



BACK TO BASICS

A Companion Report to the
Study of Employee Benefits:
2009 & Beyond

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This companion report to the **Study of Employee Benefits: 2009 & Beyond** from The Prudential Insurance Company of America provides quick access to the most salient findings related to one of the main report's key themes: "Back to Basics." This theme focuses on employers' shifting priorities in response to the recent economic downturn.

Workers Are Concerned About the "Here and Now"

"Job security" and "making ends meet" are at the top of the list of workers' financial concerns. More than four in five plan participants rate job security and making ends meet as "highly important," ranking them slightly above "having appropriate health insurance coverage," which is the perennial top financial concern of U.S. workers.

- Those most affected by the recession in some way (positively or negatively) are more likely to rate "job security" and making ends meet as "highly important."

IMPORTANCE OF PERSONAL AND FINANCIAL NEEDS AND CONCERNS

PERCENTAGE OF PLAN PARTICIPANTS RATING ITEM "HIGHLY IMPORTANT"

	Percentage
Having job security	85%
Making ends meet	83%
Having appropriate health insurance	80%
Having your retirement savings last as long as you need	72%
Paying off/reducing household debt	70%
Having financial security if a wage earner can no longer work due to disability/illness	69%
Maintaining a healthy lifestyle	67%
Reducing your stress level and improving emotional well-being	66%
Needing to save for retirement	63%
Achieving a better balance between work and personal life demands	58%
Having a financial plan for achieving major financial goals	56%
Having financial security in the event of a premature death	55%
Having to provide for long-term care needs of either yourself or a spouse	53%
Having enough money for your children's college education	35%
Finding a trusted source to provide financial advice	29%



Protection Against Unexpected Loss of Income or the Need for Extended Nursing Care Is of Greater Concern to U.S. Workers Now Than Several Years Ago

Workers are increasingly recognizing the importance of financially protecting themselves and their families from the unexpected, such as the premature death of a primary wage earner, job loss, or a disability, perhaps due to the economic climate and greater awareness of the financial impact of these events.

Also, improving one's overall health through exercise and nutrition has grown in importance, especially in 2009. Consequently, there may be greater interest in employer-sponsored wellness and prevention programs in the coming year.

Greater concern about financial security and insurance protection actually appears to be translating into action. Nearly half of U.S. workers say they re-evaluated their life insurance needs within the past year, which is a significant increase from 2008 (47% vs. 39%). And the percentage who say they have never researched their life insurance needs dropped to 11% from 15% the prior year.

IMPORTANCE OF PERSONAL AND FINANCIAL NEEDS/CONCERNS— LARGEST INCREASES FROM 2007–2009

PERCENTAGE OF PLAN PARTICIPANTS RATING ITEM "HIGHLY IMPORTANT"

	2007	2008	2009	Change 2007–2009
Having to provide for long-term care needs of self/spouse	40%	44%	53%	+13
Having financial security if a wage earner can no longer work due to a disability or serious illness	60%	65%	69%	+9
Having financial security in the event of premature death	47%	57%	55%	+8
Maintaining a healthy lifestyle	62%	57%	67%	+5

RE-EVALUATION OF LIFE INSURANCE NEEDS—2008 VS. 2009

PERCENTAGE OF PLAN PARTICIPANTS

	2008	2009	Change 2008–2009
Less than 1 year	39%	47%	+8
1–2 years	23%	25%	+2
3–4 years	11%	8%	-3
5+ years	12%	9%	-3
Never	15%	11%	-4

■ Area of significant difference



Saving for Retirement Is a Lower Priority for Many U.S. Workers This Year as More Immediate Concerns Come to the Forefront

It is increasingly difficult for the average worker to put money aside for an individual retirement account or 401(k) plan when the economy and job markets are so volatile.

Most personal and financial needs and concerns have increased in importance among plan participants in the past few years. However, “saving for retirement” has not increased in importance. In fact, the importance of saving for retirement has declined over the past three years, with a steep drop in 2009. This year, only 63% of plan participants say saving for retirement is “highly important” to them—down 13 percentage points from 2008.

- The financial crisis may have left workers more cautious about making financial decisions or seeking financial advice, as fewer rated “finding a trusted source for financial advice” as highly important in 2009 (-10 points). Or, they may not have the income to invest, or to pay for investment advice.

Workers are less certain about when they are going to retire. In 2009, 14% say they don’t know when they are going to retire, compared with 9% last year. The mean expected retirement age is slightly higher this year (64.1) compared with last year (63.5).

- Those most negatively affected by the recent economic conditions are the most likely to be unsure about their planned retirement age (19%).

IMPORTANCE OF PERSONAL AND FINANCIAL NEEDS/CONCERNS— LARGEST DECLINES FROM 2007–2009

PERCENTAGE OF PLAN PARTICIPANTS RATING ITEM “HIGHLY IMPORTANT”

	2007	2008	2009	Change 2007–2009
Finding a trusted source to provide financial advice	39%	40%	29%	-10
Needing to save for retirement	76%	73%	63%	-13





The **Study of Employee Benefits: 2009 & Beyond** delves into a wide range of topics to uncover important trends in the marketplace and reveal top concerns of employers, employees, and brokers/consultants regarding benefits. This study contains significant—and often surprising—findings about the emerging issues and trends we believe will shape the delivery of employee benefits programs now and in the future. We hope this research gives you new insight into the benefits landscape and proves to be a useful tool as you plan your benefits strategies.

The research for **Study of Employee Benefits: 2009 & Beyond** was conducted via the Internet during April and May of 2009 and consisted of three distinct surveys:

- One among 1,207 benefits decision-makers
- One among 1,212 full-time employees, age 22 or older, who work for a company with at least 50 benefits-eligible employees
- One among 573 group employee broker/consultants who work full time for a company with at least 50 employees

The surveys were conducted for Prudential by the Center for Strategy Research, Inc., a Boston-based, independent, market research firm.

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