

Top Five Benefit Priorities for 2000

This is the sixth consecutive year in which Deloitte & Touche's Human Capital Advisory Services practice and the International Society of certified Employees Benefits Specialists have conducted a survey of the Society's membership to identify benefit priorities for the coming year. Benefit specialists were asked to respond both as professionals and as employees, and all respondents were asked to select priorities from several, major benefit categories, including health and welfare, retirement and others. Respondents to this year's survey totaled 363 and represented all regions of the United States

Findings

After falling off the radar screen in last year's survey, Health care cost once again climbed to the top of the list as the biggest concern for America's benefit professionals. Just over 70% (70.6%) of the 363 employees benefit specialist responding to this year's survey said controlling health and welfare cost was their number one priority for the year 2000. The remaining priorities in order of importance were: evaluating / implementing / expanding the use of Internet applications (60.8%), providing financial / retirement planning tools and information (46.9%), providing increased investment education (40%), and emphasizing / improving quality of employee communication materials (40%).

Of the benefit specialists surveyed, the key objective driving benefit program policy and design for the year 2000 is employee attraction and retention (38%), followed by cost issues (23.5%), administrative requirements / alternatives (18.7%), and compliance and fiduciary issues (8.1%).

From an employee's perspective, three-fourths (70.5%) of the respondents identified evaluating the adequacy of current level of retirement savings as their top priority for 2000. The remaining priorities in order of importance were: evaluating current investment options (69.2%), learning more about health risks and how to control them (54.4%), identifying additional ways to save for retirement (53.6%) and considering estate planning (46.7%).

Notes of Interest

Concerns over rising health care cost are consistent with the tremendous upward pressure employers have seen developing in recent months. Most respondents attribute this rise to pharmacy benefit cost, which have increased anywhere from 15-25%. Even though controlling health care cost is the top priority for benefit professionals in the coming year, few employers are willing to pass on these costs to employees as they struggle to attract and retain the right people in a highly competitive labor market. This reluctance is supported by the survey results indicating that the key issue driving benefits strategy is first and foremost attraction and retention and secondarily cost.

As we move into the business of e-business, the development of Internet / intranet applications continues to be a high priority. The delivery of human resource services and information through Web-based applications also points to the competitive labor market and a younger work force that expects more efficient, high-tech forms of communication and education.

Retirement planning is still the predominate concern for benefit specialists as employees. In fact, three of the top five priorities of employees are related to retirement. These results are consistent with 1999 survey results, which also identified the need to adequately prepare for retirement at an early age, regardless of geographic region or gender. The reason for this continued concern is amongst most employees is multifaceted. Many older workers fast approaching retirement are suddenly realizing that they have prepared inadequately for retirement. Younger workers realize that they cannot rely on social security benefits and that they are responsible for their own retirement and are therefore planning early.

Most surprising was the relatively small number of employee benefit specialist (8.1%) who identified compliance and fiduciary issues as driving strategy decisions. This is particularly surprising as we enter a period when the managed care industry is losing protection from lawsuits under ERISA and more and more employers are being held liable for the performance, cost and fairness of retirement programs. In light of these market place realities, it would seem important for employers to be aware of and prepared for compliance and fiduciary issues.

Benefit Special Perspective

	Number of Responses	Number of Respondents
Overall		
#1 Control health and welfare costs	254	70.6%
#2 Evaluate / implement / expand use of internet / intranet applications	219	60.8%
#3 Provide financial / retirement planning tools and information	169	46.9%
#4 Provide increased investment education	144	40.0%

#5 Emphasize / improve quality of employee communication materials	144	40.0%
Region 1: Northeast		
#1 Control health and welfare costs	82	75.2%
#2 Evaluate / implement / expand use of internet / intranet applications	70	64.2%
#3 Provide financial / retirement planning tools and information	52	47.7%
#4 Provide increased investment education	46	42.2%
#5 Expand use of employee self – service technology for communications and / or administration	44	40.4%
Region 2: Southeast		
#1 Control health and welfare costs	34	66.7%
#2 Evaluate / implement / expand use of internet / intranet applications	25	49.0%
#2 Provide financial / retirement planning tools and information	25	49.0%
#4 Provide increased investment education	22	43.1%
#4 Emphasize / improve quality of employee communication materials	22	43.1%
Region 3: Midwest		
#1 Control health and welfare costs	75	64.1%

#1 Evaluate / implement / expand use of internet / intranet applications	75	64.1%
#3 Provide financial / retirement planning tools and information	55	47.0%
#4 Provide increased investment education	48	41.0%
#4 Emphasize / improve quality of employee communication materials	48	41.0%
Region 4: Southwest		
#1 Control health and welfare costs	19	79.2%
#2 Provide financial / retirement planning tools and information	10	41.7%
#2 Emphasize / improve quality of employee communication material	10	41.7%
#4 Expand use of employee self-service technology for communications and/or administration	9	37.5%
#4 Evaluate / offer more family friendly benefits	9	37.5%
Region 5: Northwest		
#1 Control health and welfare costs	13	86.7%
#1 Evaluate / implement / expand use of internet / intranet applications	9	60.0%
#3 Provide financial / retirement planning tools and information	7	46.7%

#4 Emphasize / improve quality of employee communication material	7	46.7%
#5 Provide increased investment education	5	33.3%
#5 Offer plan alternatives to HMOs	5	33.3%
#5 Evaluate / implement total health management programs	5	33.3%

Region 6:West

#1 Control health and welfare costs	31	70.5%
#1 Evaluate / implement / expand use of internet / intranet applications	75	64.1%
#3 Provide financial / retirement planning tools and information	55	47.0%
#4 Provide increased investment education	48	41.0%
#4 Emphasize / improve quality of employee communication material	48	41.0%

Employee Perspective

	Number of Responses	Number of Respondents
Overall		
#1 Evaluate the adequacy of my current level of retirement savings	270	75.0%
#2 Evaluate my current investment options	249	69.2%

#3 Learn more about my health risks and how to control them	196	54.5%
#4 Identify additional ways to save for retirement	193	53.6%
#5 Consider estate planning	168	46.7%
Region 1: Northeast		
#1 Evaluate the adequacy of my current level of retirement savings	82	75.2%
#2 Evaluate my current investment options	80	73.4%
#3 Learn more about my health risks and how to control them	61	56.0%
#4 Identify additional ways to save for retirement	58	53.2%
#5 Consider estate planning	48	44.0%
Region 2: Southeast		
#1 Evaluate the adequacy of my current level of retirement savings	37	72.5%
#2 Evaluate my current investment options	36	70.6%
#3 Identify additional ways to save for retirement	30	58.8%
#4 Learn more about my health risks and how to control them	29	56.9%
#5 Consider how best to control my health care expenses	21	41.2%
Region 3: Midwest		
#1 Evaluate my current investment options	92	78.6%

#2 Evaluate my current investment options	76	65.0%
#3 Learn more about my health risks and how to control them	71	60.7%
#4 Identify additional ways to save for retirement	56	47.9%
#5 Consider estate planning	54	46.2%
Region 4: Southwest		
#1 Evaluate the adequacy of my current level of retirement savings	19	79.2%
#2 Evaluate my current investment options	16	66.7%
#2 Identify additional ways to save for retirement	16	66.7%
#4 Consider estate planning	15	62.5%
#5 Learn more about my health risks and how to control them	10	41.7%
#5 Consider / adopt some form of living trust	10	41.7%
Region 5: Northwest		
#1 Evaluate the adequacy of my current level of retirement savings	10	66.7%
#1 Consider estate planning	10	66.7%
#3 Evaluate my current investment options	9	60.0%
#4 Learn more about my health risks and how to control them	8	53.3%
#5 Evaluate my life insurance adequacy and my current arrangement	7	46.7%

Region 6: West

#1 Evaluate my current investment options	32	72.7%
#2 Evaluate the adequacy of my current level of retirement savings	30	68.3%
#3 Identify additional ways to save for retirement	28	63.6%
#4 Consider estate planning	21	47.7%
#5 Evaluate my life insurance adequacy and my current arrangement	19	43.2%

Reprinted with permission from Newsbriefs.