

Research Brief: Global Benefits

Addendum to the Study of Employee Benefits: 2008 & Beyond

The **Study of Employee Benefits: 2008 & Beyond** from The Prudential Insurance Company of America delves into a wide range of topics to uncover important trends in the marketplace and reveal top concerns of employers and employees 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.

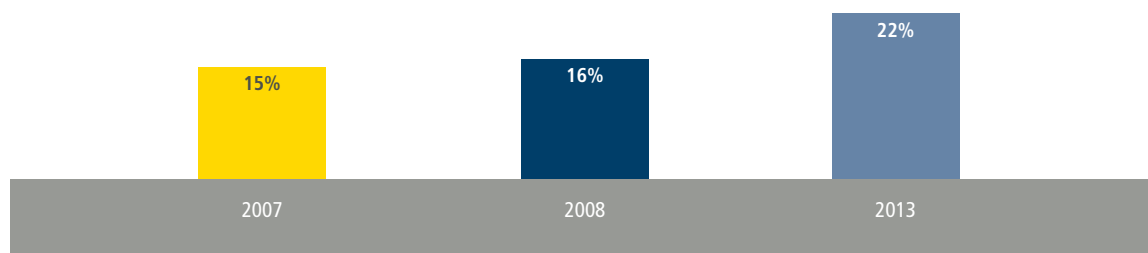
The research for **Study of Employee Benefits: 2008 & Beyond** was conducted via the Internet in May 2008 and consisted of two distinct surveys: one among 1,729 benefits decision-makers and the other among 1,820 full-time employees, age 18 or older, who work for a company with at least 50 benefits-eligible employees.

While compiling this data, we saw significant trends specific to global benefits that deserve a closer look. This special addendum to the report highlights those findings to give you a deeper understanding of what drives global benefits decisions among employers.

Despite the Lack of Growth in Overseas Employment Over the Past Year, More Companies Anticipate Growth Outside of the U.S. in the Next Five Years.

- Sixteen percent of plan sponsors surveyed report that they currently have employees based outside of the U.S., which is relatively consistent with the previous year.
- More than one in five (22%) plan sponsors anticipate that they will have employees overseas by 2013—an increase of 33% over the next five years.
 - Companies with 50 to 499 employees anticipate the largest growth in overseas employment by 2013.

PERCENTAGE OF PLAN SPONSORS WHO HAVE EMPLOYEES BASED OUTSIDE OF U.S.



Overseas Employment Continues to Be Highly Correlated to Company Size.

- Plan sponsors in larger companies are more likely than their smaller counterparts to currently have employees based outside of the U.S., and this trend is expected to continue over the next five years.
 - By 2013, more than 7 in 10 companies with more than 5,000 employees anticipate that they will have employees based outside of the U.S., compared with just 16% of companies with 50 to 99 employees.
 - However, plan sponsors in this segment do not anticipate an increase in overseas employment in the next five years.

PERCENTAGE OF PLAN SPONSORS WITH OVERSEAS EMPLOYEES—2008 VS. 2013 (BY COMPANY SIZE)

Company Size	2008	2013
50–99 employees	10%	16%
100–499 employees	17%	24%
500–999 employees	31%	35%
1,000–2,499 employees	36%	45%
2,500–4,999 employees	43%	54%
5,000+ employees	72%	72%
5,000–9,999 employees	61%	60%
10,000+ employees	82%	84%

The Strategic Linkage Between Company Goals and Benefits Decision-Making Is Likely to Strengthen Among Multinational Firms by 2013.

- Currently, almost one-third of multinational firms say that their company’s benefits strategy is “strongly” linked to their company’s broader business strategy or financial goals. Forty-four percent of plan sponsors expect to have “strong linkage” between their employee benefits and business strategies in the next five years.
- Today, senior leadership plays a critical role in driving the strategy across the enterprise. More than 8 in 10 plan sponsors from multinational firms agree that upper management sees decisions regarding employee benefits as being strategically important for the company, with 60% “strongly” agreeing that this is their company’s current philosophy towards employee benefits.
 - Multinational firms tend to be more likely than U.S.-only-based companies to agree that:
 - Their company offers its employees a wide range of benefits.
 - It is important to provide “portable” benefits that employees may access and/or continue to participate in, at their own expense, when they leave the company.
- Attempting to control benefits costs by addressing the health of their work forces by promoting wellness, prevention, and work/life balance will become increasingly important over the next five years as a major objective driving employee benefits. However, this objective tends to be less important among multinational firms compared with their U.S.-only-based counterparts (54% vs. 62%, respectively).
- Using Internet technology to reduce benefits costs, increase efficiency, and increase employee education and/or advice in helping employees understand how to make the best choices will also grow in importance among multinational firms over the next five years.



IMPORTANCE OF OBJECTIVES DRIVING EMPLOYEE BENEFITS STRATEGY — 2008 VS. 2013

PERCENTAGE OF MULTINATIONAL FIRMS RATING OBJECTIVE “HIGHLY IMPORTANT” (7 OR 6 ON A 7-POINT SCALE)

Objectives	2008	2013	Change
Attempting to control benefits by addressing workforce health	34%	54%	+20
Applying Internet technology to reduce benefits costs/increase efficiency	30%	54%	+24
Increasing employee education/advice to help employees understand how to make the best choices	33%	51%	+18
Giving more financial responsibility to employees through high-deductible health plans, health savings accounts, etc.	23%	41%	+18
Cost-sharing (i.e., asking employees to bear a greater portion of costs of benefits)	23%	36%	+13
Tailoring communications and enrollment to meet the needs of various employee segments	23%	37%	+14

Despite a Strong Strategic Linkage Between Benefits Strategy and Company Strategy, a Growing Number of Multinational Firms Currently Do Not Have a Global Benefits Strategy.

- Today, less than one-third (30%) of multinational firms say their company has a “global view” with respect to its employee benefits strategy (compared with 38% in 2007), meaning they take into account their employees in all countries when designing and managing their benefits program.
- Taking a global approach to benefits continues to be more common among smaller multinational firms. However, in the past year, a growing number of firms with 50 to 99 employees are shifting to take a more domestic, country-by-country approach compared with a holistic, global approach to managing their benefits worldwide. This trend is also common among firms with 5,000 to 9,999 employees.

PLAN SPONSORS’ APPROACH TO BENEFITS FOR OVERSEAS EMPLOYEES

PERCENTAGE WHO TAKE A GLOBAL VIEW

Company Size	2007	2008	Change
All firms	38%	30%	-8
50–99 employees	49%	31%	-18
100–499 employees	36%	34%	-2
500–999 employees	22%	28%	+6
1,000–2,499 employees	30%	22%	-8
2,500–4,999 employees	24%	24%	0
5,000–9,999 employees	32%	14%	-18
10,000+ employees	26%	24%	-2





Companies' Focus on Adopting a Global Benefits Strategy Will Increase Over the Next Five Years.

- Thirty-seven percent of multinational firms anticipate their company will take a "global view" with respect to its employee benefits strategy by 2013—a 23% increase compared with today.
- The trend in adopting a global benefits strategy in the next five years is more likely among mid-size firms, especially those companies with 1,000 to 5,000 employees.
 - Today, less than one in four multinational firms with 1,000 to 5,000 employees take a global view of their benefits strategy. By 2013, more than one-third of plan sponsors in this segment anticipate adopting a "global view" with respect to its employee benefits strategy. This trend is also common among smaller companies with 50 to 99 employees.

Multinational Firms Continue to Anticipate a Growing Need for Non-English Language Benefits Communications in the Next Five Years.

- Today, one in four plan sponsors surveyed say they currently use non-English language benefits communications materials, up slightly from 22% last year. By 2014, more than one-third expect their need for non-English materials to increase.
- The need for non-English language communications is even greater among plan sponsors with overseas employees, with nearly 3 in 10 multinational firms currently using non-English materials in the U.S., and 38% expecting a greater need for non-English materials over the next five years.

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