eyeing working beyond the age of 65.
- Ten years ago retirement security was about savings growth. Today the conversation has shifted to that of creating and protecting an adequate income stream. In conjunction, innovative retirement solutions have emerged in the workplace, such as income projection statements, automatic enrollment in 401(k) plans and growing interest in annuities to help employees be better prepared for a secure retirement.
- Ten years have seen health care costs explode, and in tandem, the Study has explored ongoing efforts by companies to control the impact. In 2005, larger companies were implementing wellness programs to improve the health of their workers and the Study has monitored both the spread of such wellness programs to smaller organizations and the growing perceived value of wellness initiatives. Health care reform reemerged as a national debate in 2008 and the uncertainty associated with the implementation of the Patient Protection and Affordable Care Act is a notable backdrop to this year's findings.
- Ten years ago, the term "financial wellness" was relatively unknown. Now, employers increasingly recognize that the financial health of their employees has an impact on productivity. As a result, the focus of wellness programs is expanding beyond physical wellness to include financial wellness.
- Ten years ago voluntary benefits – products made available through the employer-sponsored plan for which employees pay 100% of the premium through payroll deductions – were found mostly in larger companies and served to boost employee satisfaction. Over the last decade, and despite the recession, voluntary benefits offerings have gained traction – especially in smaller companies with fewer than 100 employees. In addition, the menu of programs has broadened to bridge coverage gaps in the areas of core health, wellness and financial protection in order to help offset the trend of cost sharing and higher out-of-pocket expenses faced by employees.[ii]

- One of the Study's most significant findings is the strong relationship between satisfaction with benefits and job satisfaction. First noted in 2004 and every year since, this correlation creates compelling evidence for the power of benefits to drive a universal set of business objectives – employee attraction, retention and productivity. It is a central tenet for benefits professionals and justifies benefits investment to senior management.

- Ten years ago employees expected benefits, but were far less engaged in their true value. Today, new economic realities are driving employees to more fully appreciate the coverages that their employers provide – even if they have to pay more of the costs themselves. Today, workplace benefits are an indispensable ingredient in how the working American family achieves short- and long-term financial security. Indeed it's unlikely that workplace benefits have ever been as desirable or important as they are in the current era.

Shifting Tides —
A Bigger Opportunity for Benefits

The 10th anniversary edition of MetLife's Annual ***Study of Employee Benefits Trends*** delivers strong confirmation that despite uncertain and shifting tides, the potential of benefits to help attract and retain key talent and improve employee productivity is stronger than ever.

As employees struggle to make ends meet and plan for the future against a backdrop of rising concerns about potential cutbacks to Social Security and Medicare, the Study reveals that employers are anticipating a growing employee dependence on the benefits they provide.

A key finding this year is that 60% of surveyed employers recognize the precarious economic climate, rather than reducing business focus on employee benefits, actually creates opportunity for benefits to drive human capital objectives.

Employers who see opportunity for benefits to drive business goals are identified in the Study as "Progressives" for their optimistic perspective on benefits in difficult conditions. Employers who do not see opportunity are identified as "Standards." The attitudes and actions of these two groups are examined throughout the Study and provide contrasting perspectives on how employers, this year, are viewing strategies and opportunities in benefits.[iii]

Employers remain committed to benefits – the Study continues to identify areas of opportunity for improving benefits effectiveness and return on investment.

This year, employers are:

- **Remaining steadfast in support of benefits.** Seventy percent (70%) of employers report they intend to maintain their current level of employee benefits – even if some (30%) will do this by shifting costs to employees.
- **Recognizing the need and responsibility to help employees achieve financial security.** Seventy-five percent (75%) of surveyed employers recognize that potential holes in Social Security and Medicare safety nets will cause employees to look to their workplace for help. And 54% agree that it creates a responsibility to maintain, if not expand, retirement benefits in this event. The Study clearly indicates that help is unlikely to take the form of increased benefits expenditure. However, opportunities for enhancing employee financial wellness are apparent in new findings about the effectiveness of financial education, as well as the payback for employers in terms of employee retention and improved productivity.
- **Still not seeing benefits through employee eyes.** Employers continue to be out of step when it comes to recognizing which benefits engender feelings of loyalty in their employees. The Study shows that employers significantly undervalue the power of non-medical benefits such as life, dental, disability and vision coverages to help satisfy and retain workers.
- **Receiving the message on voluntary benefits.** Forty-one percent (41%) of surveyed employers now say that voluntary benefits are a significant benefits strategy – up from 32% last year. With an increasing appreciation for workplace benefits, Generations X and Y express an especially strong interest in being able to choose from a selection of voluntary benefits that they are willing to pay for on their own.

- **Tuning into the voice of the younger generation.** The Study reveals an increase this year in the number of employers who are building a generational perspective into their benefits programs. But there is still room to do more. The Study provides insights as to how employers can tap into benefits to attract and build loyalty in their younger workers.

This year the Study finds employees less committed to their employers but, at the same time, highly dependent on their workplace benefits.

Employees are:

- **Less loyal.** Loyalty towards employers continues to decline and has now reached a seven year low. Job insecurity and expectations that benefits will be cut are no doubt contributing factors. Insights from this Study, especially around ways to make benefits more relevant and recognized, can help employers improve this situation.
- **Still looking to leave.** Again, this year the Study reveals that approximately one in every three employees hopes to be working for a different employer in 2012. This number increases precipitously for Gen Y.
- **Counting strongly on employee benefits.** Nearly half (49%) of employees surveyed say that because of the economy, they are counting on their employer to help them achieve financial security through a range of employee benefits such as dental, disability and life insurance.
- **More interested in benefits at a younger age.** This year's Study reveals fundamental differences between the way younger and older workers view employee benefits, financial decision-making, career planning, job satisfaction and loyalty to employers. Two-thirds (66%) of Gen Y employees said that economic conditions are causing them to look more seriously at achieving financial security through their employee benefits.
- **Preferring to obtain benefits at work.** Half (50%) of employees agree that obtaining insurance products through the workplace is easier than elsewhere. In addition, 87% of those who own disability income protection insurance and 64% of those who own life insurance obtained it through the workplace.
- **Bracing for benefits cuts that may not come.** Thirty-three percent (33%) of surveyed employees think the economy will cause their employers to reduce benefits. However, only 10% of employers say they plan to reduce benefits. Reassuring employees on this issue could increase employee satisfaction with benefits and, in turn, job satisfaction. Once again the Study confirms the strong link between the two.
- **A long way from financial security.** About one in four employees is significantly behind in financial planning and 35% of Younger and Older Boomers plan to delay retirement because of the economy. In addition, there are concerns about potential gaps in Social Security and Medicare benefits – especially for younger workers. While 63% of employees strongly agree that they must accept greater individual responsibility for financial security, more than ever they are turning to employers for support with this challenge.
- **Hoping for help from their employers with financial education and planning.** The Study reveals advantages to employees and employers for providing these programs and shows that Gen X and Gen Y have a stronger appetite for financial education in the workplace than might be expected given their age and life stage.

Seeing Opportunity for Benefits to Drive Business Goals

The ongoing financial crisis, beginning in 2008, has precipitated a complex web of global economic and business challenges with which employers continue to struggle. Contributing to this financial uncertainty is the looming impact of health care reform. Employers and their advisors remain unclear about the ultimate effects and implications of the Patient Protection and Affordable Care Act on their benefits models. Indeed, nearly a third of employers surveyed say that they don't know what their company's response will be – the same result as a year ago.

Yet, despite a difficult and shifting business climate, employers are not retreating from their workplace benefits commitments. As the **10th Annual MetLife *Study of Employee Benefits Trends*** clearly demonstrates, employers remain committed to their benefits offerings, and for many employers benefits are increasingly about business opportunity.

Employers Say Current Economic Conditions Give Rise to Opportunity

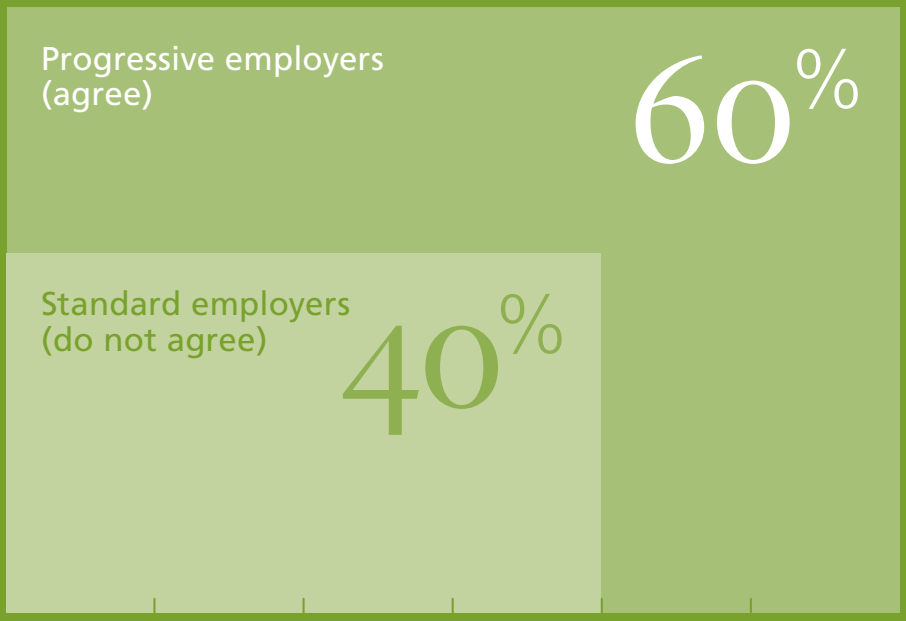
This year the Study added a new question to explore whether the adverse economy might be reducing the focus on employee benefits to achieve business objectives. In fact, the Study results point to the opposite: 60% of employers surveyed reported that the precarious economic climate actually creates opportunity to drive human capital objectives with benefits.

The Progressive Phenomenon

Employers who see opportunity in the current economy for benefits to drive business goals are identified in the Study as "Progressives" for their optimistic perspective on benefits and ability to see opportunity in difficult economic conditions. Employers who do not see this opportunity are identified as "Standards." The attitudes and actions of these two groups are examined throughout the Study and provide contrasting perspectives on how employers, this year, are viewing strategies and opportunities in benefits.

FIG 1.1

Current economic conditions create opportunity for benefits to improve employee attraction, retention and productivity because employees will become increasingly dependent on their company benefits



Progressive Employers Are Found Across the Board

Progressives are not limited to large companies with rich benefits programs. While opportunity is more clearly identified by the largest corporations, nevertheless, nearly half of employers in smaller companies see opportunity to leverage employee benefits in the current economic climate.

FIG 1.2

Employers in companies of all sizes identify as Progressives

Progressive employers by company size

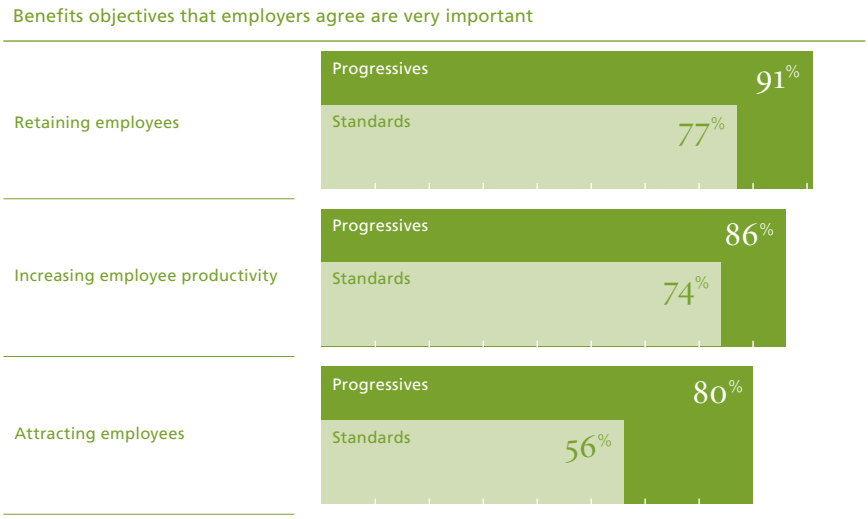
All companies	Under 50 employees	Under 500 employees	500 or more employees	5,000 or more employees	10,000 or more employees
60%	46%	49%	76%	78%	81%

Progressive Strategies Stand Out

According to the results of the Study, Progressive employers clearly view benefits differently from Standards, and this is manifested in the way that Progressives place more importance on leveraging employee benefits to achieve benefits objectives for attraction, retention and productivity. In addition, Progressives indicate a stronger stated responsibility to pay part of the costs for the benefits offered to employees.

FIG 1.3

Progressive employers see more opportunity to achieve business objectives through benefits



Labels separate fro

Crop text box as tig
then distribute ver

FIG 1.4

Progressive employers see a greater role for benefits in attracting and retaining employees

Employers who strongly agree that the benefits they offer

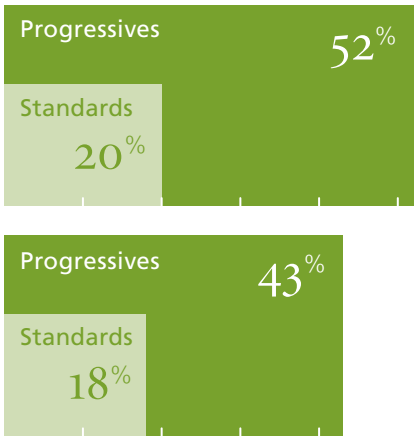
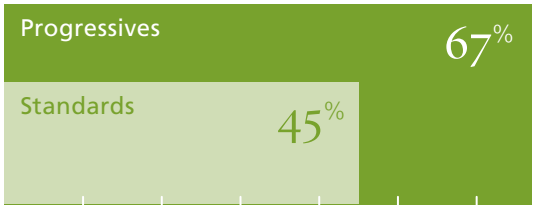


FIG 1.5

Progressive employers see a greater responsibility to pay part of the costs for the benefits offered to employees

Employers who strongly agree



Employers Remain Steadfast in Support of Benefits

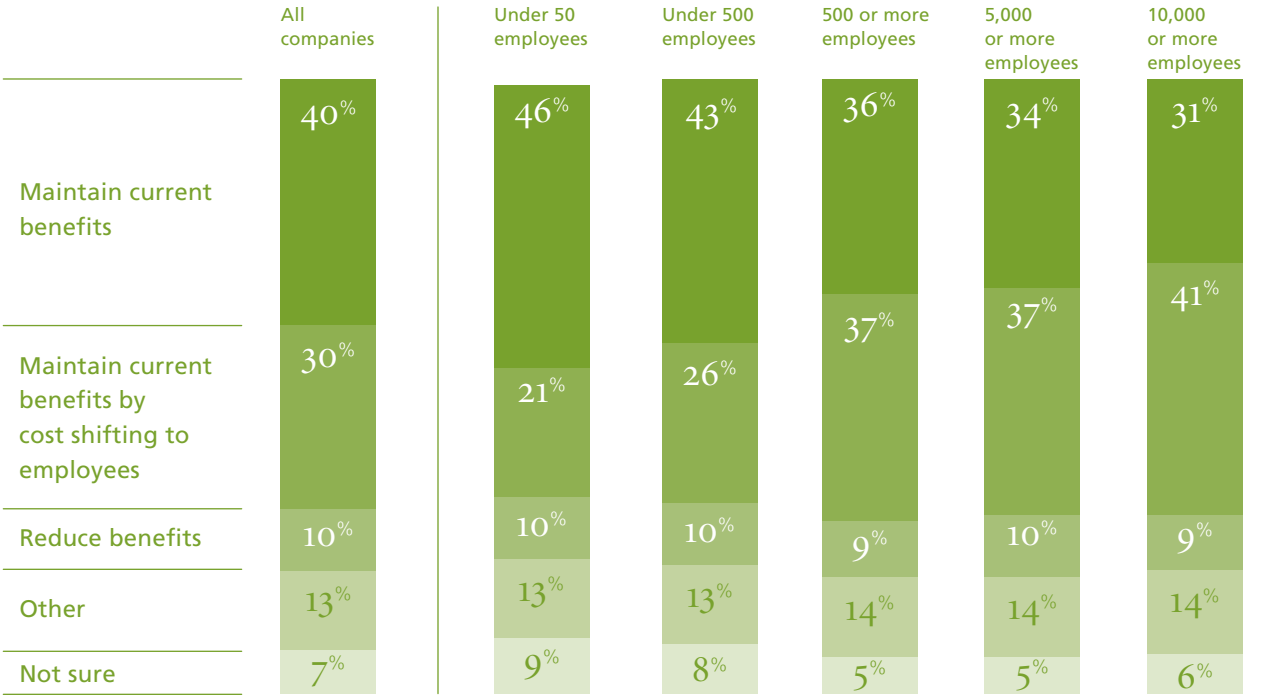
The economy is certainly an impediment for benefits budgets: 40% of surveyed employers report that they strongly agree current economic conditions will challenge their ability to sustain levels of employer-paid coverage. Yet it is noteworthy that overall 70% of employers report they intend to maintain their current level of employee benefits – even if some (30%) will do this by shifting costs to employees.

This commitment to maintaining benefits is seen across all company sizes.

FIG 1.6

Regardless of size few companies are expecting to reduce benefits

Actions employers are most likely to take regarding their benefits given the current economic conditions



The Study indicates that employers who expect the economy to hinder their ability to sustain benefits are more likely to maintain the program with cost-shifting and are also more likely to reduce benefits compared to those who see fewer budgetary threats to the program. Nonetheless, even the most cost-challenged employers still report being more likely to maintain benefits.

FIG 1.7

Two-thirds of employers reporting economic challenges to their programs still plan to maintain their current benefits offerings

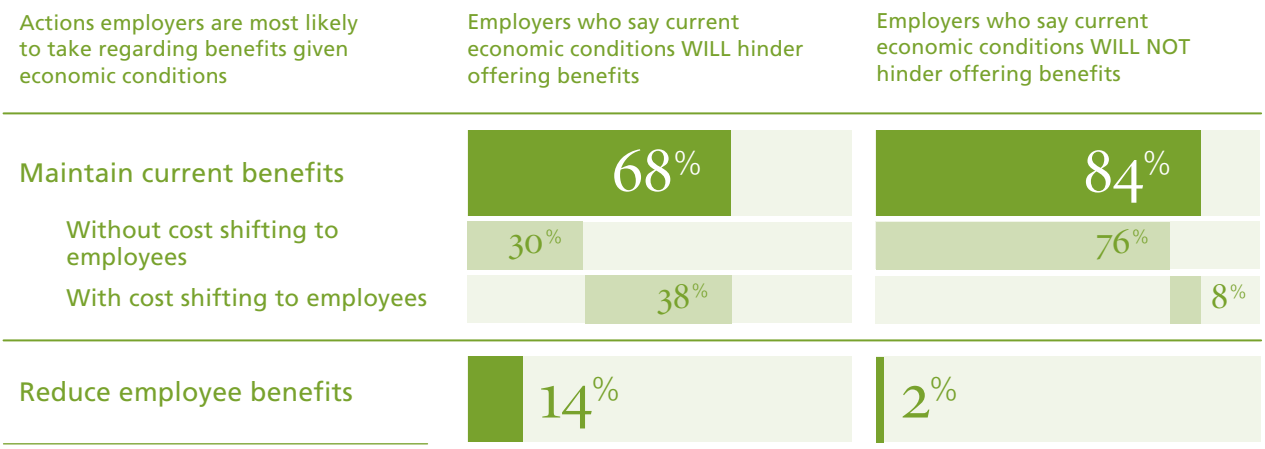
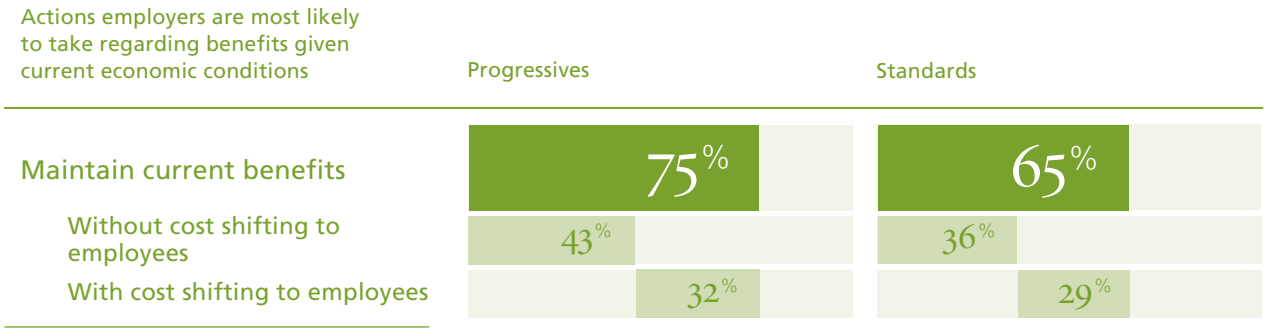


FIG 1.8

Progressive employers are more likely to maintain current benefits programs than Standards who see less business opportunity for benefits in the current economy



Facing Forward — Benefits Five Years from Now

It appears that cost-shifting may not be going away anytime soon. But this is not at all at odds with the opportunity delivered by benefits. Instead, it appears to be a means to an end for achieving some benefits objectives. This trend towards employee-paid benefits is seen more clearly by Progressives.

FIG 1.9

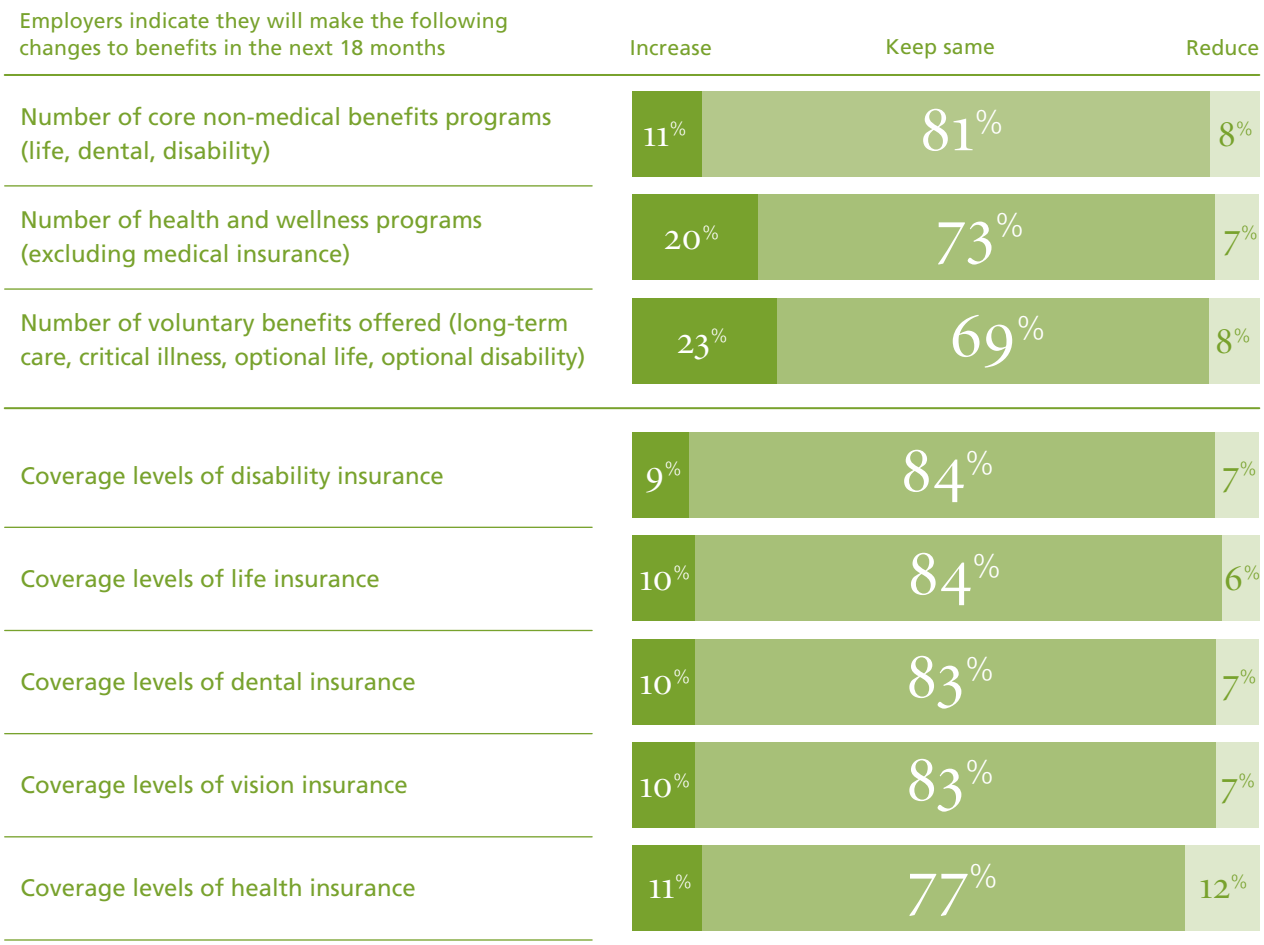
Employers agree that in the next five years it is likely that employees will pay more of the cost of benefits offered as a result of current economic conditions

Most Employers Will Stick with Current Programs and Coverages

With respect to plans for specific types of benefits and coverage levels, most employers surveyed (81%) state that over the next 18 months, they intend to maintain the current coverage levels for medical and non-medical benefits (life, dental and disability insurance). Employees should feel reassured that more employers indicated they are likely to increase rather than decrease most benefits.

FIG 1.10

Continued health coverage and protection products are endorsed by employers who plan to offer these benefits



"I'm counting on the benefits always… because it's kind of like part of your compensation..."

— Gen X

"The employer used to pick up most of the tab… but now I contribute significantly to my benefits package, out of my own pocket, due to rising cost."

— Gen X

Employees Counting on More Help – Employers Are Willing

More than ever, employees are looking to their employers for help. Nearly half (49%) of all employees surveyed say that because of the economy, they are counting on their employer to help them achieve financial protection through a range of employee benefits, for example, dental, disability and life coverages.

A Reality Check for Employees

According to the Study, one in three employees (33%) believes that it is likely that their benefits will be reduced as a result of prevailing economic conditions. However, the fact is that employees are bracing for bigger benefits cuts than employers actually appear to be planning. Reassurance on this good news, where possible, could help reduce employee concerns and boost job satisfaction.

Employees appear to understand the realities of rising benefits expenditure and shrinking resources, but rather than lose benefits, 59% say they are willing to bear a bigger share of the cost – a finding that should give employers more confidence about the effects of cost-shifting when it is necessary.

FIG 1.11

Employees expect more benefit cuts than employers are planning

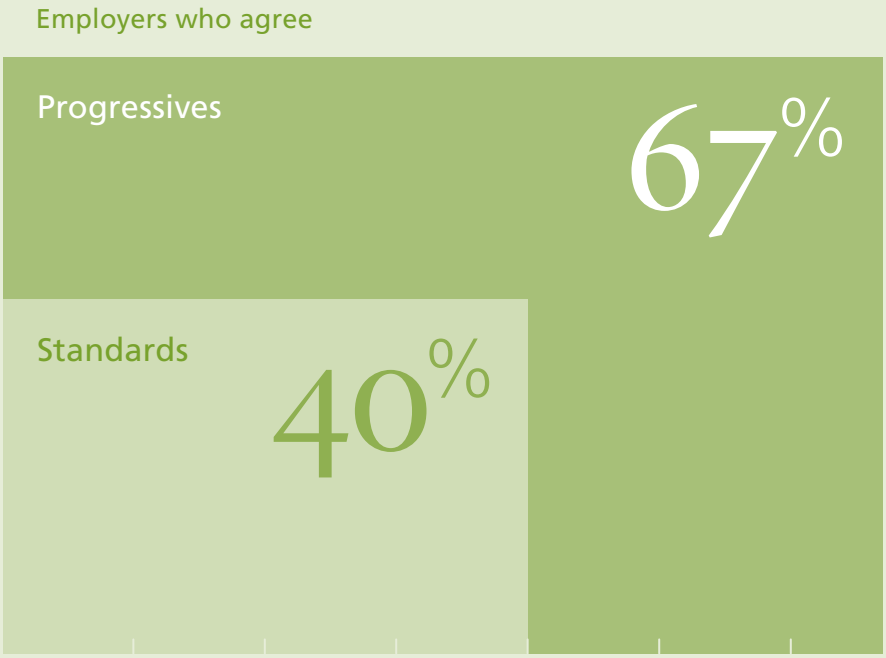
	Employees	Employers
Due to current economic conditions benefits will be reduced	33%	10%

Facing Forward — Benefits Five Years from Now

Fifty-six percent (56%) of employers surveyed expect to continue to pay for medical insurance when the Patient Protection and Affordable Care Act is fully implemented. Compared with Standard employers, Progressives are even more committed to maintaining medical benefits.

FIG 1.12

Employers agree that in the next five years their company will continue to pay for most of the cost of medical insurance under any circumstances they can foresee



Identifying Opportunity to Engage Employees in the Benefits Discussion

A Strong Connection Continues Between Benefits Satisfaction, Employee Loyalty and Job Satisfaction

The role of workplace benefits in driving employer business objectives for employee attraction, retention and productivity has been a hallmark finding of this MetLife Study over the years and continues through today's difficult economy.

Once again, the Study demonstrates that satisfaction with benefits is connected to employee job satisfaction, and also confirms that employees who are dissatisfied with their benefits are more likely to want to work elsewhere.

FIG 2.1

Employees who are very satisfied with benefits are nearly three times as likely to say they are very satisfied with their jobs and less likely to plan to leave

	Employees who are very satisfied with benefits	Employees who are very dissatisfied with benefits
I am very satisfied with my job	70%	23%
I do not plan on leaving my current employer in 2012	59%	38%

"I took my job at less wages for more benefits, I switched positions because I thought the benefits outweighed the income… Because it's a security blanket, that's more important than the almighty buck."

— Older Boomer

Satisfaction with benefits also influences employee feelings of company loyalty. Yet despite this evidence that benefits are an important way to help foster retention, the Study suggests that employers are not always tuned into the most effective ways to potentially increase their employees' appreciation of the benefits they receive at work.

FIG 2.2

Employee loyalty is linked to satisfaction with benefits – employees who are very satisfied with their benefits are more likely to feel loyal to their employer

	Employees who are very satisfied with benefits	Employees who are very dissatisfied with benefits
I feel a very strong sense of loyalty to my employer	61%	24%
My employer has a very strong sense of loyalty to me	48%	12%

Loyalty Gap Not Only Persists, It Expands

A gap in the employee-employer perceptions of company loyalty towards employees has been a long-running story for the Study. And this year is no exception. However, instead of progress in narrowing the gap, the Study finds evidence of a widening disconnect. Job insecurity and expectations that benefits will be cut are no doubt contributing to employees feeling less important to their employers.

This "loyalty gap" signals a troubling misperception that employers should take seriously, because an employee who feels more expendable is likely to be less engaged and committed. Insights from this Study – especially around ways to make benefits more relevant and recognized – can help those who see benefits as an opportunity discover ways to improve this situation.

FIG 2.3

A widening gap between employer and employee perceptions of company loyalty towards employees

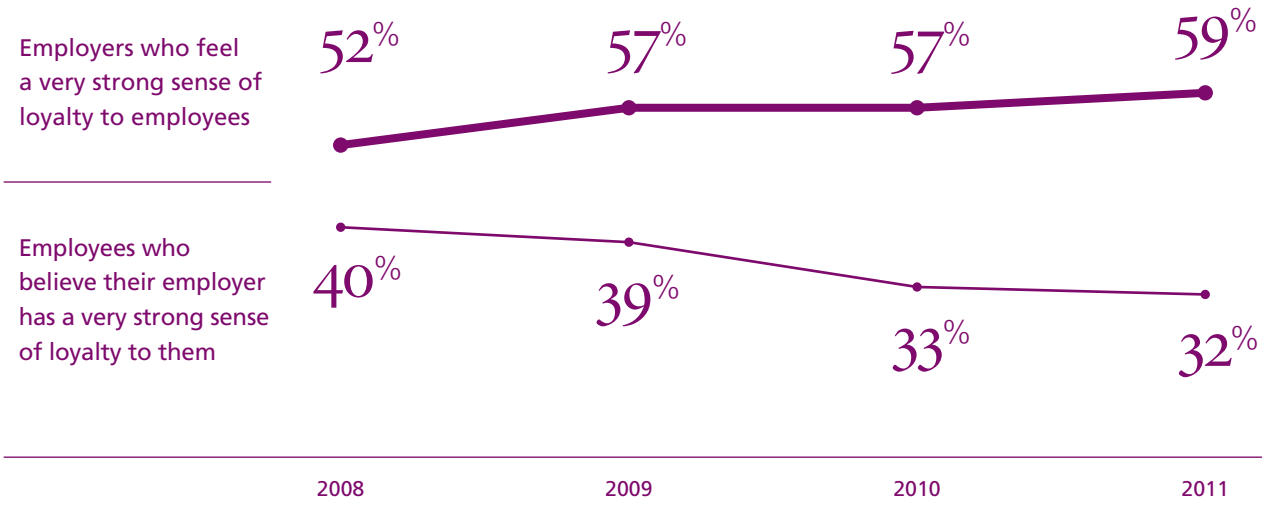
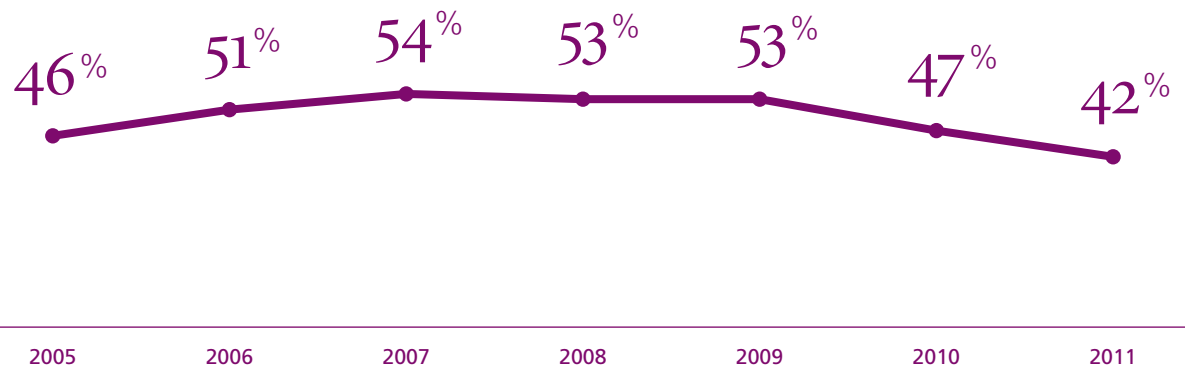


FIG 2.4

Measures of absolute loyalty continue to decline and now reach a seven-year low

Employees who feel a very strong sense of loyalty to their employers



"There's not as much loyalty as there once was. People used to work for companies for 20, 30 years and that was their job, one job for life. Now, if you stay for two years, it's a long time."

— Older Boomer

A Third of Employees Still Have One Foot Out of the Door

Given the wide gap in loyalty perceptions, along with declines in actual employee loyalty over time, it is no surprise that the strong flight risk evidenced in last year's Study is still apparent this year. The Study again reveals that approximately one in every three employees hopes to be working for a different employer in 2012. This number increases precipitously for Gen Y (see Section 4).

An employer might be tempted to see this flight risk as inconsequential in today's economy. However, while national unemployment rates appear to support that conclusion, the overall statistics mask a serious talent and skills shortage in specific industries and for strong management and leadership. A recent survey from Towers-Watson indicates that, increasingly, many employers are having trouble recruiting and retaining top-performing and critical-skill workers compared to three years ago.[iv]

FIG 2.5

One in three employees reported that if it is their choice they hope to be working for a different employer this year – comparable to last year's findings

Dissatisfied Employees Are a Productivity Drain

Admittedly, in today's prevailing economic climate, it is more difficult for employers to address workforce ambitions to move ahead. But unhappy employees can be a productivity drain. Those who say they hope to be working elsewhere in the next year are nearly three times as likely to admit to a decrease in the quality of their work.

It therefore makes sense for employers to leverage their employee benefits to address workforce productivity and retain irreplaceable key contributors.

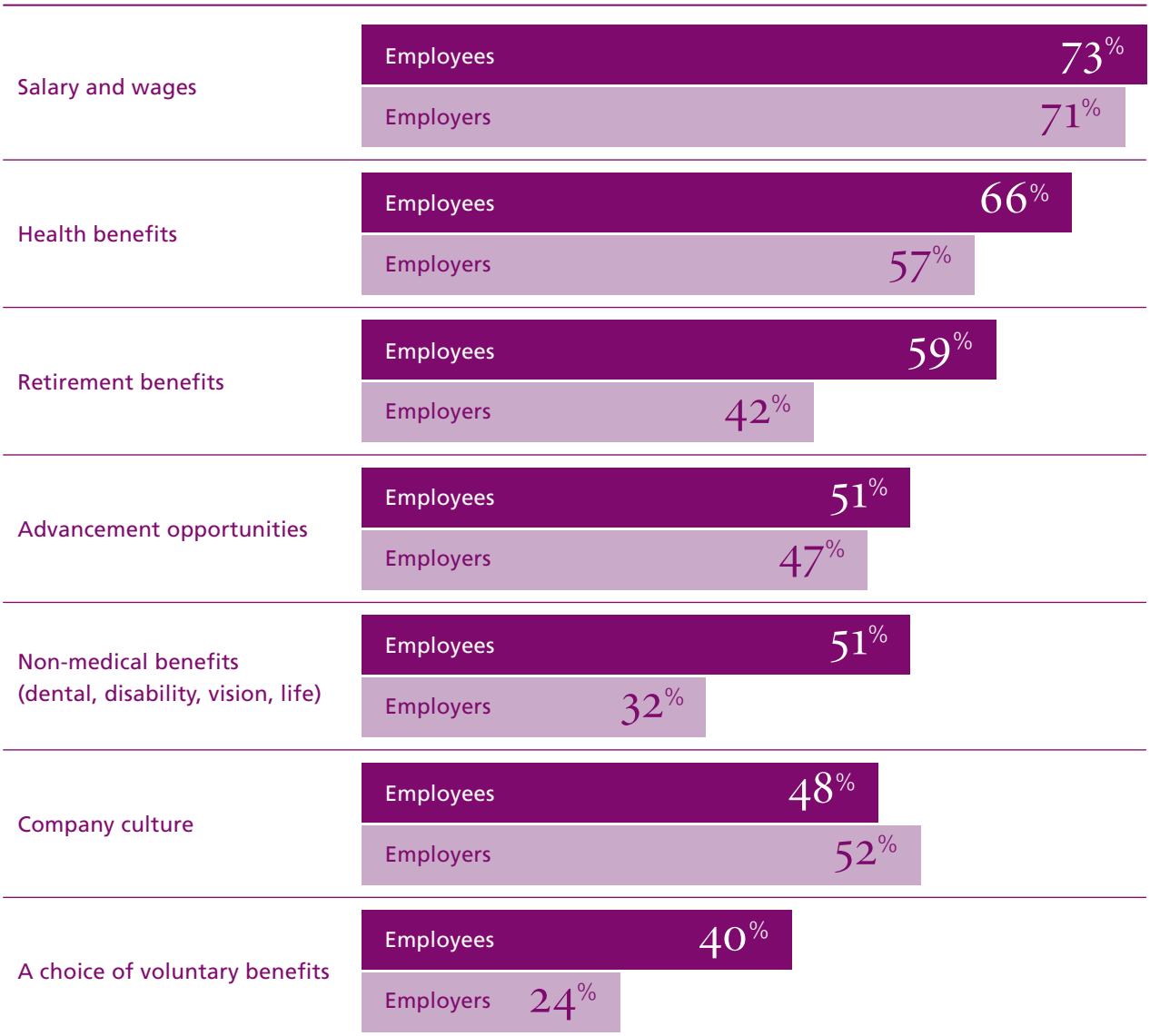
Seeing Benefits Through Employee Eyes

For employers interested in realizing the optimal return on their benefits investment, it is hard to overstate the necessity of achieving an up-to-date understanding of employee viewpoints when it comes to what employees want and value in their benefits. Without this insight, employers may be leaving important opportunities on the table – opportunities to better serve employee needs and improve their return on investment for the benefits program. However, the Study shows that employers are often out of step with their employees when it comes to which benefits actually move the needle on employee loyalty.

FIG 2.6

Employers especially underestimate the power of non-medical coverages, retirement and voluntary benefits to drive employee loyalty

Benefits are very important for feelings of loyalty to the company



A Custom Fit for Benefits

Variety, flexibility and personalization are ways to increase the relevance and value of benefits for employees. And, at the same time, make them more effective for employers. Yet, when employers indicate the likelihood of benefits moving in this direction in the next five years, it is an opportunity that appears to be missed by many.

"I would say decent insurance, life insurance, health insurance. Those things are the core of my financial happiness."

— Gen X

FIG 2.7

Employees have a different perspective on the value of personalized benefits than most employers

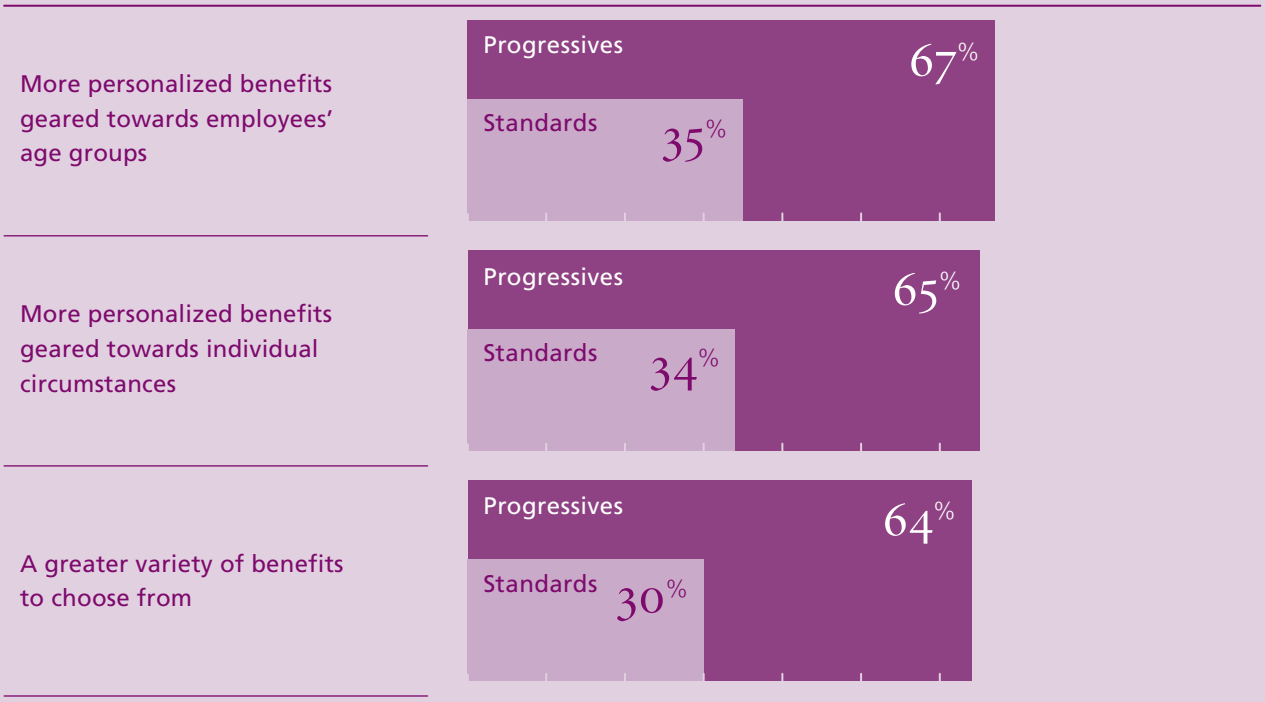
	As a result of current economic conditions	
	Benefits scenarios employees value	Benefits changes employers believe are likely in the next five years
More personalized benefits geared to employee age groups	73%	53%
More personalized benefits geared to individual circumstances	74%	53%
A greater variety of benefits to choose from	73%	50%

Facing Forward — Benefits Five Years from Now

FIG 2.8

Progressive employers are more likely to predict a greater role for benefits choice and personalization in the future

Benefit changes employers believe are likely in the next five years



Voices Are Heard on the Value of Voluntary Benefits

Voluntary benefits, those that employees pay 100% of the cost, are a way to address employee appetite for benefits that are more flexible and personalized. And this year the Study shows that nearly half (49%) of employers appear to be hearing their employees' call for a wider variety of voluntary benefits.

Across the board, benefit strategies reflect a greater emphasis on these offerings compared to last year. And 42% of employers who currently do not offer voluntary benefits say that they plan to do so in the next two years.

FIG 2.9

This year employer voluntary benefits strategies are more in sync with employee interest in having a wider range of voluntary benefits from which to choose

	2010	2011
Employees who agree that they are interested in a wider array of voluntary benefits that they can choose to purchase and pay for	52%	51%
Employers who agree that voluntary benefits are a significant part of their benefits strategy	32%	41%

FIG 2.10

Voluntary benefits are growing in strategic importance across all sizes of companies

Employers who agree that voluntary benefits are a significant part of their company's benefits strategy

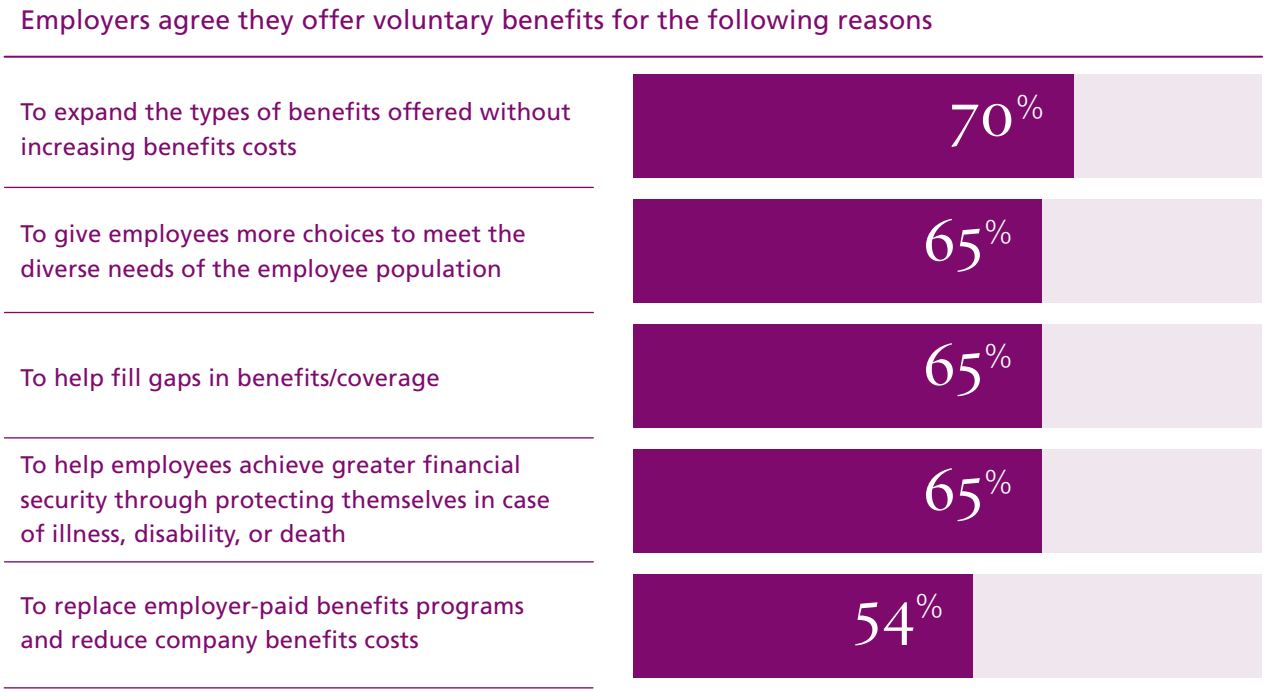
Year	All companies	Under 50 employees	Under 500 employees	500 or more employees	5,000 or more employees	10,000 or more employees
2010	32%	23%	26%	43%	47%	52%
2011	41%	27%	31%	57%	57%	58%

Much More Than a Cost-Shift Play

A strong voluntary benefits strategy is certainly compatible with cost-shifting but also offers much more than a solution to budgetary pressures. Employers cite a wide variety of rationales for offering voluntary benefits. The Study shows that replacing traditional core employer-paid benefits (such as medical, life and disability coverage) is the least important and recognition that voluntary benefits offer a way to provide greater choice without a significant budget impact is most important.

FIG 2.11

Employers are more likely to offer voluntary benefits as a cost effective way to increase employee options and choices than for replacing employer-paid benefits



Progressives Are Well Ahead of the Voluntary Benefits Curve

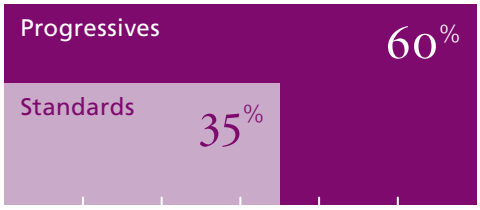
Progressive employers are much more likely to clearly perceive their employees' interests in voluntary benefits products and to prioritize a voluntary benefits strategy. By so doing, they demonstrate that providing employees with more choice and options in their benefits program is not dependent on deep corporate pockets or expanding the benefits budget.

FIG 2.12

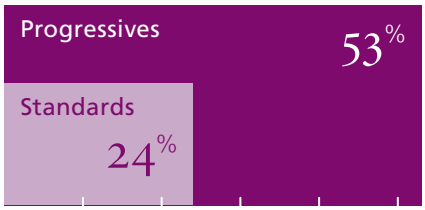
Voluntary benefits strategies for Progressives more closely align with employee views

Employers agree

Employees are interested in a wider range of voluntary benefits products



Voluntary benefits are a significant part of the company's benefits strategy



Facing Forward — Benefits Five Years from Now

FIG 2.13

Employers agree that in the next five years employee-paid benefits will become a more important strategy than they are today

62%

Employers who agree

Windows of Opportunity — Strategic Steps Employers Can Take to Act on Study Insights

Encourage employees to interact with benefits programs.

When possible personalize. Enrollment records from carriers and consultants can help with personalization.

Simplify communications. Avoid legal contractual language and streamline messages to make them quick and easy to understand.

Brand benefits. Create a look and feel to brand the overall benefits programs, drawing attention to their breadth, and allowing employees to interact with a "single face."

Never underestimate the power of face-to-face interaction. Employees still value the ability to talk to someone in person about their situation.

Find the benefits gaps.

Conduct an employee survey. Assess how employees perceive their current benefits programs and where they see the gaps.

Raise voluntary benefit offerings above the crowd.

Increase competitiveness and employee appeal. Offer non-traditional products.

- Supplemental health products – such as critical Illness, accident and hospital indemnity insurance products to help employees afford unexpected out-of-pocket medical costs.
- Legal services – convenient and affordable access when needs arise (such as identity theft resolution, will preparation, adoption, etc.).
- Auto and home protection insurance – adds the convenience of payroll deduction and group rates.
- Long-term care – provides both care options and protects financial assets.

Promote specific voluntary benefits throughout the year.

- Reach the newly hired as well as employees who may have experienced a change in their life. During open enrollment, voluntary benefits may get lost in the sea of communications.

Expanding Opportunity for Income Protection and Financial Security

Concern about Government Shortfalls Creates Greater Dependence on Employee Benefits

According to the Study, 75% of employers recognize that potential holes in Social Security and Medicare safety nets will make employees increasingly look to their workplace for help in their quest for financial security. If government programs can no longer be counted on, what actions can employers realistically take given the current business economy to help employees? And what is the payback for doing so?

The **10th Annual MetLife *Study of Employee Benefits Trends*** provides some insight on these important questions.

"Why I feel somewhat insecure – the uncertainty of the economy down the road and whether or not what I will be getting from Social Security or retirement would be enough to cover the rise of expenses and the cost of living and that kind of thing."

— Older Boomer

"I have a 401(k) and feel like I've worked my entire life – and [if] Social Security is still around I might have it but I might not… I just feel like… the closer you get the further the goal is moved out."

— Older Boomer

FIG 3.1

Potential holes in government safety nets could mean greater dependence on workplace benefits

Employers who agree that potential reductions to Social Security and Medicare will make employees increasingly dependent on the retirement benefits the company provides.

75%

Employers Split on Responsibility to Step Up in the Event of Government Shortfalls

Fifty-four percent (54%) of companies feel a sense of responsibility to support employees in the face of potential retirement challenges such as reductions in Social Security and Medicare. However, the percentages differ depending on the size of the organization. Not surprisingly, 69% of large companies (10,000 or more employees) report a sense of responsibility to do more, compared with 45% of the smallest companies (fewer than 50 employees).

FIG 3.2

Employers split nearly evenly on the question of responsibility to maintain, if not expand, retirement benefits in the event of potential reductions in Social Security and Medicare

54%

Employers Who Agree

46%

Employers Who Do Not Agree

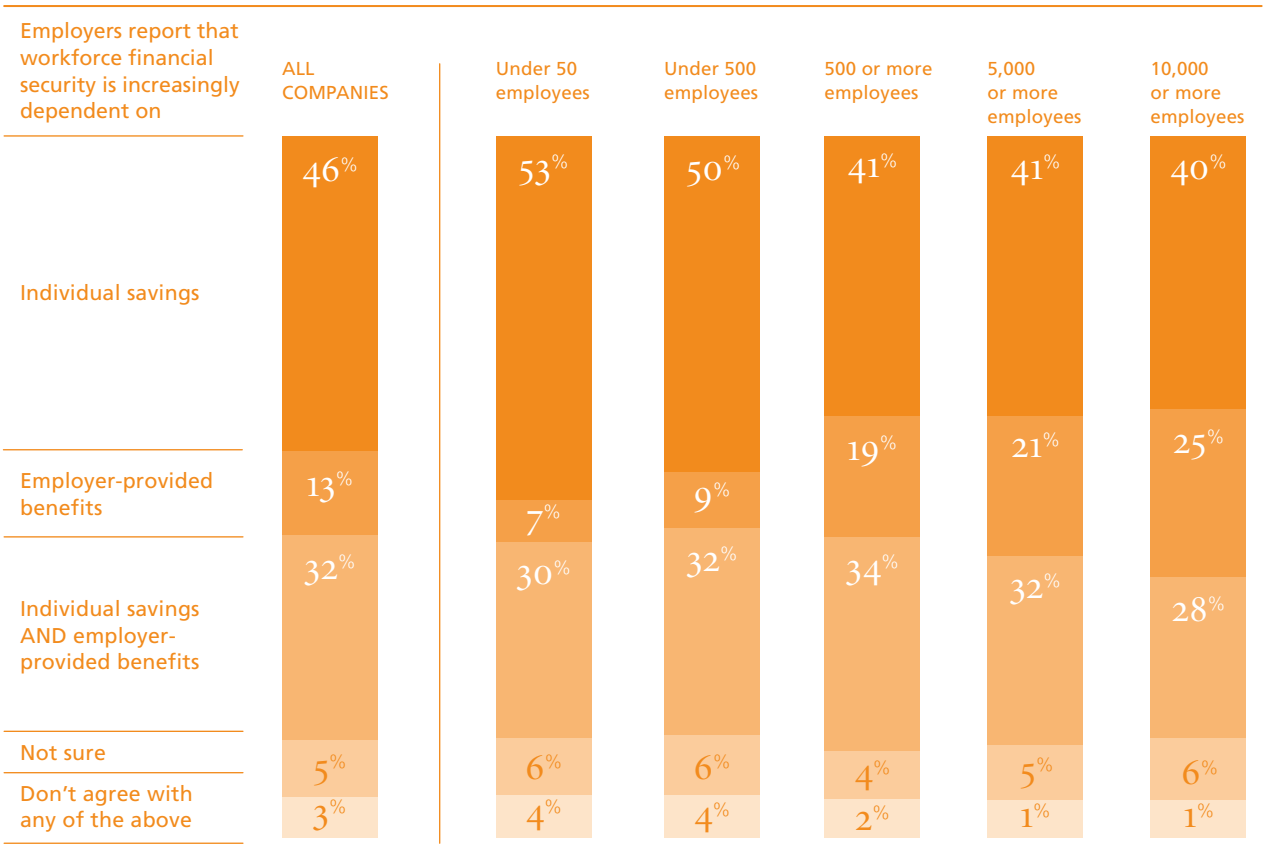
An Emerging View of Employee Financial Security as an Employer-Employee Partnership

Although many employers report plans to maintain benefits, the Study illustrates that at this time, 46% feel that the burden of financial security should rest on employees' individual savings efforts. Nonetheless, nearly a third (32%) perceive a partnership – a model for financial security which couples individual savings with employer-provided benefits.

Building long-term financial security is a challenge for today's workforce and having their employer as a willing partner can engender engagement and makes it more likely that the employee will stay for the long-term.

FIG 3.3

Larger companies accept a greater role in helping employees achieve financial security



"I need to do more as an individual… we have the traditional ways that we used to look at our financial well-being package… as an individual, I need to take better stock in what I'm doing…"

— Gen Y

"…the disability [coverage]… sends a signal that the employer cares about the welfare of their employees and wants to develop a loyalty between the company and the employee."

— Gen X

Financial Security – Employees Accept Responsibility But Expect Help

The Study shows that 63% of employees are very certain that a reduction in Social Security and/or Medicare benefits would change the retirement stakes and would require them to become more responsible than ever for creating a financially secure retirement. However, they also expect their employers to help in this endeavor. If government programs are reduced, more than half (55%) of respondents believe their employer should at least maintain their current retirement benefits. However, over a third (36%) would go further and say their employer should actually expand the retirement savings benefits available through the workplace.

Employers Gain from a Financially Secure Workforce

The Study indicates that help for employees is unlikely to take the form of increased benefits expenditure. Only 16% of employer respondents report that a reduction in Social Security and/or Medicare would lead them to increase either retirement contribution levels or retirement benefits offerings. For about seven in ten employers the response would be to maintain current contribution levels or benefits offerings.

However, employers do have opportunities to support employees' steps towards financial security without costly investment and with an upside of increased employee loyalty and productivity. As discussed in earlier sections, more than half of employees report that retirement benefits and income protection insurances are significant drivers of loyalty.

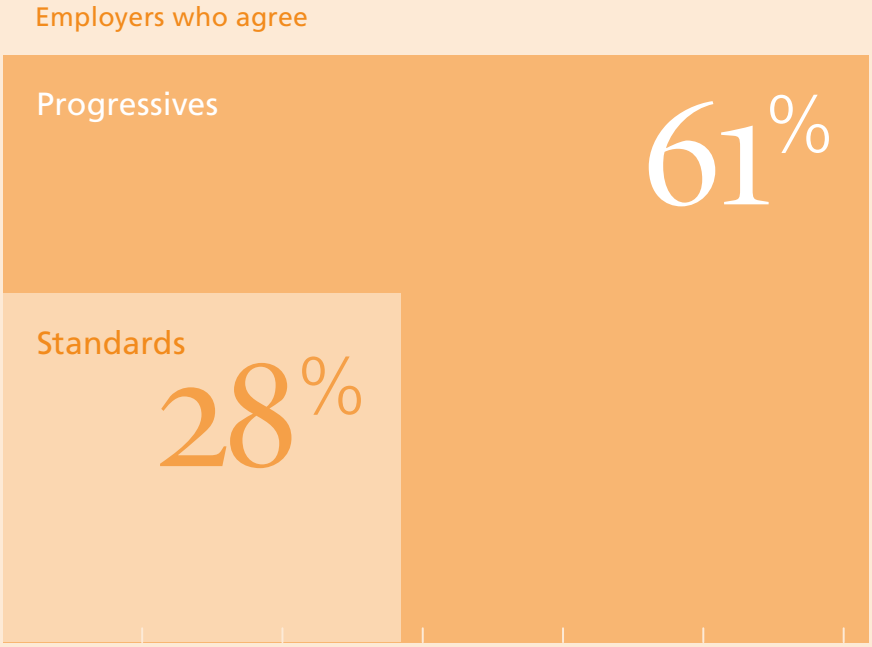
Financial insecurity is also a recognized productivity cost for companies. Financial concerns are a factor behind employee absences and distraction during work hours. In short, a financially secure workforce is more likely to be productive and more likely to demonstrate loyalty.

Facing Forward — Benefits Five Years from Now

One of the most striking findings of this year's Study is how much more Progressives (compared with Standards) are focused on non-medical, core benefits that foster financial security, such as life, dental and disability insurance as an important benefits strategy for the future. This is an important finding given the value of these programs in driving employee loyalty.

FIG 3.4

Employers agree that in the next five years non-medical benefits (such as life, dental and disability) will become more important benefits strategies than they are today



Employees Have Miles to Go for Financial Security

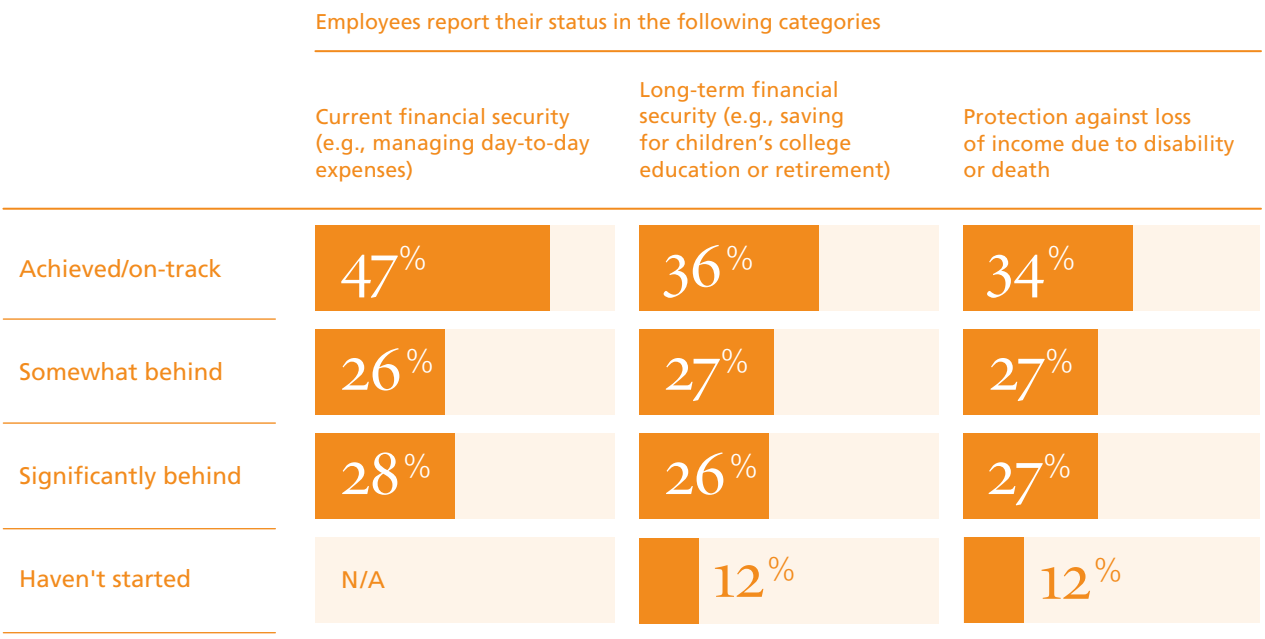
The Study found that, by their own admission, about one in four employees are significantly behind in three key areas of financial planning – current financial security, long-term financial security and protection against the financial implications of income loss as a result of disability or death.

"I was in great shape, and then all that [the recession] hit, and I took a nose dive on a lot of things – personally, professionally – a lot of things hit."

— Younger Boomer

FIG 3.5

Employees' self-assessment in achieving financial security shows them to be behind in most categories

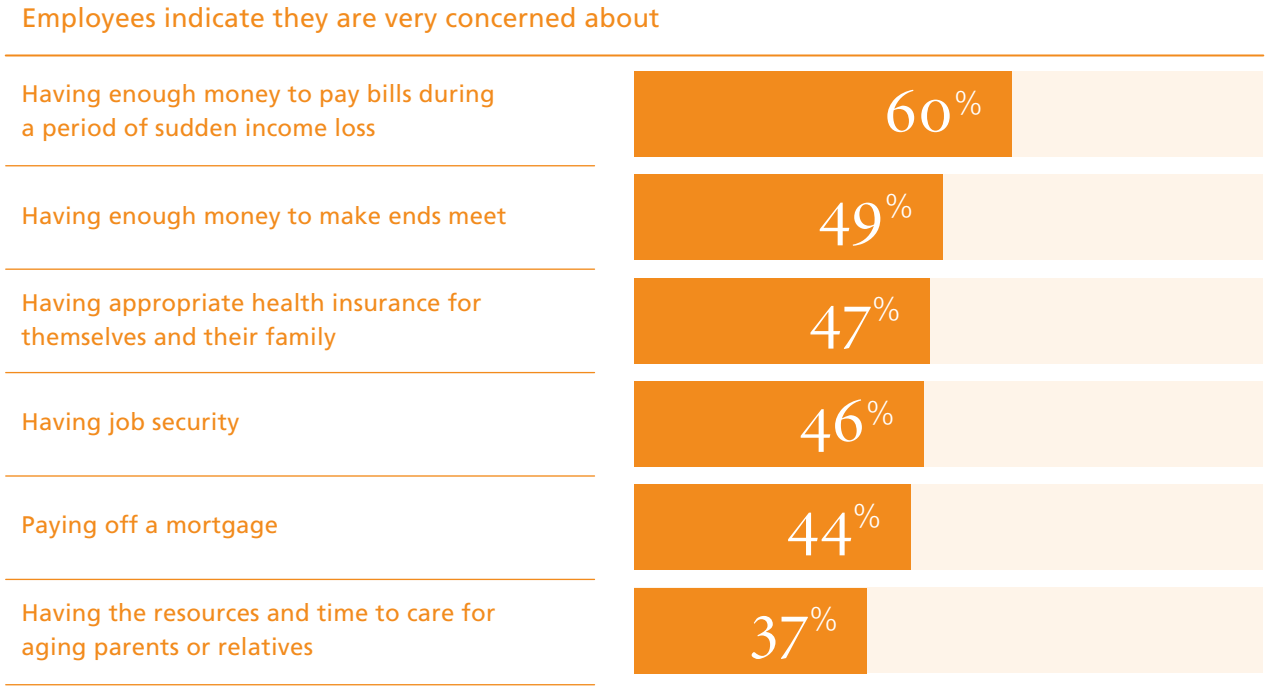


Financial Worries Contribute to Employee Stress on the Job

The recession's impact on personal financial security has led nearly two out of three Americans to feel that their ability to achieve the American dream is no longer within their control.[v] Nearly two-thirds of employees report experiencing financial and/or job related stress – and these concerns translate into greater distractions at work.

FIG 3.6

Everyday financial concerns weigh on many employees



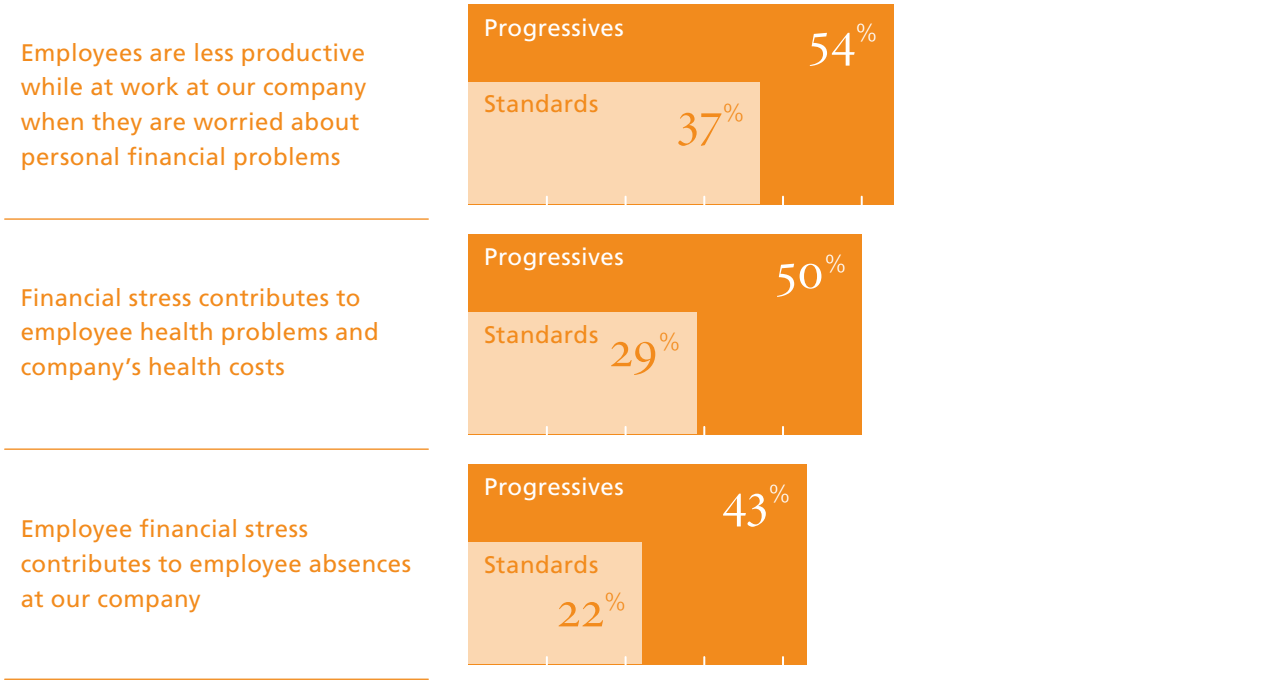
Progressive Employers Are More Tuned into the Costs of Financial Insecurity

Employers are aware that a distracted, stressed workforce – one that is preoccupied by money worries – is less likely to perform at desired levels. Progressive employers appear to be more aware than others of the effects this has on company productivity and health costs. There is no reason to think that these employers have a greater incidence of financially insecure employees; rather Progressive employers may be more tuned into some of the more important dynamics of today's workforce.

FIG 3.7

Progressive employers see the problems caused by employee financial insecurity more clearly than Standard employers

Employers who strongly agree

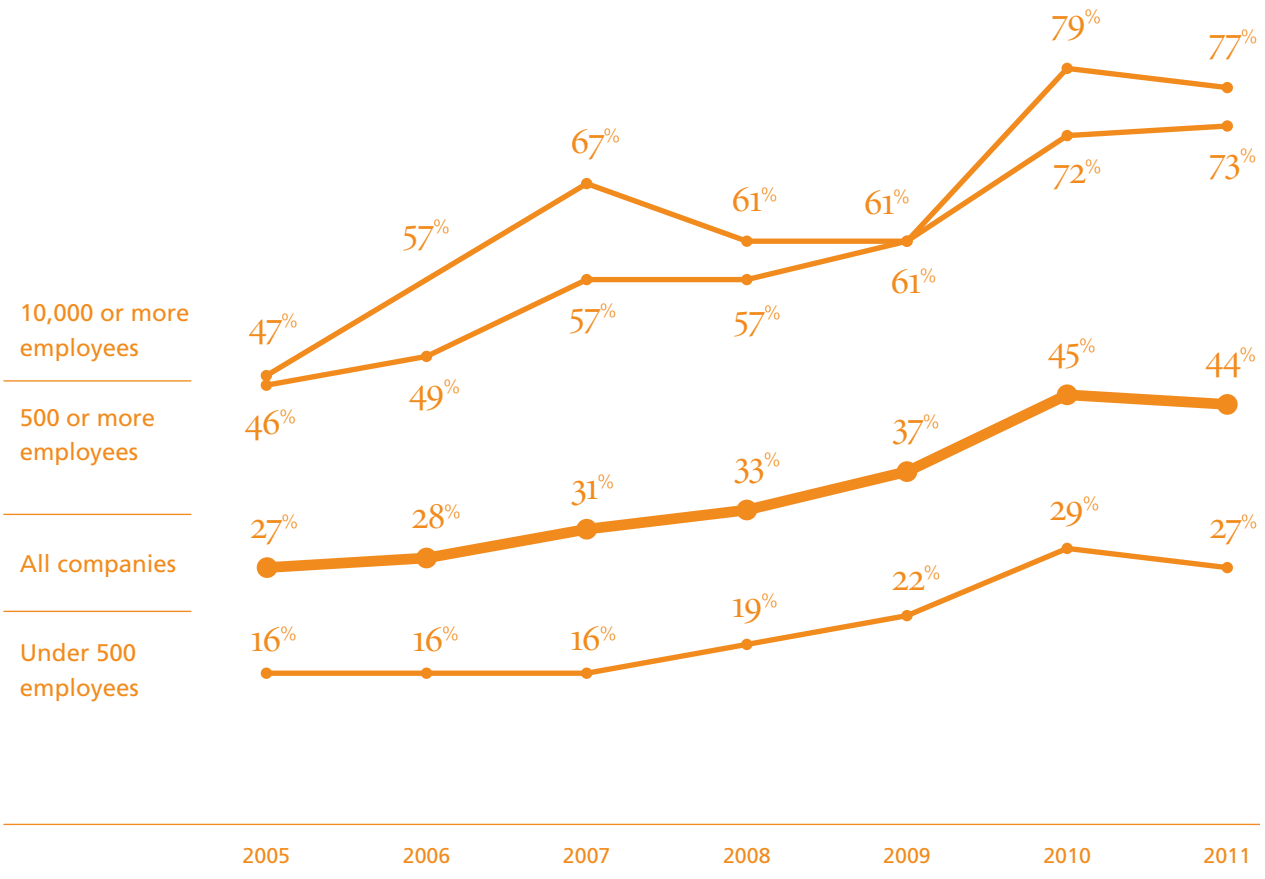


Wellness and Financial Security

The Study shows that the availability of wellness programs, designed to improve employee physical health, have grown significantly from being offered by 27% of employers in 2005 to 44% of employers in 2011.

FIG 3.8

Wellness programs have expanded year-over-year – especially in larger companies



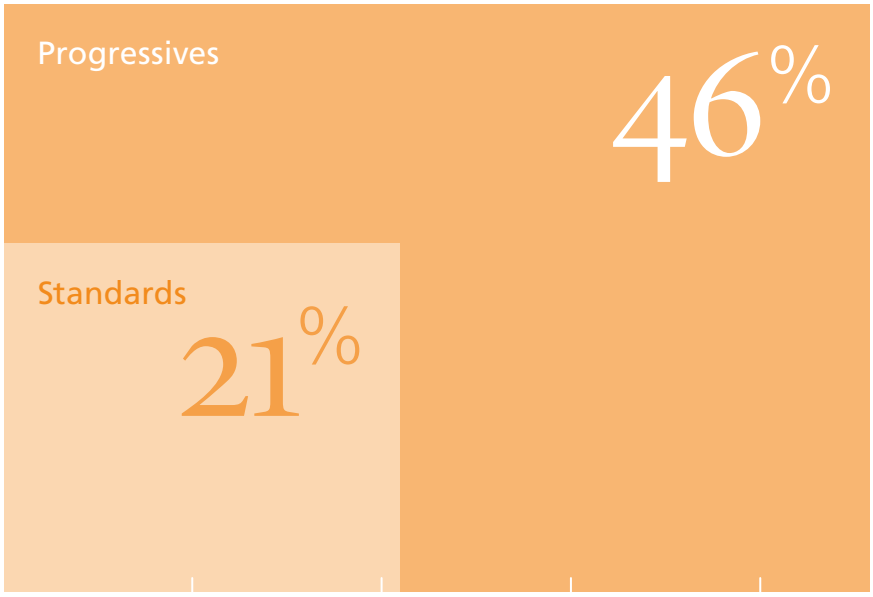
Now companies are recognizing financial wellness as another opportunity to improve productivity and reduce health costs.

Progressive employers are more likely to agree that including programs and services in wellness initiatives designed to help employees manage their financial stress can help reduce absences and health costs.

FIG 3.9

Progressive employers are more likely to see the potential for financial wellness programs

Employers who strongly agree that wellness initiatives to reduce employee health costs and/or absences would be more effective if they included programs and services to help employees manage their financial stress



Financial Anxiety and Income Protection

The Study shows that not only are employees concerned about everyday financial issues, they are also deeply concerned about unforeseen life events such as premature death or being unable to work due to injury or illness. They worry about how they will cope with the effects of this on their household income.

FIG 3.10

Unforeseen financial events are a concern for many employees

Employees who are very concerned about financial security for their families	
If a wage earner is no longer able to work because of disability or illness	58%
Ability to cover all the extra costs not covered by medical insurance that result from major illness	53%
In the event of employee's premature death	48%

Adequate Income Protection Is Key

Income protection benefits, such as life insurance and disability income protection coverages, can have a positive effect in reducing stress and eliminating distractions at work. But having the right level of coverage is critical. Unfortunately, a troubling percentage of employees who own these protection coverages either suspect they do not have enough coverage, or simply do not know if they do.

FIG 3.11

Employees who believe they have adequate protection insurance coverage are less likely to be concerned about unforeseen events that impact family financial security

	Believe coverage level is adequate	
	Yes	No/Not Sure
Owns disability income protection and is very concerned about a principal wage earner no longer being able to work because of a disability	54%	62%
Owns life insurance and is very concerned about premature death	34%	58%

Opportunity to Take Protection Insurance to the Next Level

The Study points to the importance of educating employees about adequate coverage levels. Access to simple tools for calculating the right amount of life and disability coverage is an easy and inexpensive solution. Yet at this time, the Study shows that fewer than half of employers offer their employees access to these aids for either life or disability coverage.

FIG 3.12

Employees see value in online tools and calculators for assessing coverage needs

Employees who used calculator tools and found them very effective

60%

For life insurance needs

53%

For disability income protection coverage

The Preferred Place to Obtain Benefits

Employees deeply value the ability to obtain insurance through their workplace. Almost half strongly agree that purchasing insurance products through the workplace is easier than elsewhere.

FIG 3.13

Employees are mostly likely to obtain their protection insurance through the workplace

Of employees who own	Employees report obtaining insurance at work
Disability income protection coverage	87%
Life insurance	64%

"I was going to be able to retire at 62, now it looks about like I'm going to have to live [work] until I'm 90… Seriously, 62 was originally my goal… and 65 was – you know, if I had to, but… now, yeah, 70, 72…"

— Younger Boomer

Retirement Goal Retreats for Many Employees

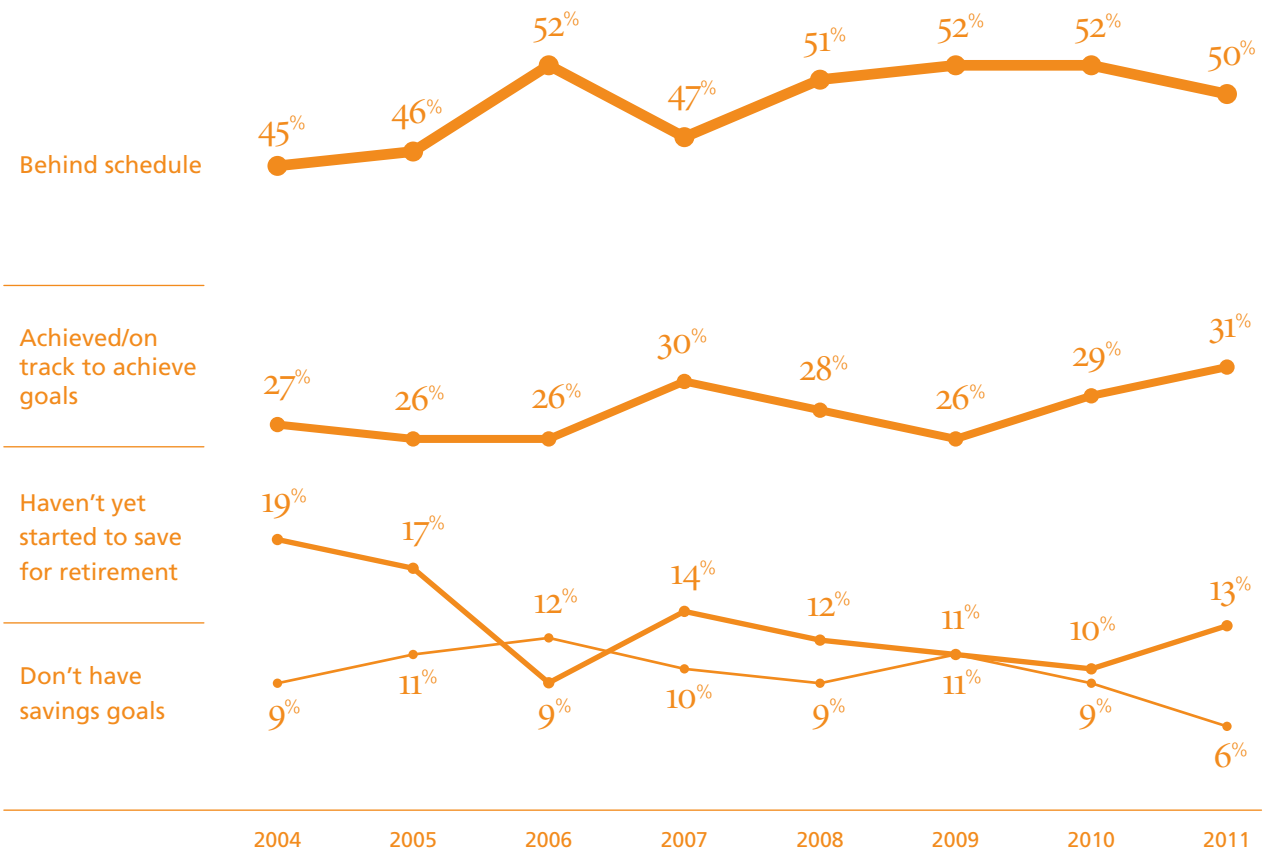
A significant finding in this year's Study is that more than one in three (35%) Boomers say that as a result of current economic conditions they plan to postpone retirement.

For many employees, concerns about outliving their retirement money (50%), and needing to continue to work through retirement years (46%) – combined with doubts about the long-term viability of Social Security and Medicare (75%) – leads to significant worries about having enough steady income in retirement to meet expenses (52%). The Study finds that one in four Older Boomers is now significantly behind in saving for retirement.

FIG 3.14

Retirement readiness is not a new problem – the Study has tracked this over many years – and has shown little progress during this time

Employees report progress of retirement savings



"I never thought I'd be thinking about retirement, ever… so financial security is very unsettling… And my window is not that big so I'm thinking about it most every day."

— Older Boomer

Opportunity for Employers to Take Action to Boost Financial Preparedness

Employers may not be in a position to make greater monetary contributions to employee savings – however, there is an open opportunity to help build those savings by helping employees of all ages become more knowledgeable and confident about managing and planning their finances.

And employees admit that they need and welcome this support. Only a third (33%) of employees strongly agree that they are in control of their finances or very confident in their ability to make the right financial decisions for themselves and their families (39%).

When asked about their interest in various financial education opportunities in the workplace to address current, long-term financial security, or protection against the financial impact of an unforeseen event, 72% of employees expressed interest in one or more of these programs.

Financial education programs in the workplace should clearly benefit employees by providing them with greater confidence and sense of control of their financial destinies.

FIG 3.15

Employees who act on the opportunity to attend financial education programs benefit from the experience in terms of financial confidence and control

Employees who have financial education program available in the workplace

And who say they feel	Attended	Did NOT attend
Very in control of finances	58%	33%
Very confident about financial decision making	58%	43%

Employers Stand to Gain from Financial Wellness Programs

Given that 22% of employees admit that they have taken unexpected time off in the past 12 months to deal with a financial issue and/or spent more time than they think they should at work on personal financial issues, there is clearly a productivity gain associated with having a more financially secure workforce. The Study's findings suggest there is opportunity and value in offering a comprehensive financial education program in the workplace, especially one that can deliver relevant information to today's diverse workforce and help them take action to address their specific needs. Yet currently these programs are more apt to be offered in larger companies.

FIG 3.16

Financial education programs in the workplace mostly exist in larger companies

Company offers **financial education** programs

All companies	Under 50 employees	Under 500 employees	500 or more employees	5,000 or more employees	10,000 or more employees
40%	23%	29%	57%	58%	63%

Company offers **retirement education** programs

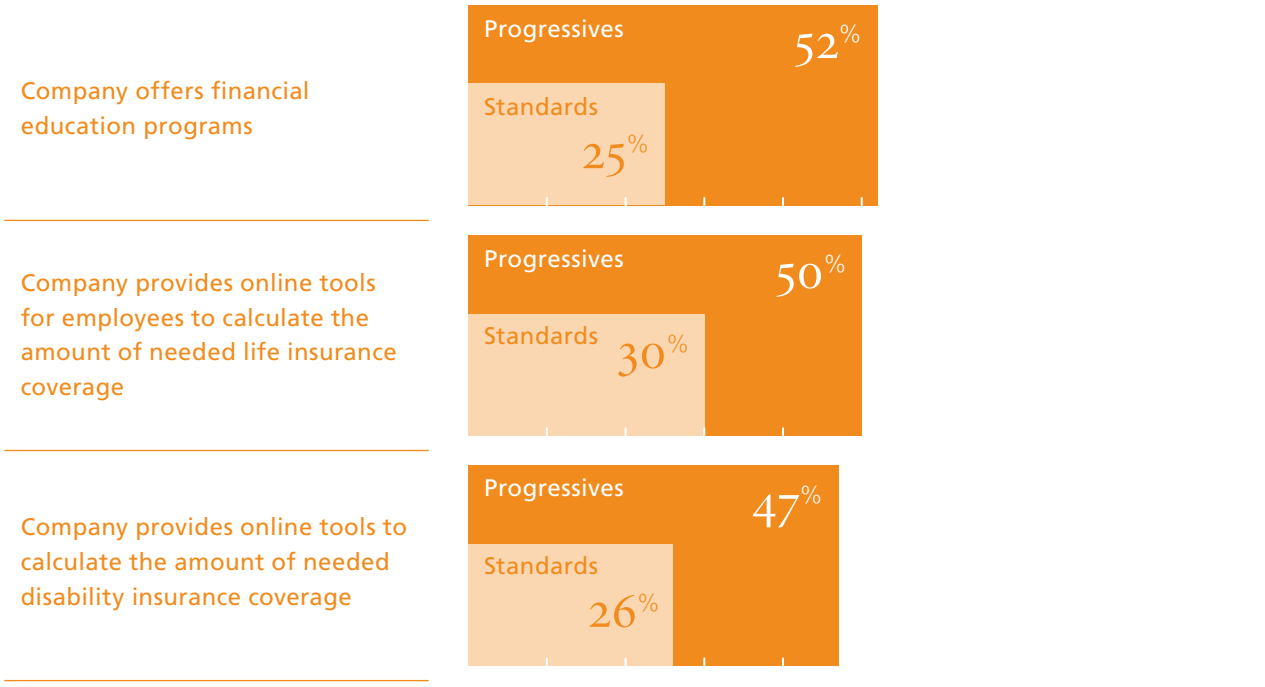
All companies	Under 50 employees	Under 500 employees	500 or more employees	5,000 or more employees	10,000 or more employees
46%	29%	35%	64%	68%	74%

Progressives Employers See the Value of Financial Education

The Study indicates that Progressive employers are nearly twice as likely as Standard employers to provide financial education programs and tools to help ensure that employees obtain adequate coverage. They may do so in light of their previously noted awareness of the cost of financial insecurity in terms of lost productivity.

FIG 3.17

Progressive employers are more likely to offer insurance calculators and financial education than Standards



Building Employee Engagement in Financial Education Programs

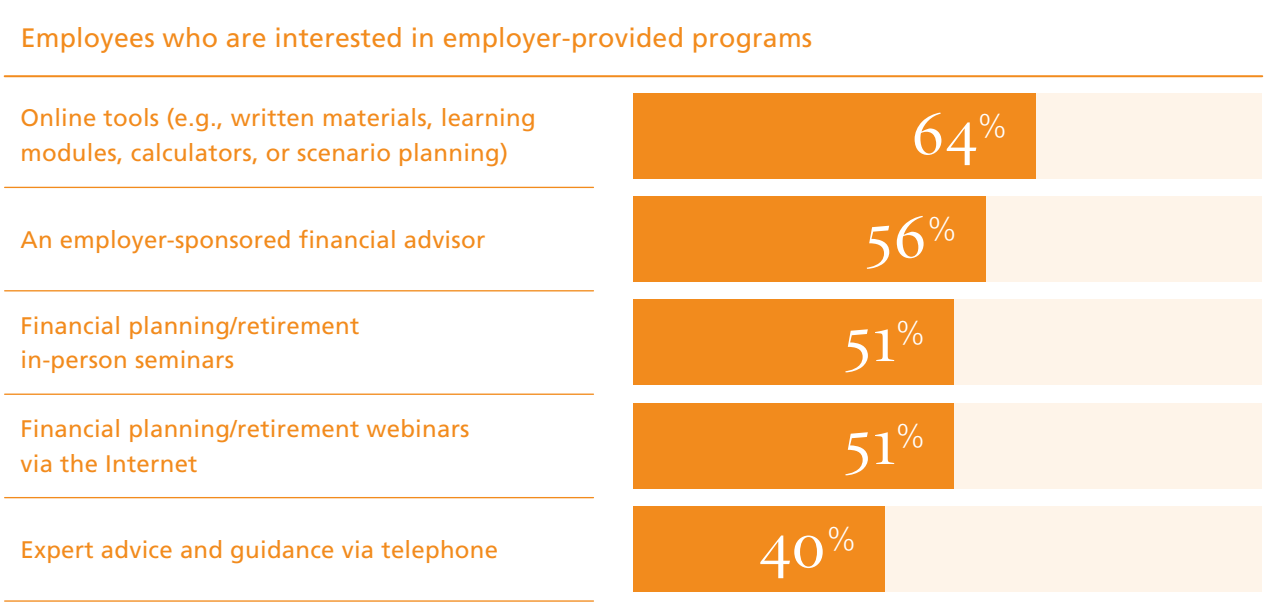
Despite their interest and need for financial education programs, over two-thirds (68%) of older employees failed to participate in retirement education programs that were available to them. And a similarly high percentage (62%) of younger workers did not take advantage of a financial education program.

The fact that employees are interested but not attending financial education programs, is not a reason to dismiss the program altogether. Rather, this is a clear signal to work on effective communications and meaningful content.

Employers can drive engagement by ensuring that the programs they offer meet the needs of their particular employee population. One example of this is making sure that content is age and life-stage appropriate and it is delivered in a preferred medium.

FIG 3.18

Ideas to improve appeal of financial education programs



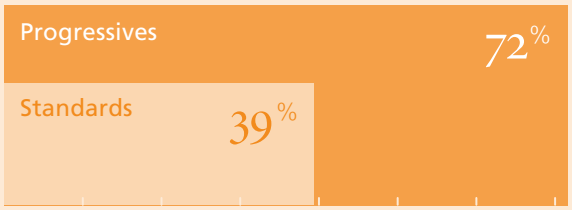
Facing Forward — Benefits Five Years from Now

FIG 3.19

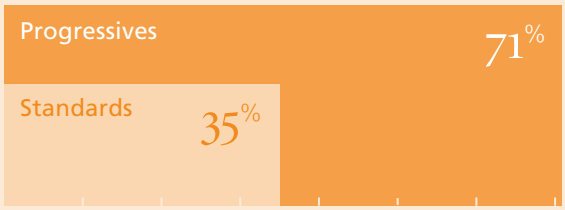
Progressive employers see opportunity ahead for greater emphasis on financial education programs and retirement offerings

Employers agree that in the next five years

Retirement offerings will become a more important benefits strategy than today



More education programs about individual finances and retirement planning will be offered



Windows of Opportunity — Strategic Steps Employers Can Take to Act on Study Insights

Educate to engage: Financial education is wanted and needed by employees of all ages and incomes.

Conduct a company survey. Establish employee interests and consider diverse employee needs, e.g., executives, women, parents who are caregivers.

Address a broad spectrum of financial issues throughout an individual's life – not just retirement.

Provide access to credible financial professionals – experts who can evaluate an individual's needs and make appropriate recommendations.

Use age-appropriate messaging to encourage participation. Younger workers may be more enticed by the time value of savings since they are years from retirement. Older Boomers may appreciate budget and spending tools to help them project on how long their savings will last.

Enable adequate income protection coverage.

Offer supplementary and buy-up options for income protection products.

Source online tools and guides from providers. Ideally, ones that can be used on mobile devices or at home.

Use enrollment reports from benefits carriers to identify coverage gaps. Understanding enrollment patterns can help better target employee communications.

Reduce employee absences caused by family stress.

Leverage employee assistance programs. Support for elder care, long-term care and mental health issues can help reduce employee distraction and absence.

Tap tax season to promote the value of tax-deferred benefits.

Educate employees on the value of automatic regular savings and catch-up provisions for older workers.

Build an executive benefits offering.

Help attract and retain top talent. Smart use of individual insurance products can deliver coverage while leaving group plans untouched.

Realizing the Generational Opportunity in the Post-Recession Workforce

This year, the Study uncovers a number of generational insights that go beyond some of the traditional assumptions around life stage. In fact, what emerges is a fascinating picture of how younger generations (Gen X and Gen Y) are now looking to the benefits they get at work much more than previous generations traditionally did at the same age.

This year's Study reveals how economic conditions are driving fundamental differences in younger workers' attitudes toward employee benefits, financial decision-making, career planning, job satisfaction and loyalty to employers.

Recruiting and retaining this employee segment is essential for future business success, and by understanding generational attitudes and needs regarding benefits, employers may have an opportunity to more effectively shape their benefits strategies.

The Recession Defines a New Generational Outlook

The recession dealt a powerful and sudden blow to working Americans in 2008 and has called into question whether the younger generations can expect to achieve the American dream. Forty-six percent (46%) of Gen Y and 44% of Gen X employees report that their standard of living would need to be higher than their parents in

order to feel like they have achieved the American dream[vi]. Yet, despite a sense of working harder than their parents, this looks increasingly unlikely given that the unemployment rate for Gen Y is more than twice as high as for older workers[vii].

The age of an individual at the time of the 2008 recession, and where an individual was in his or her career, established a defining moment for when personal opportunity became blunted and recognition of the need for greater financial security was heightened.

FIG 4.1

Working Americans were at different stages in their lives and careers when the 2008 recession impacted them

Gen Y (b 1981–1994)	Gen X (b 1965–1980)	Younger Boomers (b 1956–1964)	Older Boomers (b 1946–1955)
14*–27 years old	28–43 years old	44–52 years old	53–62 years old

"I had the opportunity to buy a house… That was an American dream… Our kids won't have that going forward… The American dream is not there anymore for the future generation."

— Older Boomer

*only those age 21 or over participated in the survey

An Opportunity for Employers to Attract and Retain Talent for the Future

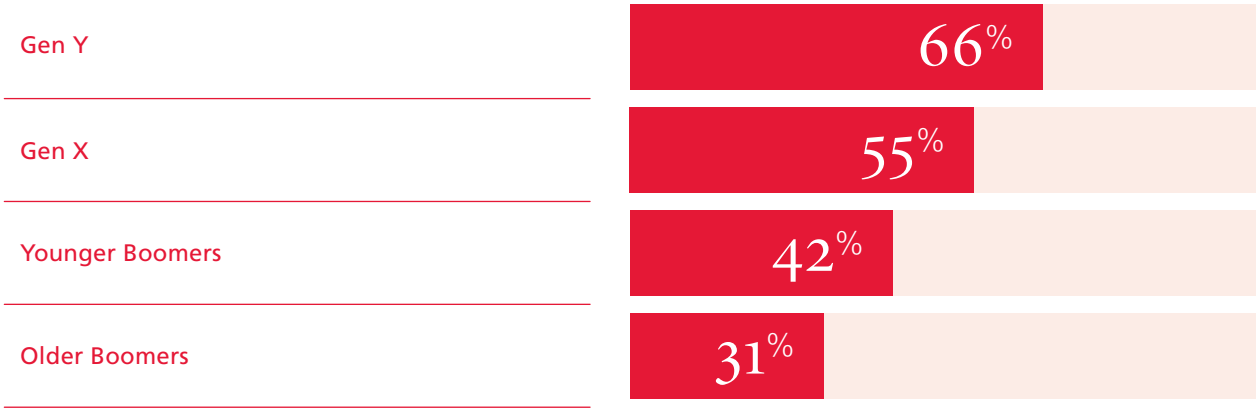
As a result of current economic conditions, all generations of workers are turning more to their employers in their quest for financial security and financial protection. But this response is amplified for younger workers. There is a striking contrast between Gen Y, where two thirds (66%) said that economic conditions are causing them to look more seriously at achieving financial security through their employee benefits, and Older Boomers, where only 31% indicated that same perspective.

In other words, for younger employee generations the recession has fueled a focus on workplace benefits in an effort to achieve financial security at an earlier point in their life. And this occurrence has created opportunities for employers to attract and retain talent for the future.

FIG 4.2

Younger workers are turning to employers for help in an adverse economy

As a result of current economic conditions, employees agree they are counting on more help from employers in achieving current financial security through employee benefits (dental, disability and life insurance)



A Decreasing Appetite for Risk – Growing Appetite for Protection

Counter to the historic trend of younger generations being less risk averse it is notable that in several important ways, Gen X and Gen Y respondents indicate a lower appetite for risk in their financial management strategies than older generations. Wary as a result of the financial losses they have seen during the recession both personally and on the part of their parents, more than four in five Gen Y workers indicate a preference for financial guarantees over greater risks.

"I have started saving… a 401(k) platform – I've been saving enough just to start building up a buffer in case I lose my job – I'd be able to live for a few months on my savings… I'm on the right path."

— Gen Y

FIG 4.3

Younger workers are more financially risk-averse than conventional investment wisdom would expect

Employees say that when it comes to achieving their financial goals they prefer:	Gen Y	Gen X	Younger Boomers	Older Boomers
Guarantees that offer stable but somewhat lower returns	81%	75%	74%	78%
A higher degree of risk because the returns could be greater	19%	25%	26%	22%

"I'm kind of aiming to where I want to be… I know where I want to go… It's just putting in the work – saving the money."

— Gen Y

Concerns about Unforeseen Events Loom Large

Younger workers express deeper concerns about the threat of income loss due to unexpected events. These risks are traditionally addressed by core non-medical benefits, such as life insurance and disability income protection coverage. Although rates of insurance product ownership do not yet reflect the greater desire in younger workers for financial stability, this year's Study reveals an appetite for protection from financial risk earlier in life, which employers would do well to respond to.

FIG 4.4

Younger workers are more concerned about unforeseen financial risks than older workers – an opportunity for income protection benefits

Employees are very concerned about the effects of unforeseen events affecting family financial security	Gen Y	Gen X	Younger Boomers	Older Boomers
Employee's premature death	54%	51%	47%	39%
A principal wage earner is no longer able to work because of disability or serious illness	65%	58%	58%	51%
Extra costs not covered by medical insurance that result from a serious illness	63%	51%	55%	48%
Having enough money to pay bills during a period of sudden income loss	72%	60%	56%	57%

A Generation Delayed

The 2010 United States Census data[viii] paints a picture of a younger generation held back from achieving typical life stage events such as marriage, owning a home and having children. The weak job market and college debt have forced many younger workers to delay these milestones. Instead, they are living with parents and postponing forming traditional households and families beyond the age that would normally be expected. The Study reveals their concerns about lack of progress in these areas.

FIG 4.5

Younger workers are especially concerned about being able to afford typical life stage events

Employees are very concerned about	Gen Y	Gen X	Younger Boomers	Older Boomers
Having enough money to buy a home	58%	38%	30%	32%
Having enough money for children's college education	56%	52%	44%	32%
Paying off debt (excluding mortgage but including credit card debt, college loans, home equity loans, etc.)	64%	45%	47%	37%

Employers and Employees Agree That Younger Generations Can't Count on Social Security

The Study reveals that approximately four out of five younger workers believe that the amount of money they can expect to receive from Social Security will be significantly reduced relative to today's recipients. They continue to contribute into Social Security but have little expectation of receiving the same share of Social Security as older generations.

Concerns regarding income security and paying off debt, together with reduced government benefits are factors in Gen Y's premature awakening to financial responsibility and likely contributes to Gen X and Y becoming more frustrated that they cannot rely on employer-sponsored benefits, such as healthcare and pension plans, in the manner that previous generations could[ix].

FIG 4.6

Both employers and employees agree that Social Security is less likely to be there for younger workers as it is for current recipients

Agree Social Security will "be there" for:	Employers	Employees
Older Boomers	86%	83%
Younger Boomers	68%	59%
Gen X	35%	24%
Gen Y	26%	16%

"I think it's going to be there. I think the question is how long is it going to be there and how much will it be." – Older Boomer

"I certainly know now I'll be able to depend on it [Social Security] less than I thought I would." – Younger Boomer

"I just don't think it's [Social Security] going to be an option for us… I'm accepting… It would be an added bonus if it was there." – Gen X

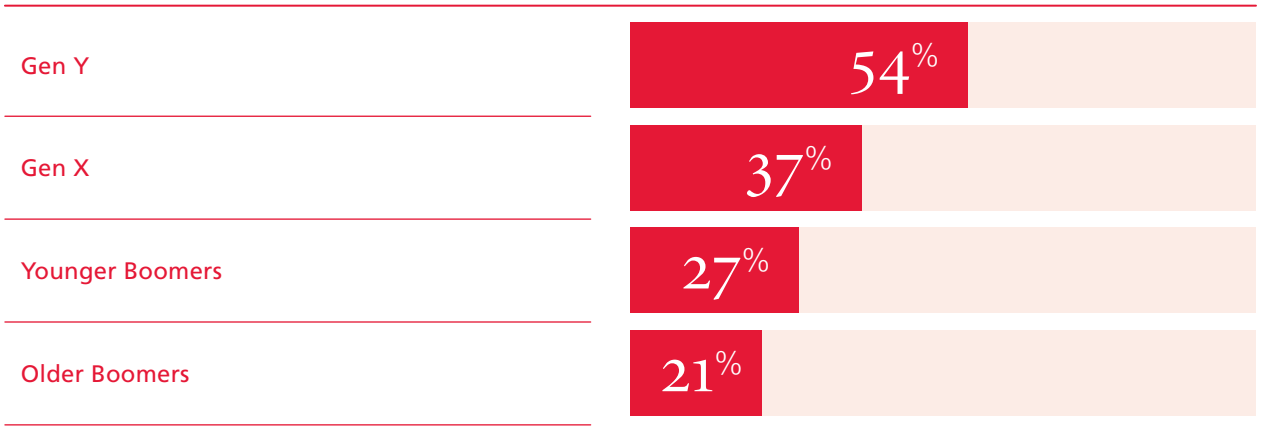
"I'm not anticipating anything from the government when I retire." – Gen Y

Younger Workers Want to Test the Job Market

The Study has shown a disturbing trend for the past two years regarding the willingness of employees to look for another job and reveals that younger generations show a significantly higher flight risk than Boomers. The propensity for younger workers to leave their employment may also reflect that this generation is looking for something different from a job/career than older generations – and do not anticipate long-term employment in one company. Given that Gen Y will soon become the largest generational group in the workforce this potential mobility is a challenge for employers and will require them to craft a more appealing benefits retention strategy – perhaps one with a more short-term focus.

FIG 4.7

More than half of Gen Y workers agree that given the choice they hope to be working for another employer in 2012



"The amount of salary that you get versus the amount of benefits… that dynamic has changed a lot. You might take a job with less salary and have a better benefit package. You might consider that as… a better move in this market."

— Gen X

Younger Generations More Engaged In Benefits

One of the most interesting findings in the Study this year is that younger workers (Gen X and Gen Y) appear to be more engaged and more dependent on employee benefits than older workers — a story that is somewhat counterintuitive to the traditional notion that younger employees are more concerned about compensation and less concerned about benefits.

Nearly half (49%) of Gen Y cited the employee benefits they received as a stronger driver of financial security and peace of mind. In the 2011 MetLife *Study of the American Dream*, 87% of Gen Y respondents reported they would consider changing their job in order to build a stronger financial safety net – compared to 67% of Boomers[x].

FIG 4.8

Gen Y workers value benefits more than older workers

Employees who strongly agree	Gen Y	Gen X	Younger Boomers	Older Boomers
I consider my workplace benefits to be the foundation of my financial safety net	35%	36%	28%	29%
Because of workplace benefits I worry less about unexpected health and financial issues	49%	36%	35%	32%

Younger Generations Consider Benefits More Carefully in Career Decisions

This year, there is little discernible generational difference in how each generation views benefits as a reason to stay with an employer. Across generations employees cite benefits as an important reason to stay with an employer (58%). However, benefits are seen by younger employees as more of a differentiator as a reason to select a new job.

Building a Benefits Connection with Younger Generations

Since younger workers are significantly more likely to indicate that they hope to be working at another employer in the coming year, employers may look to employee benefits for greater leverage for attracting Gen X and Gen Y talent in the future. Indeed employee benefits have the potential to help cement the relationship between employers and their youngest employees, especially because the Study indicates that 60% of younger workers express strong preference to shop for benefits at the workplace.

"I wouldn't accept a job if I wasn't offered benefits and if they didn't help pay a good portion of the benefits…"

— Gen Y

FIG 4.9

Benefits are a powerful draw for attracting younger employees to a company

	Gen Y	Gen X	Younger Boomers	Older Boomers
Employees agree that the benefits offered were an important reason why they came to work for this employer	56%	52%	40%	31%
Employees agree that the benefits are an important reason why they remain with their employer	63%	62%	53%	54%

Voluntary Benefits Attract the Attention of Younger Employees

With an increasing appreciation for the role that workplace benefits play in their financial planning, it is not surprising to find that Gen X and Gen Y express a strong interest in being able to choose from a selection of voluntary benefits.

Younger workers entered the workforce at a time when employers were starting to shift both cost and risk to employees. Perhaps, because of this experience, younger generations do not appear to have the same sense of entitlement for employer-paid benefits as older workers. As a result, almost two-thirds (62%) of younger workers are willing to bear more of the cost of their benefits rather than lose them.

FIG 4.10

Younger workers are more interested in voluntary benefits than older workers

Employees are interested in having their employer provide a wider array of voluntary benefits that they can choose to purchase and pay for on their own

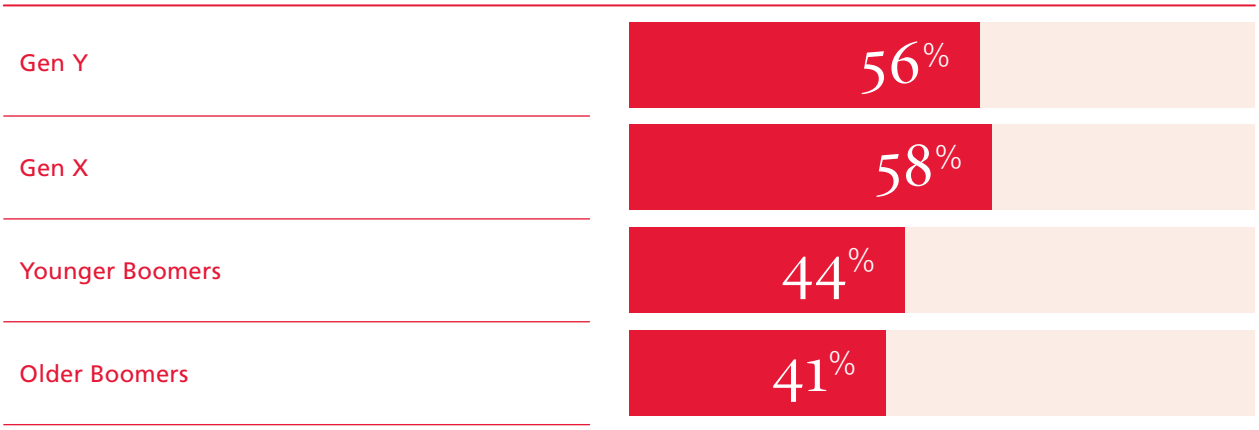


FIG 4.11

Gen Y has an especially strong interest in a range of voluntary benefits

Employee interest in purchasing voluntary benefits through work	Gen Y	Gen X	Younger Boomers	Older Boomers
Auto and/or Home insurance	53%	46%	34%	25%
Life insurance	51%	42%	32%	26%
Dental insurance	47%	38%	29%	21%
Disability insurance	47%	41%	31%	22%
Vision insurance	47%	38%	28%	21%
Critical illness insurance	46%	39%	27%	27%

"This [previous] company I worked for… they had advisors come in… I appreciated the expertise that they brought."

— Gen X

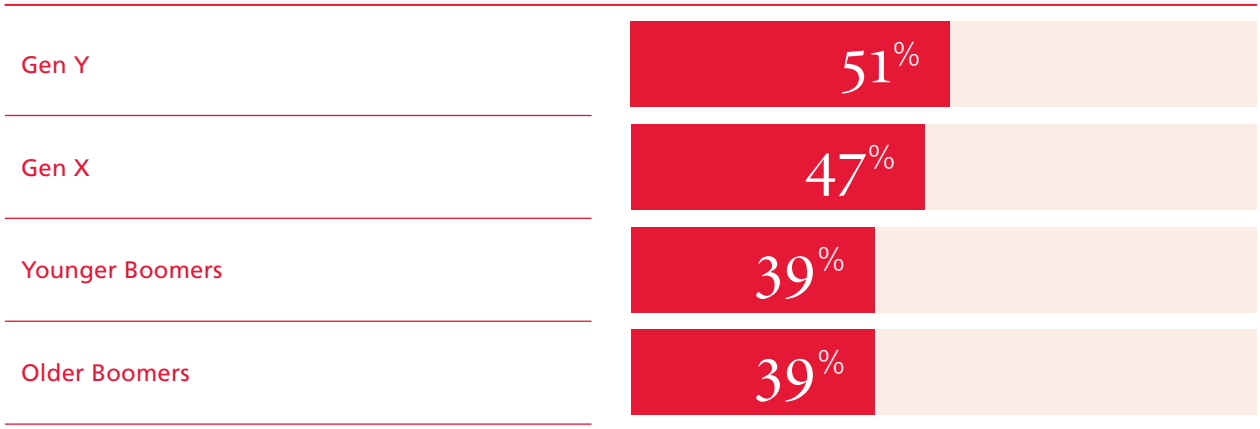
Financial Education Wanted

The need and desire for financial advice in the workplace also tracks along sometimes counterintuitive lines. Younger workers appear to be thinking about retirement and accessing tools that will help them get on a path to financial security sooner. They are looking to their employer for assistance with financial planning.

FIG 4.12

Gen X and Gen Y have a stronger appetite for financial education in the workplace than might be expected given their age and life-stage

Employees who strongly value more education programs that cover individual finances and retirement planning



Pay Attention to Younger Workers' Preferences

To meet this interest, employers will need to craft programs that are more relevant to the needs of younger workers than are often found in traditional retirement planning programs. The Study reveals steps employers can consider for making financial education more appealing to this audience.

"Because of what I learned about life insurance [at work], I bought into it and I stuck with it… I hate to say it, but you know, I hadn't thought about it until then."

— Gen Y

FIG 4.13

Younger workers have different communication and delivery preferences for financial education than older workers

Employee interest in employer providing	Gen Y	Gen X	Younger Boomers	Older Boomers
Online tools	70%	69%	58%	53%
A financial advisor sponsored by my employer	65%	62%	48%	47%
Financial planning/retirement webinars via the Internet	59%	55%	47%	42%
Advice and guidance from an expert via telephone	52%	41%	28%	38%

A Productivity Advantage for Employers

The Study reveals that younger workers are much more likely to admit to unscheduled absences and distraction at work due to financial concerns. Thus a more financially secure younger workforce can translate into improved productivity for employers.

FIG 4.14

Over a third of Gen Y workers admit to absenteeism and/or distractions on the job as a result of personal financial issues

Employees report they	Gen Y	Gen X	Younger Boomers	Older Boomers
Have taken unexpected time off in the past 12 months to deal with a financial issue	15%	10%	5%	1%
Spend more time than they think they should at work on personal financial issues	27%	17%	13%	7%
Either of the above	36%	25%	17%	8%

Employers are Hearing the Voice of the Younger Generation

Although the Study suggests that some benefits professionals still cling to a more traditional perspective on age and benefits importance, it also provides evidence that employers are increasingly tuning into generational voices – an increase over last year in the number of employers who are building a generational perspective into their benefits programs. But there is still room to do more.

FIG 4.15

This year more employers are considering generational differences and needs in their strategic thinking about benefits

Our company strives to understand and meet our employees' different generational needs when it comes to benefits products, programs, and services.

Last year

54%

Employers who agree

This year

59%

Employers who agree

Progressive Employers Have a Stronger Generational Benefits Perspective

Progressive employers notably have a greater appreciation for how core, non-medical benefits, such as life insurance and disability coverage, will drive value for their younger workforce.

FIG 4.16

Progressive employers see generational implications for benefits more clearly

Strongly agree that younger workers value protection products like disability and life insurance more than they did five years ago

Windows of Opportunity — Strategic Steps Employers Can Take to Act on Study Insights

Tailor financial advice and guidance programs to the needs and wants of younger workers, as well as older associates.

Offer education programs that can help younger employees, such as advice on debt management, paying off student loans, buying a home, and starting a savings plan.

Note younger workers' preference for social media and online delivery.

Employee-paid benefits options drive loyalty in younger workers.

Recognize interest in voluntary benefits in the workplace. Consider auto and home insurance, dental and vision coverage through the workplace.

Address younger workers' appetite for protection.

Gen Y and Gen X are especially willing to pay for life insurance and disability income protection.

Basic life coverage could appeal to younger workers with no dependents, while those with dependents might consider supplemental life and disability coverages.

Talk to younger workers about benefits in the way they prefer to communicate.

Younger workers expect quick reads, instant messaging and ways to navigate to information quickly.

Consider ways to dialog – using Twitter, LinkedIn, or a company blog forum.

Promote choice as much as possible to allow employees to customize their benefits programs.

Younger, healthier workers might prefer low cost consumer-driven health plans.

Provide a range of voluntary benefits that they can pick and choose from.

Methodology

Employer

Employer size (staff size)

2–9	20%
10– 49	20%
50–199	18%
200–499	4%
500–999	4%
1,000–4,999	14%
5,000–9,999	8%
10,000+	12%

Industry

Services	35%
Heavy Industry	23%
Sales/Trade	12%
Finance, Insurance, Real Estate	13%
Healthcare & Social Assistance	6%
Educational Services	2%
Public Administration	3%
Accomodation and Food Services	3%
Arts, Entertainment, and Recreation	3%

Geography

South	31%
West	27%
Midwest	21%
Northeast	20%

Employee

Gender

Male	55%
Female	45%

Marital Status

Married	62%
Single	18%
Divorced/Separated	12%
Domestic partnership	7%
Widowed	1%

Ethnic Background

Caucasian	69%
Hispanic	12%
African-American	10%
Asian	8%

Family Status

Do not have children under 18	55%
Have children under 18	45%

Geography

South	37%
Midwest	22%
West	22%
Northeast	19%

Age

21–30	16%
31–40	27%
41–50	25%
51–60	23%
61 and over	8%

Employer size (staff size)

2–9	11%
10–49	12%
50–199	15%
200–499	9%
500–999	7%
1,000–4,999	16%
5,000–9,999	7%
10,000+	23%

Household income

Under $30,000	9%
$30,000 to $49,999	18%
$50,000 to $74,999	23%
$75,000 to $99,999	18%
$100,000 to $149,999	22%
$150,000 and over	10%

Industry

Services	36%
Heavy Industry	20%
Sales/Trade	11%
Finance, Insurance, Real Estate	9%
Educational Services	7%
Healthcare and Social Assistance	12%
Arts, Entertainment, and Recreation	2%
Accommodation and Food Services	2%
Public Administration	1%

The 10th Annual MetLife Study of Employee Benefits Trends was conducted during September and October of 2011 and consisted of two distinct studies fielded by GfK Custom Research North America. The employer survey comprised 1,519 interviews with benefits decision-makers at companies with staff sizes of at least two employees. The employee sample comprised 1,412 interviews with full-time employees age 21 and over, at companies with a minimum of two employees.

GfK Custom Research North America is part of the GfK Group, one of the world's largest and most prestigious market research organizations, operating in more than 100 countries. Headquartered in New York City, with 10 offices in the U.S., GfK Custom Research North America provides full-service market research and consulting services in the areas of Customer Loyalty, Product Development, Brand & Communications, Channels, Thought Leadership, Innovation, and Public Affairs. GfK Custom Research North America has an entire business unit dedicated to Financial Services Research, but serves a wide range of other industries as well. For more information, contact Roy Baldassari, Sr. V.P., Financial Services, or visit www.gfkamerica.com.

End Notes

i For the purposes of the Study, the generations are defined as follows: Younger workers are considered to be Gen Y born 1981-1994 and Gen X born 1965-1980, Total Boomers (born 1946-1964) consist of Younger Boomers (born 1956-1964) and Older Boomers (born 1946-1955)

ii US Worksite Sales: 2011 Third Quarter Sales review, LIMRA 2011; Weathering the Storm, LIMRA 2011

iii See page 9 for the definition of Progressive and Standard employers as used in this study

iv The Talent Management and Rewards Imperative for 2012: Leading Through Uncertain Times, Towers Watson and WorldatWork

v 2011 MetLife Study of the American Dream

vi 2011 MetLife Study of the American Dream

vii The Atlantic, September 13, 2011

viii A Post-Recession Update on the US Social & Economic Trends, Population Reference Bureau, December 2011

ix 2011 MetLife Study of the American Dream

x 2011 MetLife Study of the American Dream

MetLife has a proud tradition of investing in the financial and social well-being of the communities we serve. For more than 140 years, we have focused on understanding and serving our customers through various life stages and economic cycles.

MetLife builds on this tradition by delivering leading insights through nationally acclaimed research, subject matter experts and educational resources. We serve as a leading voice on employee benefits issues by actively influencing public policy, educating the media and developing intelligent product solutions. When you're aligned with a company that applies insights to deliver innovative solutions, you can be certain things will go right.

For additional information about the 10th Annual MetLife Study of Employee Benefits Trends, please visit metlife.com/trends1 or contact Neil E. Marcus, Assistant Vice President, U.S. Business, Marketing Research, at 212-578-7713 or nmarcus@metlife.com.

MetLife

Metropolitan Life Insurance Company
200 Park Avenue
New York, NY 10166
metlife.com

1900032328