Compensation, Retirement and Benefits Trends Report

Executive Summary

2021/2022 Edition

NEWPORT™
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Contents

Introduction

Introduction

In 2020, businesses were in a period of uncertainty. There was great concern about the economic impact of the COVID-19 pandemic. At that time, companies tended to be conservative with salary increases and contributions to retirement plans, yet generous with programs to support the immediate needs and concerns of employees.

Flash forward one year, and employers are now in a **highly competitive labor market**. In 2021, **compensation, retirement and benefits programs are a crucial factor for recruiting and retaining top talent.** Looking ahead to 2022, employers are also challenged with keeping their compensation and benefits programs competitive, while ensuring alignment with strategic company goals.

For well over a decade, Newport's annual ***Compensation, Retirement, and Benefits Trends Report*** has served as a helpful guide for employers. The 2021-2022 edition addresses today's employment landscape and reveals key trends across a full range of compensation, retirement, and health and welfare benefits programs. This valuable report also shows how organizations are strategically managing compensation, retirement, and benefits programs as we all try to put the COVID-19 pandemic in the rearview mirror.

Newport collected data from hundreds of for-profit and not-for-profit companies across the nation, covering a wide range of industries from finance and real estate to healthcare, insurance, retail, transportation to manufacturing and distribution. Newport's compensation consultants compiled and analyzed the data contained in this Executive Summary along with the findings contained in our full report.

Key Results

- **Remote work is becoming the new normal**
- **Salary budgets are rebounding**
- **Financial wellness programs are a new rising star**
- **Non-qualified plans are critical for recruiting and retaining executives**

The result is a comprehensive look at trends in the ways that firms are structuring and administering their total employee rewards programs—a global view that is rarely available from one single source.

We hope you find this 2021/2022 edition of our ***Compensation, Retirement, and Benefits Trends Report*** useful and thought-provoking as you evaluate your own company's compensation and benefits programs.

Compensation Practices

This year, we asked organizations if they have already implemented or are considering a number of compensation strategies to attract and retain talent in the competitive labor market. The most prevalent strategies include **increased use of incentives and bonuses, pay increases, as well as labor market specific pay for remote workers.**

Average 2021 base salary increase budgets range between 2.6% and 2.9%. In 2022, we expect to see employers reserving budget dollars for high performance.

Employers will continue to reward employees for performance this year, reserving a higher proportion of base salary budget dollars to reward high performers. Additionally, the use of short- and long-term incentives remains a priority.

Introduction

Retirement Plans

This year's survey results remain relatively consistent with prior year reports, with **nearly all (97%) employers surveyed offering a defined contribution plan.** The majority (92%) of employers project that their retirement plan contributions will remain the same as the prior year, while only 1% of organizations plan to decrease contributions and no company in this year's survey planned to suspend contributions.

Financial wellness programs are on the rise. **More than 60% of organizations reported implementing financial wellness programs to help employees prepare for current and future financial needs.**

Employers continue to rate retirement plan costs as an important criterion when choosing a retirement plan provider. However, in 2021, survey respondents rated the level and quality of service above cost of investments and cost of service when evaluating retirement plan providers.

The majority of employers (92%) project their retirement plan contribution to remain the same this year.

Non-Qualified Plans

Non-qualified deferred compensation (NQDC) plans remain **a critical benefit program for executive recruitment and retention.** Significantly, the primary goals for employers for their NQDC plans are creating a valuable financial planning tool for participants and offering a competitive plan when compared to peer companies.

Job level is the most common criteria used by companies to determine NQDC plan eligibility. Of the organizations offering these plans, the majority of eligible participants include the President and Chief Executive Officer (90%), Vice Presidents, Director Levels and other levels of management and Board of Directors members.

Health and Welfare Benefits

This year, we asked organizations which benefit strategies have been implemented or considered in 2021 to attract and retain talent in the competitive labor market. **Continued remote work opportunities**, increased communication around benefits offerings and training on diversity, equity and inclusion (DE&I) initiatives have been reported as the most prevalent strategies implemented in 2021.

While most employers (80%) saw an increase in health plan costs in 2021, the largest percentage of employers (33%) reported increases from 0.1% up to 4%. To manage health plan costs, employers continue to pass on a greater portion of those costs to employees through higher premium payments and deductibles, as well as leveraging employee wellness initiatives.

The majority of organizations offer various types of health and wellness benefits to their employees. **Telemedicine services, flexible work hours and remote work options, wellness programs and financial wellness are prevalent trends in 2021.**

Introduction

Key Statistics

Our survey yielded a number of findings of interest to employers considering and planning for their organization's total rewards packages:

Compensation Practices

- Average 2021 base salary increase budgets range between 2.6% and 2.9%.
- In 2021, salary structure movement is reported between 1.5% and 1.7% with trends continuing to project upward for 2022 at 2.0%.
- Merit budget dollars continue to be allocated to differentiate performance; High performers are expected to receive an average 4.0% adjustment
- 75% of survey respondents provide short-term incentives to employees
- 23% of organizations have implemented increased use of bonuses or incentives in 2021 to drive results
- Actual incentive payout awards in 2021 will likely reflect organizational results, employee efforts and contributions

Overall average salary increases for 2021 range between 2.6%, and 2.9% indicating a return to pre-pandemic levels.

Annual bonuses and incentives are being leveraged to drive results in 2021.

Retirement Plans

- Consistent with past findings, an overwhelming majority (97%) of employers offer a defined contribution plan
- The large majority (92%) of employers project their retirement plan contribution to remain the same as the previous year
- Results incorporated from the PLANSPONSOR *2021 Defined Contribution Plan Industry Report* indicate 49% of organizations offer automatic enrollment with an average default deferral rate of 3% of employee salary
- Results incorporated from the PLANSPONSOR *2021 Defined Contribution Plan Industry Report* indicate 42% of organizations offer auto escalation as part of their retirement plan. Most organizations escalate 1% of employee salary as the default rate.
- 69% of organizations now offer professionally managed accounts in their retirement plan
- Over 60% of organizations reported already implementing financial wellness programs to help employees prepare for current and future financial needs

Introduction

Non-Qualified Plans

- Of the organizations offering non-qualified plans, the majority of eligible participants include the President and Chief Executive Officer (90%), Vice Presidents, Director Levels and other levels of management and Board of Directors members.
- Half of organizations (50%) with Non-Qualified plans report using a Rabbi trust to protect the payment of deferred compensation dollars; 5% use other methods. Forty-five percent (45%) of organizations do not use any tools to protect deferred compensation dollars.
- Organizations report that non-qualified plans are critical to important for executive recruiting and retention, financial planning as well as a tax-efficient compensation vehicle for executives.

Health and Welfare Benefits

- Preferred provider organization (PPO) plans remain the most widely available health plan, offered by (79%) of organizations.
- Continued remote work opportunities, increased communication around benefits and training on DE&I initiatives have been reported as the most prevalent strategies implemented in 2021.
- While most employers (80%) saw an increase in health plan costs in 2020, the largest percentage of employers (33%) reported increases from 0.1% up to 4%.
- The most common methods of addressing healthcare costs continues to be requiring employees to pay a greater share through increased premium payments and deductibles.

The most common method of addressing healthcare costs? Requiring employees to pay a greater share through increased premium payments and deductibles.

Summary

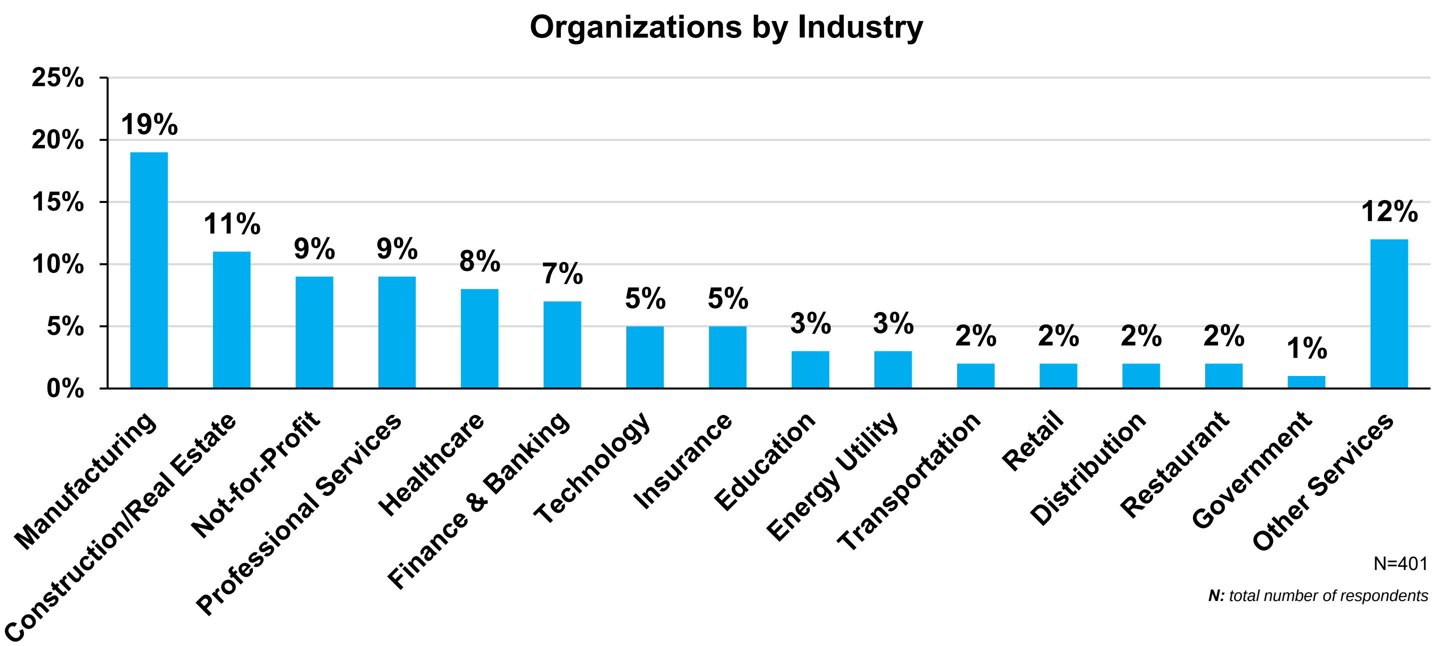
Employers continue to seek ways to **strategically utilize compensation, qualified and non-qualified plans, and benefits in 2021 to compete for talent in this highly competitive labor market**, while striving to effectively align corporate objectives and results.

Organizations see the critical importance of implementing a total rewards package as a key means to reward and retain key talent, while also maintaining costs at fiscally responsible levels.

Visit our website at www.newportgroup.com to learn more or contact a member of our Compensation Consulting team. You will find their contact information at the end of the report.

Introduction

Report Background



N=401

***N:** total number of respondents*

Regions

Northeast

New England:
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont

Middle Atlantic:
New Jersey, New York and Pennsylvania

Midwest

East North Central:
Illinois, Indiana, Michigan, Ohio and Wisconsin

West North Central:
Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota

South

South Atlantic:
Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia

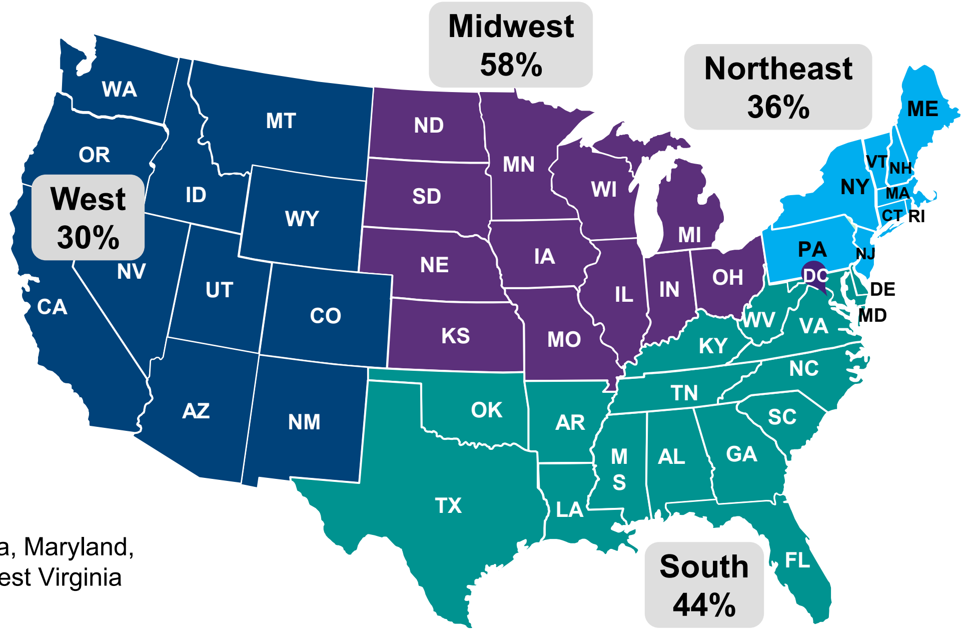
East South Central:
Alabama, Kentucky, Mississippi and Tennessee

West South Central:
Arkansas, Louisiana, Oklahoma and Texas

West

Mountain:
Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming

Pacific:
Alaska, California, Hawaii, Oregon and Washington



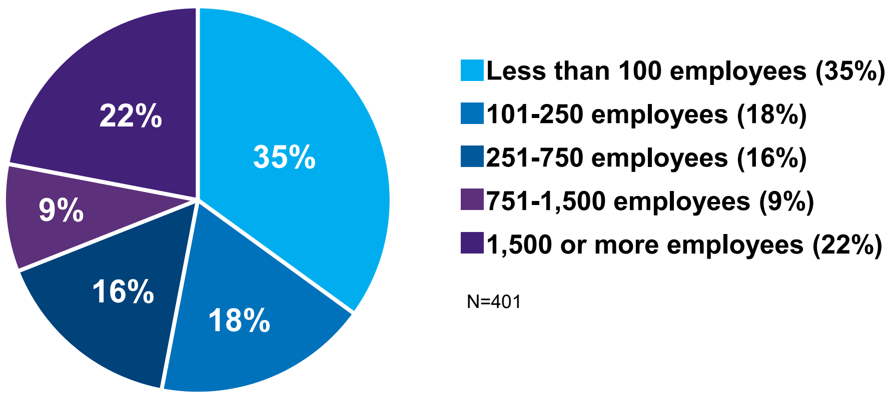
Some employers are located in multiple regions

N=401

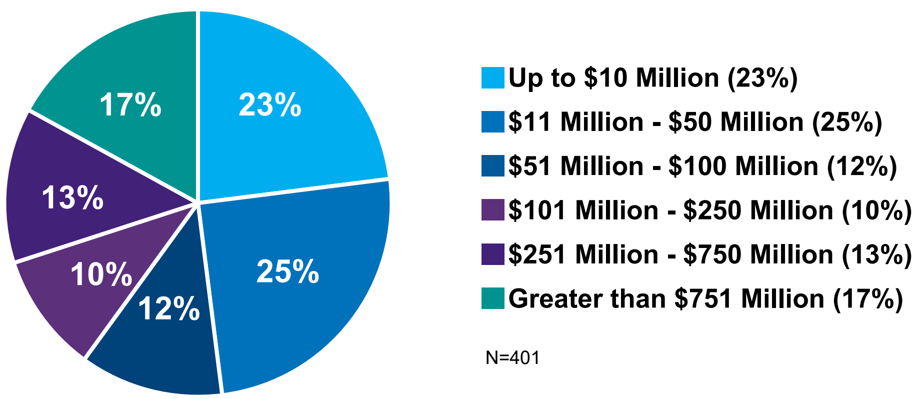
Introduction

Report Background

Full-Time Equivalent (FTEs)



Annual Gross Revenue



Methodology

Our 2021/2022 survey questionnaire contained over 40 questions about compensation, retirement, and benefits programs. This survey instrument was distributed to senior financial and human resources leaders at organizations nationwide with 401 respondents. The most prevalent industries represented include manufacturing, not-for-profit, healthcare and professional services.

Data collection was administered via a secure web-based data submission tool. Results are based on answers to our questionnaire, which were analyzed for consistency and reasonableness, and prepared for presentation, by Newport's professional compensation consultants. Key findings from the PLANSPONSOR *2021 Defined Contribution Plan Industry Report* is also included to supplement retirement industry trends.

All individually submitted data is kept strictly confidential, and only aggregate results are reported so as not to disclose any individually reported information.

Key Definitions

- **Median:** statistical point at which half of all reported responses reported are above, half are below
- **Average:** total of all reported data divided by number of responses

NEWPORT retirement services

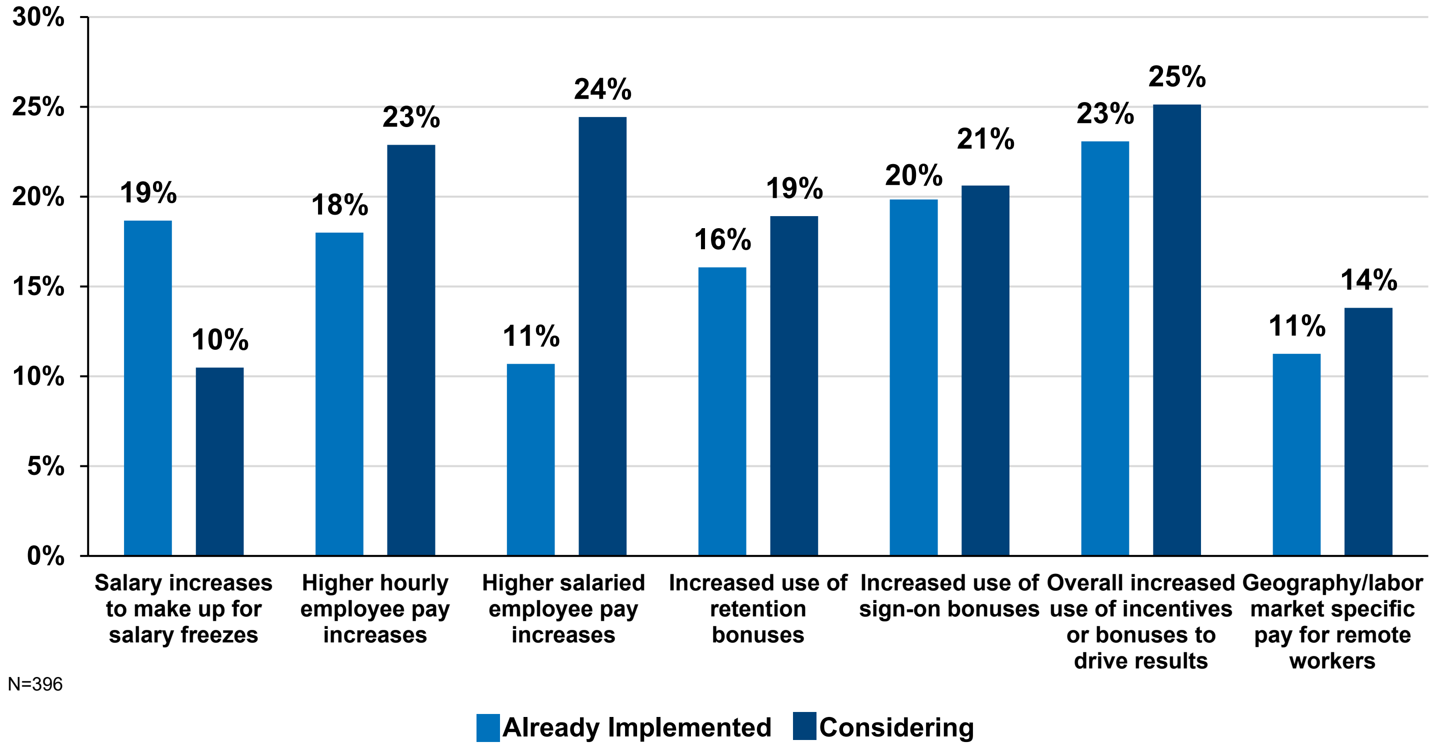
Compensation Practices

Compensation Practices

2021 Compensation Strategies

QUESTION: ***Which compensation strategies has your organization implemented or considered in 2021?***

Organizations have already implemented or are considering a number of compensation strategies to attract and retain talent in the competitive labor market. Increased use of incentives and bonuses as well as pay increases have been reported as the most prevalent strategies implemented and being considered, as well as labor market specific pay for remote workers.



Compensation Practices

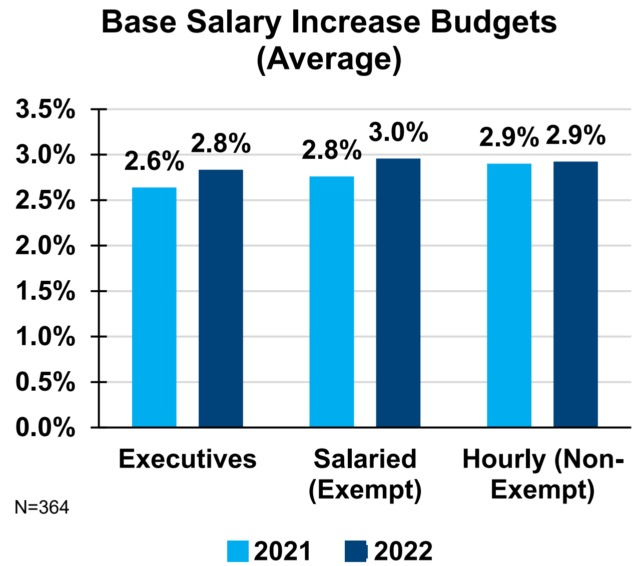
Base Salary Increase Budgets

QUESTION: ***What is your organization's actual base salary increase budget for 2021 and anticipated budget for 2022, as a percentage of base pay for the different employee groups?***

Average 2021 base salary increase budgets range between 2.6% and 2.9%. Median salary budgets, which measure the middle of the data sample, have been reported at 3.0% in 2021.

Organizations project 2022 salary increase budgets between 2.8% and 3.0% across employee groups. This may indicate annual base salary increase budgets are returning to pre-pandemic levels.

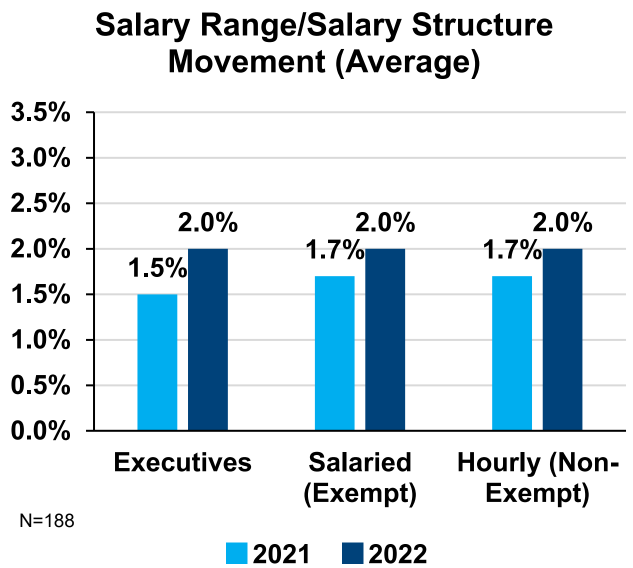
In 2021, salary increase budgets vary by industry. The highest average base salary increases have been reported in the Finance, Banking and Insurance sectors, Manufacturing, Distribution and Transportation, and Restaurant, Retail and Other Services industries.



Salary Range/ Structure Movement

QUESTION: ***What is the percentage salary range/structure movement for 2021 and the amount anticipated for 2022?***

Salary range and structure movement is also a trend organizations monitor each year to understand how to keep pay rates market competitive. In 2021, salary structure movement is reported between 1.5% and 1.7% with trends continuing to project upward for 2022 at 2.0%.



Salary Structure by FTEs

QUESTION: ***Do you have a formal salary structure (i.e., ranges with a minimum and maximum) to manage compensation across levels within the organization?***

In 2021, over 60% of organizations indicate they have a formal salary structure with pay ranges to manage compensation. Larger organizations by FTE size are more likely to have a formal structure in place. From an industry perspective, Finance, Banking and Insurance, Education, Government and Not-for-Profit sectors are more likely than other groups to have formal salary structures to manage their compensation investment.

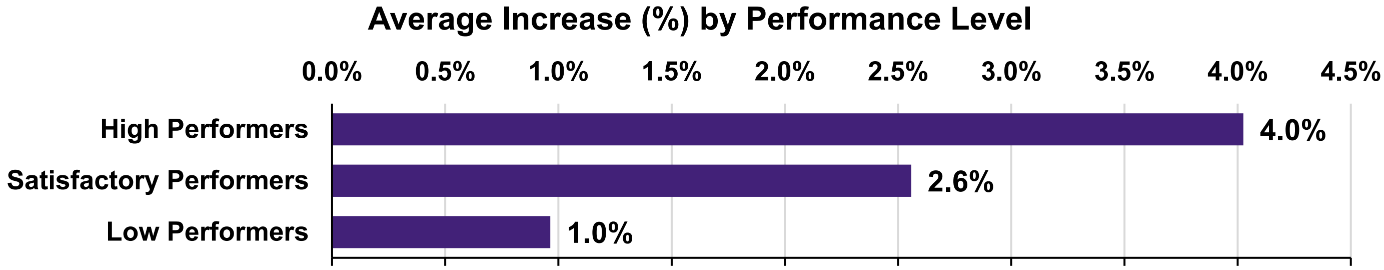
	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
Yes	62%	49%	58%	62%	75%	78%
No	38%	51%	42%	38%	25%	22%
Base	***397***	***140***	***72***	***61***	***36***	***88***

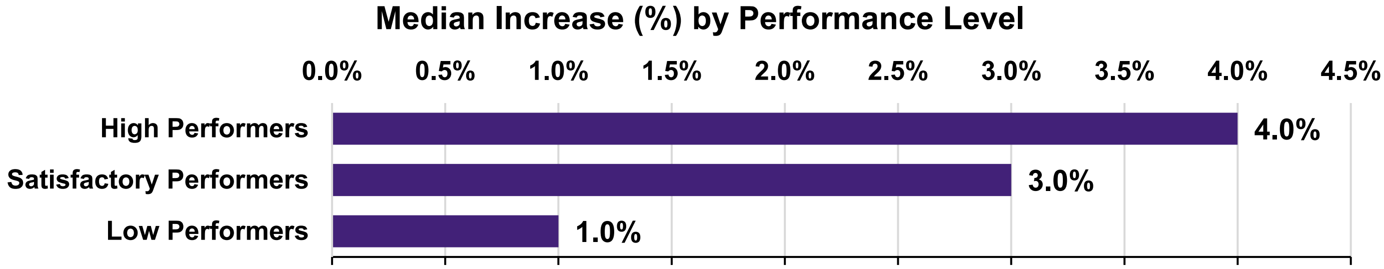
Compensation Practices

Pay for Performance Increases

QUESTION: ***What will your organization's base salary increase be for the next review period, by performance level?***

Comparable to past years, organizations continue to strategically allocate budget dollars to differentiate high performers. For the next performance review period, organizations report pay increases of approximately 4.0% for high performers.





N=317

Short-Term Incentive by Industry

QUESTION: ***Which employee groups are eligible to participate in a short-term incentive or bonus program?***

Approximately 75% of survey respondents provide short-term incentives to employees. For executives and management, short-term incentives are an integral part of the annual compensation package. In 2021, we continue to see most employee groups across industries eligible to participate in short-term incentive or bonus programs.

	Overall	Construction, Real Estate & Energy Utility	Finance, Banking & Insurance	Education, Government & Not-for-Profit	Healthcare	Manufacturing, Distribution, Transportation	Professional Services &Technology	Restaurant, Retail & Other Services
Hourly Production	43%	48%	57%	27%	32%	49%	34%	42%
Office Professional	58%	61%	73%	35%	43%	61%	66%	55%
Supervisory	62%	69%	80%	35%	43%	65%	60%	65%
Management	68%	72%	86%	38%	57%	72%	72%	69%
Executive	65%	67%	86%	40%	54%	69%	68%	63%
N =	***378***	***54***	***44***	***48***	***28***	***89***	***53***	***62***

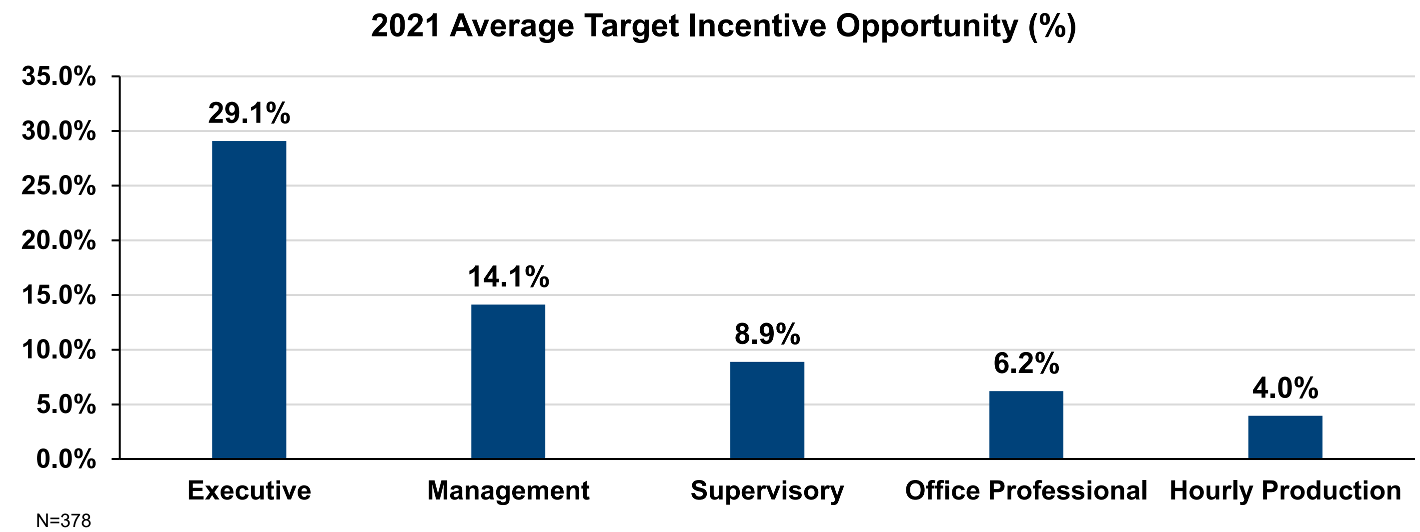
Compensation Practices

Short-Term Incentive Award Opportunity

QUESTION: ***What is the average targeted 2021 annual short-term incentive pay opportunity for each employee group?***

In 2021, short-term incentive target awards are highest for executives with an average of 29.1% of base pay. Management, supervisory, office professional and hourly production employees have average target incentive opportunities in proportion to job level.

Actual incentive payout awards in 2021 will likely reflect organizational results, employee efforts and contributions.



Long-Term Incentive Plan (LTIP) Prevalence by FTEs

QUESTION: ***Does your organization provide long-term incentive compensation to eligible employees?***

Larger organizations by FTE size are more likely to provide long-term incentive compensation to eligible employees. Close to three quarters of larger organizations report having an LTIP.

	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
Yes	34.6%	12.2%	26.5%	30.4%	54.8%	71.4%
No	55.4%	73.3%	67.6%	55.4%	38.7%	23.8%
Not Sure	10.0%	14.5%	5.9%	14.3%	6.5%	4.8%
N =	***370***	***131***	***68***	***56***	***31***	***84***

Types of Long-Term Incentive Plans include cash-based and equity-based programs designed to motivate performance to achieve specific organizational goals over several years.

From an industry perspective, Finance, Banking and Insurance and Manufacturing, Distribution and Transportation sectors are more likely than other groups to provide long-term incentive compensation to eligible employees.

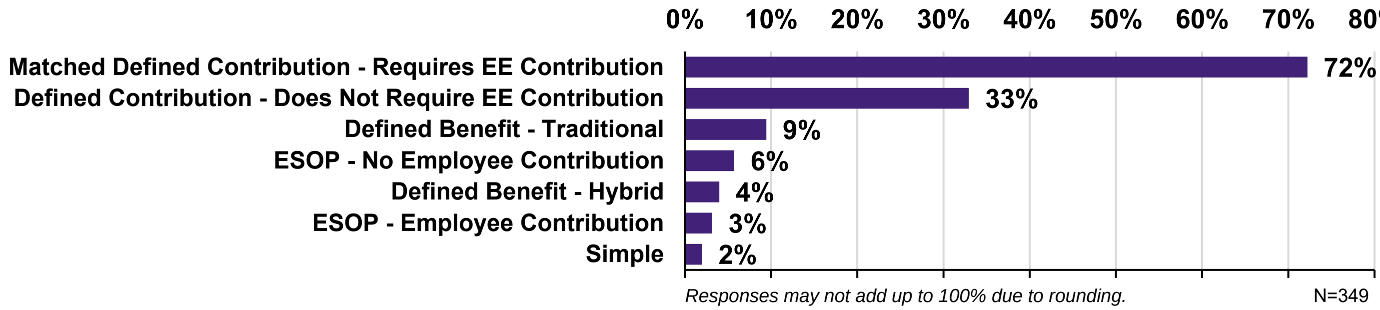
Retirement Plans

Retirement Plans

Retirement Plan Options

QUESTIONS: Does your organization offer a qualified retirement plan? *What type of qualified retirement plan(s) do you offer?*

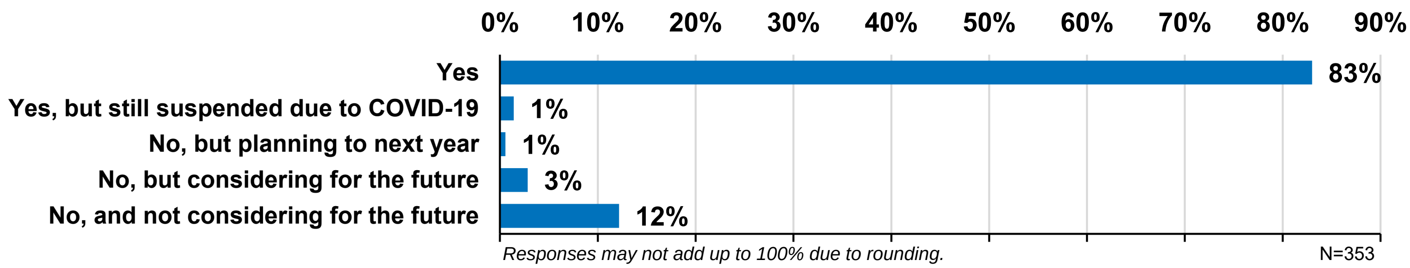
Ninety-seven percent (97%) of organizations surveyed reported offering a qualified retirement plan. Most employers offer defined contribution retirement plans with company matches requiring employee contributions. Close to a third of employers indicated their plans do not require employee contributions. Some organizations offer more than one plan type.



Retirement Plan Matching Contributions

QUESTION: ***Does your company offer matching contributions?***

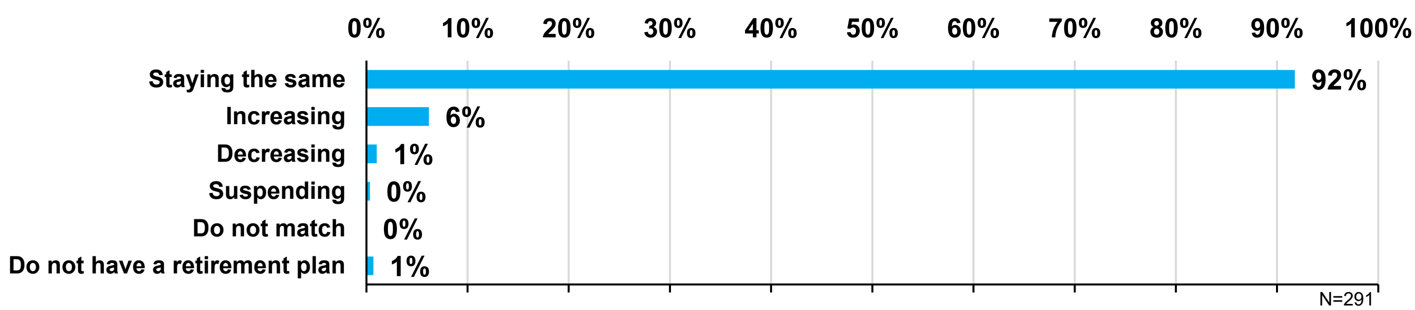
Eighty-three (83%) percent of organizations offer matching contributions to their qualified plan. This year, only 1% reported that company matches are still suspended due to COVID-19. An additional 4% reported they are considering offering a match next year or in the future.



Retirement Plan Contribution Change

QUESTION: ***If your organization has a retirement plan contribution, how will it compare to last year?***

The large majority (92%) of organizations report their retirement plan contribution will remain the same as the previous year. Six percent (6%) of organizations will be increasing contributions. Only 1% will be decreasing and no organizations will be suspending contributions.

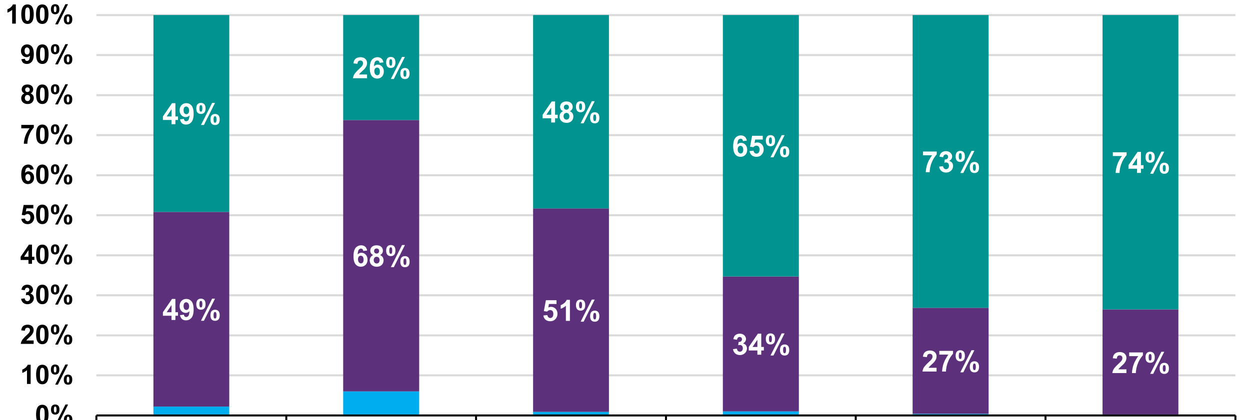


Retirement Plans

Retirement Plan Automatic Enrollment

QUESTION: ***Does your plan offer automatic enrollment?***

The results charted below from the PLANSPONSOR *2021 Defined Contribution Plan Industry Report*, indicate 49% of organizations overall offer automatic enrollment in their retirement plan. Larger plans more frequently offer an automatic enrollment feature.



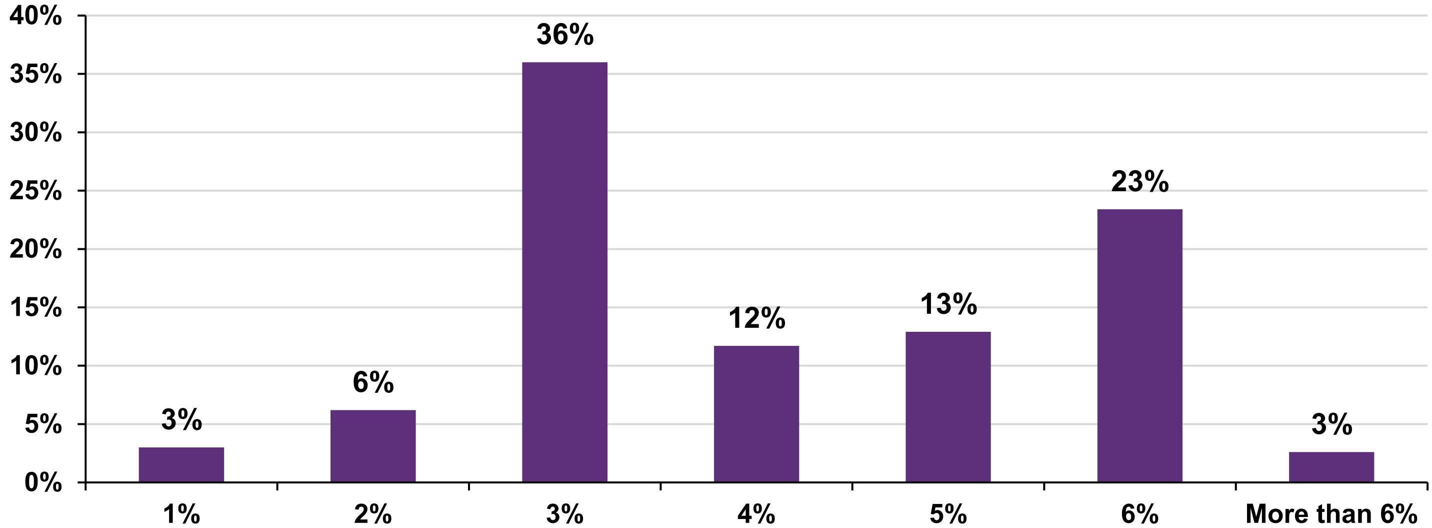
	Overall	<$5MM	$5MM - $50MM	>$50MM - $200MM	>$200MM - $1B	$>1B
Yes	49%	26%	48%	65%	73%	74%
No	49%	68%	51%	34%	27%	27%
Unsure / Don't know	2%	6%	1%	1%	0.4%	0%

Source: PLANSPONSOR *2021 Defined Contribution Plan Industry Report (p.26). The groups represent plans by DC asset size. Responses may not add up to 100% due to rounding. N=2,825*

Retirement Plan Automatic Enrollment Percentage

QUESTION: ***What is the default deferral rate as a percentage of the employee's salary?***

The results charted below from the PLANSPONSOR *2021 Defined Contribution Plan Industry Report*, show the default deferral rate as a percentage of the employee's salary. Most organizations defer 3% as the default deferral rate.



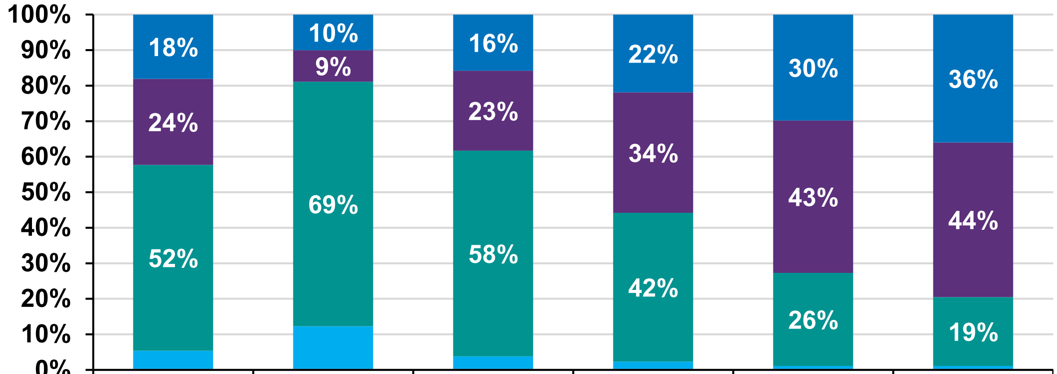
Source: PLANSPONSOR *2021 Defined Contribution Plan Industry Report (p.30). The groups represent plans by DC asset size. Responses may not add up to 100% due to rounding. N=2,825*

Retirement Plans

Retirement Plan Automatic Escalation

QUESTION: ***Does your plan offer "Auto Escalation" (i.e., automatic deferral increases)?***

Results from the PLANSPONSOR *2021 Defined Contribution Plan Industry Report* indicate 42% of organizations overall (18% + 24%) offer auto escalation in their retirement plan. Larger organizations more frequently offer an auto escalation feature.



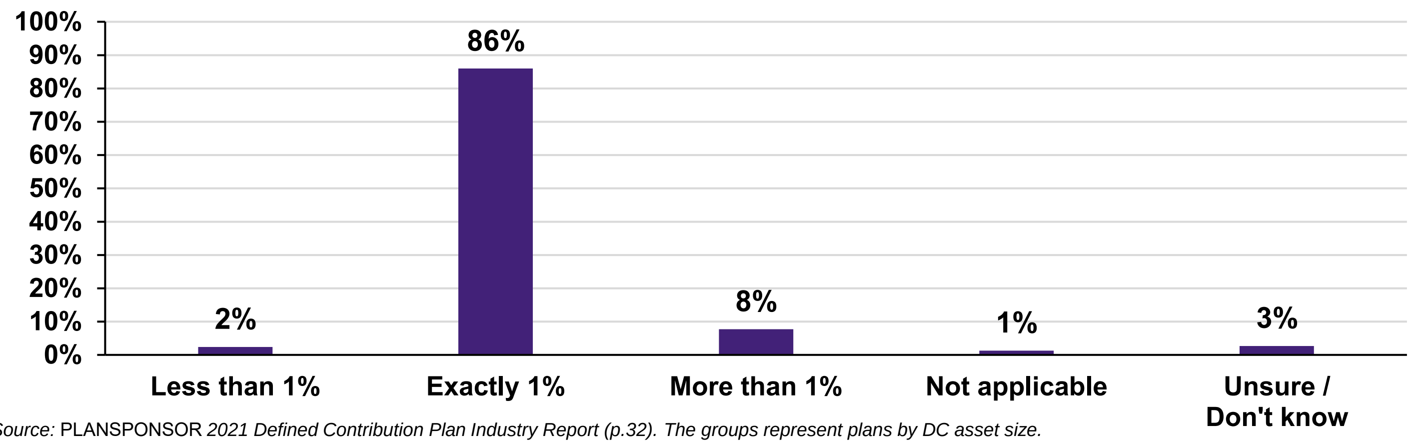
	Overall	<$5MM	$5MM - $50MM	>$50MM - $200MM	>$200MM - $1B	$>1B
Yes - but participation is voluntary and participants must opt in to auto escalation	18%	10%	16%	22%	30%	36%
Yes - participants are defaulted into auto escalation at time of enrollment unless they opt out; all other participants can opt in at any time	24%	9%	23%	34%	43%	44%
No - we do not offer auto escalation to participants	52%	69%	58%	42%	26%	19%
Unsure / Don't know	5%	12%	4%	2%	1%	1%

Source: PLANSPONSOR *2021 Defined Contribution Plan Industry Report (p.31). The groups represent plans by DC asset size. Responses may not add up to 100% due to rounding. N=2,825*

Retirement Plan Automatic Escalation Rate

QUESTION: ***Which of the following best describes (as a percentage of salary) your organization's default/recommended automatic escalation rate?***

The results charted below from the PLANSPONSOR *2021 Defined Contribution Plan Industry Report* show the default/ recommended automatic escalation rate as a percentage of salary. Most organizations escalate 1% of employee salary as the default rate.



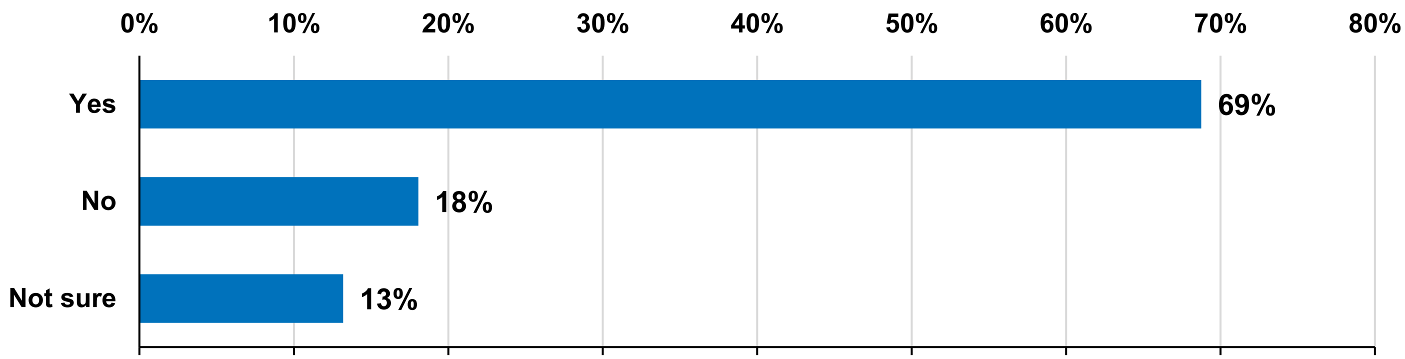
Source: PLANSPONSOR *2021 Defined Contribution Plan Industry Report (p.32). The groups represent plans by DC asset size. Responses may not add up to 100% due to rounding. N=2,825*

Retirement Plans

Professionally Managed Accounts

QUESTION: ***Does your plan offer professionally managed accounts?***

The majority of organizations, approximately 69%, report offering professionally managed retirement plan accounts. Managed account services offer personalized retirement education, advice, and investment management designed to help meet the needs of your organization and retirement plan participants.

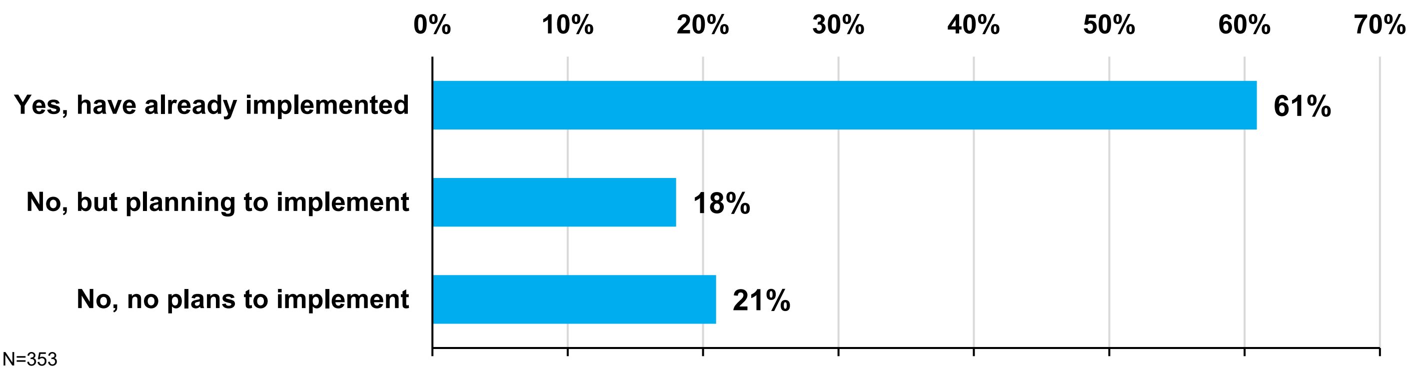


N=288

Financial Wellness Programs

QUESTION: ***Has your company implemented "financial wellness" (financial literacy and education) programs to help employees prepare for current and future financial needs—whether separately or as part of the overall health and wellness program?***

More than sixty percent (60%) of organizations reported already implementing financial wellness programs to help employees prepare for current and future financial needs. Eighteen percent (18%) indicated they are planning to implement financial wellness programs.



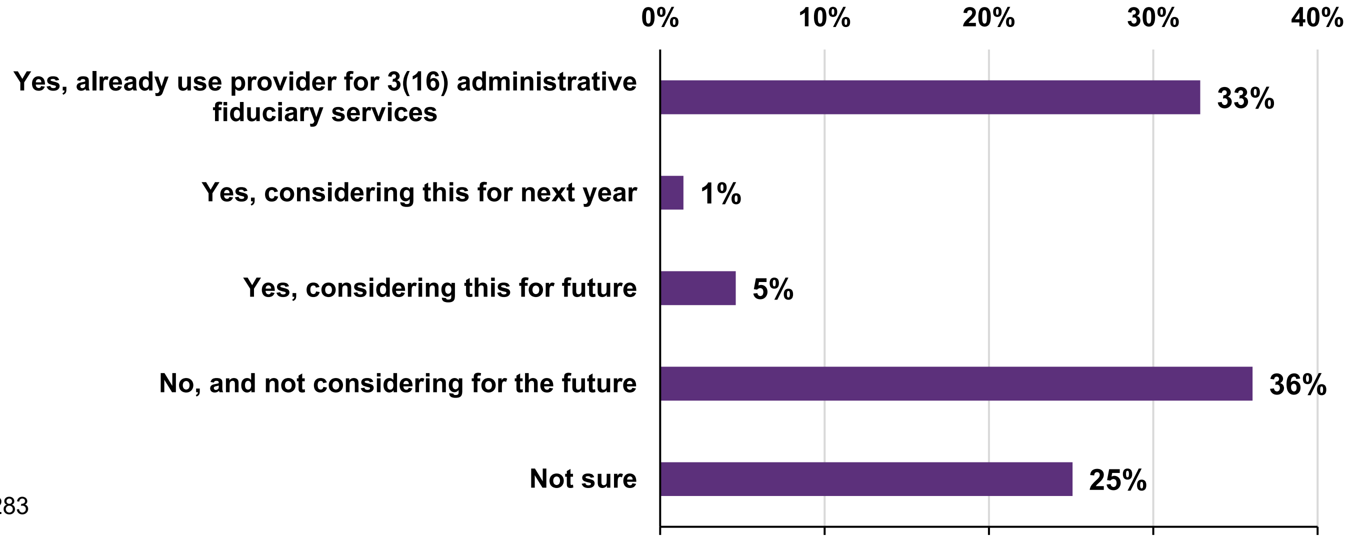
N=353

Retirement Plans

3(16) Administrative Fiduciary Services

QUESTION: ***Would the services of a 3(16) administrative fiduciary be of interest to you to manage the administration, fiduciary, and reporting responsibilities of your organization's retirement plan?***

In 2021, plan sponsors used a provider for 3(16) services in 33% of organizations with 6% considering for next year or the future.



N=283

3(16) Administrative Fiduciary Services

QUESTION: ***Would the services of a 3(16) administrative fiduciary be of interest to you to manage the administration, fiduciary, and reporting responsibilities of your organization's retirement plan?***

In 2021, plan sponsors used a provider for 3(16) services in 33% of organizations. These figures are relatively consistent across organization size by FTE.

	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
Yes, already use provider for 3(16) administrative fiduciary services	33%	36%	29%	36%	36%	29%
Yes, considering this for next year	1%	1%	5%	0%	0%	0%
Yes, considering this for future	5%	3%	4%	6%	4%	6%
No, and not considering for the future	36%	31%	42%	28%	44%	41%
Not sure	25%	29%	20%	30%	16%	25%
N =	***283***	***87***	***55***	***47***	***25***	***69***

Non-Qualified Plans

Non-Qualified Plans

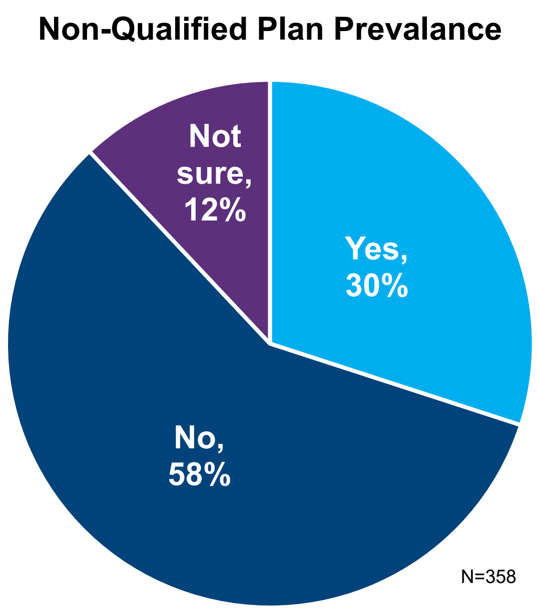
Non-Qualified Plan Prevalence

QUESTION: ***Do you offer a Non-Qualified Deferred Compensation, Non-Qualified Defined Benefit, or other Key Person benefit plan?***

Of 358 participating organizations, thirty percent (30%) reported offering a Non-Qualified Deferred Compensation, Non-Qualified Defined Benefit, or other Key Person benefit plan.

As you can see from the prevalence by FTE and revenue size on the following pages, these plans are much more widely utilized in the large company space.

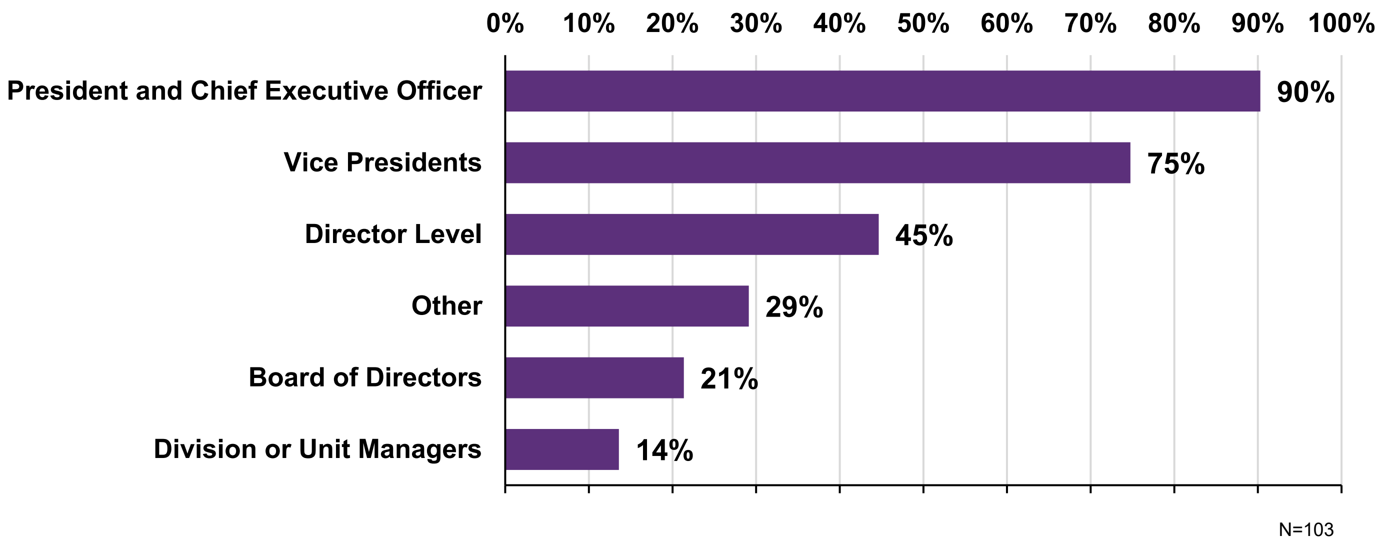
This data shows that Non-Qualified plans can make a big difference in terms of attracting talent from larger companies. The enhanced motivation and retention opportunities offered by Non-Qualified plans should also be seen as an opportunity for small to mid-sized organizations.



Non-Qualified Deferred Compensation Plan Participation Eligibility

QUESTION: ***Which positions are eligible to participate in the plan?***

Of the organizations offering Non-Qualified Plans, the majority of eligible participants include the President and Chief Executive Officer (90%), Vice Presidents, Director Levels and other levels of management and Board of Directors members.

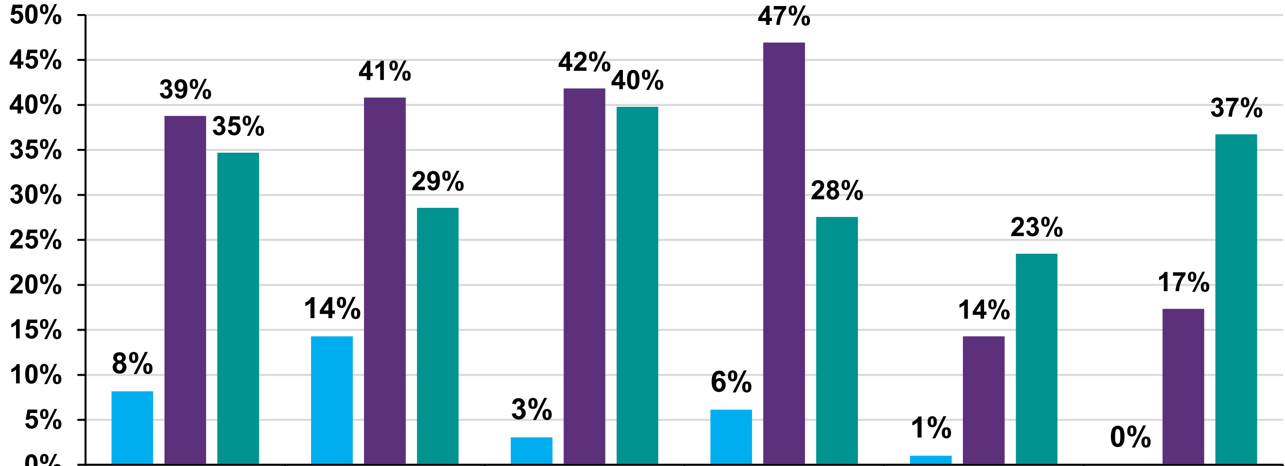


Non-Qualified Plans

Importance of Non-Qualified Benefits Programs

QUESTION: ***How important are your non-qualified benefit programs for each of the following?***

Organizations report that Non-Qualified Benefits Programs are critical to important for executive recruiting and retention, financial planning as well as a tax-efficient compensation vehicle for executives.



	Executive Recruiting	Executive Retention	Financial Planning tool for Executives	More tax-efficient compensation vehicle	Increase company stock ownership or defer taxes on performance units	Remove personal financial distractions for executives
Critical	8%	14%	3%	6%	1%	0%
Very Important	39%	41%	42%	47%	14%	17%
Somewhat Important	35%	29%	40%	28%	23%	37%

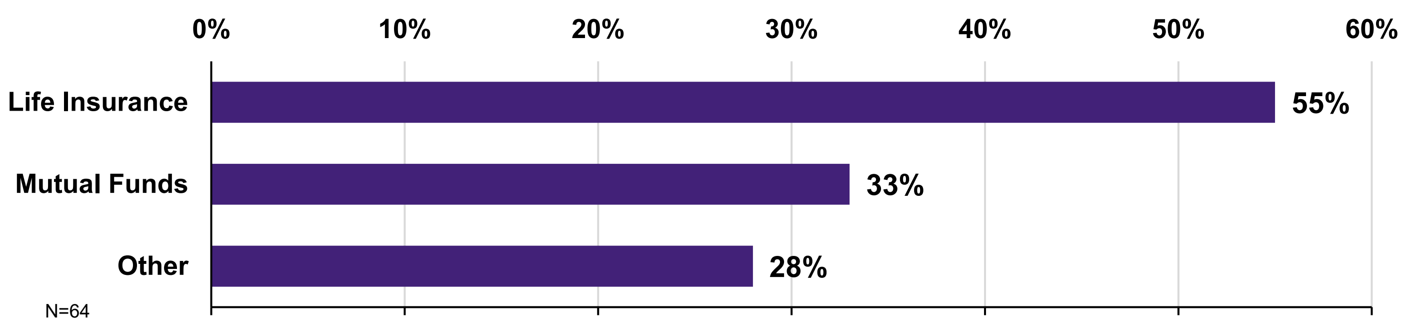
N=98

Assets to Fund Non-Qualified Plan Liabilities

QUESTIONS: Does your company set aside company assets to informally fund non-qualified plan liabilities? ***Which assets does your company set aside to informally fund non-qualified plan liabilities?***

Of the organizations reporting non-qualified plans, more than half (56%) report the use of company assets set aside to informally fund non-qualified plan liabilities.

Most organizations with Non-Qualified plans report setting aside life insurance (55%) to informally fund non-qualified plan liabilities, followed by mutual funds (33%). Other assets reported include cash and investments.

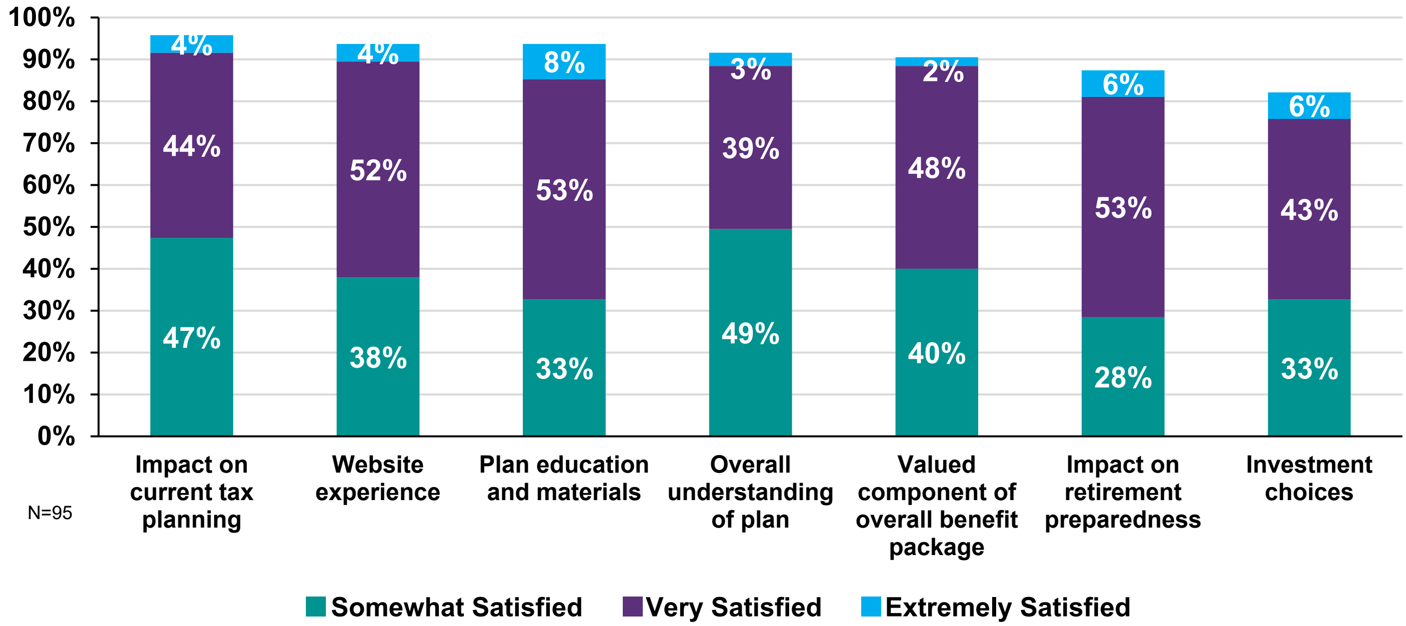


Non-Qualified Plans

Participant Satisfaction Levels

QUESTION: ***How satisfied do you think PARTICIPANTS are with the following aspects of your non-qualified benefit programs?***

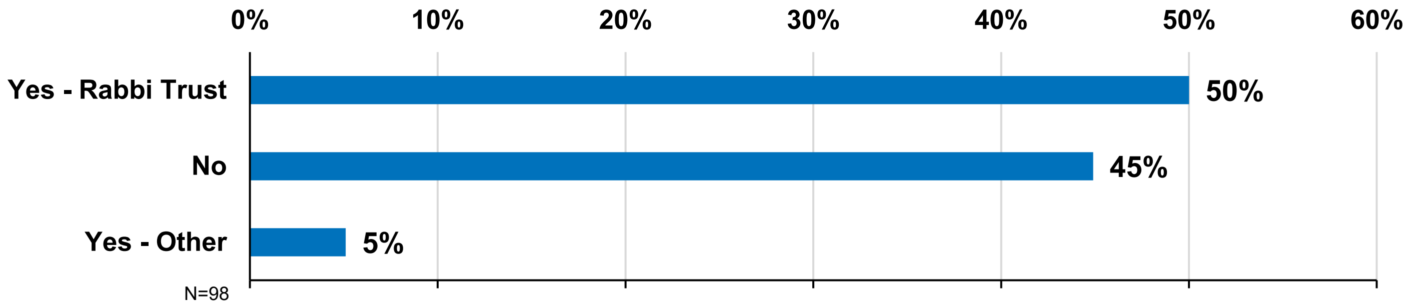
Participants ranked the highest satisfaction levels (90% or above) with the following plan aspects: impact on current tax planning, website experience, plan education and materials, overall understanding of plan and valued component of overall benefit package.



Tools to Protect Deferred Compensation Payment

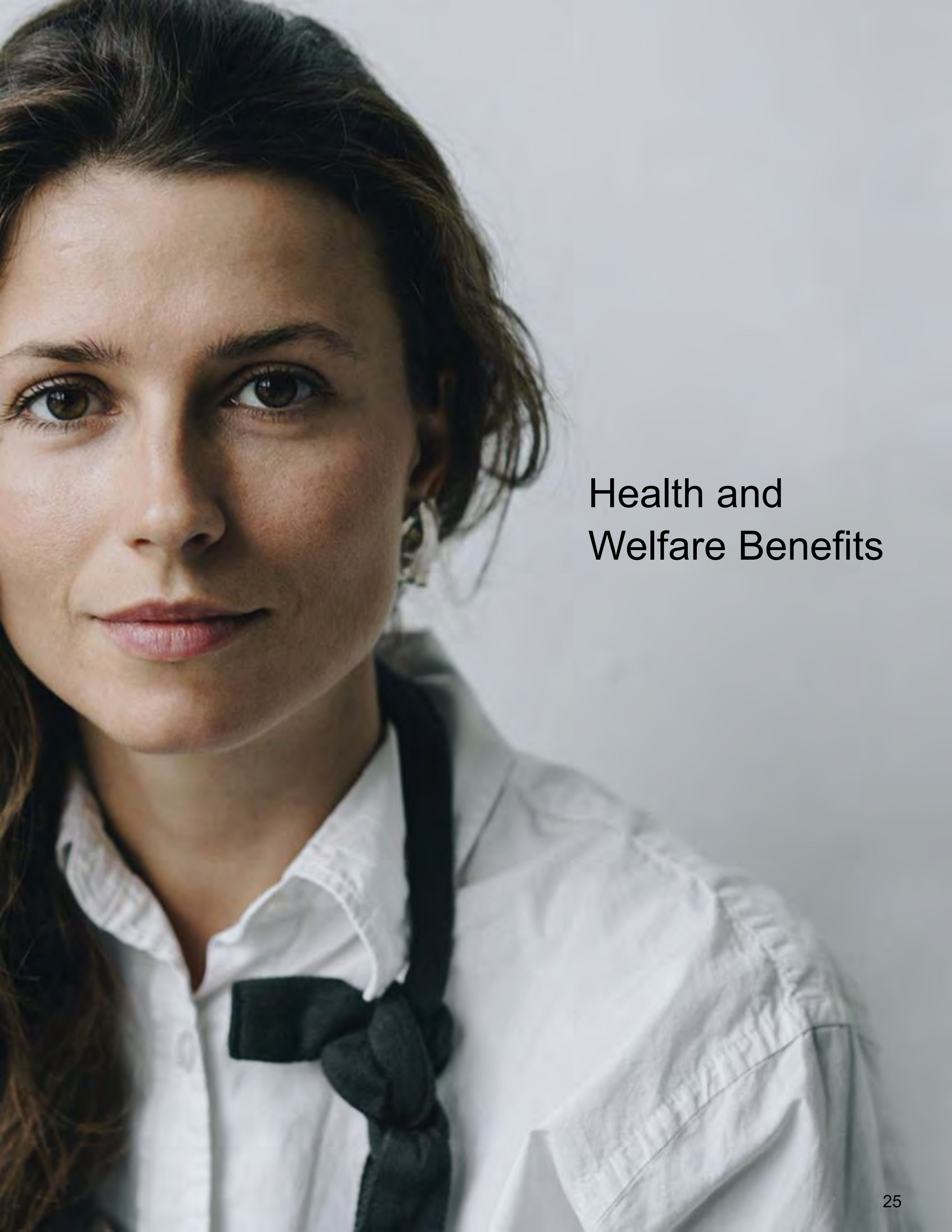
QUESTION: ***Does your company use any tools to protect the payment of deferred compensation dollars?***

Half of organizations (50%) with Non-Qualified plans report using a Rabbi trust to protect the payment of deferred compensation dollars; 5% use other methods. Forty-five percent (45%) of organizations do not use any tools to protect deferred compensation dollars.



Eighty-three percent (83%) of large companies use a Rabbi Trust to provide benefit security[1]; these Trusts are so prevalent that they have become obligatory for large companies. Smaller companies competing for executive talent, who rely solely upon the owner to provide the benefit, need Rabbi Trusts more than large companies to provide “peace of mind” against a change in heart by ownership.

[1] *Information from Newport/*PLANSPONSOR *Executive Benefits Survey, 2020 Edition*



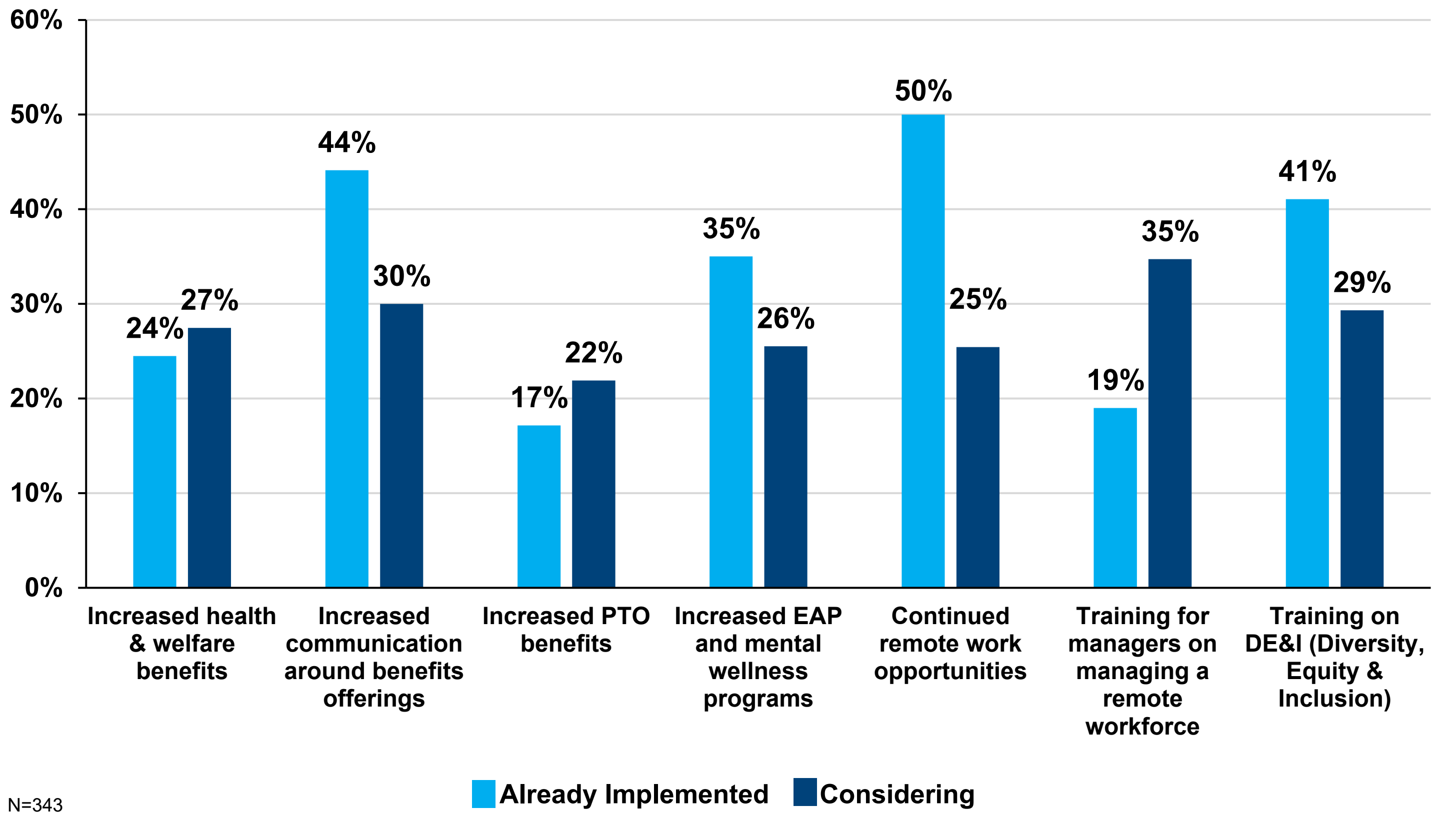
Health and Welfare Benefits

Health and Welfare Benefits

2021 Benefits Strategies

QUESTION: ***Which benefits strategies has your organization implemented or considered in 2021?***

Organizations have already implemented or are considering a number of health and welfare benefits strategies to attract and retain talent in the competitive labor market. Continued remote work opportunities, increased communication around benefits offerings and training on DE&I initiatives have been reported as the most prevalent strategies implemented in 2021.



N=343

Health and Welfare Benefits

Health Insurance Plan Options by FTEs

QUESTION: ***Which of the following plans do you offer as health insurance options?***

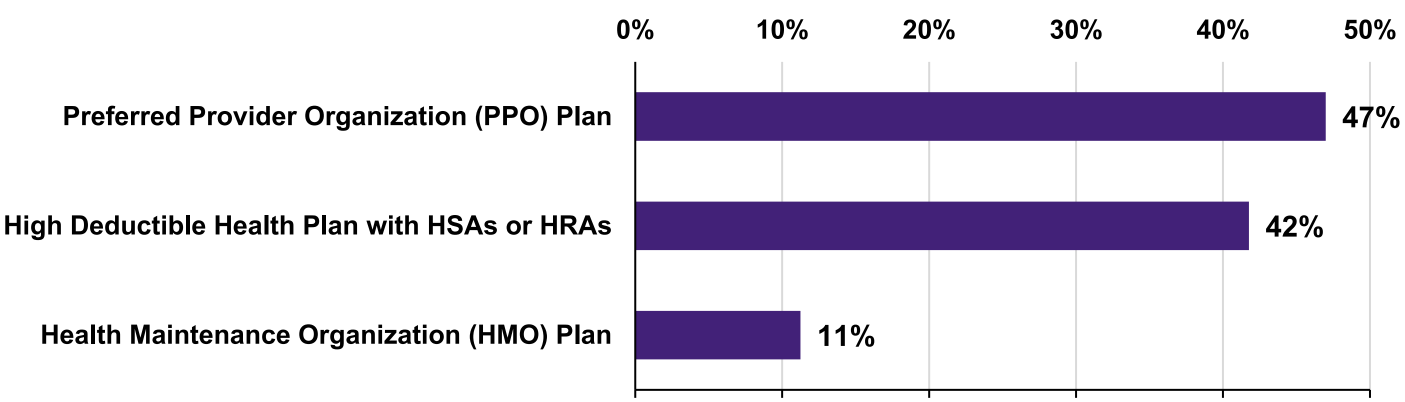
The most widely available health plans offered by employers based on FTE size continue to be PPO Plans, High Deductible Health Plans (HDHP), and HMO Plans. Supplemental medical plans for executives and retiree medical are offered by few organizations.

	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
Preferred Provider Organization (PPO) Plan	79%	73%	79%	73%	100%	86%
High Deductible Health Plan (HDHP) with HSAs or HRAs	68%	46%	79%	73%	91%	82%
Health Maintenance Organization (HMO) Plan	26%	31%	21%	27%	36%	16%
Supplemental Medical Plan for executives	2%	1%	0%	0%	5%	5%
Retiree medical plan for executives	2%	1%	0%	0%	0%	5%
Do not offer Health Insurance	1%	2%	0%	0%	0%	0%
Other	3%	1%	4%	0%	9%	4%
N =	***257***	***91***	***47***	***41***	***22***	***56***

Health Insurance Plan Preference

QUESTION: ***For your most recent open enrollment, which of the following health insurance options was selected by the largest number of employees?***

Similar to recent years, PPO Plans continue to be the most popular option selected by employees during open enrollment. Overall, nearly half of employees (47%) selected PPO Plans, followed by 42% High Deductible Health Plans and the fewest (11%) selecting HMO Plan options.



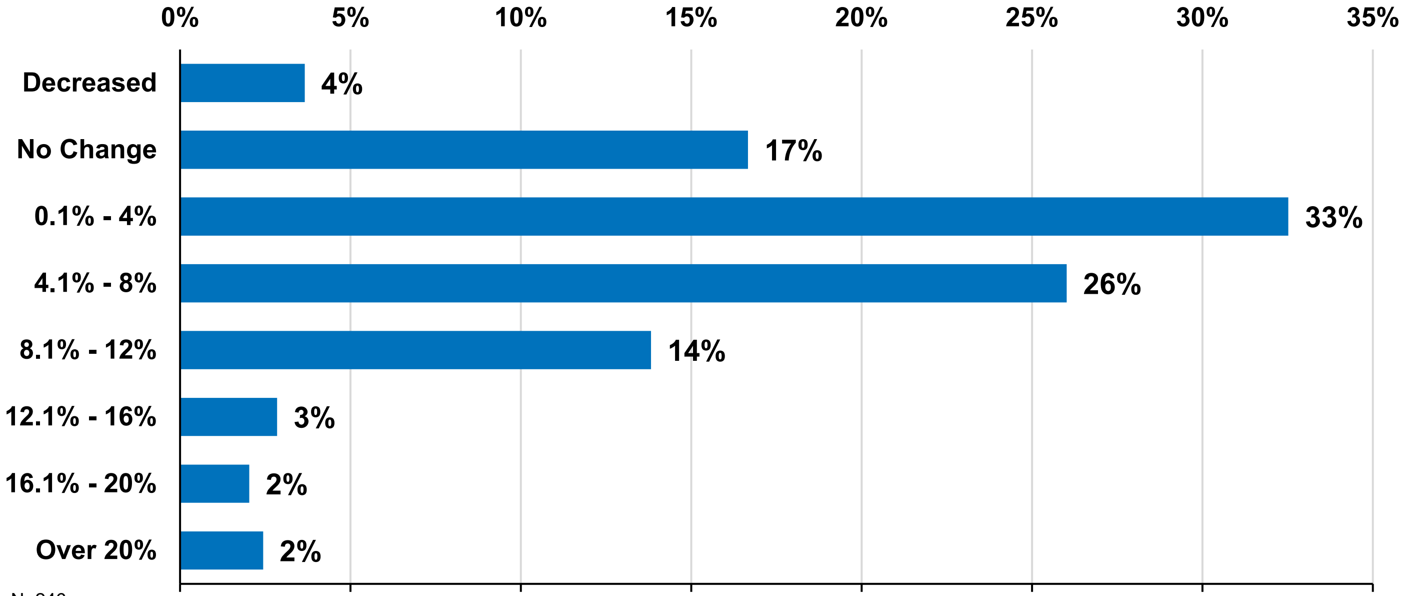
N=249

Health and Welfare Benefits

2021 Health Insurance Cost Change

QUESTION: ***What was the average percentage change in your health insurance plan costs for the 2021 plan year?***

While most employers (80%) saw an increase in health plan costs in 2020, the largest percentage of employers (33%) reported increases from 0.1% up to 4%.



N=246

Health Insurance Annual Premiums by FTEs

QUESTION: ***For the health insurance option selected by the majority of your employees, what is the premium paid by the employer and the employee?***

Average health insurance premium costs vary by level of coverage, however, smaller employers (by FTE size) seem to share more of the costs with employees than larger organizations.

	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
Average Employer Annual Premium						
Family	$18,376	$19,645	$18,060	$16,189	$17,492	$18,407
Employee + One (Spouse or Child)	$13,710	$13,784	$14,400	$12,283	$13,298	$14,043
Employee + Children	$12,603	$12,662	$12,930	$11,235	$12,458	$13,220
Employee Only	$7,797	$8,434	$8,781	$6,251	$6,612	$7,302
Employee Share of Premium						
Family	$6,911	$8,171	$8,079	$5,002	$5,222	$5,944
Employee + One (Spouse or Child)	$5,067	$5,536	$6,152	$4,119	$3,901	$4,397
Employee + Children	$4,479	$4,905	$4,848	$4,318	$3,465	$4,013
Employee Only	$2,515	$3,150	$2,624	$2,417	$1,354	$1,893
N =	***186***	***66***	***37***	***28***	***16***	***39***

Health and Welfare Benefits

Plans to Address Health Care Costs by FTEs

QUESTION: ***What actions do you plan to take for the 2021 plan year to address health care costs?***

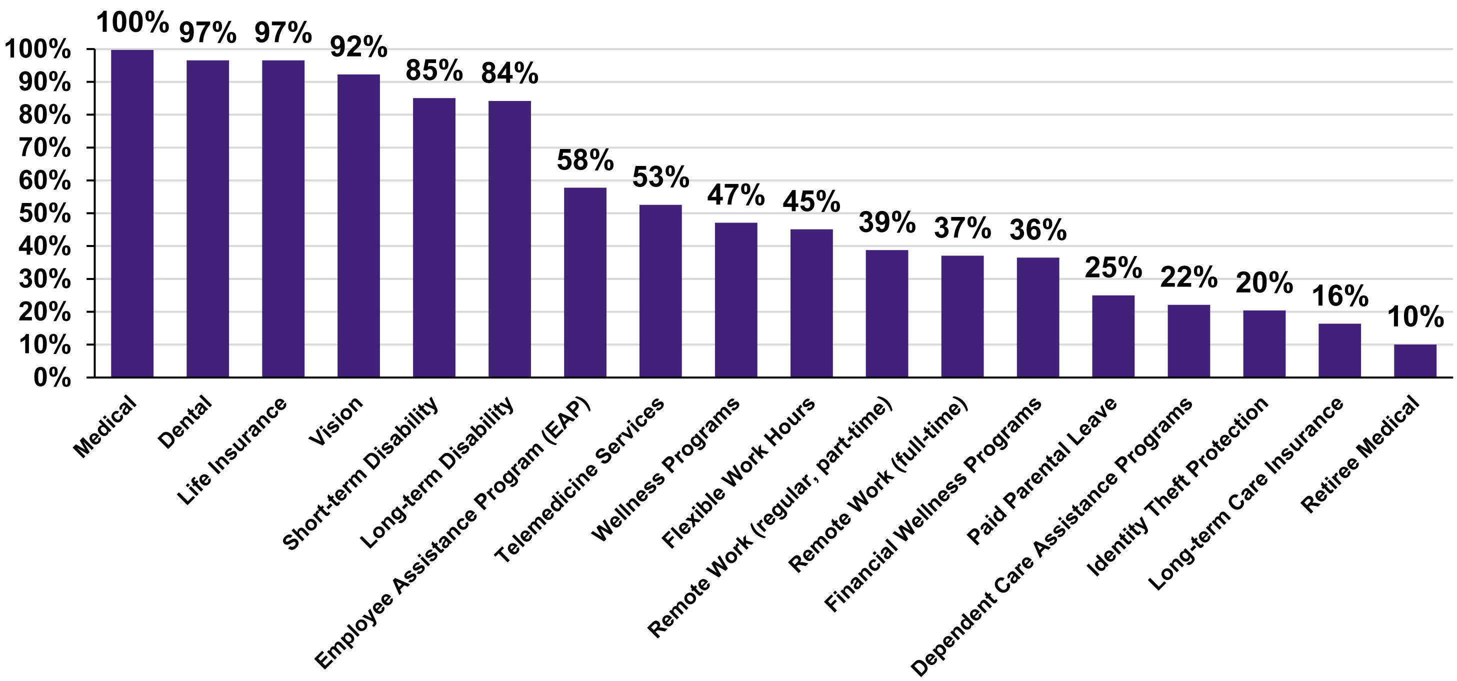
In 2021, 51% of organizations reported no actions planned to address health care costs. Larger organizations (by FTE size) are likely to require employees to pay a greater share through increased premium payments and raising deductibles. Wellness programs and managing surging specialty pharmacy costs are the next most prevalent strategies reported.

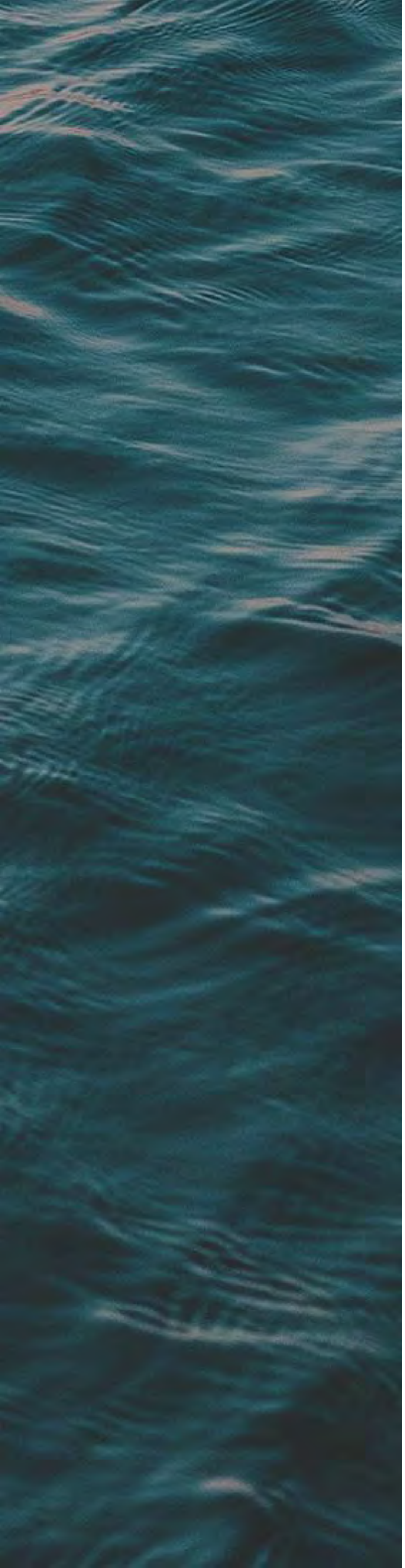
	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
No Actions Planned	51%	57%	64%	50%	33%	39%
Increase Employee Portion of Premium	29%	26%	19%	33%	43%	32%
Implement Wellness Program	13%	8%	13%	10%	10%	25%
Managing Surging Specialty Pharmacy Costs	12%	1%	6%	15%	24%	29%
Increase Employee Deductibles	12%	13%	13%	8%	14%	11%
Offer Consumer Driven Health Care Option	5%	4%	4%	10%	5%	5%
Conduct Dependent Audit	5%	3%	6%	5%	5%	9%
Pursue Coverage through a Private Exchange	3%	4%	2%	3%	5%	0%
Offer Opt-Out Incentive	2%	1%	4%	5%	5%	0%
Institute On-Site Health Center	2%	0%	2%	3%	0%	4%
Discontinue Coverage to Dependents	0%	0%	0%	0%	0%	0%
Discontinue Coverage to Part-Time Employees	0%	0%	0%	0%	0%	0%
Discontinue Coverage in State or Federal Exchange	0%	0%	0%	0%	0%	0%
N =	***255***	***91***	***47***	***40***	***21***	***56***

Benefits Currently Offered

QUESTION: ***Which of the following employee benefits do you currently offer?***

The majority of organizations offer various types of health and wellness benefits to their employees. Telemedicine services, flexible work hours and remote work options, wellness programs and financial wellness are prevalent trends in 2021. Benefits programs offered today extend beyond healthcare to support employees with flexibility and overall wellness.





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