

## Highlights from Our 2018-19 Compensation, Retirement and Benefits Trends Report

Using flexible approaches for recruiting, rewarding and retaining talent. Working with advisors on retirement programs. And turning more frequently to high deductible health plans (HDHPs). These are just a few of the findings of Newport Group's Compensation, Retirement and Benefits (CRB) Trends Report for 2018-19.

The eighth edition of our annual survey includes responses from over 400 organizations across several industries, including health care, manufacturing, banking, services and not-for-profit. Here are some key findings:

### Compensation Practices

Employers are increasingly focused on flexibility when it comes to recruiting, rewarding and retaining top performers. While median salary increase budgets remain around 3.0% for the foreseeable future, the salary increase gap between the highest and lowest performers is widening, as employers reinforce desired performance and shift compensation investments to high performers.

The use of short- and long-term incentives with performance measures aligned with strategic objectives is increasingly popular. This has been a recurring theme over the past several years, even though most labor markets are tight and unemployment has fallen to under 4% nationally.

### Non-Qualified Deferred Compensation Plans

Thirty-seven percent of organizations offer a non-qualified deferred compensation (NQDC) plan or benefit program to their employees. The survey indicates that the prevalence of NQDC plans is growing, as only 33% of companies offered these plans according to last year's survey.

The use of NQDC plans increase as the size of the company increases. For instance 87% of companies with over 1,500 employees offer these plans. When Newport Group surveyed *Fortune* 1000 companies, 92% of respondents indicated they have an NQDC plan and 93% of those responded that it is important to them to have an NQDC plan which is competitive with their peer companies.

Of all companies offering NQDC plans, more than half said the plans were "critical" or "very important" in retaining executive level talent, along with the tax efficiencies offered.

### Retirement Programs

A vast majority of all employers surveyed (97%) offer a defined contribution plan. And while the cost of such plans continue to be an important criterion when choosing a retirement plan provider, the costs of investments were a secondary concern to the level and quality of service provided.

Most plan sponsors (93%) use an advisor and just over half (55%) of those have worked with the same advisor for 5+ years.

## Health and Welfare Benefits

With employer health plan costs continuing to climb, employers still recognize the importance of offering employee group health coverage to attract and retain their workforce, with preferred provider organizations (PPOs) currently being the most widely offered and the most attractive plan to employees. The use of high deductible health plans (HDHPs) continues to increase, with 55% of our respondents now offering this as an alternative.

Premium costs have tempered as compared to past years, with the predominant increase in the range of 4% to 8%. To manage health plan costs, an increasing number of employers reported passing on a greater portion of those costs to employees through higher premiums, higher deductible plans and/or larger co-payments among other plan design options.

For more information, be sure to [register for our upcoming webinar in January 2019](#) where Newport Group will share key results from this year's report.

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