



## **SHOW THEM THE VALUE**

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

# Show Them the Value

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

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 as related to one of the main report's key themes: "Show Them the Value." This theme focuses on the importance of helping workers understand and appreciate the value of their employee benefits.

### A Volatile Job Market Has U.S. Workers Feeling Less Positive About the Value of Their Employee Benefits

- For the most part, employers have not been adding benefits or increasing funding of existing benefits during the past year. Rather, many plan sponsors were likely to be restructuring, downsizing, or merging, which all contributed to increased financial belt-tightening and, consequently, flat or even reduced benefits.
- In 2009, more workers believe that their employers are cutting back on benefits: 42% say benefit levels have decreased this year compared with just 30% in 2008. This trend in perceived benefits reductions has negatively impacted plan participant attitudes toward the value of benefits.

#### PERCEIVED CHANGE IN EMPLOYEE BENEFITS PACKAGE FROM 2008

PERCENTAGE OF PLAN PARTICIPANTS

Perceived Change from 2008	2007	2008	2009	Change 2008–2009
Increased	9%	14%	7%	-7
Remained the same	52%	53%	49%	-4
Decreased	34%	30%	42%	+12
Don't know	5%	3%	2%	-1

■ Area of significant difference

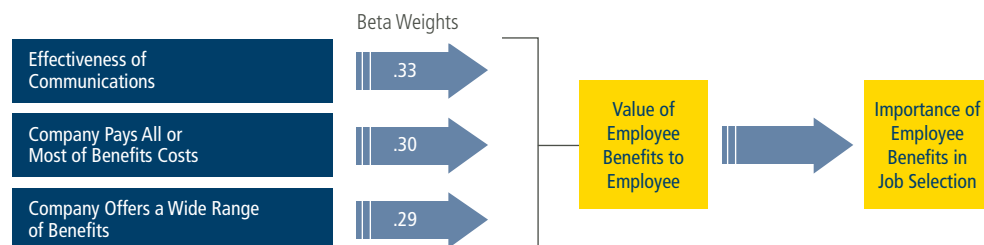
### A Well-Executed Communication Strategy Can Effectively Educate Plan Participants and Positively Influence Attitudes Toward Their Benefits Package

Employees need to be aware of and understand the value of the benefits available to them in order to appreciate those benefits. Therefore, it is essential that benefits be successfully explained and promoted throughout the organization.

Interestingly, communications can have as much impact on worker satisfaction with benefits as the range of benefits offered or the perceived dollar amount of employer contributions.

The perceived value of benefits directly influences their importance to workers when selecting a job or deciding to stay with their current employer, as illustrated below.

#### DRIVERS OF PERCEIVED EMPLOYEE BENEFITS VALUE\* BASED ON PLAN PARTICIPANT RATINGS



\*This chart is based on a multivariate statistical analysis (multiple regressions). The beta weights represent the impact of each variable on the perceived value of employee benefits, taking all three variables into account.



Naturally, plan participants who place a greater value on benefits consider them to be more important in job selection compared with those who see little to no value in them (as shown below). Among those who rate their company's benefits as "highly valuable," 81% say employee benefits are "very important in job selection," compared with 57% of those who say their benefits are of "low" value.

### IMPORTANCE OF BENEFITS IN JOB DECISIONS BY PERCEIVED VALUE OF BENEFITS

PERCENTAGE OF PLAN PARTICIPANTS

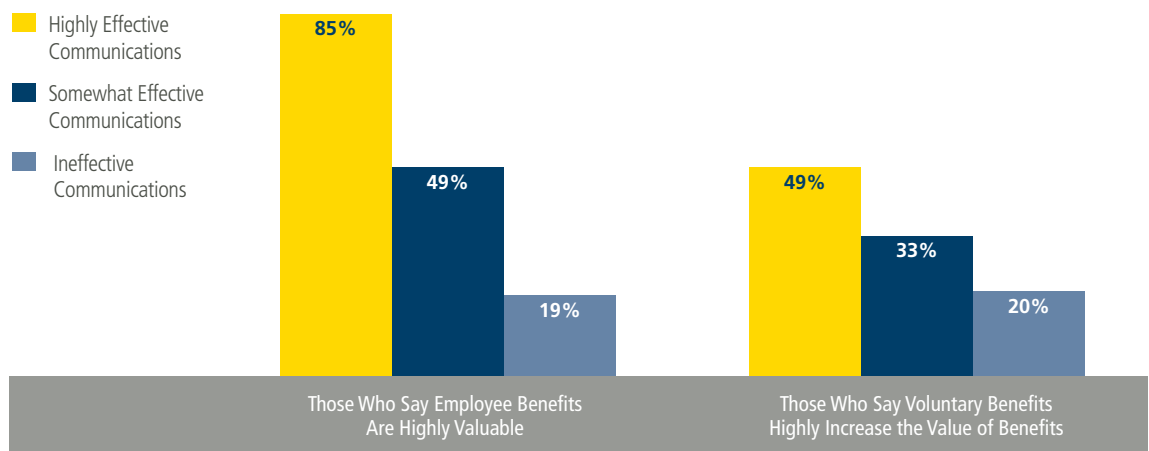
Importance of Benefits in Job Decisions	High Perceived Value of Benefits	Low Perceived Value of Benefits
High	81%	57%
Moderate	16%	33%
Low	3%	10%

Moreover, plan participants who rate their benefits communications as "highly effective" see greater value in their benefits package overall: 85% say their benefits are of great value, compared with 49% of those who believe their employers' communications are moderately effective and just 19% of those who rate the communications as ineffective.

Additionally, those who give high marks to their benefits communications are also more favorable toward voluntary benefits (i.e., the employee pays 100% of the cost); 49% say that offering voluntary benefits increases the overall value of their benefits package, compared with 33% who rate communications as somewhat effective and just 20% of those rating it less than effective.

### PERCEIVED VALUE OF EMPLOYEE BENEFITS BY SATISFACTION WITH COMMUNICATION EFFECTIVENESS

PERCENTAGE OF PLAN PARTICIPANTS



## Enhancing Employee Communications Can Be a Cost-Effective Way for Plan Sponsors to Increase the Perceived Value of Their Benefits Programs

As employers face continued pressure on their benefits budgets, it is increasingly important to effectively advertise the value of the total benefits package. Given that most benefits programs are expected to be flat or even reduced in the next five years, plan sponsors can help offset those cutbacks and generate goodwill by promoting the value of their current benefits and the financial investment already made by the company.

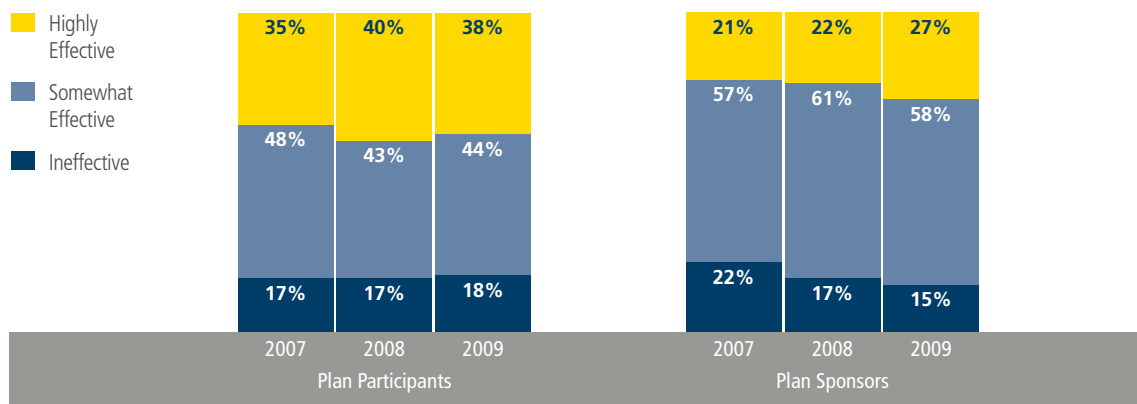
However, the effectiveness of benefits communications continues to underwhelm, with a majority of plan sponsors and participants agreeing that current communication efforts are not “highly effective.” Consistent with results from prior years, only 27% of employers rate their company’s benefits communications as “highly effective,” up slightly from 21% in 2007. Plan participants generally share this view but are somewhat more positive: 38% of plan participants rate their company’s benefits communications as “highly effective,” a modest increase from 35% in 2007.

Plan sponsors who rate their benefits communications as “highly effective”:

- Tend to be the largest firms (10,000+ employees) with larger human resources staffs, on average (7.7 vs. 5.8 staff members for those rating communications neutral/ineffective).
- Are more likely to say their benefits staff will increase over the next five years (37% vs. 29% for neutral/ineffective).

### EFFECTIVENESS OF BENEFITS COMMUNICATIONS—2007–2009

PERCENTAGE OF PLAN SPONSORS AND PLAN PARTICIPANTS



## Using the Right Methods of Communication Is Also Critical

A communication can be as high touch as one-on-one meetings or as high-tech as a seminar via the Internet. Employees who rate their benefits communications as “highly effective” report having access to a wider range of communication options, from group meetings to e-mail messages to videos.

Plan participants most prefer group meetings/seminars held during the work day (52%), followed by e-mail received at the workplace (45%), mail received at home (43%), and one-on-one meetings held during the work day (33%). Least preferred are individual or group meetings/seminars held during non-work hours (7% and 5%, respectively).

There are several differences in preferences by type of family unit.

An employee’s life stage—including age, marital status, and parental status—also influences preferences for benefits information sources.

### PREFERRED WAYS TO RECEIVE EMPLOYEE BENEFITS INFORMATION BY TYPE OF FAMILY UNIT

PERCENTAGE OF PLAN PARTICIPANTS

	Total	Single, No Dependents	Single, Dependents	Married, No Dependents	Married, Dependents
Percentage of workers surveyed	100%	29%	12%	8%	51%
Group meetings, seminars during work day	52%	53%	61%	49%	49%
E-mail received at the workplace	45%	46%	47%	47%	43%
Mail received at home	43%	40%	47%	48%	42%
Individual, one-on-one meetings with a financial professional during the work day	33%	40%	32%	22%	31%
Mail received at the workplace	25%	26%	21%	29%	25%
An online presentation (Internet or intranet) of benefits information	25%	24%	24%	20%	26%
E-mail received at home	18%	19%	22%	27%	16%
A video, CD-ROM, or DVD presentation of benefits information	15%	14%	17%	12%	16%
Individual one-on-one meetings with a financial professional during non-work hours	7%	8%	3%	5%	7%
Group meetings/seminars during non-work hours	5%	7%	6%	9%	4%

■ Area of significant difference

### PREFERRED RESOURCES FOR MAKING BENEFITS DECISIONS BY LIFE STAGE

PERCENTAGE OF PLAN PARTICIPANTS

	Total	Single, No Dependents	Single, Dependents	Married, No Dependents	Married, Dependents
Percentage of workers surveyed	100%	29%	12%	8%	51%
Reading benefits enrollment materials	61%	58%	65%	69%	61%
Speaking to human resources department	49%	44%	54%	44%	52%
Going to benefits enrollment meetings	44%	46%	49%	46%	41%
Using web-based needs assessment tools	31%	34%	28%	44%	27%
Having access to a financial professional on-site during the benefits enrollment	21%	22%	23%	17%	20%





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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