

Notes

Value of Workplace Benefits: Findings from the 2016 Health and Voluntary Workplace Benefits Survey, p. 2

By Paul Fronstin, EBRI, and Lisa Greenwald, Greenwald & Associates

A T A G L A N C E

The EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS) examines a broad spectrum of health care issues, including workers' satisfaction with health care today, their confidence in the health care system and the Medicare program, and their attitudes toward benefits in the workplace. It is co-sponsored by the Employee Benefit Research Institute (EBRI) and Greenwald & Associates with support from eight private organizations.

The 2016 survey was conducted online June 16–23, 2016, using the Research Now consumer panel. A total of 1,500 workers in the United States ages 21–64 participated in the survey. The data were weighted by gender, age, and education to reflect the actual proportions in the employed population.

This *EBRI Notes* article identifies the key findings of the 2016 survey:

- One-third of workers (32 percent) are only somewhat satisfied with the benefits offered by their current employer, and 20 percent are not satisfied.
- One-half (49 percent) are extremely or very confident that their employer will continue to offer a similar benefits package three years from now. Those who are less confident that their benefits will remain the same tend to believe their benefits will weaken.
- Workers continue to value employment-based health insurance as their most important benefit. Eighty-seven percent of workers report that employment-based health insurance is extremely or very important, followed by a retirement savings plan (77 percent) and dental or vision (72 percent).
- Two-thirds are confident in their ability to make informed benefits choices. Yet, nearly as many would welcome benefits advice from a third-party advisor or an online program.
- Workers identify lower cost, choice, and the convenience of paying pre-tax and through payroll deductions as strong advantages of voluntary employment-based benefits.

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2016 Health and Voluntary Workplace Benefits Survey Underwriters

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In Memoriam

The authors would like to acknowledge the longtime contributions of Ruth Helman, research director at Greenwald & Associates, who passed away earlier this year. Ruth was a brilliant researcher and colleague. Her constant stewardship of the Health and Voluntary Workplace Benefits Survey and her attention to detail enhancing the reputation of this survey will be dearly missed.

Introduction

The Employee Benefit Research Institute (EBRI) has been conducting “value of benefits” surveys for 20 years to determine the relative importance of different benefits to workers and to assess the role played by benefits in job choice and job change over time. The surveys show consistency in the value of some benefits and substantial change in the value of others.

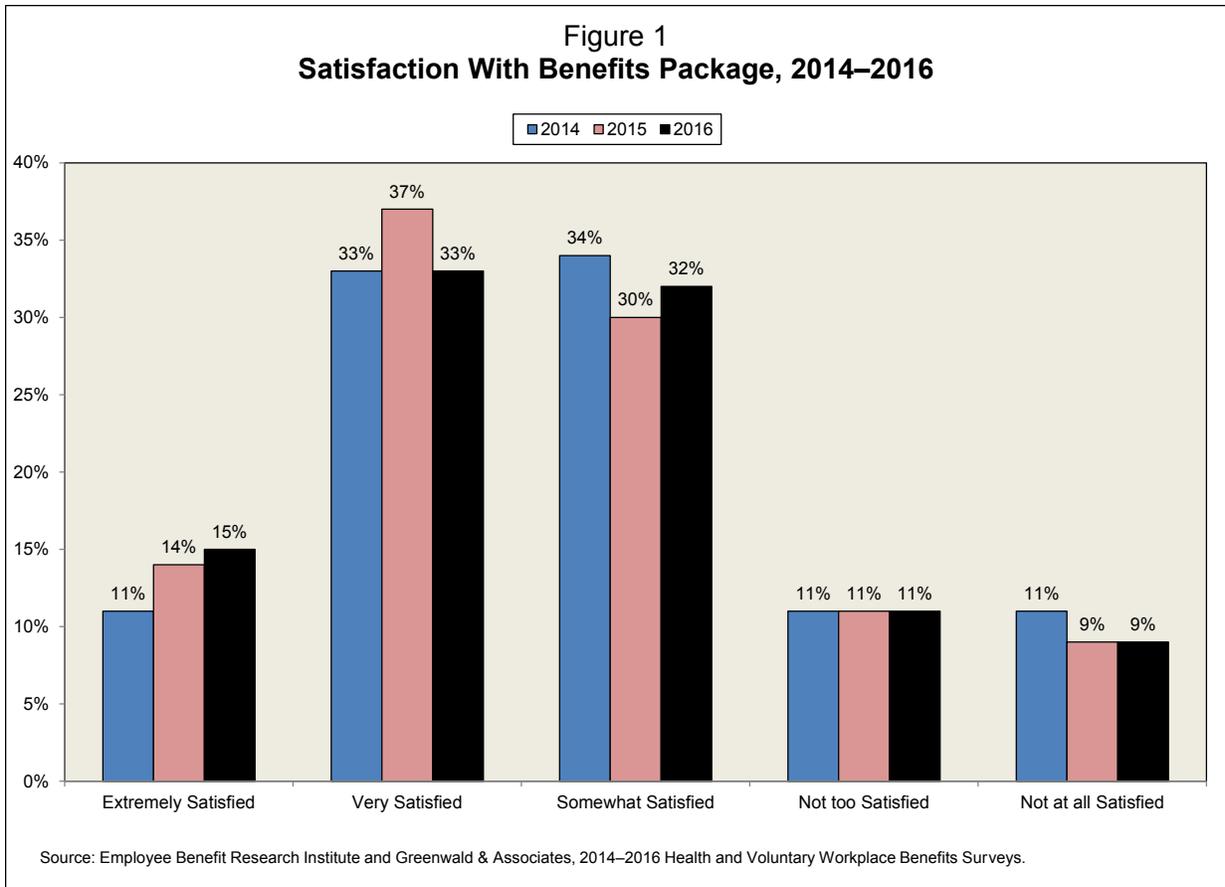
This *Notes* article examines public opinion surrounding workplace benefits, particularly voluntary benefits. Data come from the 2016 EBRI/Greenwald Health and Voluntary Workplace Benefits Survey (WBS). Among other topics, the survey examines a broad spectrum of workplace-benefit issues, with a particular focus on voluntary workplace benefits.

The Importance of Employee Benefits

In general, workers are moderately satisfied with the benefits package offered by their employer. While 15 percent report being extremely satisfied and 33 percent are very satisfied, another 32 percent are only somewhat satisfied, and 20 percent are either not too satisfied (11 percent) or not at all satisfied (9 percent) (Figure 1).

Importantly, job satisfaction and worker morale continued to be strongly correlated with benefits satisfaction. Nearly 6 in 10 workers (59 percent) who are extremely satisfied with their benefits are also extremely satisfied with their job overall (compared with 18 percent who are very satisfied with their benefits or just 8 percent who are not satisfied with their benefits). Similarly, more than 2 in 5 workers who are extremely satisfied with their benefits package describe current employee morale at their workplace as excellent (43 percent), compared with fewer than 1 in 10 (8 percent) among those dissatisfied with their benefits.

Workers overwhelmingly consider health insurance to be the most important workplace benefit when considering whether to stay in a current job or choose a new job. Nearly two-thirds (64 percent) say this benefit is extremely important, while an additional 23 percent consider it to be very important (Figure 2).



A retirement savings plan (rated extremely or very important by 77 percent of workers) and dental or vision insurance (rated extremely or very important by 72 percent) are also among the highest-rated benefits. Over one-half of workers say traditional pension or defined benefit plans (54 percent), life insurance (52 percent), and disability insurance (52 percent) are important.

While generally satisfied with their current benefits package, some workers express concern about whether their employer will provide similar benefits in the future. One-half of workers (49 percent) are extremely or very confident that their employer will offer a similar package three years from now. However, among those who are less confident, 4 in 10 (43 percent) believe their employee benefits package will worsen, including fewer benefits or lower value.

Benefits Coverage in the Workplace

Benefits coverage in the workplace, including health insurance, is far from universal. More than 8 in 10 workers (82 percent) report their employer offers them health insurance (Figure 3). Three in four each indicate they are offered dental insurance (74 percent) or a retirement savings plan (74 percent), and about two-thirds each say they are offered vision insurance (67 percent) or life insurance (63 percent). Nearly 6 in 10 report their employer offers them short-term disability insurance (58 percent), and one-half report their employer offers them long-term disability insurance (51 percent). However, one-third or fewer say they are offered long-term care insurance (33 percent), accident insurance (28 percent), supplemental health insurance for workers (21 percent), critical illness (19 percent), or cancer insurance (16 percent).

When offered, health insurance (92 percent) is most likely to be paid for in part or in full by the employer. Three-quarters of workers report their employer pays all or some of the cost for their dental (77 percent) or vision (76 per-

cent) benefits. Roughly 7 in 10 say their employer covers at least some of the cost of their life insurance (70 percent) and short-term disability, while 63 percent believe their employer pays for some or all of their long-term disability. Accident insurance (61 percent say employer pays at least some of cost) and supplemental health for workers (53 percent say employer pays at least some of cost) are more likely to be voluntary employee-paid benefits. The benefits most likely to be offered on a voluntary basis are long-term care (51 percent say employer pays at least some of cost), critical illness (50 percent), and cancer insurance (44 percent).

Figure 2
Importance of Various Employee Benefits, 2014–2016

		Extremely Important	Very Important	Somewhat Important	Not too Important	Not at all Important
Health insurance	2016	64	23	9	2	2
	2015	64	24	8	2	2
	2014	65	21	8	3	2
Retirement savings plan	2016	45	32	16	4	3
	2015	40	35	17	5	3
	2014	40	35	19	4	2
Dental or vision	2016	37	35	19	6	3
	2015	33	37	22	5	3
	2014	30	36	23	8	2
Traditional pension or defined benefit plan	2016	25	29	29	12	6
	2015	20	30	31	14	5
	2014	23	27	31	14	6
Life insurance	2016	26	27	28	14	6
	2015	18	28	32	15	8
	2014	17	26	34	17	6
Retiree health insurance	2016	21	27	30	15	7
	2015	16	25	33	19	8
	2014	17	25	32	19	6
Disability insurance	2016	21	31	30	13	5
	2015	15	32	34	14	4
	2014	15	29	36	15	5
Long-term care insurance	2016	15	27	33	18	7
	2015	10	25	38	20	7
	2014	11	23	38	22	6
Other health-related insurance	2016	17	27	32	17	7
	2015	11	27	38	19	6
	2014	11	24	38	20	6
Other benefits	2016	9	15	30	32	14
	2015	6	13	27	34	21
	2014	5	10	28	37	20

Source: Employee Benefit Research Institute and Greenwald & Associates, 2014–2016 Health and Voluntary Workplace Benefits Surveys.

Not all workers offered a benefit at the workplace take advantage of it, though participation is markedly lower when the employer does not contribute to the cost. Overall, about 8 in 10 who are offered health insurance (85 percent), a retirement savings plan (83 percent), or dental insurance (79 percent) report they currently take advantage of these benefits through their employer (Figure 4). Between two-thirds and three-quarters of those offered vision insurance (72 percent), life insurance (76 percent), or a traditional pension or defined benefit plan (71 percent) indicate they take advantage of this coverage through the workplace, while approximately 6 in 10 each report that they have elected short-term disability insurance (64 percent) or long-term disability insurance (58 percent). Fewer report taking up other benefits offered by their employer.

One-half (46 percent) of those with benefits through their employer report they spent \$1.00 to less than \$2,500 on these benefits in 2016 (excluding any contributions to a retirement plan). Nearly 2 in 10 (18 percent) spent between \$2,500 and \$4,999, but 14 percent report spending \$5,000 or more. Thirteen percent indicate they are not sure how much they spent on their employee benefits in 2015 (Figure 5). These amounts may be more than some can afford: 1 in 10 (10 percent) say they reduced or discontinued some other employee benefits in the past year in order to pay for health insurance.

Figure 3
Percentage of Employees Reporting Benefits Are Offered by Employer, 2014–2016

	Offered			Not Offered			Don't Know		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Health insurance	78%	80%	82%	20%	20%	17%	2%	0%	1%
Dental insurance	72	70	74	23	27	24	5	3	2
Retirement savings plan	71	70	74	25	27	23	4	2	3
Vision insurance	64	63	67	30	33	29	6	4	4
Life insurance	64	63	63	28	32	31	9	5	5
Short-term disability insurance	57	56	58	30	33	30	13	11	11
Long-term disability insurance	53	49	51	31	36	36	15	15	13
A health savings account (HSA)	50	49	49	39	42	39	11	9	12
Accidental death & dismemberment insurance	50	46	43	33	38	40	17	17	17
Accident insurance	34	32	28	42	45	47	24	23	25
Traditional pension or defined benefit plan	33	31	35	55	58	53	12	10	12
Long-term care insurance	30	31	33	45	47	46	25	22	21
Supplemental health insurance for workers	23	25	21	49	49	54	28	26	26
Critical illness insurance	19	20	19	49	52	54	32	27	27
Stock options	19	18	18	70	73	70	12	9	12
Home health insurance	15	17	12	52	52	58	33	31	30
Pre-paid legal services	17	16	19	69	74	60	14	10	21
Cancer insurance	16	15	16	53	56	58	31	29	26
Supplemental health insurance for retirees on Medicare	14	14	17	52	56	52	34	30	30
Health insurance for early retirees	13	14	16	51	53	51	36	33	33
Hearing aid benefits	NA	NA	12	NA	NA	57	NA	NA	30

Source: Employee Benefit Research Institute and Greenwald & Associates, 2014–2016 Health and Voluntary Workplace Benefits Surveys.

Understanding of Benefits

Workers are confident in their ability to make informed benefits decisions, with 64 percent feeling very or extremely confident (Figure 6). Six in 10 workers (60 percent) claim to understand their health benefits very or extremely well, while just one-half (48 percent) feel they understand their non-health benefits as well.

However, a substantial minority of workers may be confused about some of the benefits their employer offers them. Roughly 3 in 10 each state they do not know whether their employer offers them health insurance for early retirees (33 percent), home health insurance (30 percent), supplemental health insurance for retirees (30 percent), or supplemental health for workers (26 percent). Roughly one-quarter do not know if they are offered critical illness insurance (27 percent), cancer insurance (26 percent), accident insurance (25 percent) or long-term care insurance (21 percent). Even when workers know that the benefits are offered, sizeable shares (ranging from 1 in 10 to just

over 2 in 10) do not know whether their employer contributes to the cost of the coverage or whether it is a voluntary employee-paid benefit.

Figure 4
Reported Take-up of Workplace Benefits, 2014–2016

	Among All Employees			Among Employees Offered Benefit		
	2014	2015	2016	2014	2015	2016
Health insurance	64%	68%	70%	82%	85%	85%
Retirement savings plan	57	57	61	80	82	83
Dental insurance	59	56	59	81	80	79
Vision insurance	47	47	48	74	75	72
Life insurance	50	46	48	79	73	76
Short-term disability insurance	38	34	38	66	61	64
Long-term disability insurance	34	29	30	63	59	58
Accidental death & dismemberment insurance	30	26	25	60	58	59
Traditional pension or defined benefit plan	25	22	25	74	69	71
Health savings account (HSA)	19	20	22	38	42	46
Accident insurance	15	13	14	45	41	50
Stock options	9	9	10	49	51	58
Long-term care insurance	11	8	9	36	25	28
Supplemental health insurance for workers	6	7	7	26	29	34
Critical illness insurance	7	6	7	34	28	35
Prepaid legal services	6	6	7	33	36	38
Home health insurance	3	5	5	23	31	38
Cancer insurance	5	4	6	33	27	34
Supplemental health insurance for retirees on Medicare	3	3	5	20	18	31
Health insurance for early retirees	3	3	5	21	19	29
Hearing aid benefits	NA	NA	4	NA	NA	35

Source: Employee Benefit Research Institute and Greenwald & Associates, 2014–2016 Health and Voluntary Workplace Benefits Surveys.

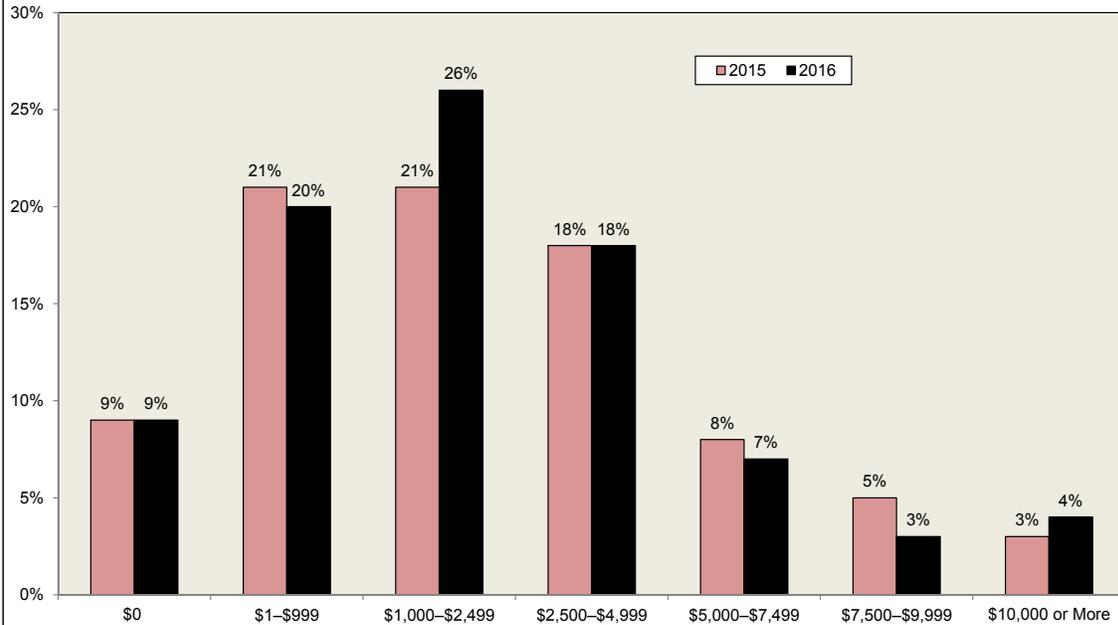
Many workers state that they would take advantage of benefits advice, either through a third-party benefits advisor provided at no cost (21 percent extremely likely and 37 percent very likely) or an online program offered at no cost (21 percent and 36 percent). In addition to receptivity to online advice, workers express a strong preference for online benefits enrollment as well. More than one-half (55 percent) prefer online enrollment methods versus just 16 percent who prefer a paper method.

Attitudes Toward Voluntary Benefits

Lower costs and increased choice are seen as key advantages of voluntary benefits (Figure 7). One-half (51 percent) report that a strong advantage of voluntary benefits is that purchasing these benefits through an employer may cost less than purchasing them on their own, with another 30 percent saying this is a moderate advantage. In fact, one-half of workers are extremely (18 percent) or very (33 percent) confident that insurance and other benefit products are less expensive when purchased through the workplace (Figure 8).

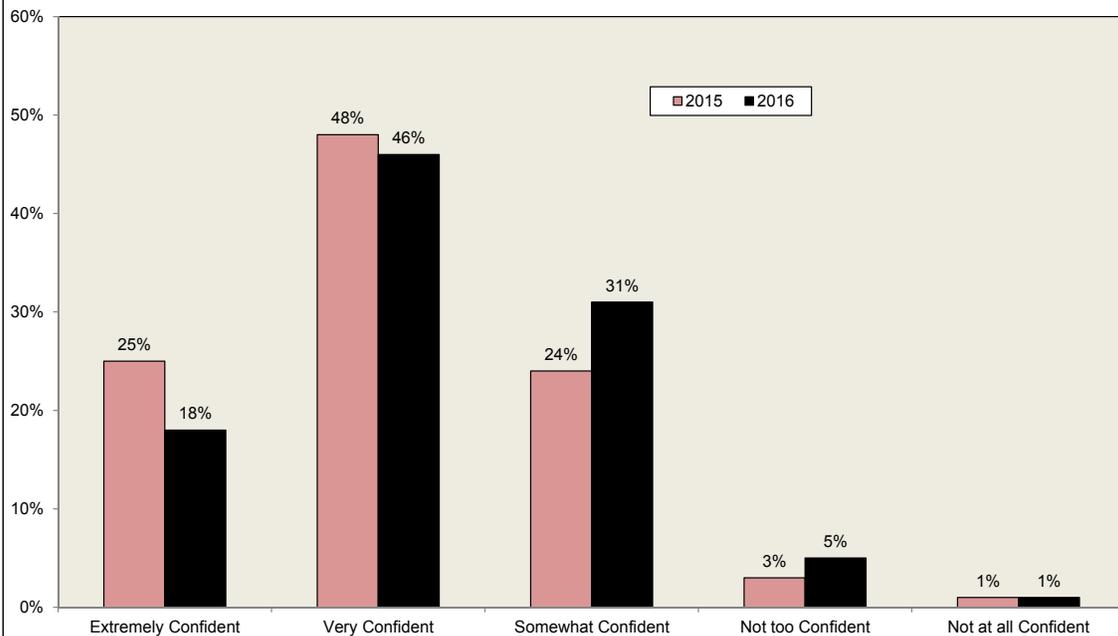
One-half (47 percent) report that the ability to choose which benefits they want to purchase is a strong advantage, and 36 percent say it is a moderate advantage. Portability is cited as a strong or moderate advantage by 80 percent.

Figure 5
Amount Employees Report Spending on Benefits, Among Those With at Least One Benefit Through Their Employer, 2015–2016



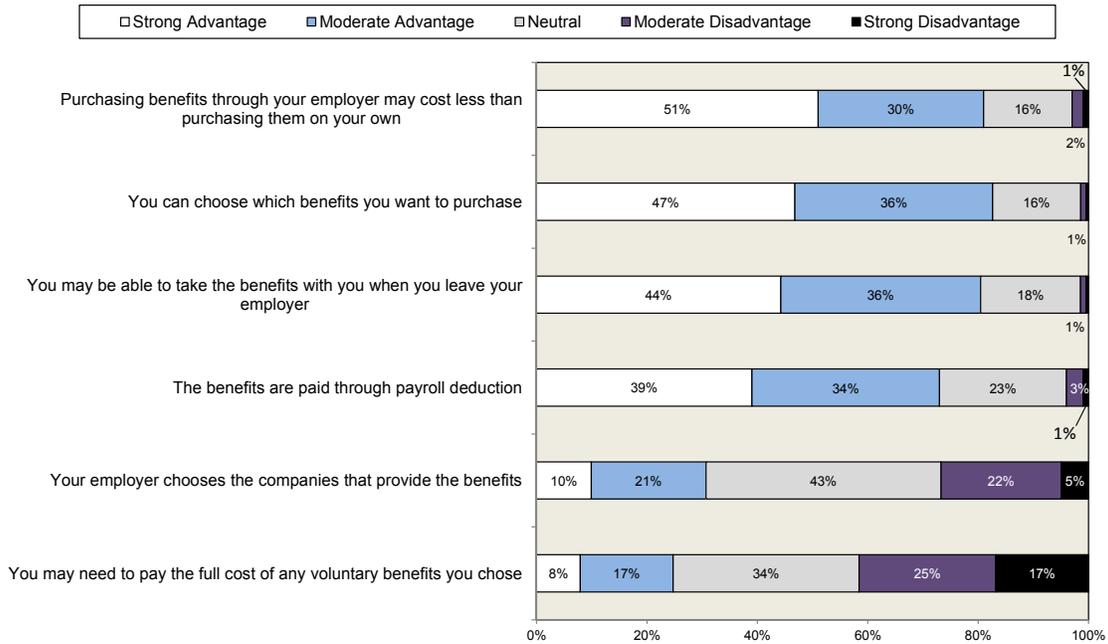
Source: Employee Benefit Research Institute and Greenwald & Associates, 2015–2016 Health and Voluntary Workplace Benefits Surveys.

Figure 6
Confidence in Ability to Make Informed Decisions About Benefits, 2015–2016



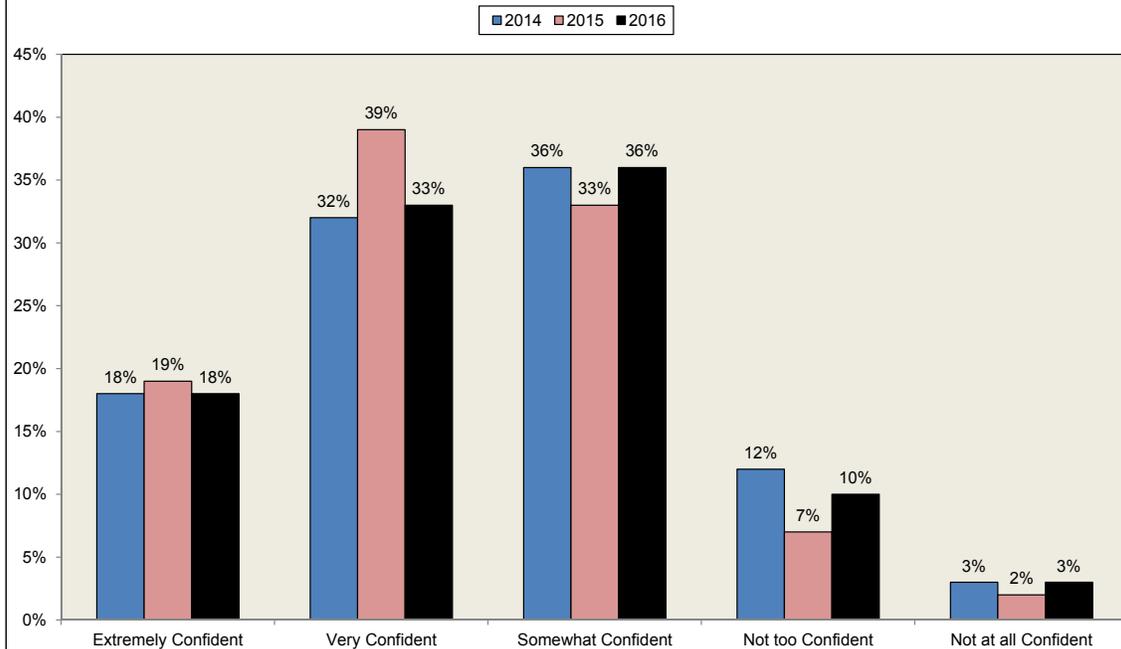
Source: Employee Benefit Research Institute and Greenwald & Associates, 2015–2016 Health and Voluntary Workplace Benefits Surveys.

**Figure 7
Advantages and Disadvantages of Voluntary Benefits, 2016**



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Health and Voluntary Workplace Benefits Survey.

**Figure 8
Employee Confidence That Benefits Purchased Through the Workplace are Less Expensive, 2014–2016**



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014–2016 Health and Voluntary Workplace Benefits Surveys.

About 3 in 4 workers feel that paying for voluntary benefits with pre-tax dollars (76 percent) and paying through payroll deduction (73 percent) are strong or moderate advantages.

Though not a majority, some workers dislike the idea of paying for benefits on their own without an employer contribution. Four in 10 (41 percent) identify the potential of having to pay the full cost of any voluntary benefits they choose as a strong or moderate disadvantage. In addition, workers are almost as likely to say that the employer choosing the companies that provide the benefits is a disadvantage (26 percent) as they are to say it is an advantage (30 percent). Moreover, workers are split with respect to how comfortable they feel having their employer pick their benefits providers. While almost one-half (47 percent) are extremely or very comfortable having their employer pick the companies that provide their health insurance benefits, another 4 in 10 (38 percent) are only somewhat comfortable, and 15 percent are not too or not at all comfortable (Figure 9). Similar splits are found for comfort with having their employer pick their life-insurance provider (44 percent extremely or very comfortable, 16 percent not too or not at all comfortable), retirement-benefits provider (42 percent and 17 percent), disability insurance provider (42 percent and 14 percent), and providers for plans that help with out-of-pocket medical and hospital costs (41 percent and 16 percent).

A majority of workers think it is important for their employer to offer them a choice of benefit plans, particularly when it comes to health plans (Figure 10). Eight in 10 say it is extremely (45 percent) or very (37 percent) important for their employer to offer them a choice of health plans. Nearly 3 in 4 feel it is extremely (34 percent) or very (40 percent) important to be offered a choice of retirement plans, while more than half indicate it is extremely or very important to have a choice of plans that help with out-of-pocket medical and hospital expenses (61 percent), disability plans (55 percent), and life insurance plans (55 percent).

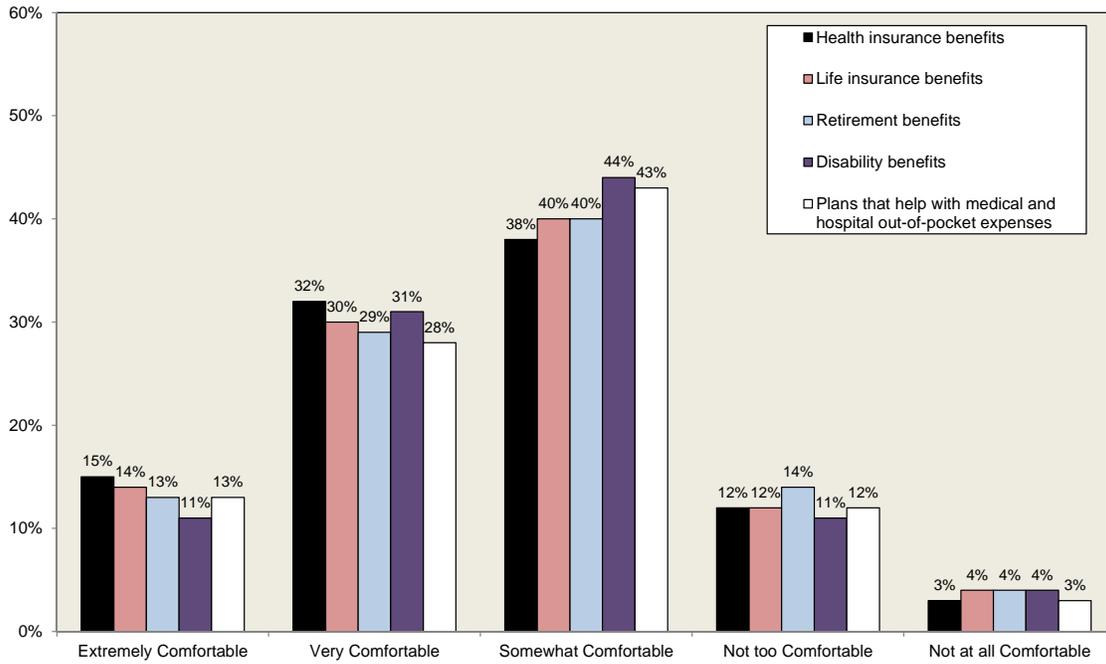
Conclusions

Employee benefits continue to be important to workers, and workers remain satisfied with their current benefits packages. With the enactment of the Patient Protection and Affordable Care Act of 2010 and continued trends shifting costs to employees, many workers remain confident that their employers will continue to offer similar benefits into the future. Some, however, express concern about their benefits weakening in the coming years.

Workers clearly prefer that their employers continue to pay for benefits. Approximately 4 in 10 each express a preference for employers continuing to offer and pay for benefits the way they have in the past (42 percent) or choosing benefits from a list provided by the employer, with the employer continuing to pay the amount they currently spend toward these benefits and the worker paying any remaining amount (39 percent). Just 2 in 10 (20 percent) prefer shifting toward a system where the employer gives the worker the money they currently spend on benefits and leaves it up to workers to decide whether to purchase benefits on their own and how much to spend.

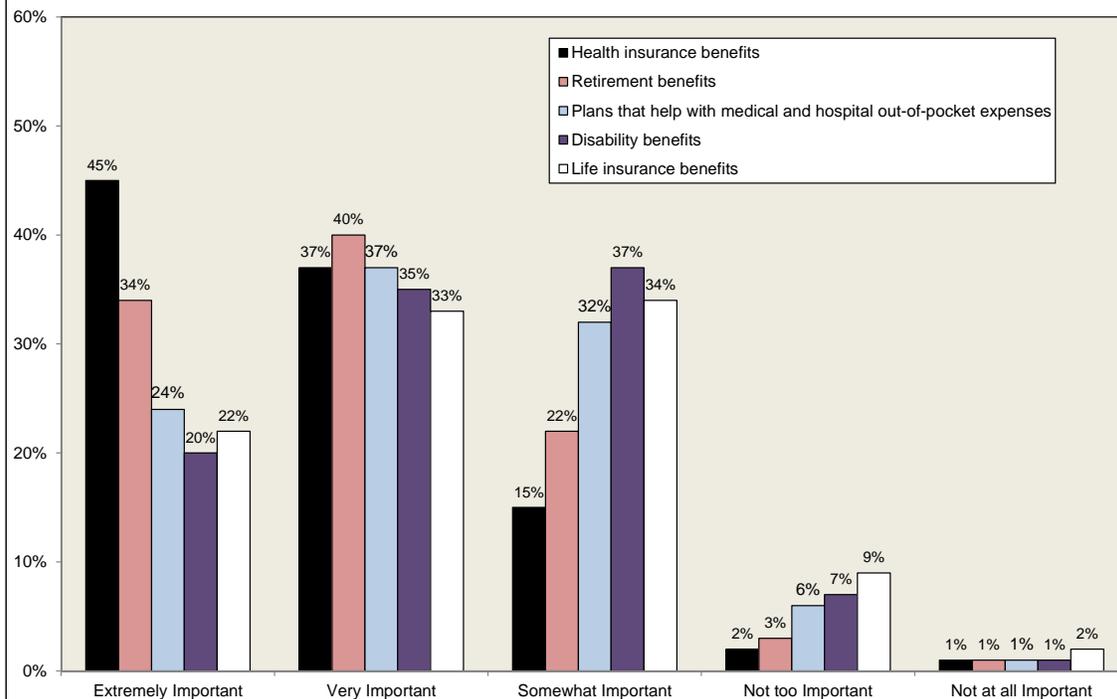
Employers who offer a strong employee benefits package that balances costs and choice should find themselves with a competitive advantage over other companies when it comes to attracting and retaining desirable workers and will have more satisfied employees overall.

Figure 9
Employee Comfort With Having Employer
Pick Benefits Providers, 2016



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Health and Voluntary Workplace Benefits Survey.

Figure 10
Importance of Employer Offering a Choice of Benefit Plans, 2016



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Health and Voluntary Workplace Benefits Survey.

Appendix—The 2016 WBS

The 2016 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS) examines a broad spectrum of health care issues, including workers' satisfaction with health care today, their confidence in the health care system and the Medicare program, and their attitudes toward benefits in the workplace.

The WBS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan, public-policy research organization, and Greenwald & Associates, a Washington, DC-based market research firm. The 2016 WBS data collection was funded by eight private organizations. Staffing was donated by EBRI and Greenwald & Associates. Additional WBS materials may be accessed at the EBRI website: www.ebri.org/surveys/hcs/

The 2016 survey was conducted online June 16–23, 2016, using the Research Now consumer panel. A total of 1,500 workers in the United States ages 21–64 participated in the survey. The data are weighted by gender, age, and education to reflect the actual proportions in the employed population.

Previously published trend data from the EBRI/Greenwald & Associates Health Confidence Survey (HCS) may differ from those published in more recent reports as the earlier data have been recut from the total adult population to match the survey population of the WBS (i.e., workers ages 21–64). In addition, 2013–2016 data are not directly comparable with data from years prior to 2013 due to the move from telephone to online fielding in 2013.

No theoretical basis exists for judging the accuracy of estimates obtained from non-probability samples such as the one used for the WBS. However, there are possible sources of error in all surveys (both probability and non-probability) that may affect the reliability of survey results. These include imperfect sampling frames, refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, interviewer bias, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.



Notes

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