

Notes

Views on the Value of Voluntary Workplace Benefits: Findings from the 2014 Health and Voluntary Workplace Benefits Survey, p. 2

A T A G L A N C E

Views on the Value of Voluntary Workplace Benefits: Findings from the 2014 Health and Voluntary Workplace Benefits Survey, *by Paul Fronstin, Ph.D., EBRI, and Ruth Helman, Greenwald & Associates*

- Three-quarters of workers state that the benefits package an employer offers prospective workers is extremely (32 percent) or very (44 percent) important in their decision to accept or reject a job.
- Nevertheless, 34 percent are only somewhat satisfied with the benefits offered by their current employer, and 22 percent are not satisfied.
- Eighty-six percent of workers report that employment-based health insurance is extremely or very important, far more than for any other work place benefit.
- Workers identify lower cost (compared with purchasing benefits on their own) and choice as strong advantages of voluntary benefits. However, they are split with respect to their comfort in having their employer choose their benefits provider, and think the possibility that they may have to pay the full cost of any voluntary benefits is a strong or moderate disadvantage.

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By Paul Fronstin, Ph.D., EBRI, and Ruth Helman, Greenwald & Associates

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 on others.

Workers continue to rank health insurance as the first- or second-most important benefit provided by employers. Between 1999 and 2014, the percentage of workers ranking health insurance as the first- or second-most important benefit varied between 74 percent and 82 percent (Figure 1). While the ranking of a retirement savings plan fell from 2001 to 2014, this may be due to the introduction of additional benefits in the survey, such as paid time off.

This report examines public opinion surrounding voluntary workplace benefits. Data come from the 2014 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS). Among other topics, the survey examines a broad spectrum of workplace benefits issues, with a particular focus on voluntary workplace benefits.

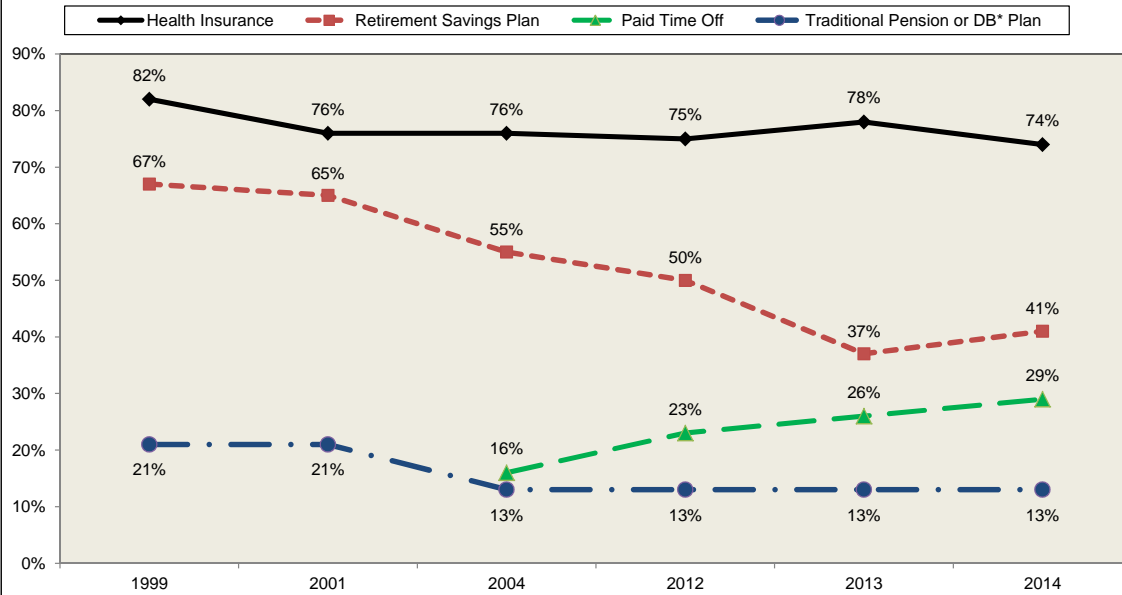
The Importance of Employee Benefits

The benefits package that an employer offers prospective workers is an important factor in their decision to accept or reject a job. One-third (32 percent) of workers say the benefits package is extremely important, while 44 percent say it is very important (Figure 2). In fact, 21 percent of workers report they have accepted, quit, or changed jobs because of the benefits, other than salary or wage level, that an employer offered or failed to offer.

Nevertheless, many workers are not especially satisfied with the benefits package offered by their employer. While 11 percent report being extremely satisfied and 33 percent are very satisfied, another 34 percent are only somewhat satisfied, and more than 2 in 10 are not too satisfied (11 percent) or not at all satisfied (11 percent) (Figure 3). Furthermore, job satisfaction and worker morale are strongly correlated with benefits satisfaction. For example, more than one-half (55 percent) of those who are extremely satisfied with their benefits are also extremely satisfied with their current job, compared with just 25 percent of those who are very satisfied. Less than 10 percent of those who are at most somewhat satisfied with their benefits say they are extremely satisfied with their job.

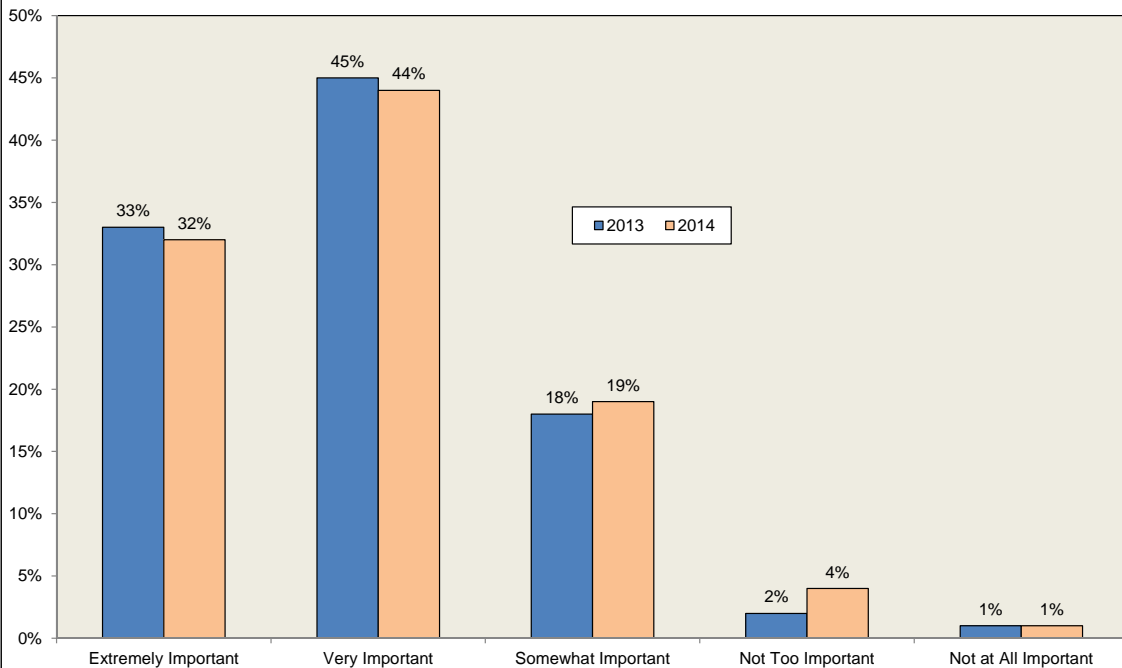
Workers overwhelmingly consider health insurance to be the most important workplace benefit. Nearly two-thirds (65 percent) say this benefit is extremely important, while an additional 21 percent consider it to be very important (Figure 4). Indeed, having access to health insurance through their employer is considered so important that almost 6 in 10 (58 percent) report they are planning to work longer than they would like in order to continue receiving health insurance through their employer. When asked why continuing to receive health insurance through their employer was important enough to delay retirement, the plurality (43 percent) responded with a comment regarding the cost of insurance if they had to purchase it on their own, while another 15 percent cited the cost of medical care. Other reasons mentioned include the importance of having health insurance (14 percent), having medical problems or pre-existing conditions (7 percent), and the quality of the employer’s plan (6 percent).

Figure 1
Percentage of Employees Identifying Benefit as First- or Second-Most Important, Selected Years, 1999–2014



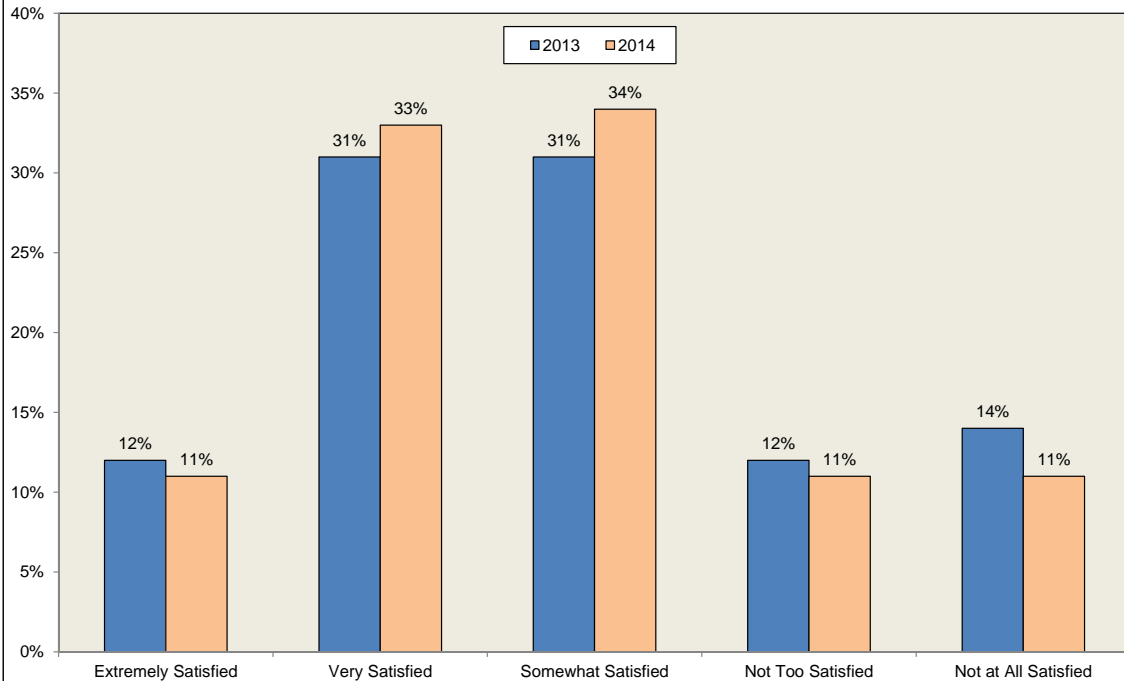
Source: EBRI/Greenwald & Associates 1999 and 2001 Value of Benefits Survey, 2004 and 2012 Health Confidence Survey, 2013 and 2014 Health and Voluntary Workplace Benefits Survey.
 * Defined benefit plan.

Figure 2
Importance of Benefits Package in Decision to Accept Job, 2013–2014



Source: EBRI/Greenwald & Associates 2013 and 2014 Health and Voluntary Workplace Benefits Survey.

Figure 3
Satisfaction With Benefits Package, 2013–2014



Source: EBRI/Greenwald & Associates 2013 and 2014 Health and Voluntary Workplace Benefits Survey.

Figure 4
Importance of Various Employee Benefits, 2013–2014

		Extremely Important	Very Important	Somewhat Important	Not too Important	Not at all Important
Health insurance	2014	65%	21%	8%	3%	20%
	2013	63	25	9	2	1
Retirement savings plan	2014	40	35	19	4	2
	2013	30	40	23	6	1
Dental or vision insurance	2014	30	36	23	8	2
	2013	29	38	25	6	2
Traditional pension or defined benefit plan	2014	23	27	31	14	6
	2013	17	30	34	16	3
Life insurance	2014	17	26	34	17	6
	2013	18	29	31	16	5
Retiree health insurance	2014	17	25	32	19	6
	2013	16	24	37	19	5
Disability insurance	2014	15	29	36	15	5
	2013	16	32	35	14	3
Other health-related insurance	2014	11	24	38	20	6
	2013			NA		
Long-term care insurance	2014	11	23	38	22	6
	2013	12	23	40	20	5
Other benefits	2014	5	10	28	37	20
	2013	4	9	27	37	23

Source: EBRI/Greenwald & Associates 2013 and 2014 Health and Voluntary Workplace Benefits Survey.

A retirement savings plan (rated extremely or very important by 75 percent of workers) and dental or vision insurance (66 percent) are also among the highest-rated benefits. One-half (50 percent) of workers say a traditional pension or defined benefit plan is extremely or very important, while at least 4 in 10 indicate disability insurance (44 percent), life insurance (43 percent), and retiree health insurance (42 percent) are important.

Benefits Coverage in the Workplace

Benefits coverage in the workplace, including health insurance, is far from universal. More than three-quarters of workers (78 percent) report their employer offers them health insurance (Figure 5). More than 7 in 10 each indicate they are offered dental insurance (72 percent, up from 67 percent in 2013) and a retirement savings plan (71 percent, up from 66 percent), and almost two-thirds each say they are offered vision insurance (64 percent) and life insurance (64 percent, up from 58 percent). At least one-half each report their employer offers them short-term disability insurance (57 percent), long-term disability insurance (53 percent), a health savings account (HSA) (50 percent), and accidental death and dismemberment insurance (50 percent). However, only one-third each say they are offered accident insurance (34 percent), a traditional pension or defined benefit plan (33 percent, down from 38 percent), and long-term care insurance (30 percent, up from 25 percent). Fewer report being offered supplemental health insurance for workers (23 percent) or other non-core ancillary benefits.

Further, not all workers offered a benefit at the workplace take advantage of it. Approximately 8 in 10 who are offered health insurance (82 percent), dental insurance (81 percent), a retirement savings plan (80 percent), and life insurance (79 percent), each report they currently have these benefits through their employer (Figure 6). Between two-thirds and three-quarters each of those offered vision insurance (74 percent), a traditional pension or defined benefit plan (74 percent), and short-term disability insurance (66 percent, down from 71 percent in 2013) indicate they have this coverage through the workplace, while approximately 6 in 10 each have long-term disability insurance (63 percent) and accidental death and dismemberment insurance (60 percent, down from 70 percent). Fewer report taking up other benefits offered by their employer.

However, a substantial minority of workers may be confused about some of the benefits their employer offers them and how those benefits are funded. Roughly 3 in 10 each state they do not know whether their employer offers them health insurance for early retirees (36 percent), supplemental health insurance for retirees on Medicare (34 percent), home health insurance (33 percent), critical illness insurance (32 percent), cancer insurance (31 percent), and supplemental health insurance for workers (28 percent). One-quarter each do not know if they are offered long-term care insurance (25 percent) and accident insurance (24 percent). With the exception of health, vision, and dental insurance and a retirement savings plan, at least 1 in 10 of those offered each benefit examined in the survey do not know whether their employer pays all, some, or none of the cost of the benefit, while many others report their employer picks up some or all of the cost of non-core ancillary benefits. For example, one-half of those offered supplemental health insurance for workers (50 percent), accident insurance (48 percent), and prepaid legal services (45 percent) each say their employer pays all or some of the cost.

Attitudes Toward Voluntary Benefits

Workers see a number of advantages to voluntary benefits. Foremost among these are cost and choice (Figure 7). Nearly 6 in 10 (56 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 28 percent saying this is a moderate advantage. In fact, one-half of workers are extremely (18 percent) or very (32 percent) confident that insurance and other benefit products are less expensive when purchased through the workplace (Figure 8). One-half (49 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. Other advantages workers cite are portability (80 percent say it is a strong or

Figure 5
Percentage of Employees Reporting Benefits Are Offered by Employer, 2013–2014

	<u>Offered</u>		<u>Not Offered</u>		<u>Don't Know</u>	
	2013	2014	2013	2014	2013	2014
Health insurance	76%	78%	23%	20%	1%	2%
Dental insurance	67	72	30	23	3	5
Retirement savings plan	66	71	31	25	3	4
Vision insurance	60	64	36	30	5	6
Life insurance	58	64	36	28	6	9
Short-term disability insurance	55	57	34	30	10	13
Long-term disability insurance	49	53	38	31	12	15
Accidental death & dismemberment insurance	48	50	38	33	13	17
Accident insurance	NA	34	NA	42	NA	24
Traditional pension or defined benefit plan	38	33	52	55	10	12
Long-term care insurance	25	30	56	45	19	25
Supplemental health insurance for workers	NA	23	NA	49	NA	28
Critical illness insurance	17	19	60	49	23	32
Stock options	16	19	76	70	8	12
Pre-paid legal services	14	17	72	69	14	14
Cancer insurance	13	16	66	53	21	31
Home health insurance	13	15	65	52	22	33
Medicare	NA	14	NA	52	NA	34
Health insurance for early retirees	NA	13	NA	51	NA	36
Auto insurance	7	8	86	85	8	7
Homeowner's insurance	4	5	87	86	9	9
A health savings account (HSA)	NA	50	NA	39	NA	11
Pet insurance	5	4	86	87	9	9

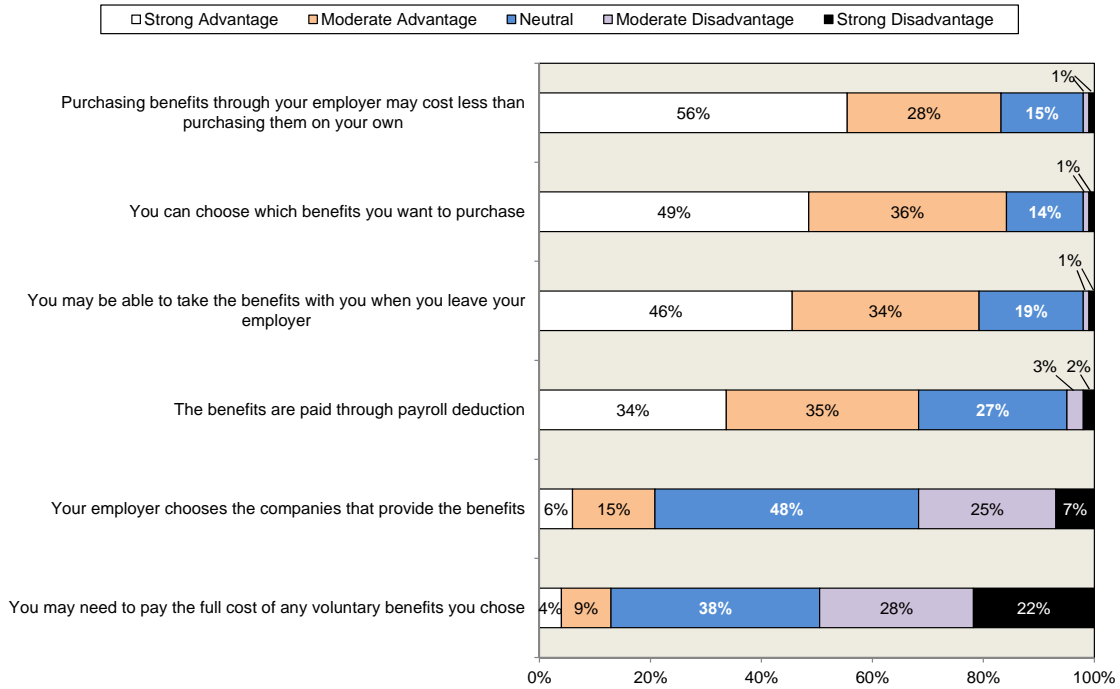
Source: EBRI/Greenwald & Associates 2013 and 2014 Health and Voluntary Workplace Benefits Survey.

Figure 6
Reported Take-up of Workplace Benefits, 2013–2014

	<u>Among All Employees</u>		<u>Among Employees Offered Benefit</u>	
	2013	2014	2013	2014
Health insurance	63%	64%	83%	82%
Dental insurance	54	59	80	81
Retirement savings plan	53	57	80	80
Life insurance	47	50	81	79
Vision insurance	44	47	73	74
Short-term disability insurance	39	38	71	66
Long-term disability insurance	32	34	66	63
Accidental death & dismemberment insurance	34	30	70	60
Traditional pension or defined benefit plan	29	25	76	74
Health savings account (HSA)	NA	19	NA	38
Accident insurance	NA	15	NA	45
Long-term care insurance	10	11	39	36
Stock options	9	9	57	49
Critical illness insurance	7	7	41	34
Supplemental health insurance for workers	NA	6	NA	26
Prepaid legal services	6	6	39	33
Cancer insurance	4	5	34	33
Home health insurance	3	3	27	23
Supplemental health insurance for retirees on Medicare	NA	3	NA	20
Health insurance for early retirees	NA	3	NA	21
Auto insurance	3	3	47	34
Homeowner's insurance	2	1	50	22
Pet insurance	1	<0.5	26	9

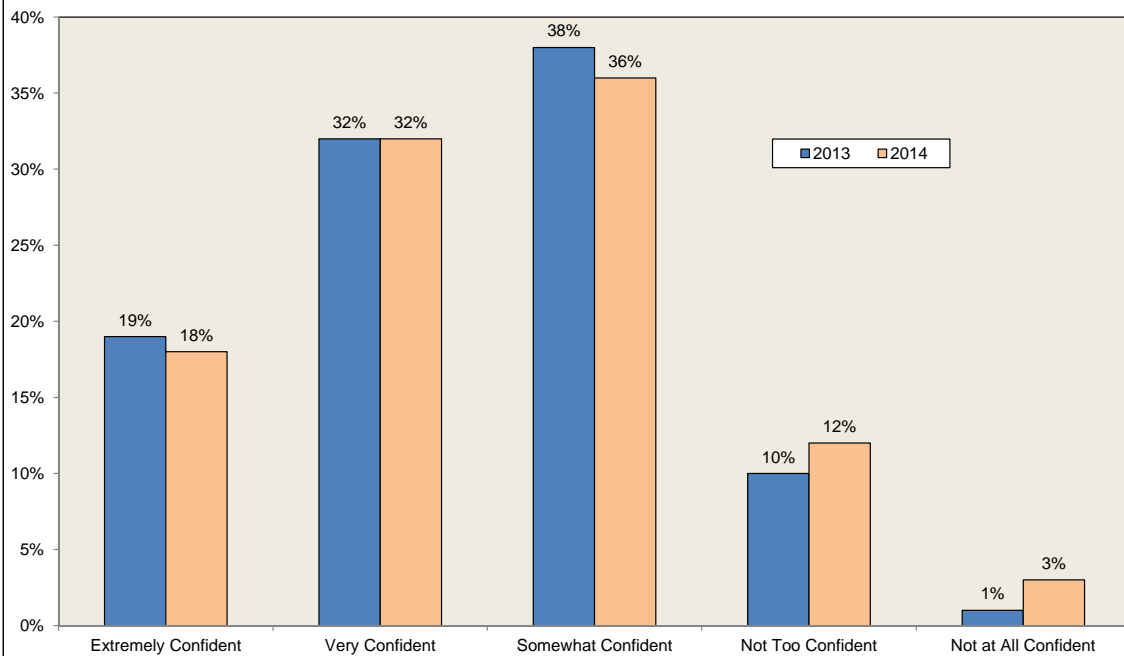
Source: EBRI/Greenwald & Associates 2013 and 2014 Health and Voluntary Workplace Benefits Survey.

**Figure 7
Advantages and Disadvantages of Voluntary Benefits, 2014**



Source: EBRI/Greenwald & Associates 2014 Health and Voluntary Workplace Benefits Survey.

**Figure 8
Employee Confidence That Benefits Purchased Through the Workplace are Less Expensive, 2013–2014**



Source: EBRI/Greenwald & Associates 2013 and 2014 Health and Voluntary Workplace Benefits Survey.

moderate advantage) and payments made through payroll deduction (69 percent say it is a strong or moderate advantage).

However, workers also see some disadvantages. One-half (50 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 more likely to say that the employer choosing the companies that provide the benefits is a disadvantage (32 percent) rather than an advantage (21 percent). Moreover, workers are split with respect to how comfortable they feel having their employer pick their benefits providers. While 4 in 10 (40 percent) are extremely or very comfortable having their employer pick the companies that provide their health insurance benefits, another 4 in 10 (41 percent) are only somewhat comfortable, and 19 percent are not too or not at all comfortable (Figure 9). Similar splits are found for comfort with having their employer pick their retirement benefits provider (36 percent extremely or very comfortable; 19 percent not too or not at all comfortable) and voluntary benefits providers (33 percent and 18 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). More than 8 in 10 say it is extremely (46 percent) or very (36 percent) important for their employer to offer them a choice of health plans. More than 7 in 10 feel it is extremely (32 percent) or very (40 percent) important to be offered a choice of retirement plans, while almost 6 in 10 indicate it is extremely (22 percent) or very (35 percent) important to have a choice of disability plans.

As findings from the WBS clearly show, worker benefits continue to be important to workers. Even with the Patient Protection and Affordable Care Act, employers who offer a strong worker-benefits package should find themselves with a competitive advantage over other companies when it comes to attracting and retaining desirable workers.

Appendix—The 2014 WBS

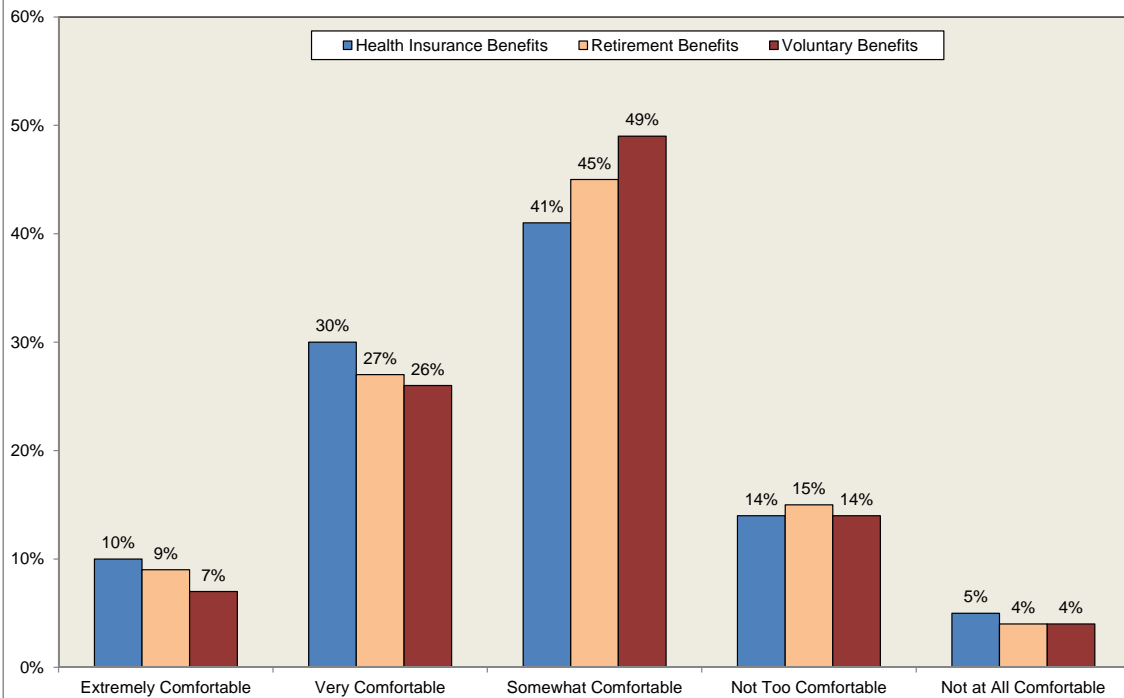
These findings are part of the 2014 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS), which examines a broad spectrum of attitudes regarding workplace benefits, including voluntary benefits and health benefits. The survey was conducted online June 12–19, 2014, using the Research Now consumer panel. A total of 1,517 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 prior data have been recut from the total adult population to match the survey population of the WBS: workers ages 21–64. In addition, comparisons of 2014 data with data from years prior to 2013 should be viewed with caution due to the move from telephone to online methodology 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.

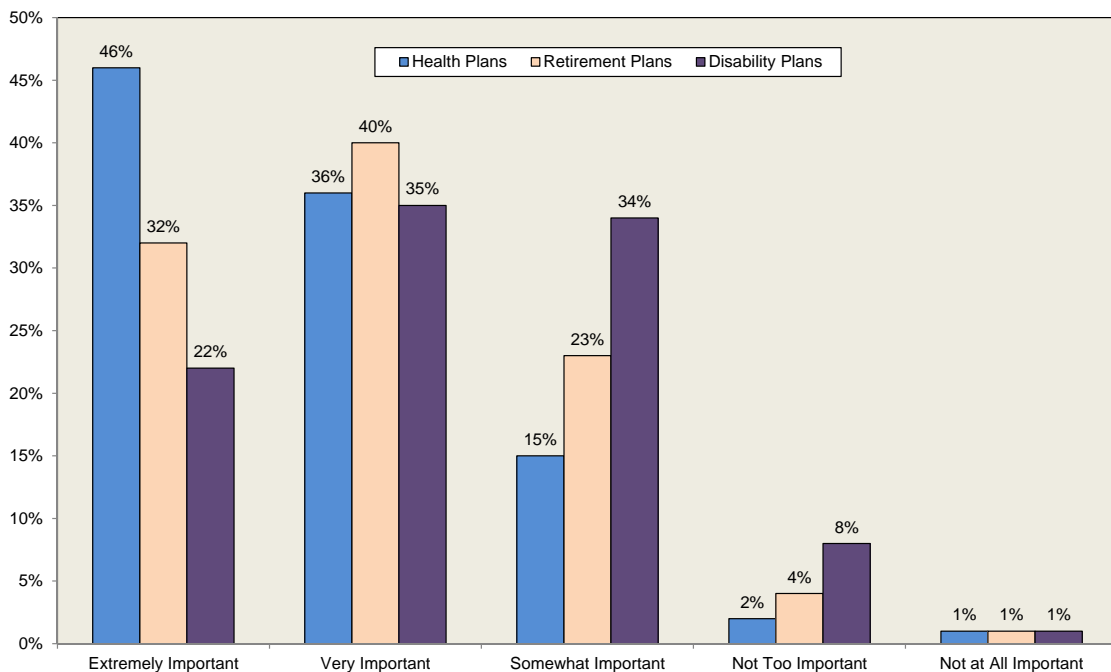
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**Figure 9
Employee Comfort With Having Employer Pick Benefits Providers, 2014**



Source: EBRI/Greenwald & Associates 2014 Health and Voluntary Workplace Benefits Survey.

**Figure 10
Importance of Employer Offering a Choice of Benefit Plans, 2014**



Source: EBRI/Greenwald & Associates 2014 Health and Voluntary Workplace Benefits Survey.



Notes

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