



2018 BENEFITS BAROMETER CANADA STUDY:

Championing Change. Controlling Costs. Building Consensus.

HUB International's research study reveals the top priorities of today's HR professionals — and why long-term strategic planning is key to winning support from leadership *and* employees.

Canadian employers of all sizes are striving to attract and retain talent and enhance workplace culture. They want to develop and implement benefits programs that will give employees what they want and need — while keeping costs in check.

HUB International's 2018 Canadian Employers Benefits Study, conducted by SourceMedia and *Employee Benefit News*, highlights several areas where small-to-mid-sized companies can gain ground when it comes to attracting, retaining and competing for talent.

Based on the research findings, human resources professionals should keep the following insights in mind:

- Winning executive management support for new initiatives requires a strategic approach that ties benefits to business objectives.
- Managing costs requires a more data-driven understanding of the cost drivers that impact both employers and employees.
- Increasing employee understanding and satisfaction with benefits requires a commitment to ongoing communication in addition to offering a wider range of options to meet diverse needs.

Executive Summary

According to the survey findings:

- **While employee wellness is the top priority** for HR professionals, many struggle to convince executive management of the connection between wellness and enhanced productivity and morale.
- **Managing costs for both employers and employees is key.** More than 3 of every 4 respondents indicate that they are planning to implement one or more cost management strategies in the near future.
- **Flexible benefit plans are the most common strategy used to manage costs,** with 19% of companies leveraging the tactic in 2017.
- **Getting buy-in from upper management is a major concern,** with survey respondents reporting difficulty getting support to introduce flexible benefits (24%), wellness programs (21%), new cost management strategies (20%) and changes to retirement plans (20%).
- **Strategic planning could help** HR professionals win executive management support. Nearly half (45%) of respondents are taking 18 months or more to plan their benefits, which suggests that many are taking a longer-term approach to their benefits planning.
- **Perceptions of employee satisfaction may be inflated.** Consider the following: 93% of employers report that their employees are somewhat to extremely satisfied with their benefits, yet one-third say their employees do not really understand their benefits.
- **Technology is not a top-of-mind concern,** as only 11% of respondents plan to implement a new, or improve an existing, benefits administration technology platform or software solution in 2018.

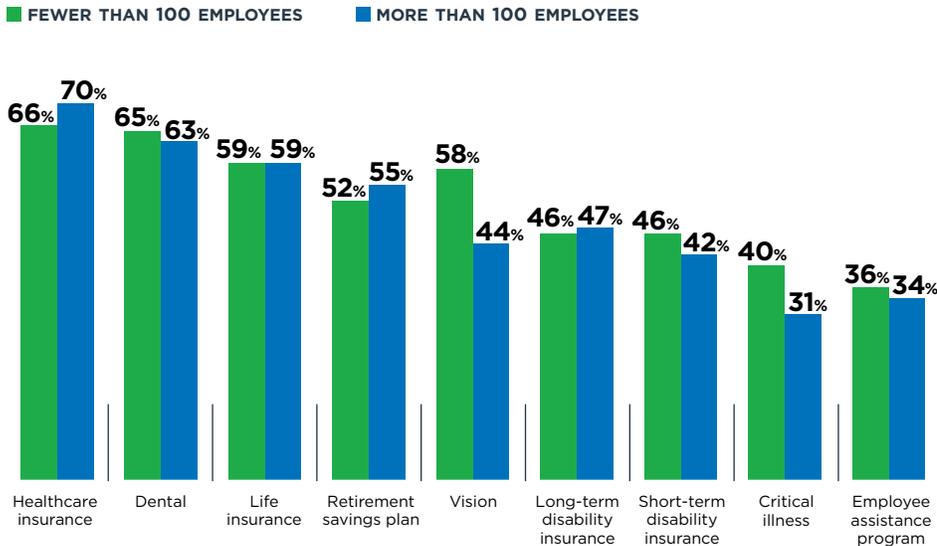
Methodology

In December 2017, SourceMedia Research/Employee Benefit News conducted an online survey of 193 benefits decision-makers at small (20 to 99 employees), medium-sized (100 to 500 employees) and large (500 to 999 employees) Canadian companies.



FIGURE 1. Current Benefits Offerings

Survey question: Which of the following benefits do you currently provide (either sponsored or unsponsored) to your employees?



Source: HUB International Employee Benefits Barometer 2018 Study, SourceMedia Research/*Employee Benefit News*, December 2017

Employee Wellness Is a Top Priority

Cited by 38% of respondents, health and wellness emerged as the top priority for HR professionals. Many human resources professionals, however, report difficulties in convincing executive management of the connection between wellness and enhanced productivity and morale. One survey respondent points to the challenge of “making top management see the intangible benefits of spending more money on employees’ well-being and morale.”

Canadian companies are most likely to implement wellness programs in order to boost employee morale (29%) and productivity (23%) and reduce employee turnover (22%). To meet these goals, HR professionals plan to continue to focus on health and wellness in the future, with their top priorities being to communicate an employee value proposition (39%), focus on mental health (32%), align safety with wellness (26%) and enhance financial wellness (25%).

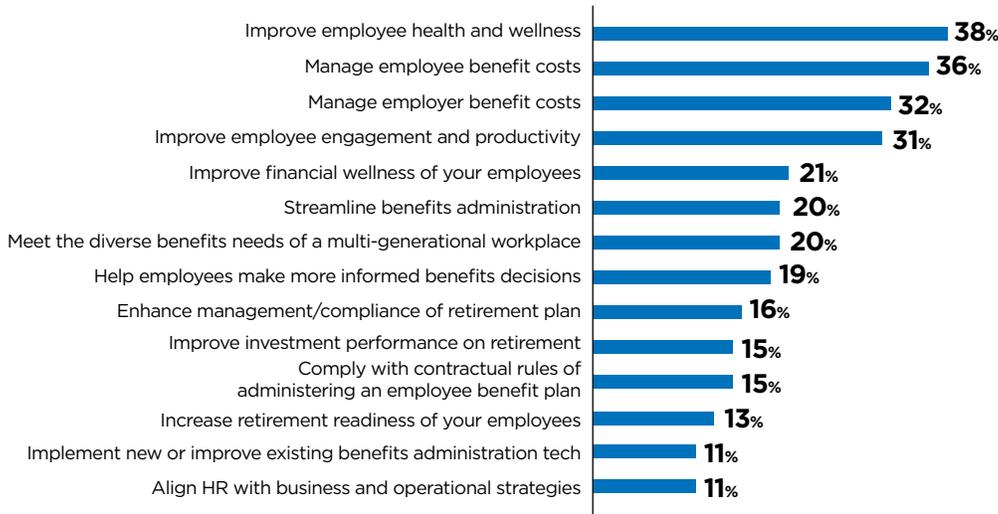
It’s interesting to note that the findings on these wellness areas were similar between larger and smaller firms with no measurable differences in respondents’ answers, except for when it comes to aligning safety with wellness. In this instance respondents at small firms (less than 100 employees) were at 20% whereas larger firms (100 to 999 employees) were at 32%.

“The company covers the entire province, so it is relatively difficult to have the consensus of all employees. It is also difficult to develop belonging.” – Survey Respondent Verbatim

“We find it challenging to manage benefits so they’re comparable with the cost, and make top management see the intangible benefits of spending more money on employees’ well-being and morale.” – Survey Respondent Verbatim

FIGURE 2. Top Benefit Priorities

Survey question: Which of the following are the top three employee benefits priorities for your company in 2018?



Source: HUB International Employee Benefits Barometer 2018 Study, SourceMedia Research/*Employee Benefit News*, December 2017

“We cannot get consensus on changes. If we remove one benefit or add another, some people are happy with the change while others are not. It leads to only being able to add, not change.”
— Survey Respondent Verbatim

Coping with Cost-Management Challenges

Cost concerns weigh heavily on human resources (HR) professionals. “As the workforce ages, and in our industry average age is 55, how do you keep benefits costs low enough to attract and retain younger employees?” wonders one respondent. Another respondent points to “increasing costs with no increase in base funding” as a troubling challenge.

Not surprisingly, then, 36% of respondents overall cite their current top priorities as managing employee benefit costs and 32% point to managing employer benefit costs, trailing only improved health and wellness (38%).

Most respondents believe they are already doing all they can to address the issue: 60% of HR professionals surveyed “agree” or “strongly agree” with the statement: “We have done all that we can reasonably do to control rising medical costs.” Even though cost management is considered important, 22% of all Canadian companies have no plans to implement new cost management initiatives in 2019 or 2020; 31% of smaller firms and 14% of medium-sized and large firms. This absence of cost management planning is not new — 24% indicate they had not implemented any cost management strategies in 2017 as well (32% at small firms and 17% at mid-size and large firms).

The inertia could arise from difficulties with management buy-in, as 20% of respondents say they struggle to convince C-level or upper management to implement new cost management strategies. Reducing costs in one benefit area could help fund desired improvements in another. This might work especially well for companies with less than 100 employees, as 26% of HR professionals at these organizations indicate that their biggest concern when it comes to offering a retirement plan is not having the requisite budget. This concern is higher than among their larger counterparts of 100 to 999 employees; of those respondents, only 14% indicate this as a concern.

Making the Most of Flexible Benefits Plans

Flexible benefit plans allow employees to choose from a pool of benefit choices, some of which offer tax advantages. These plans were the most frequently cited cost management strategy implemented in 2017 by 19% of all respondents, with no measurable differences in responses received from small versus large companies. Another 24% of respondents plan to implement flexible benefit plans within the next 12 to 18 months.

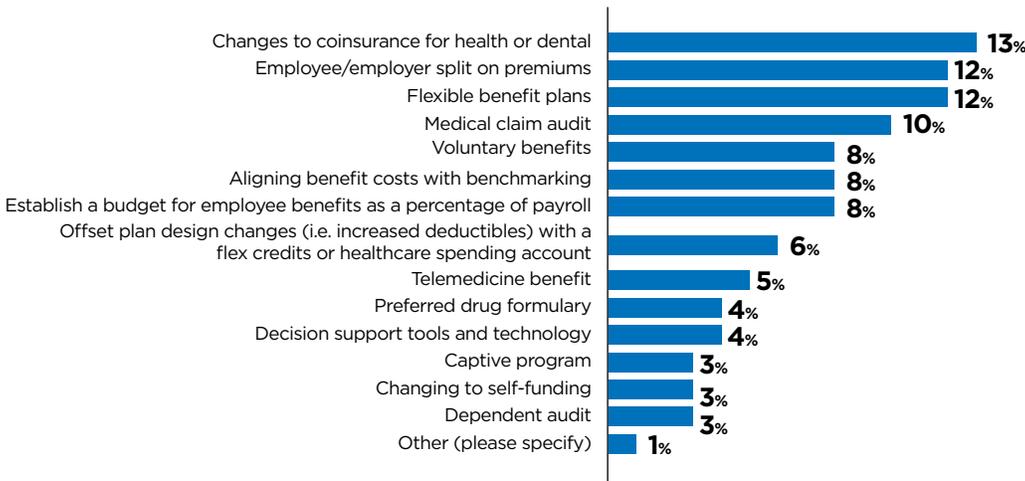
While many of these professionals see flexible benefit plans as a key cost management strategy, only 12% who have already implemented flexible benefits report a measurable reduction in benefit costs with this approach.

This relatively low percentage could be attributed to the fact that certain elements of flexible benefits, such as health spending accounts, can reduce costs but other aspects might actually increase utilization, cost and administrative complexity if not designed optimally.

“We are trying to keep our employees happy and at the same time lower benefits costs.”
 – Survey Respondent
 Verbatim

FIGURE 3. Level of Success Associated with Cost Reduction Strategies

Survey question: Which has been the most successful in terms of achieving a measurable reduction in your benefits costs?



Source: HUB International Employee Benefits Barometer 2018 Study, SourceMedia Research/*Employee Benefit News*, December 2017

Dealing with the Reality/Perception Disconnect

Employee satisfaction is a major concern for HR managers. Unfortunately, many might not have a handle on it.

Consider this: About one-third of HR executives believe their employees do not understand their benefits, yet 33% of respondents say their employees are “extremely satisfied” and 60% say their employees are “somewhat satisfied” with their benefits. This statement held true among employers of all sizes in this study, and indicates a potential disconnect between perception and reality. An increased focus on consistent benefits communication will help ensure that employees understand and use their benefits. For example, helping employees better prepare for retirement was a top concern cited by survey respondents.

Time to Consider Technology

Technology can bring significant advantages to a benefits program, but HR managers might not be leveraging technology solutions to their fullest. Consider the following survey findings among all size companies surveyed:

- Only 11% of respondents identified the need to implement a new, or improve an existing, benefits administration technology platform or software solution as a top employee benefits priority for 2018.
- Very few (14%) human resources professionals plan to use “decision support tools and technology” to help employees better understand their benefits in 2019 or 2020. What’s more, only 12% implemented decision support tools and technology in 2017.
- 62% agree or strongly agree with the statement, “Our HR technology platform (or software) meets our current needs” with the same percentage agreeing that “Our HR technology platform is well integrated across benefits administration, payroll and reporting.” This means that 38% of companies are working with systems that do not meet their needs and do not integrate well.

These findings suggest that while HR professionals are open to using technology, they might not yet realize how much technology has evolved and how it could help them to reach their employee benefits goals.

“Looking for creative ways to support employees cost effectively.”

— Survey Respondent
Verbatim

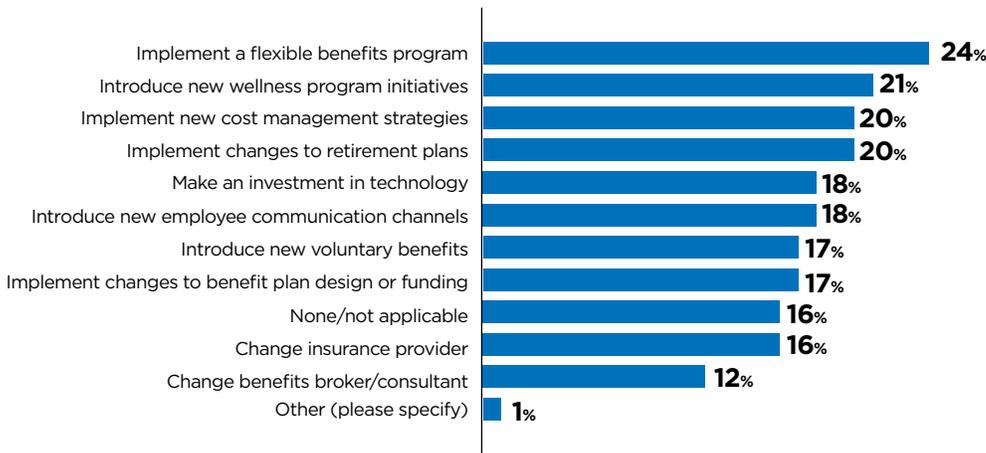
Securing Buy-in from Upper Management

Many survey respondents report that they are challenged to win the support of upper management when it comes to making changes to benefits programs. One survey respondent, for example, points to the “fear of senior management to make a mistake” as an inhibiting factor. Indeed, many human resources professionals struggle to get management to agree to changes and wrestle them away from what’s described as “old” thinking.” More specifically, respondents report that they struggle to convince upper management of the value of implementing a flexible benefits program (24%), introducing new wellness program initiatives (21%), implementing new cost management strategies (20%) and implementing changes to retirement plans (20%).

“The presidents are very conservative and old school.”
— Survey Respondent Verbatim

FIGURE 4. Obstacles to Upper Management Buy-In

Survey question: Where do you struggle the most to convince your C-level or upper management to change any of the following aspects of your benefits program?



Source: HUB International Employee Benefits Barometer 2018 Study, SourceMedia Research/*Employee Benefit News*, December 2017

Plotting a Strategic Planning Timeline

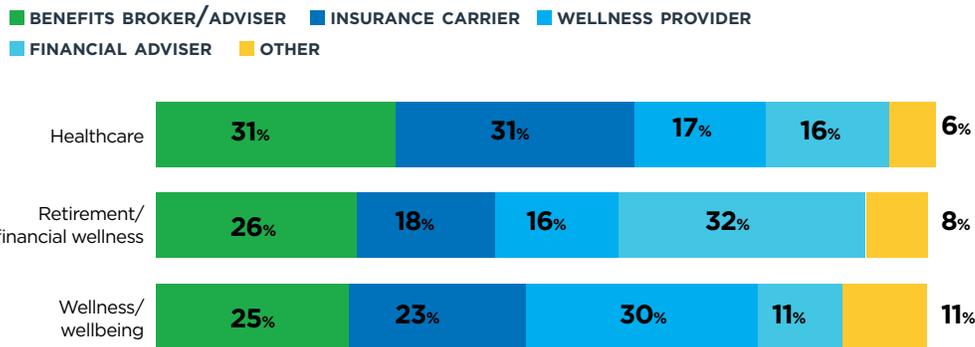
The good news: HR managers have adopted a forward-thinking approach to benefits, as evidenced by their preference for planning in advance. Close to half (45%) of all respondents take 18 months or more to plan their benefits. But slightly more, 48%, still plan their benefits in one year or less. In this case smaller companies (less than 100 employees) tend to have shorter planning cycles than their larger counterparts. Having a longer-term planning strategy plan may increase the likelihood of convincing executive management to support new initiatives. The longer planning period also could support companies in making incremental changes to benefits, which would be less disruptive to employees.

Some companies, however, report that they are not aware of the time dedicated to planning benefits, with 13% of smaller companies admitting to being unaware, compared to just 3% of mid-sized and large organizations. Having a more holistic and strategic plan might enable these smaller companies to more successfully win executive management buy-in. Indeed, the extended planning window might make it possible to develop “a broad viewpoint assessment based on employees’ needs,” something that one of the survey respondents notes as a challenge.

In addition to adopting longer-term plans, organizations are already relying on a variety of partners to address employee benefits issues. Respondents indicate that their companies most commonly turn to benefits brokers/advisers, with 31% using these resources for healthcare, 26% for retirement/financial wellness and 25% for wellness/well-being. Note that in the area of wellness/well-being, large companies (500 to 999 employees) are more likely than mid-size and small organizations to list a wellness provider as their primary resource: 45% versus 27%.

FIGURE 5. Leaning on Benefits Partners

Survey question: For each of the following types of benefits, which is your primary resource for support and information?



Source: HUB International Employee Benefits Barometer 2018 Study, SourceMedia Research/*Employee Benefit News*, December 2017

Conclusion

The results of this study demonstrate how important it is for Canadian companies to adopt a strategic approach when developing a benefits program and leverage the expertise of a benefits adviser to help them manage costs while enhancing employee satisfaction. By doing so, HR professionals can reach beyond the status quo and address their employees’ benefits needs more effectively, secure management buy-in and implement the technology that will enable them to forge ahead with successful benefits programs. Ultimately, this will help them better compete for talent and move their organizations toward greater success.

“We are only now developing the structure of a formal benefits package for our company and are seeking guidance from external companies in that area of expertise.”

— Survey Respondent
Verbatim

“Benefits need time to change so it is sometimes difficult to plan them.”

— Survey Respondent
Verbatim

Recommended Reading

Visit hubemployeebenefits.ca to learn more

Read our [2018 US Employee Benefits Barometer Study](#)

For More Information

Contact a HUB employee benefits advisor to learn how a multi-year strategic benefits plan can increase employee engagement, reduce costs and streamline administration.

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