

# COMPENSATION, RETIREMENT AND BENEFITS TRENDS REPORT

2018/2019 EDITION

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# Quick Poll

## Before we begin...

- Which of these compensation and benefits costs do YOU think is most concerning to companies?

- A. Health and welfare plan costs
- B. Wage-related costs (wages, overtime, paid time off, etc.)
- C. Retirement plan costs

Stay tuned for the results!

# Quick Poll

## Before we begin...

- Which of these compensation and benefits costs do YOU think is least concerning to companies?

- A. Retirement plan costs
- B. Health and welfare plan costs
- C. Wage-related costs (wages, overtime, paid time off, etc.)

Stay tuned for the results!

# Agenda

**CRB Survey Demographics**

**Compensation Practices**

**Health and Welfare Benefits**

**Retirement Plans**

**Questions**

**Wrap-up**



2018/2019 Compensation, Retirement and Benefit Trends Report

# DEMOGRAPHICS

# Demographics

## Key Definitions

**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

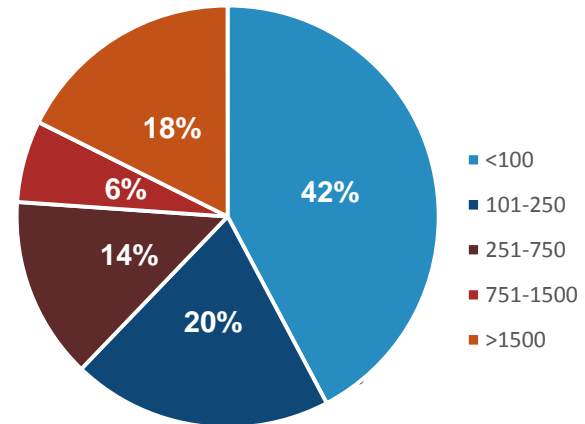
*West South Central:* Arkansas, Louisiana, Oklahoma, and Texas

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

*Pacific:* Alaska, California, Hawaii, Oregon, and Washington

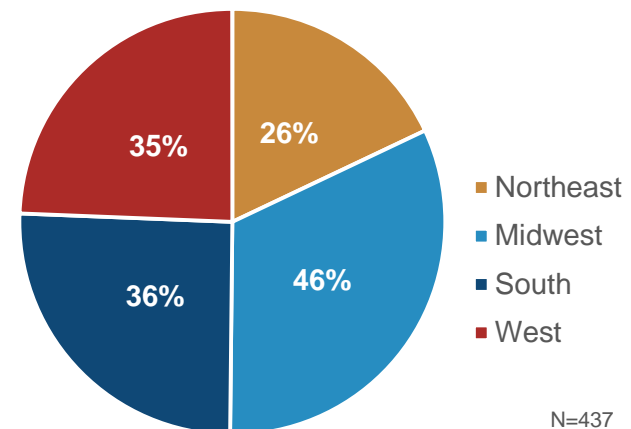
*Note: Not all respondents provided demographic information.*

### Full-Time Equivalent (FTEs)



N=431

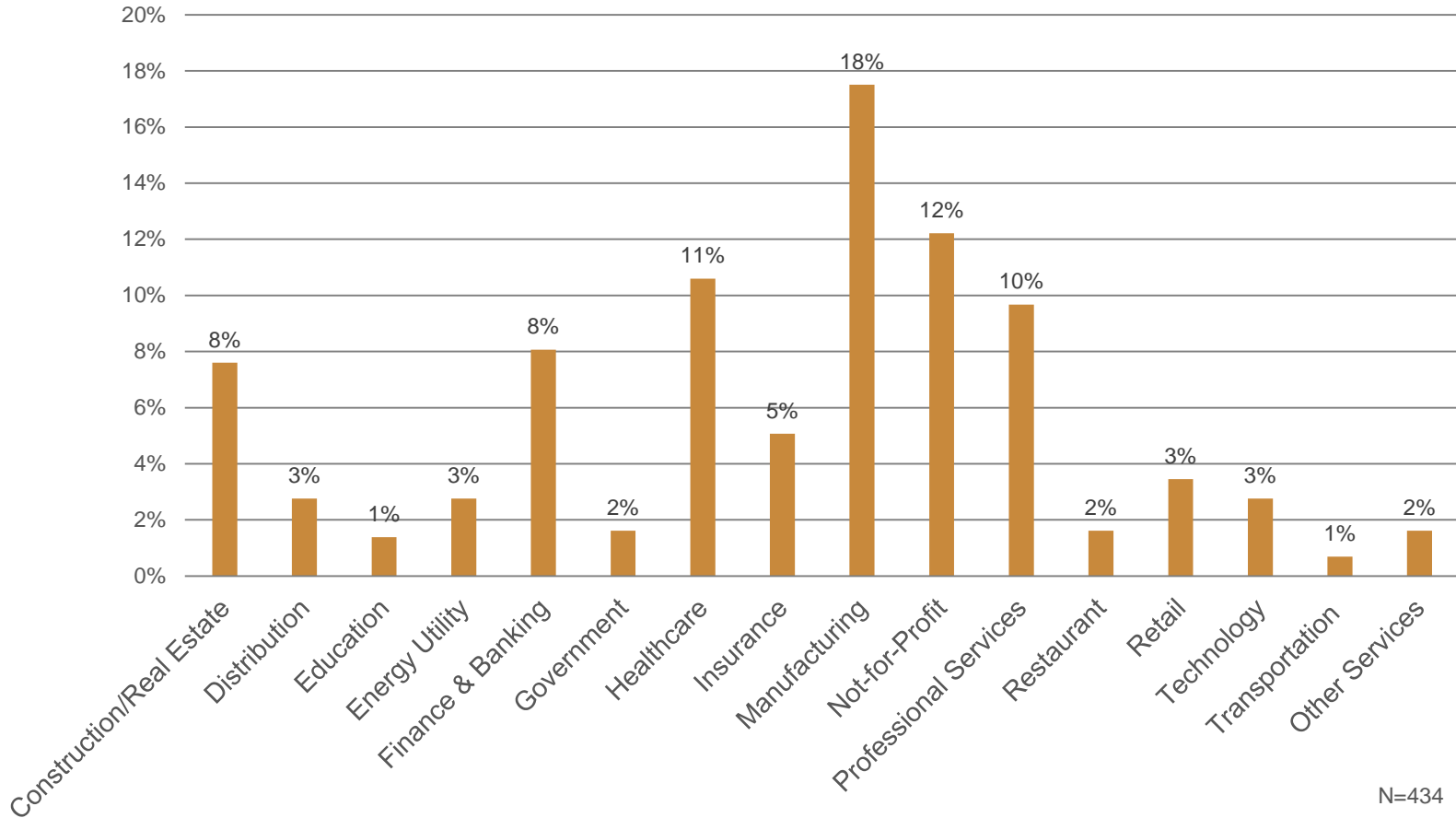
### Location



N=437

# Demographics

## Organizations by Industry



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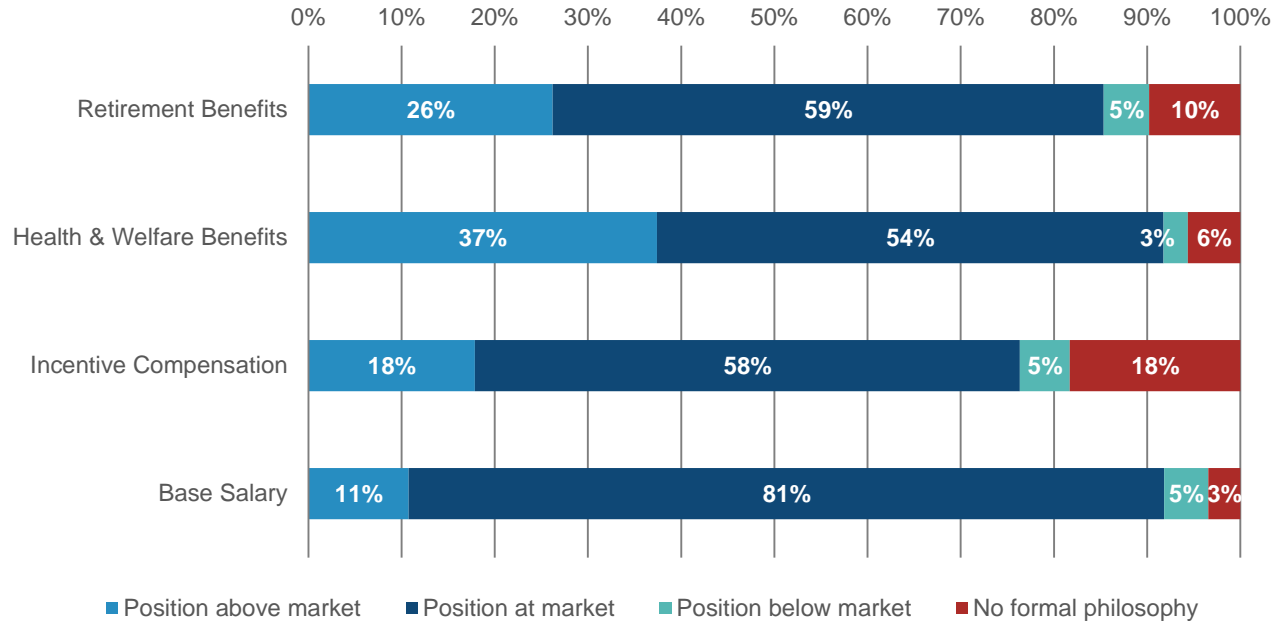
# COMPENSATION PRACTICES



# Total Compensation Philosophy

## QUESTION: What is your organization's total compensation philosophy

When considering which areas of the Total Compensation philosophy to differentiate, the greatest emphasis is placed on Health & Welfare Benefits or Retirement Benefits to be at levels above the market.

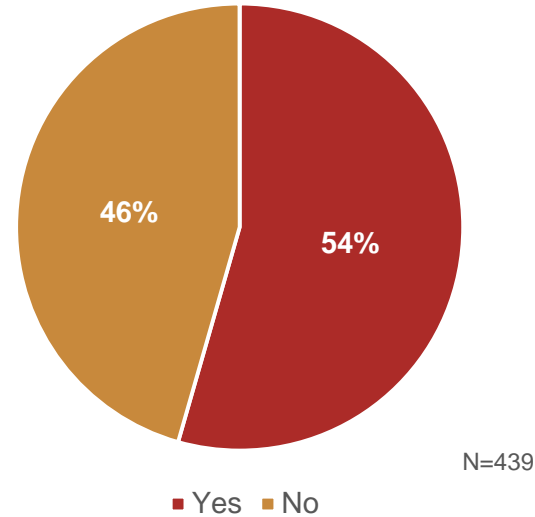


N=230

# Salary Structure

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

A slight majority of organizations utilize a formal salary structure with grades (minimums, midpoints and maximums) to manage compensation. As organization size grows (FTE count), the more likely they are to have utilize a formal structure. From a industry perspective, Healthcare, Not-for-Profit, and Finance, Banking & Insurance sectors are more likely than other groups to have a formal salary structure to manage their compensation investment.



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

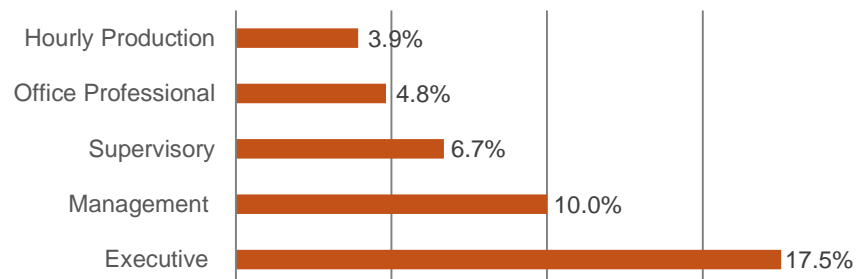
	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
<b>Yes</b>	54%	36%	56%	67%	74%	83%
<b>No</b>	46%	64%	44%	33%	26%	17%
<b>Base</b>	439	182	86	60	27	76

# Short-Term Incentive Eligibility and Award Opportunity

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

	Overall	Manufacturing, Distribution, Utilities, Technology, & Transportation	Not-for-Profit, Education, & Government	Construction & Real Estate	Other Services, Professional Services, Restaurant, & Retail	Finance, Banking, & Insurance	Healthcare
<b>Hourly Production</b>	63%	62%	58%	67%	57%	83%	56%
<b>Office Professional</b>	77%	71%	88%	93%	75%	91%	59%
<b>Supervisory</b>	79%	78%	85%	93%	77%	89%	53%
<b>Management</b>	89%	88%	88%	100%	91%	91%	81%
<b>Executive</b>	86%	90%	88%	87%	84%	89%	75%
<b>Base</b>	352	100	33	30	99	53	32

Award Opportunity for 2018 (Average)



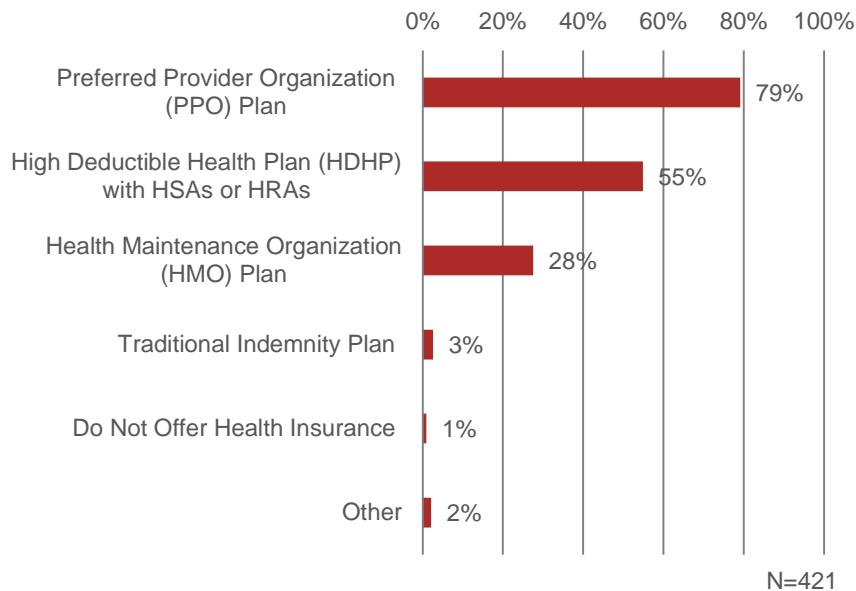
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# HEALTH AND WELFARE BENEFITS

# Health Insurance Plan Options

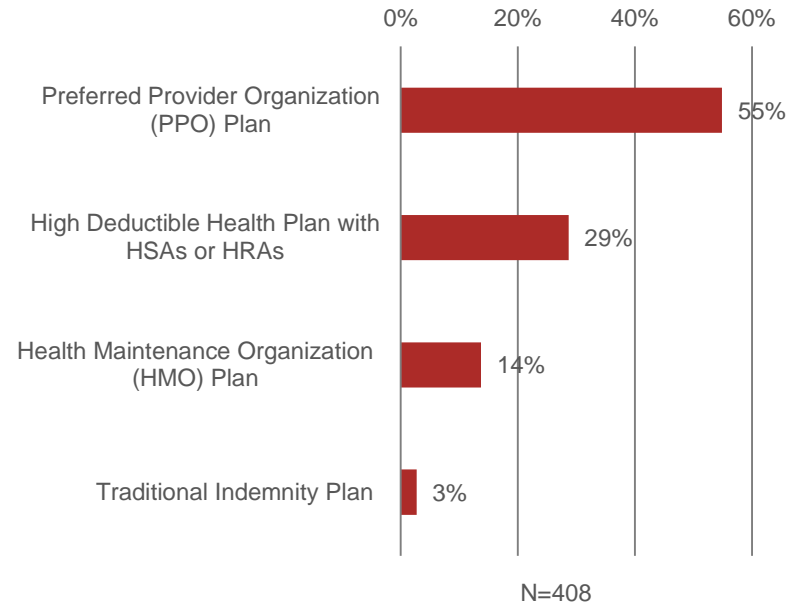
**QUESTION: Which of the following plans do you offer as health insurance options?**

Preferred Provider Organization (PPO) plans remain the most widely available health plan, offered by 79 percent of all employers. High Deductible Health Plans are holding steady with 55 percent offering as a plan option.



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

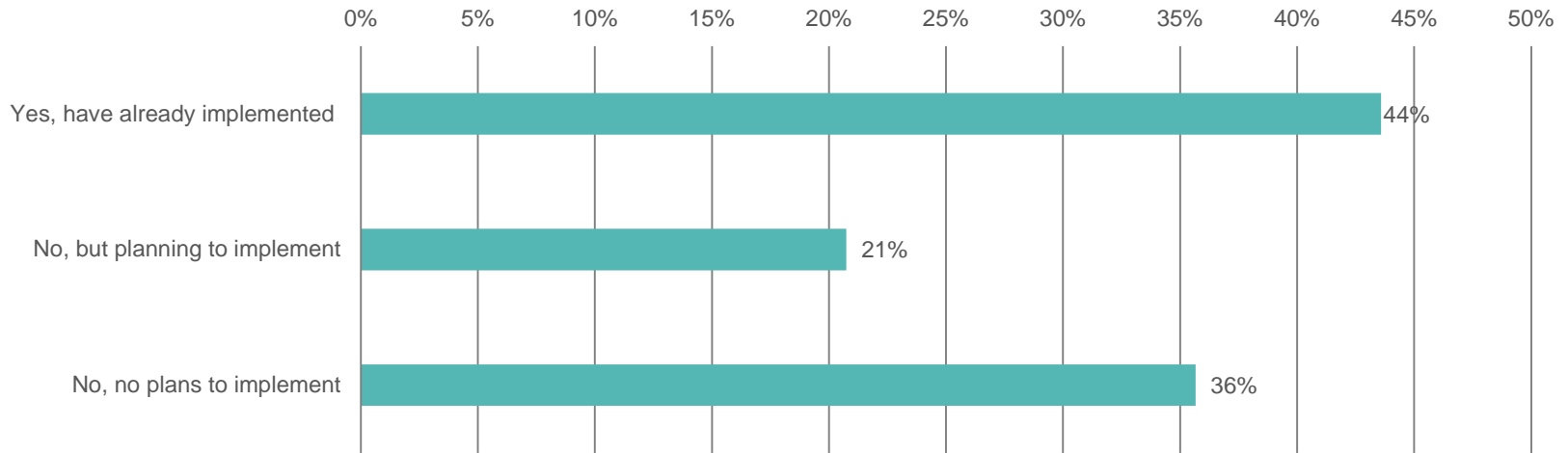
Similar to recent years, PPOs continue to be the most popular option among employees. Overall, 55 percent selected PPOs during the most recent open enrollment period.



# 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?

Just under half of organizations (44 percent) have implemented a financial wellness program to help employees prepare for current and future financial needs with another 21 percent planning to implement financial wellness programs.



N=429

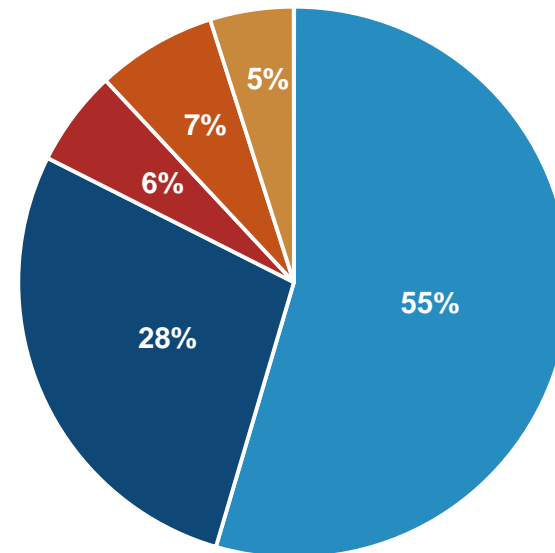
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# RETIREMENT PLANS

# Outside Advisor Involvement

**QUESTION:** How long have you been working with the same outside advisor?

Over 55 percent of respondents have been working with the same advisor for more than five years, with only 7 percent reporting they do not work with an outside advisor.



- More than five years
- Between one and five years
- One year or less
- We don't work with an outside advisor
- Don't know

N=427



# Outside Advisor Involvement by FTEs

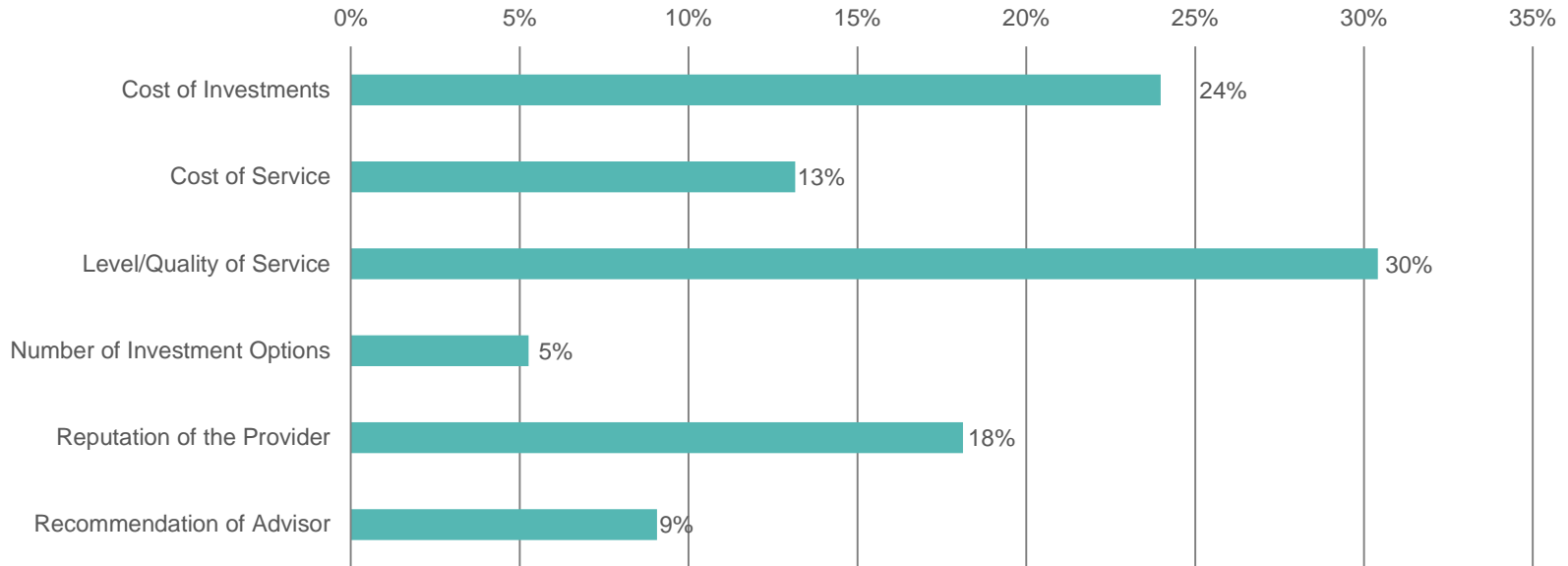
QUESTION: How long have you been working with the same outside advisor?

	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
<b>More than five years</b>	55%	55%	56%	62%	56%	44%
<b>Between one and five years</b>	28%	29%	30%	20%	30%	29%
<b>One year or less</b>	6%	3%	6%	8%	11%	8%
<b>We don't work with an outside advisor</b>	7%	10%	4%	5%	0%	10%
<b>Don't know</b>	5%	3%	5%	5%	4%	8%
<b>Base</b>	427	177	84	60	27	72

# Evaluating Retirement Plan Services

**QUESTION: Which of the following factors is MOST important in evaluating retirement plan offerings? (Please rate by level of importance, with 1 being the most important and 6 being the least important)**

In 2018, one-third of employers focused on the level and quality of services offered. The cost of investments follow close behind in importance to employers.



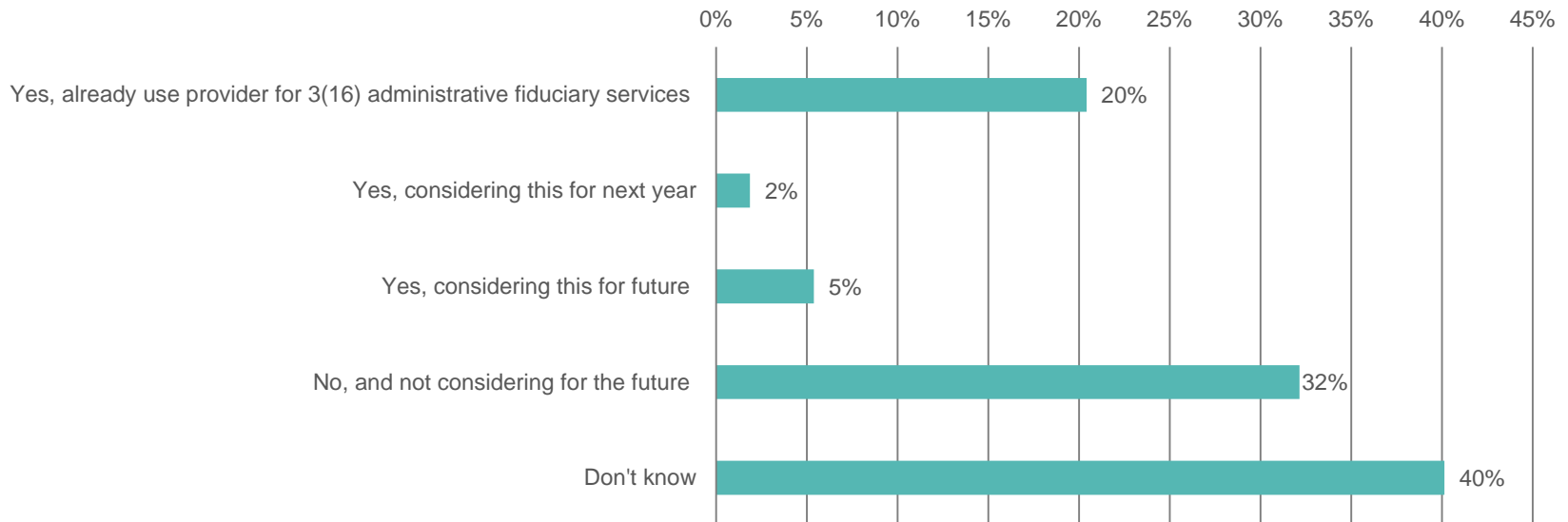
N=342

*Note: can have multiple factors as "MOST" important.*

# 3(16) Administrative Fiduciary

**QUESTION: Would the services of 3(16) administrative fiduciary be of interest to you?**

In 2018, plan sponsors used a provider for 3(16) services in 20 percent of organizations with 7 percent considering for the future.



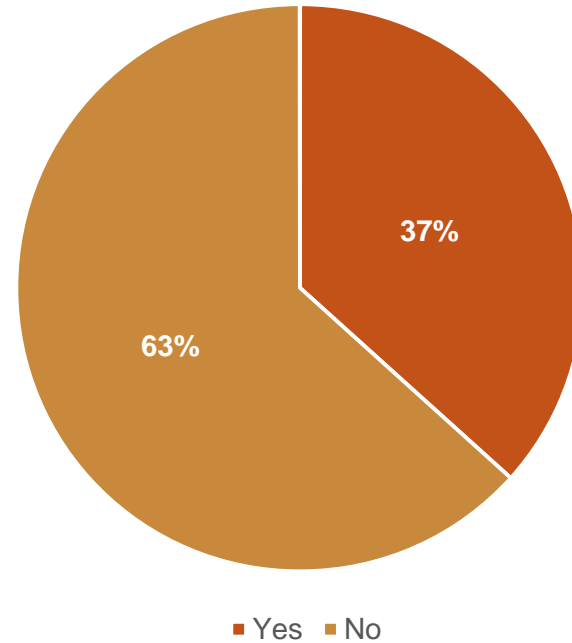
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# Non-Qualified Deferred Compensation Plans

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

Thirty-seven percent of organizations offer a non-qualified deferred compensation or benefit program to their employees. This is a slight increase over last year when 33 percent of companies offered non-qualified plans.

Note that use increases significantly and percentages essentially reverse as organization size grows, with prevalence at 72 percent when size exceeds 1,500 FTEs. This increase in percentage is consistent with our non-qualified survey which indicates that 92 percent of *Fortune* 1500 companies offer deferred compensation plans.

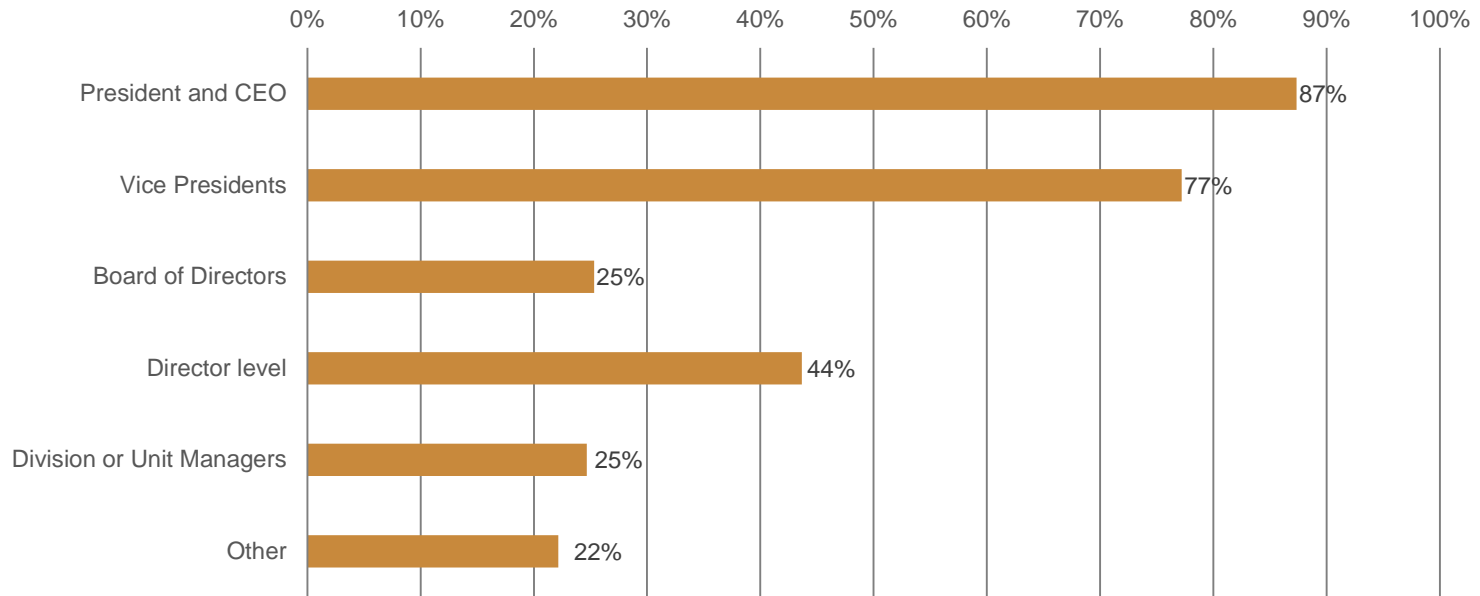


N=439

# Non-Qualified Deferred Compensation Plans Eligibility

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

As anticipated, due to the importance of the leadership responsibilities, eligibility in a non-qualified plan is most often for those in the CEO and Vice-President roles.

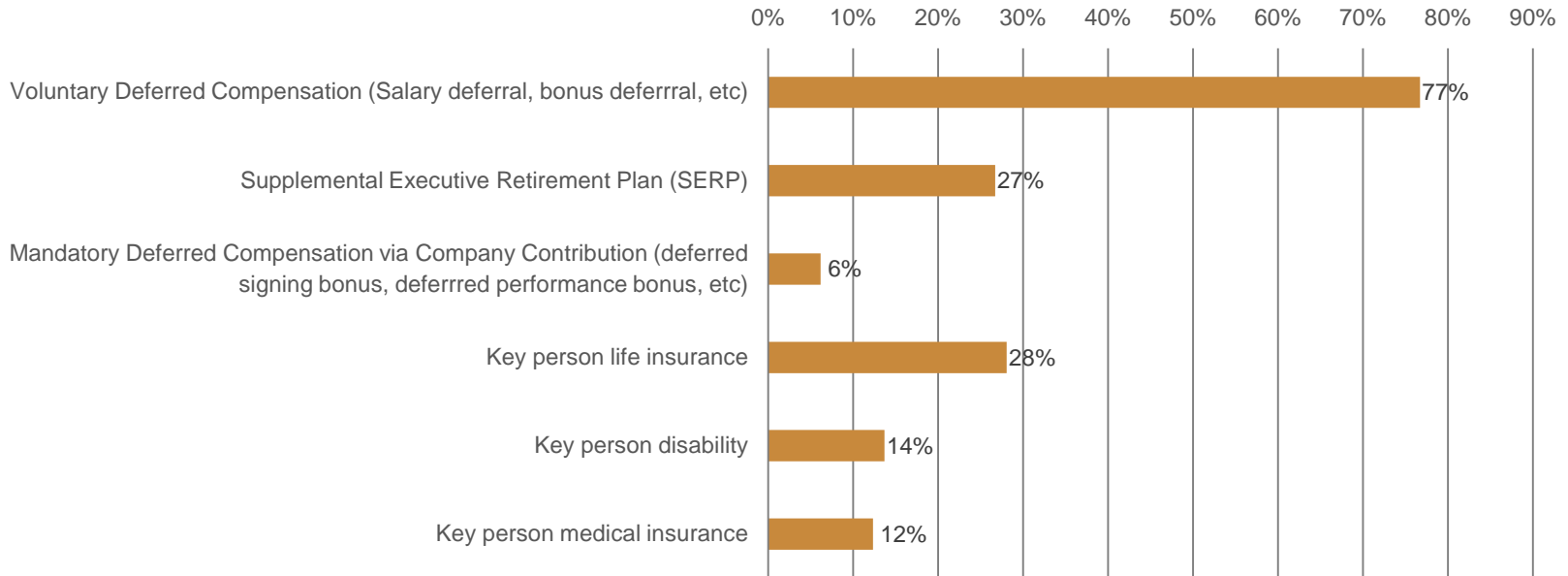


N=158

# Non-Qualified Deferred Compensation Plans

**QUESTION: Does your company offer the following non-qualified benefit programs? (Check all that apply)**

When a non-qualified benefit program is offered, a voluntary deferred compensation program was utilized most often by 77 percent of responding organizations.

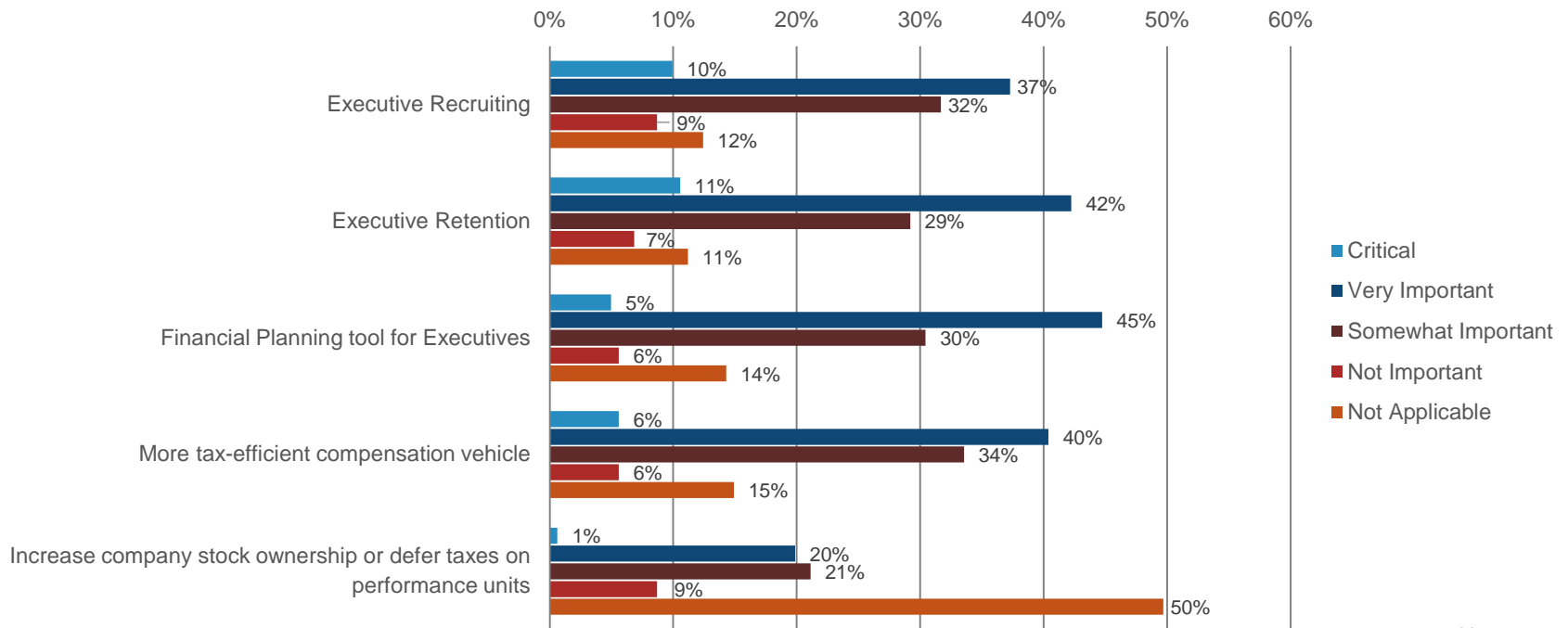


N=146

# Non-Qualified Deferred Compensation Plans Importance

**QUESTION:** How important are each of the following for your non-qualified benefit programs? (Check one box for each row)

Over half of organizations found the use of non-qualified programs to be “critical” or “very important” as a tool for executive retention and a good financial planning tool for executives. Executive recruiting and the tax efficiencies offered by these plans were also valued by respondents.



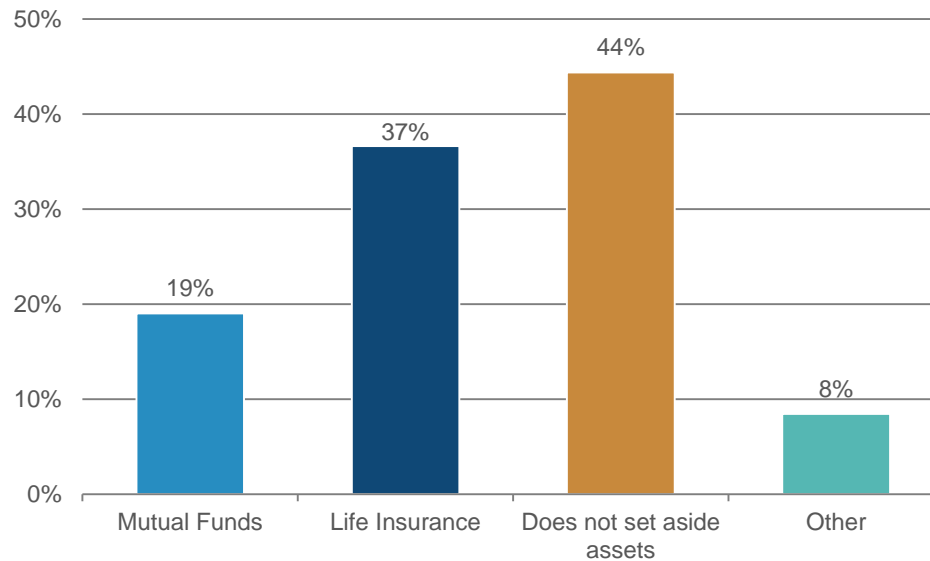
N=161

# Non-Qualified Deferred Compensation Plans

## Informal Funding

**QUESTION: Does your company set aside company assets to informally fund non-qualified plan liabilities? (Check all that apply)**

For the 56 percent of organizations that set aside company assets to informally fund non-qualified plan liabilities, the favored option is to use life insurance (37 percent) to accomplish that purpose. This was significantly higher for larger organizations with 751-1,500 employees (46 percent) and over 1,500 employees (54 percent).

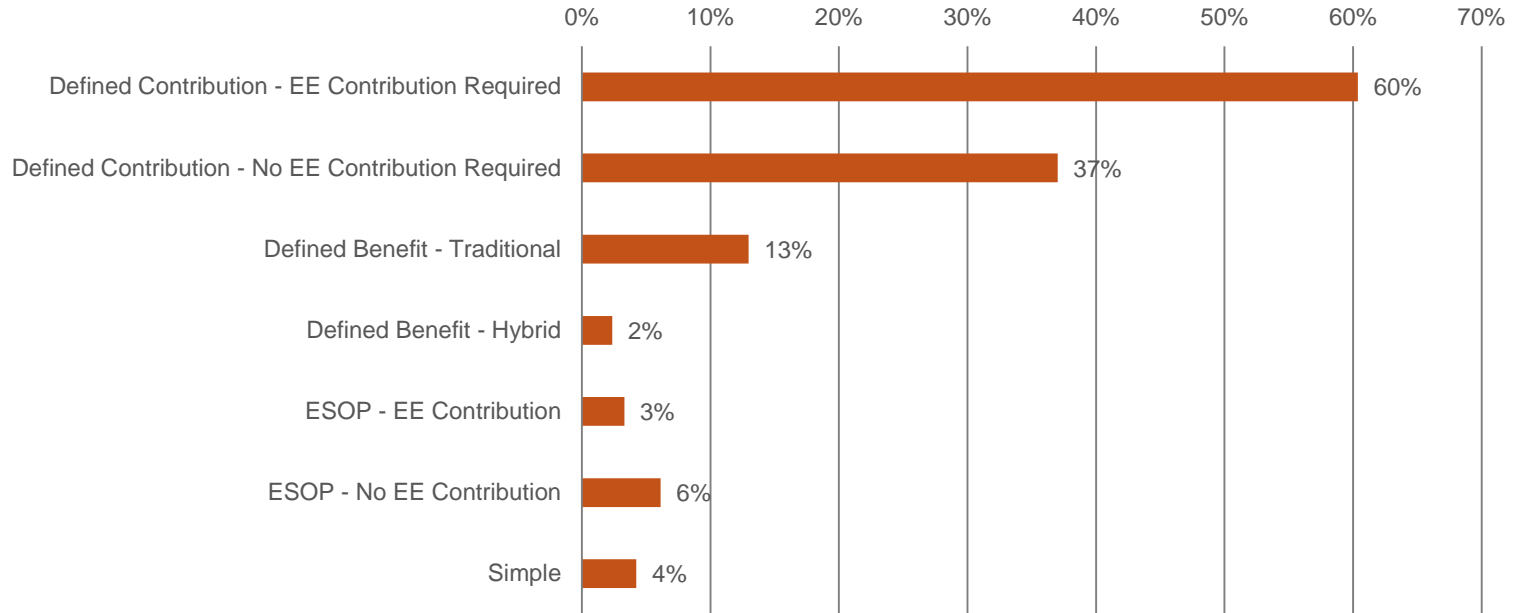




# Retirement Plan Options

**QUESTION: What type of qualified retirement plan(s) do you offer?**

The results of the 2018-2019 survey are consistent with past findings, showing the large majority (97 percent) of employers offer a defined contribution plan.

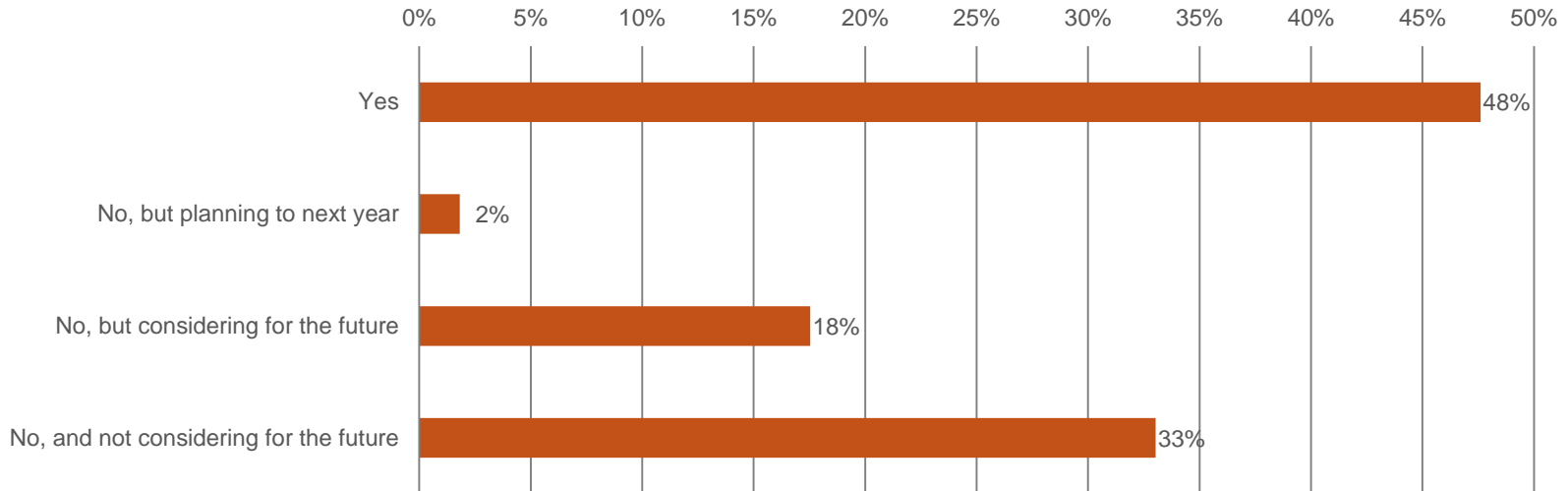


N=424

# Retirement Plan Automatic Enrollment

**QUESTION: Does your plan have an automatic enrollment feature?**

Close to half (48 percent) reported that their plan currently has an automatic enrollment feature, with an additional 20 percent of those not currently utilizing automatic enrollment either planning to add the feature next year, or considering it for the future.

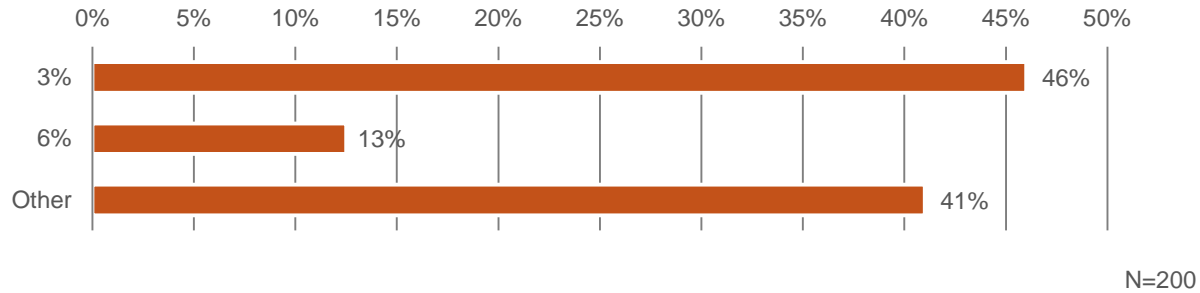


N=439

# Retirement Plan Automatic Enrollment

**QUESTION: What percentage contribution rate do you use for automatic enrollments?**

Most organizations (46 percent) use a 3-percent contribution rate as the default enrollment level, but there appears to be a wide range other contribution rates being used by 41 percent of organizations.

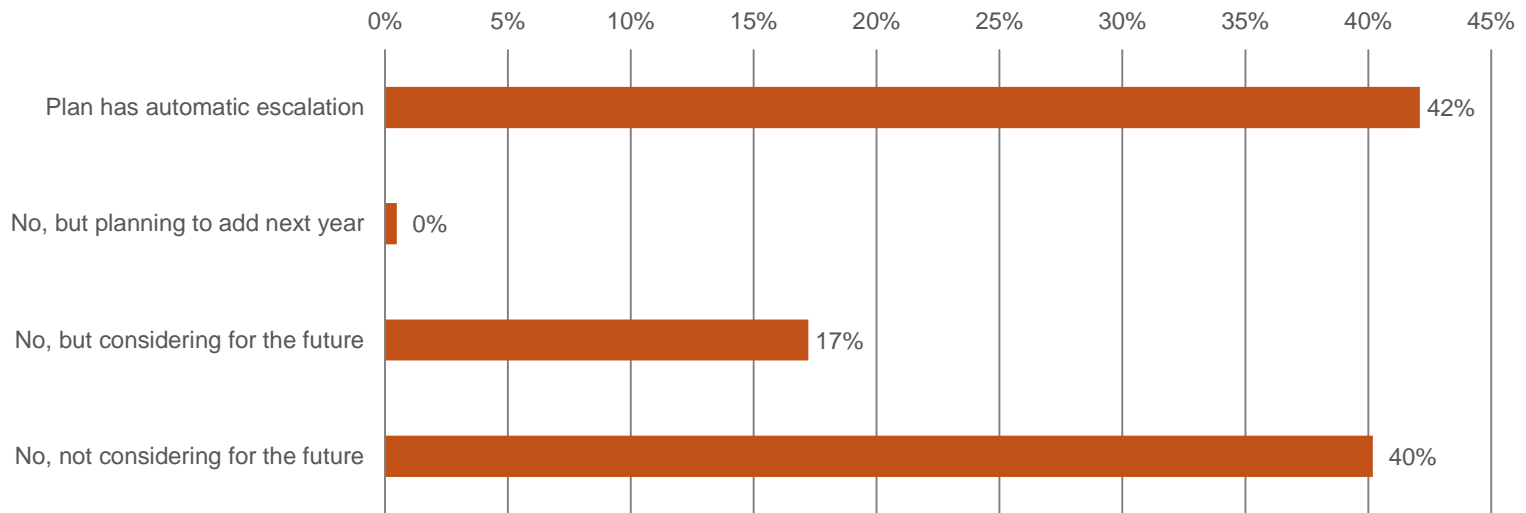


	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
<b>Three Percent</b>	46%	49%	44%	39%	47%	45%
<b>Six Percent</b>	13%	8%	12%	9%	21%	20%
<b>Other</b>	41%	43%	44%	52%	32%	34%
<b>Base</b>	200	65	34	33	19	44

# Retirement Plan Automatic Escalation

**QUESTION:** If you have or are planning to add an automatic enrollment feature, will your auto enrollment include an automatic escalation feature?

The survey found 42 percent of plans that include an automatic enrollment feature also have an automatic escalation feature, and an additional 17 percent are considering adding automatic escalation for the future.

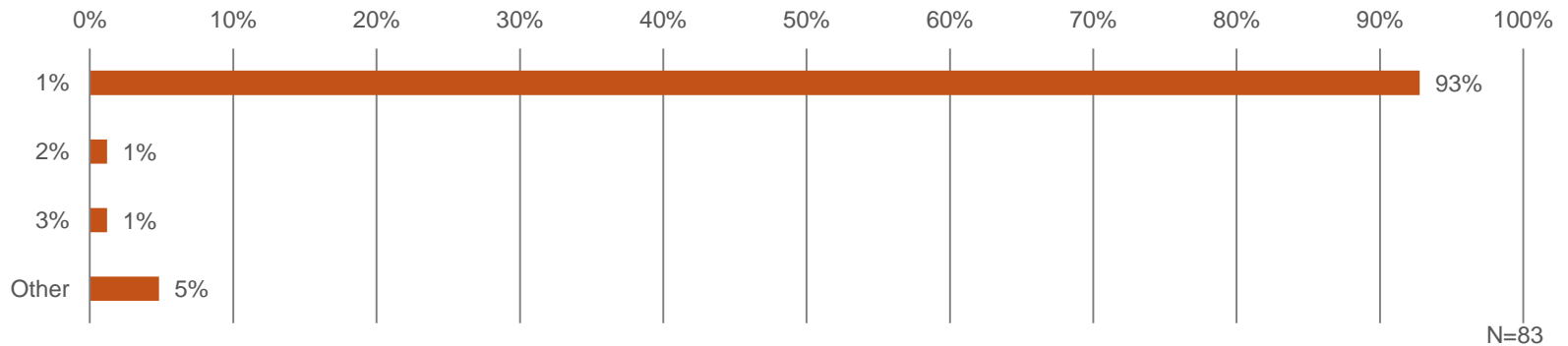


N=209

# Retirement Plan Automatic Enrollment and Escalation Benefits

**QUESTION:** If "yes" for automatic enrollment and/or automatic escalation, what percent are you considering escalating each year?

Overwhelmingly, automatic escalation is targeted at +1 percent with low variance based on employee size or industry sector.

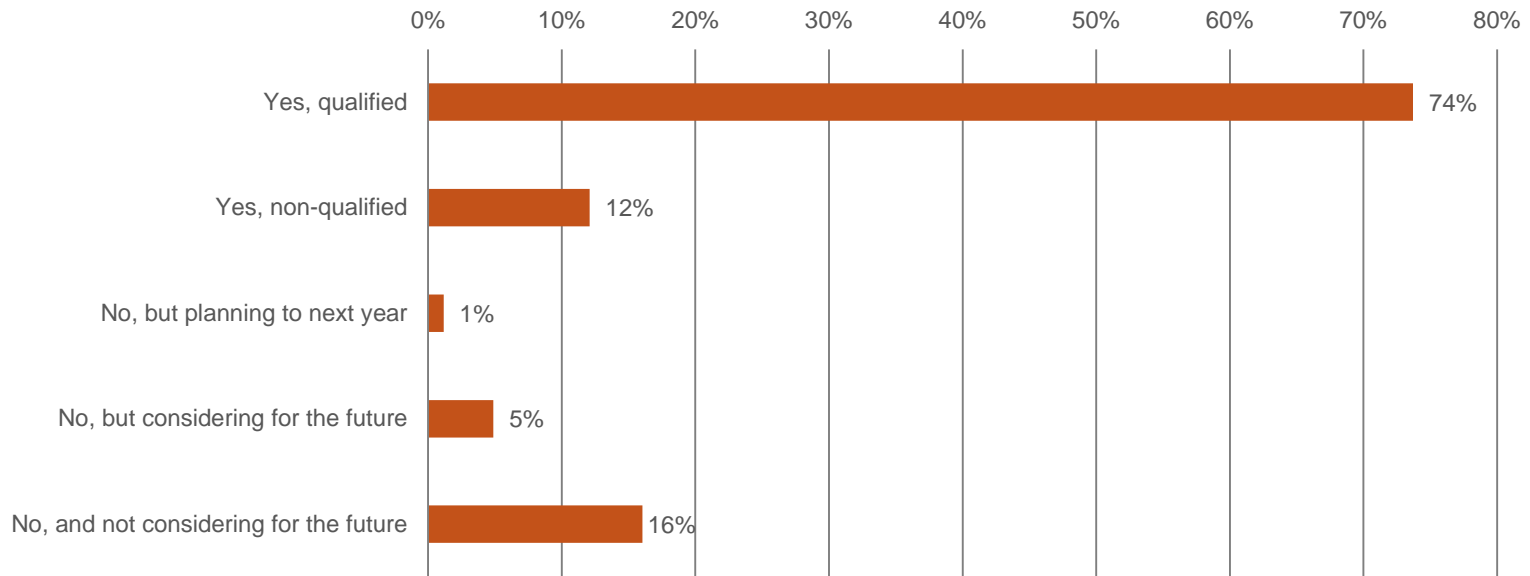


	Overall	100 or Fewer	101-250	251-750	751-1,500	1,500 or More
<b>One Percent</b>	93%	89%	85%	100%	89%	95%
<b>Two Percent</b>	1%	5%	0%	0%	0%	0%
<b>Three Percent</b>	1%	5%	0%	0%	0%	0%
<b>Other</b>	5%	0%	15%	0%	11%	5%
<b>Base</b>	83	19	13	20	9	22

# Retirement Plan Matching Contributions

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

Over three-quarters of organizations currently offer matching contributions. An additional 6 percent reported they are considering adding a match in the future.

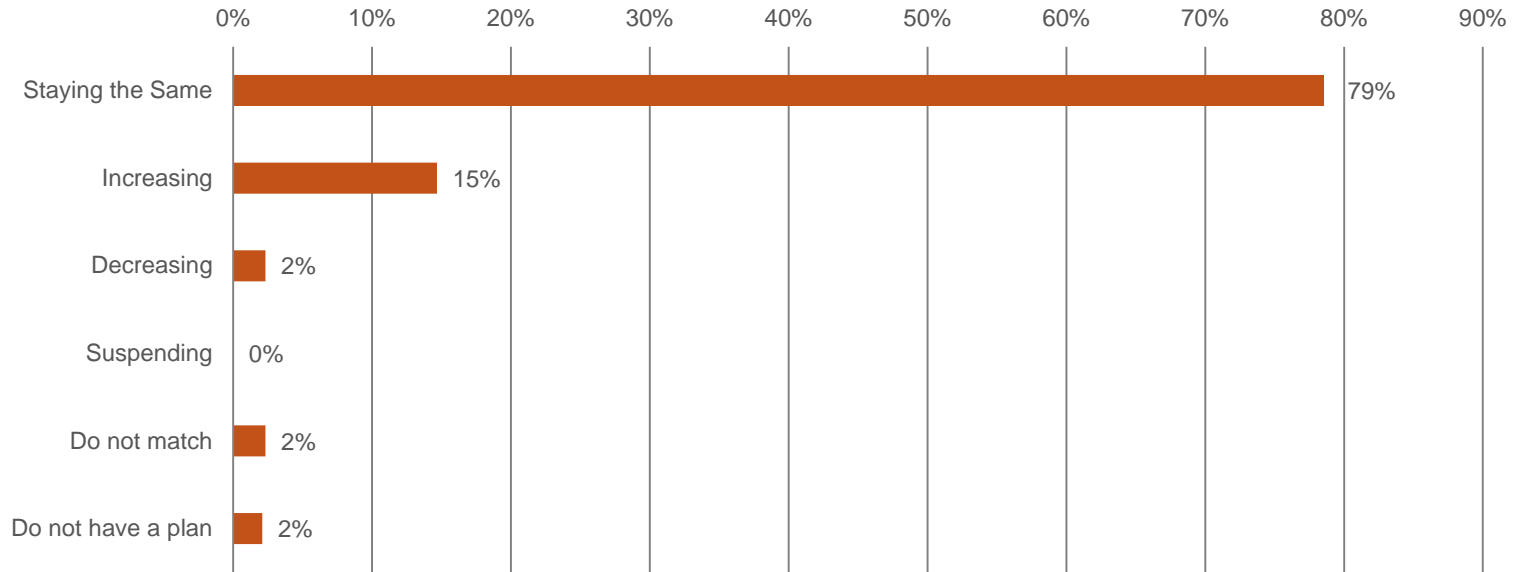


N=430

# Retirement Plan Contribution

**QUESTION: How does the projected retirement plan contribution compare to last year? (Please select one)**

Most employers (79 percent) project their retirement plan contribution will remain the same as the previous year. Across all sizes of organizations and industries though, approximately 15 percent of employers expect to increase their contribution as compared to the previous year.



N=429

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