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Even With Cost-Sharing, Workers Still Prize Benefits

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Think Advisor

Employees value their workplace benefits even more than they have in the past, despite employers' tendency to shift more of the cost burden to their workers' shoulders, according to Guardian's 2014 Workplace Benefits Study.

In the survey, released Tuesday, Guardian scored the value workers place on their benefits package on a scale of one to 10. The average score increased to 7.1 in 2014, up from 6.8 two years ago.

However, almost half of employers said they're planning on asking employees to pay more for benefits in anticipation of the Affordable Care Act. Although over half of employers said they've successfully prepared for a post-ACA benefits era, less than a quarter are prepared to discuss changes with their employees.

Among the changes employers said they were making, about half will shift more of the cost to employees. About 40% are adding employee-paid voluntary benefits to their package and 31% are replacing current offerings with voluntary benefits.

Although only 1% of employers said they plan to drop their health insurance offering completely, most respondents said they were entertaining ideas of moving to high-deductible plans and introducing wellness and prevention programs.

Among plans with a retirement plan advisor, one-third saw the average employee contribution rate grow by 6% of pay or...

"The reality within the industry today is that employees are being asked to shoulder increasing responsibility for their benefits, so it's extremely important they have a solid understanding of their options and personal relevance of the benefits offered," Phyllis Falotico, assistant vice president of group marketing at Guardian, said in a statement. "While the responsibility of benefits costs may be shifting, it's still essential for companies to ensure that their employees have expert financial planning advice and a clear understanding of which workplace benefits are best for their particular situation."

Another way employers are mitigating the cost of benefits is by outsourcing their administrative needs. Sixty percent of companies said they use a third party to administer their voluntary and medical benefits plans. More than half use a third party for their nonmedical benefits.

Respondents were more likely to agree that their benefits packages met their needs and were affordable than in 2012. They also agreed that the programs had a positive effect on both their personal health and wellness and their financial security.

Guardian found that for middle-class workers especially, workplace benefits are a "critical source of financial security." Three-quarters of respondents said at least half of their financial security comes from the benefits they receive through their employer. In fact, Guardian found that 80% of workers get all of their health and disability coverage through their employer.

More than 80% of respondents said insurance and retirement benefits were an important factor both in staying with an employer and in choosing a new one.

Additionally, employees at firms that offer a wellness program were more likely to rate their benefits package as more valuable, with an average score of 7.7, compared to 6.3 for firms that don't offer a wellness program.

Incidentally, the healthier employees were, the more likely they were to say they were doing well in reaching financial goals. Very healthy respondents were more likely than people in good, fair or poor health to say they were secure in their jobs, making ends meet, paying down debt and would be financially secure in the event of a wage earner's death or disability.

Healthier employees were also more likely to say they were meeting retirement goals like making a plan, building sufficient savings and being able to meet long-term care needs.

Contributing to the healthiest workers' confidence is certainly the fact that they're putting more of their income toward financial well-being. Guardian found respondents who reported being in good or excellent health contribute on average 20% of their income toward saving and investments. Those in good health contribute 16%, while those in fair or poor health contribute just 14%.

DIY Investing

Guardian asked questions to determine whether workers who invest on their own are truly interested and confident in their ability to manage their investments or whether they just can't be bothered. Unfortunately, apathy appears to be a big part of respondents' answers.

Respondents were fairly evenly split between wanting to invest on their own (38%), have an advisor or employer make decisions on their behalf (26%) and a combination of doing their own research and relying on other people's opinions (36%).

Those who called themselves do-it-yourself investors placed a lower priority on financial matters than the do-it-for-me crowd. Small gaps exist in the level of importance those groups place on broad topics like having appropriate health insurance and saving for retirement, but they were much less likely to rate as important more specific issues like having enough savings to last through retirement, building financial security and paying for long-term care.

Even when they do rate those topics as important, DIY investors are not likely to be making much progress, Guardian found. When asked to rate their progress toward financial goals, DIYers lagged employees who are working with a financial professional in every category.

The report is based on data collected in two surveys by Mathew Greenwald & Associates in September 2013. More than 1,000 employers and 1,700 employees were surveyed.