

Retaining Staff with Employee Benefits

ESB-7127-0519

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Agenda

- Staffing Needs
- Attracting Applicants
- Using Benefits to Attract and Retain
- Communicating Effectively About Employee Benefits

But First:

American Fidelity Administrative Services, LLC does not provide tax or legal advice. While we're happy to provide you with this general information, given the complexity of these rules, we encourage you to contact your tax or legal counsel about how the requirements apply to your specific plans or situation.

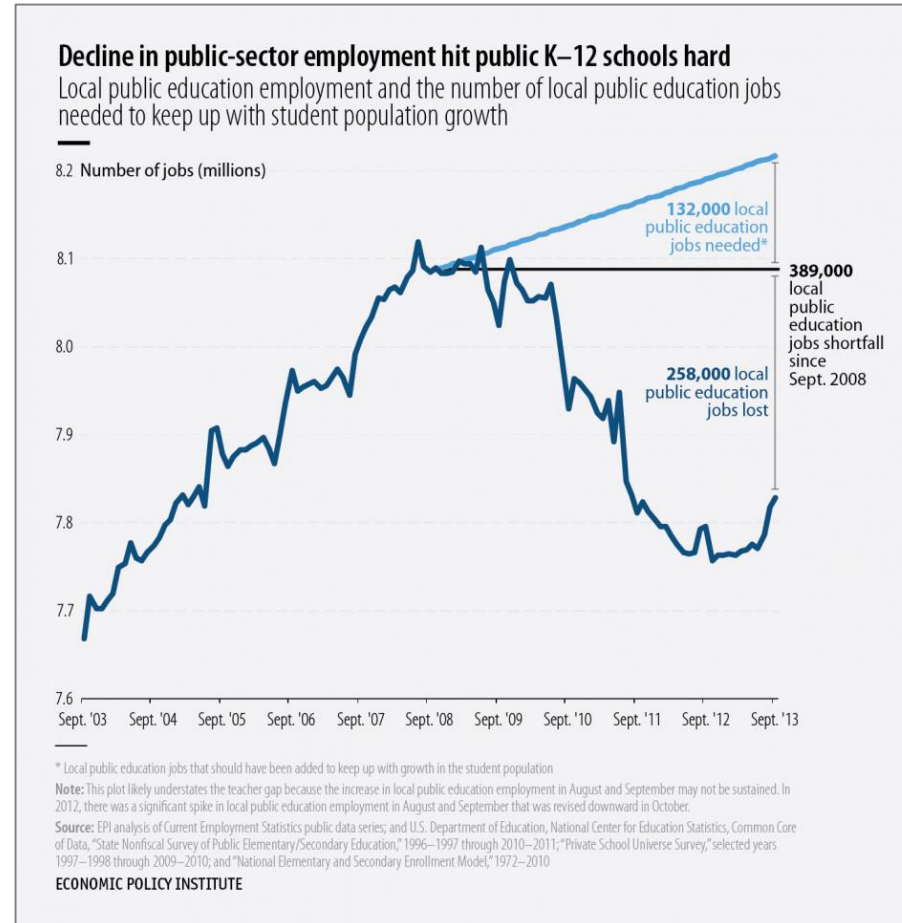
Staffing Needs



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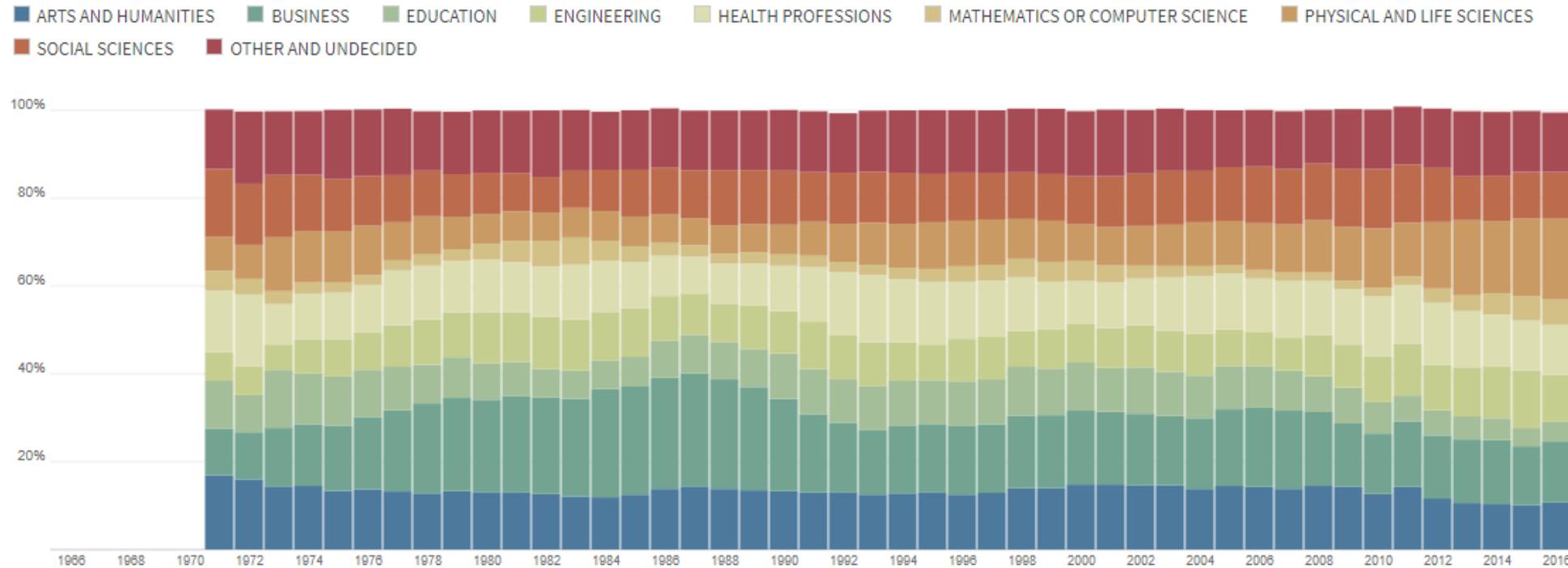
Recovery from the Financial Crisis



Recruitment Needs in Education

Occupation	Employment, 2014	Employment growth, projected 2014–24 (percent)	Job openings, projected 2014–24	Median annual wage, May 2015
Elementary school teachers	1,358,000	6	378,700	\$54,890
Secondary school teachers	961,600	6	284,000	57,200
Middle school teachers	627,500	6	175,500	55,860
Preschool teachers	441,000	7	158,700	28,570
Kindergarten teachers	159,400	6	56,100	51,640
Career/technical education teachers, secondary school	79,600	0	19,200	56,130
Career/technical education teachers, middle school	13,700	6	3,900	55,190
<p>Note: Job openings are from growth and the need to replace workers who leave the occupation. Source: U.S. Bureau of Labor Statistics, Employment Projections program and Occupational Employment Statistics survey (wages).</p>				

College Freshman Probable Field of Study



Source: Cooperative Institutional Research Program, Higher Education Research Institute, U. of California at Los Angeles

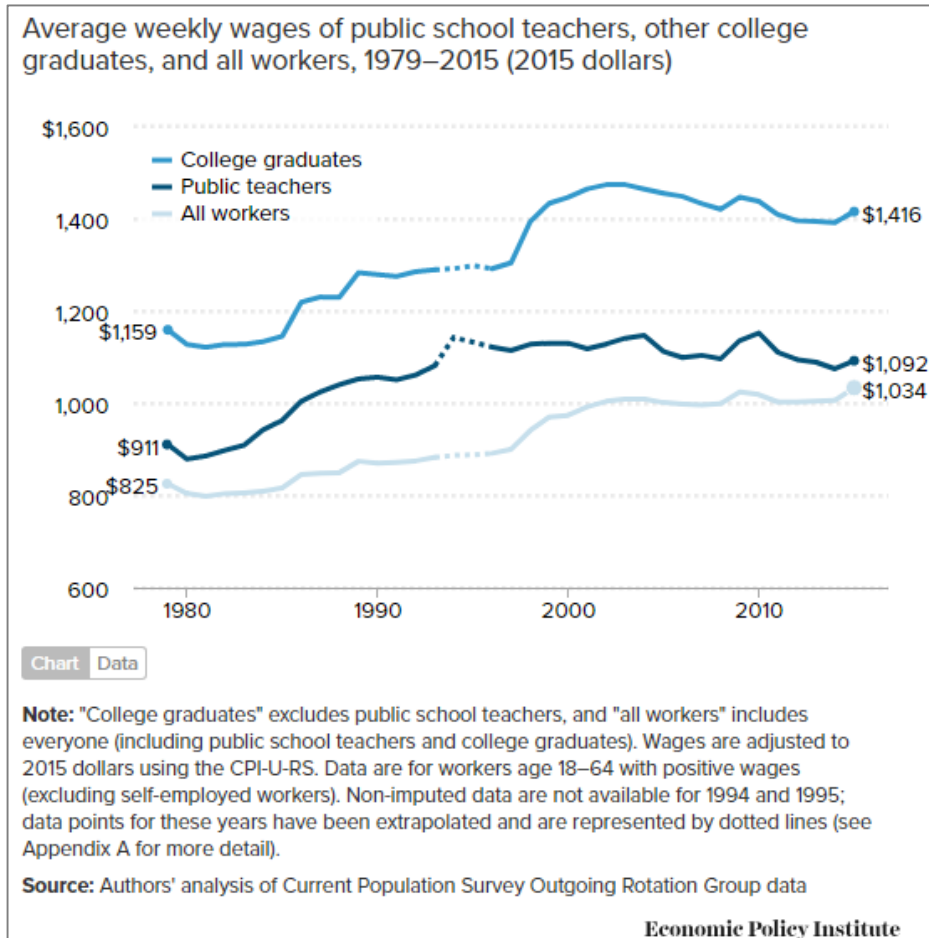
Notes: Some questions have been slightly rephrased from the original survey for clarity in the context of this graphic. Regarding probable majors, we combined "Biological and Life Sciences" with "Physical Science" and called the grouping "Physical and Life Sciences."

Attracting Applicants

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Comparison of Wage Growth



- Wage comparison among all workers, public school teachers, and college graduates (excluding teachers)
- American Enterprise Institute study concludes teachers are not underpaid

What Benefits Offset Wage?

Compensation component	Civilian workers	Private industry workers	State and local government workers
Wages and salaries	68.3%	69.6%	62.4%
Benefits	31.7	30.4	37.6
Paid leave	7.1	7.0	7.5
Supplemental pay	3.3	3.8	1.0
Insurance	8.7	7.9	11.9
Health	8.2	7.5	11.6
Retirement and savings	5.3	3.9	11.5
Defined benefit	3.3	1.7	10.7
Defined contribution	2.0	2.3	0.8
Legally required	7.3	7.7	5.5

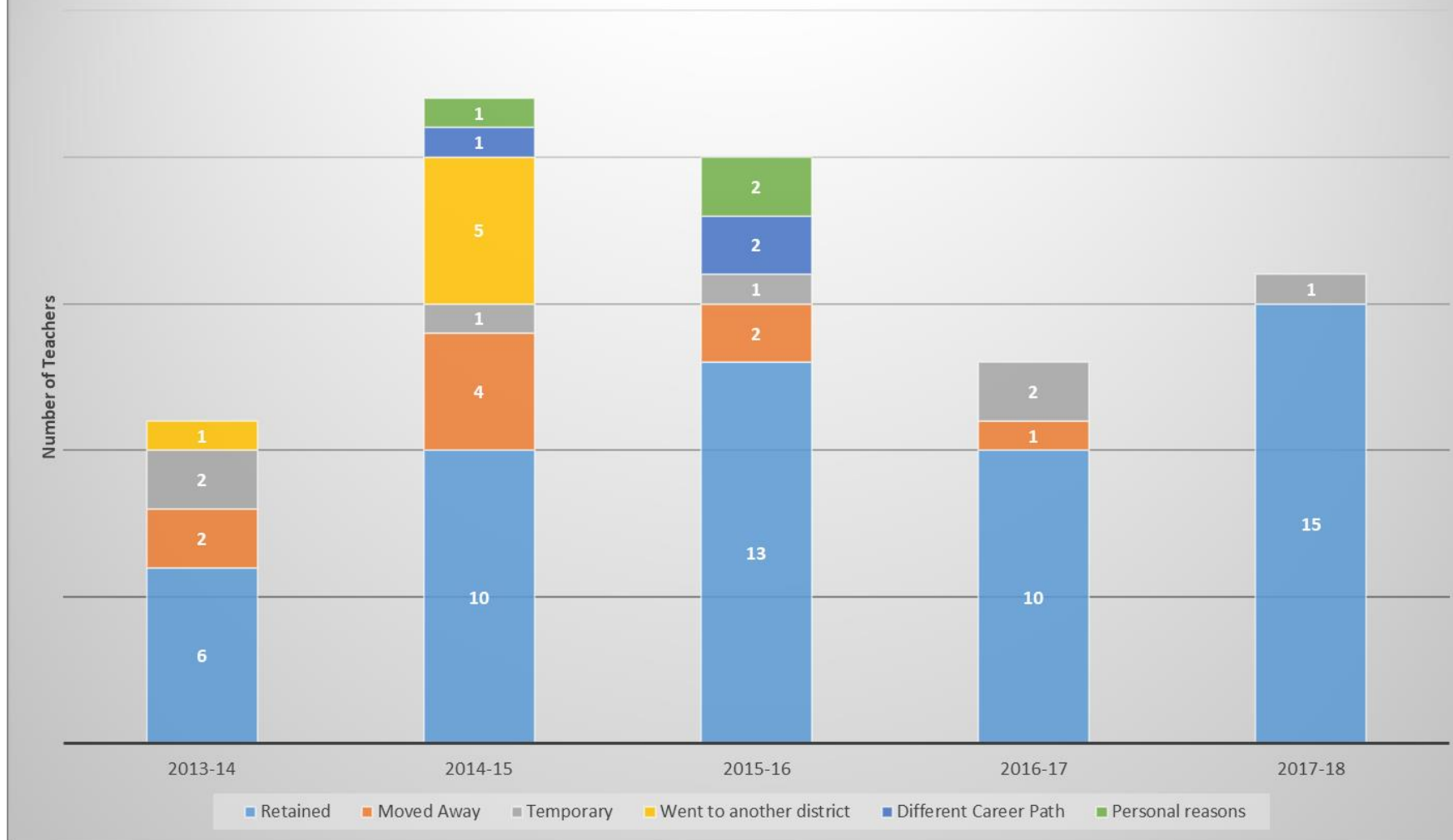
- September 2018 BLS report of employer costs for employee compensation
- Private industry workers benefits costs averaged \$34.19.
- Total employer compensation costs for state and local government workers averaged \$49.23 per hour worked.

Using Benefits to Attract and Retain

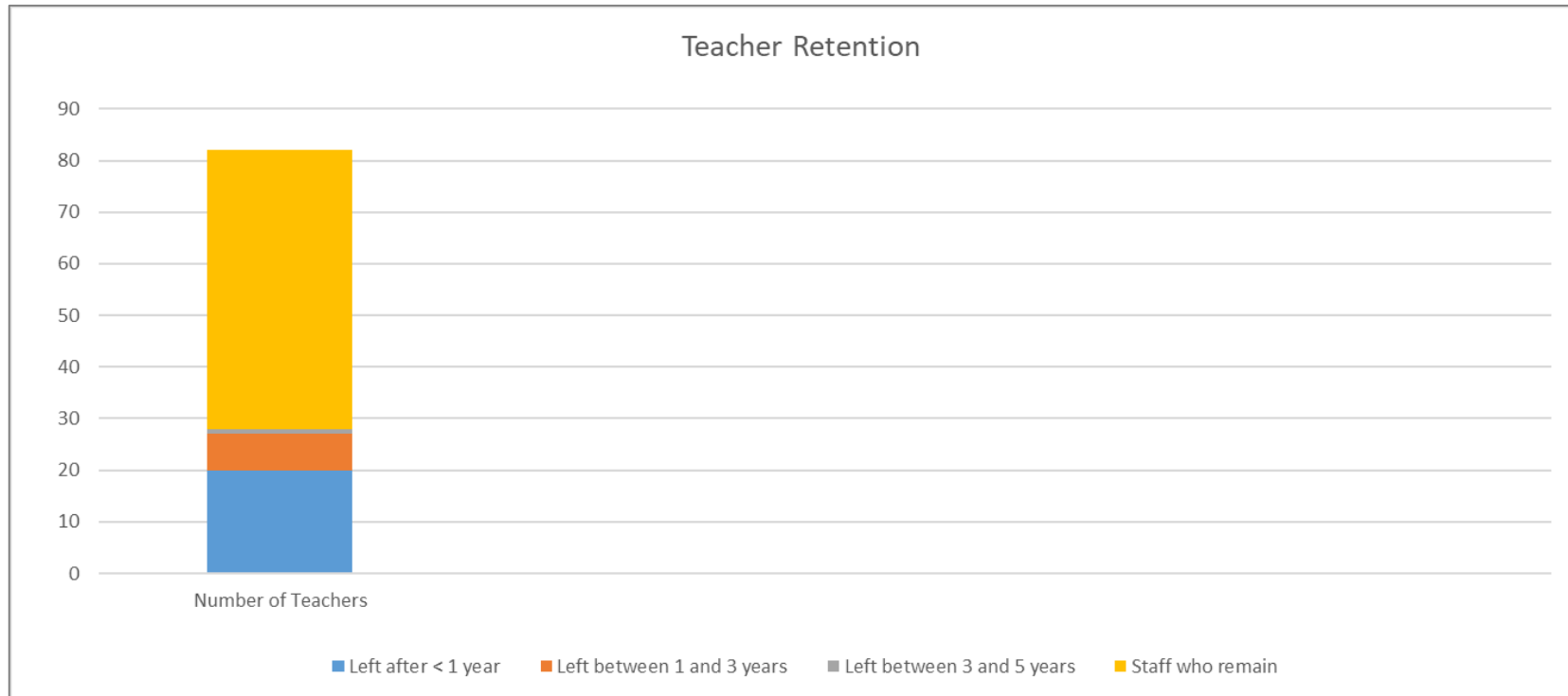
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Cascade School District New Teacher Retention



Teacher Retention



Since 2013, Cascade School District in Oregon has hired 82 teachers.

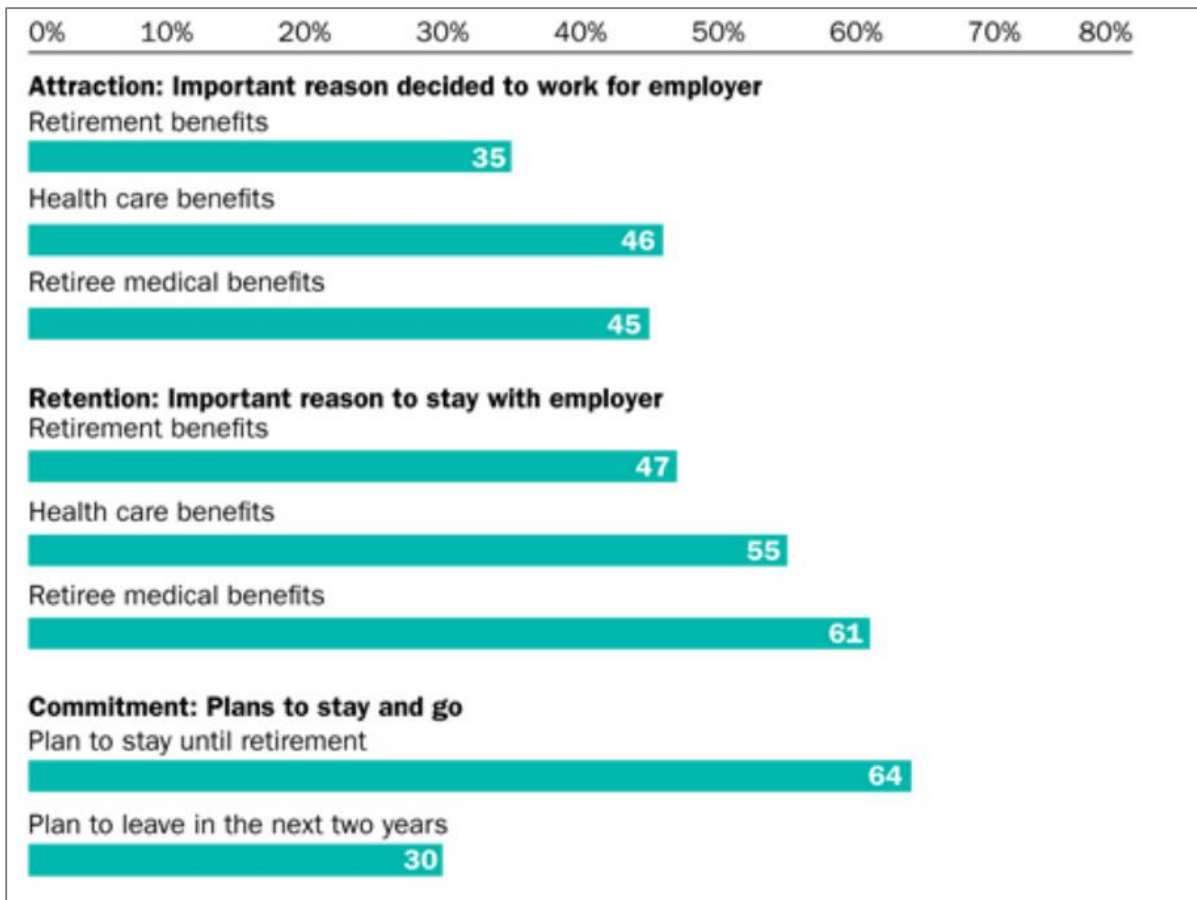
Over the course of 5 years:
Retained 66% of new hires. (54 teachers)

Of the 28 teachers who left:

- 20 left after working for 1 year or less
- 7 left after working between 1 and 3 years
- 1 left after working for at least 3 years but less than 5 years



Benefits to Attract and Retain Employees



Employees may value benefits differently as they relate to attraction and retention.

Benefits to Attract and Retain Employees

Benefit objective	2015	2016	Change
Help employees make better financial decisions	58%	64%	+6
Increase employee satisfaction	77%	80%	+3
Increase employee productivity	78%	80%	+2
Increase employee loyalty	76%	78%	+2
Attract employees	71%	73%	+2

Employers increasingly recognize the value of benefits to their employees and to the business.

Benefits to Inspire Loyalty



- Benefits can offer the security that inspires more loyalty
- 76% of Millennials said benefits customization was important for increasing their loyalty to their employers, compared to 67% of Baby Boomers

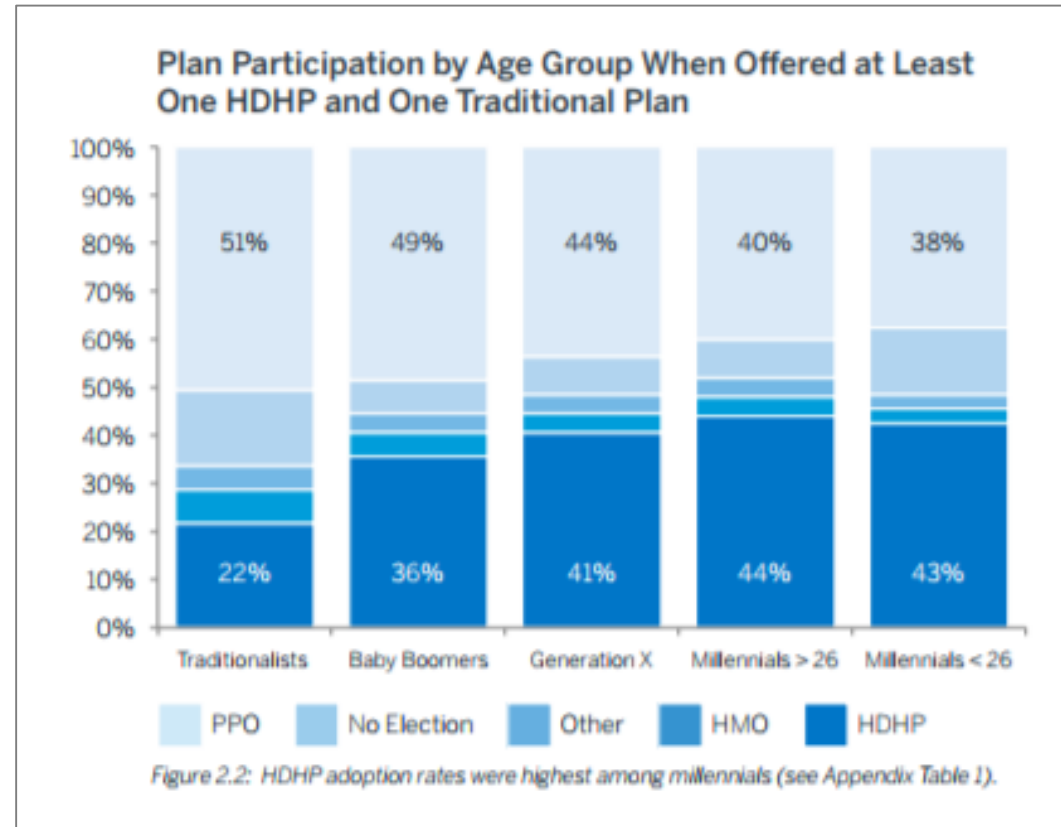
Benefits to Inspire Loyalty

- Older Baby Boomers (ages 55-65) are **financially unprepared** for retirement.
- Younger Baby Boomers (ages 45-54) are **frustrated with their prospects** for retirement and could be a threat to workplace productivity.
- Generation X workers (ages 30-45) are the **least satisfied with their benefits**.
- Generation Y workers (ages 21-29) are **anxious to leave**.

Benefits to Inspire Loyalty

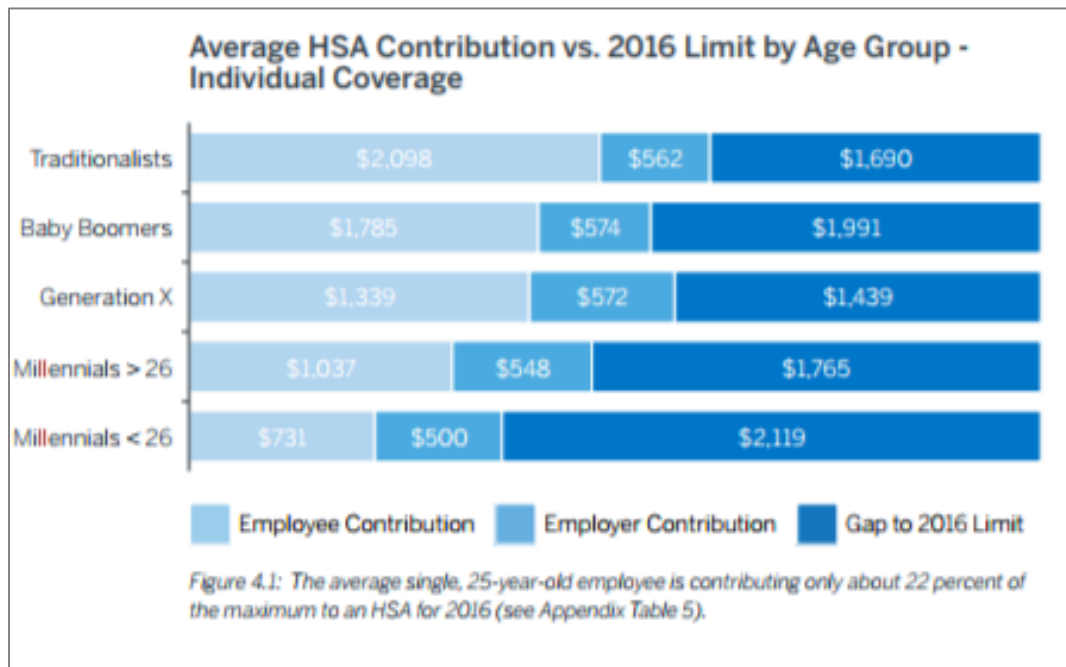
- The right benefit mix **drives employee loyalty and satisfaction**
- More choice with the **broader range of benefits** helps employees of all ages make appropriate benefit selections
- **Enrollment education** is an indispensable way to create benefit selection confidence and optimal understanding of all available benefit choices

Medical Plan Participation

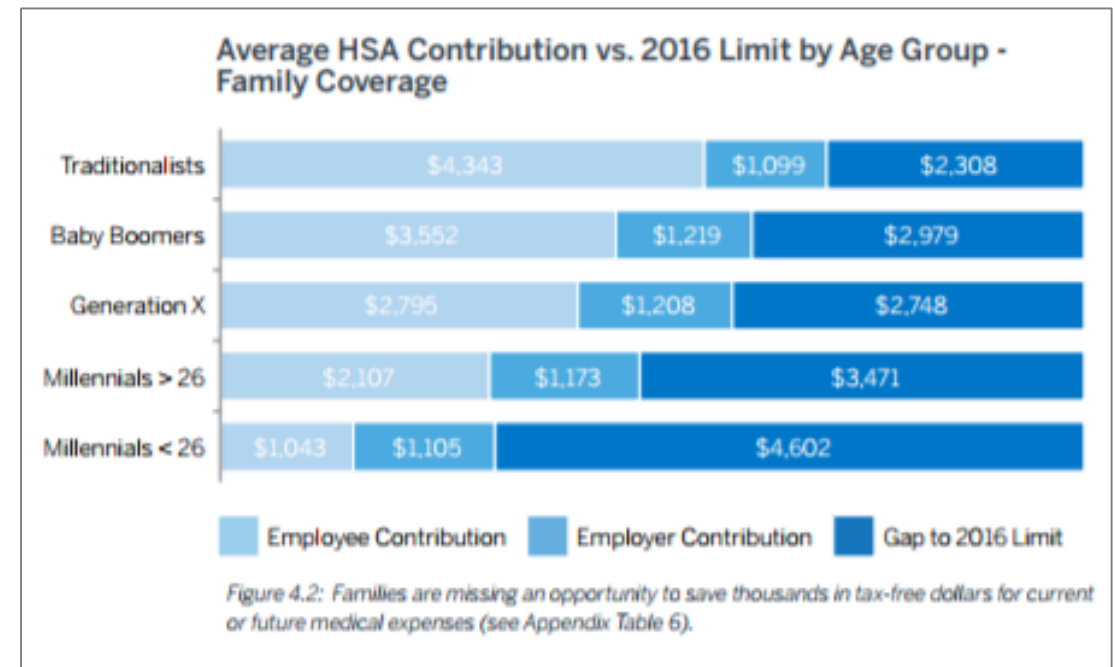


Health Savings Account Contributions

Individual Coverage



Family Coverage



Discussion: What Benefits are Valuable?

- Recruitment?
- Retention?

Communicating Effectively About Employee Benefits

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Benefits account for up to **30%** of total employee compensation, yet employers rarely allocate resources to make sure their employees understand and value the benefits they are offered.

Help Employers Connect the Dots – 2016 LIMRA Employer Study

Stakeholders

- Board of Education
- Superintendent
- Employees
- Unions
- Taxpayers
- Other local employers
- Hospitals, doctors, financial advisors, others in the benefits supply chain

Why Communicate?

45% strongly agreed that their companies' benefit communication helped them understand how some of their benefits options would help pay for specific services

Communicate Changes to Employees

- Effectively communicating benefits to employees is often challenging
- Considerations when making communication decisions:
 - Message
 - Tone
 - Method of delivery
- Measure results of communication

Comprehensive Communication Plan

AF[™] Limited Benefit Accident Only Insurance



AF[™] Accident Only Insurance

Prepare for the unexpected.

You cannot plan for when an accident will happen, but you can plan for unexpected medical expenses. AF[™] Limited Benefit Accident Only Insurance provides coverage to help with unforeseen accident expenses. Start providing financial protection today if an accident suddenly occurs.

An Accident[®] is defined as a sudden, unexpected and unintended event, which results in bodily injury, which is independent of disease or bodily infirmity or any other cause.

EMERGENCY ACCIDENT - Hypothetical Example ¹

	ENHANCED	ENHANCED PLUS	
Twisted knee in the parking lot resulting in a torn meniscus and treatment is received within 72 hours.			
Accident Emergency Treatment	\$200	\$250	
Accident Follow-Up Treatment (4 visits)	\$200	\$200	
Physical Therapy (8 treatments)	\$200	\$200	
Medical Imaging	\$200	\$200	
X-Ray	\$100	\$150	
Appliances	\$100	\$100	
Surgical Facility	\$250	\$350	
Torn Knee Cartilage Repair	\$500	\$500	
Anesthesia	\$200	\$250	
			TOTAL Paid directly to you!
			ENHANCED
			\$1,950
			ENHANCED PLUS
			\$2,200

BENEFITS

ACCIDENTAL DEATH & DISMEMBERMENT

	PRIMARY	SPOUSE	CHILD
BASIC			
Common Carrier	\$50,000	\$50,000	\$25,000
Other Accident	\$15,000	\$15,000	\$7,500
Dismemberment	\$1,000 to \$15,000	\$1,000 to \$15,000	\$500 to \$7,500
ENHANCED			
Common Carrier	\$100,000	\$100,000	\$50,000
Other Accident	\$30,000	\$30,000	\$15,000
Dismemberment	\$1,500 to \$30,000	\$1,500 to \$30,000	\$750 to \$15,000
ENHANCED PLUS			
Common Carrier	\$200,000	\$200,000	\$100,000
Other Accident	\$60,000	\$60,000	\$30,000
Dismemberment	\$2,000 to \$60,000	\$2,000 to \$60,000	\$1,000 to \$30,000

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EMPLOYER BENEFIT SOLUTIONS FOR EDUCATION

¹Hypothetical example of a covered accident based on policy AO-03 and rider AMDI-258.

²Policyholders refer to your state's specific policy definition.

³The premium and amount of benefits provided vary based upon the plan selected.

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Mobile Convenience

For ultimate convenience, get 24/7 access, direct from your tablet or mobile device with AFmobile[®]. Our mobile application allows you to manage your reimbursement accounts and insurance benefits, all from the palm of your hand.



Prepare for your enrollment

AFmobile Features

- Manage claims
- Receive account alerts
- Maintain personal information
- View account balance
- Prepare for enrollment
- Submit receipt documentation

Getting started:

- Download AFmobile on your smart device.
- Register using your last name, Social Security Number, and email address.
- Your email address should be the same as enrollment.

Please allow one business day before registering for your account.

If you already have an online account, your username and password will be emailed to you.

Employer LOGO

Available Benefits Reimbursement Accounts Enrollment File a Claim

ABC Employer

Review your benefit options and make plans to enroll.

Watch Video



Welcome to your employee benefits site.

Consider this website a year-round resource and reference for benefit options and education. Here you can prepare for your annual enrollment by learning about your available benefits, what you will need to enroll, and how to enroll. Take time to consider options, ask questions, and select a benefits package to provide you and your family with the protection you need. Once your annual enrollment has ended, use this website throughout the year for easy access to provider contact information, review benefit options for mid-year enrollment changes, and reference benefits education tips.

Learn About: Ways to Enroll

- How to enroll in your benefits
- Q&A opportunities
- Next steps to take

Benefit News

- Learn more about popular benefits
- Consider options
- Read more

Ready to Enroll Online

- Convenient
- Simple
- Enroll online at AFenroll[®]

Prepare for Your Enrollment

- Get simple tips and steps
- Learn what to expect

ESB-544B-0517



In fact, **68%** of Americans would find it very difficult or somewhat difficult to meet their current financial obligations, if their next paycheck were delayed for one week.

Who Needs Disability Insurance?



CANCER INSURANCE PLANS OFFER

Why Should I Consider Cancer Insurance?



PREPARED
COVERED INJURY

How Does Accident Insurance Work?

ESB-7127-0519 ¹BenefitFocus: 5 Employee Benefit Trends to Watch in 2017; December 29, 2016.
²Employee Benefit News: How four employers are getting benefits communications right; May 25, 2017.

Different Communication Preferences

- Baby Boomers – Face to Face¹
- Have longer attention spans, so longer blog posts and videos work for them, too²



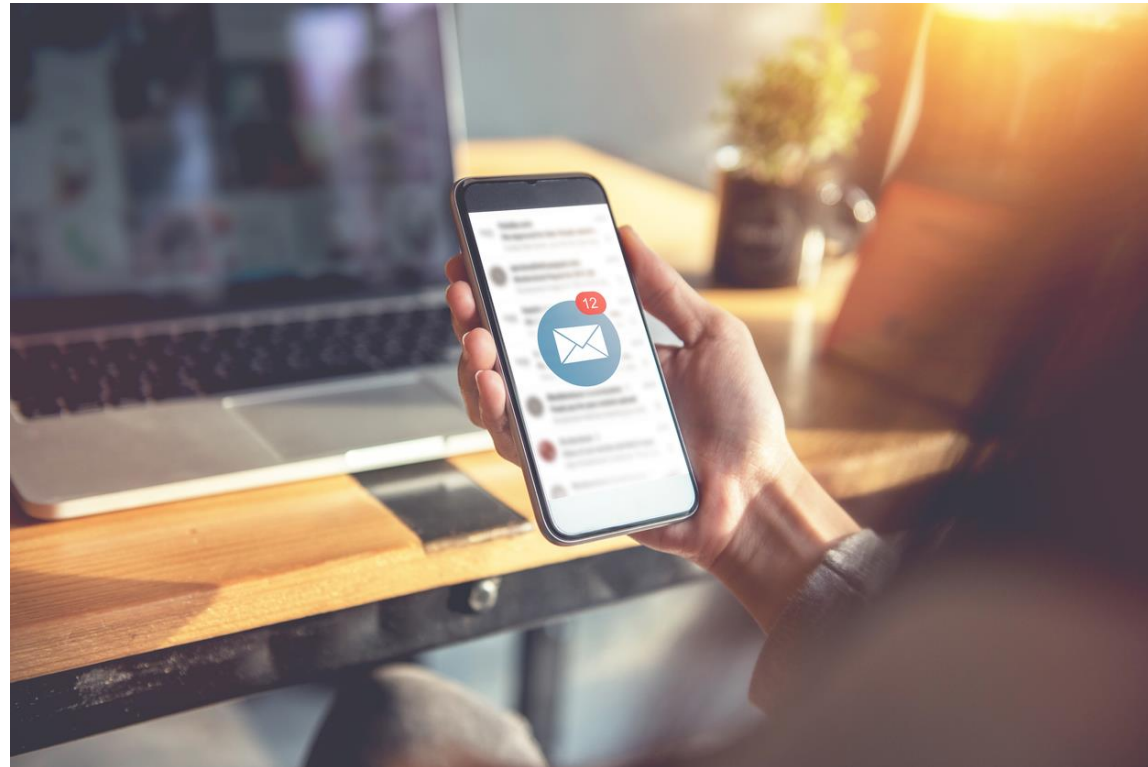
Different Communication Preferences

- Gen Xers –Multiple Channels¹
- Heavy consumers of online video, and receptive to messaging on social media and via email²



Different Communication Preferences

- Millennials – Go Digital
- Email and text messages
 - 68% of millennials admit to texting “a lot” on a daily basis, compared to 47% of their Gen X counterparts.¹
 - Despite the immediate availability of text messaging and other messaging apps, email remains popular among millennials as well.



Millennial Preferences

Most companies still do the majority of communication during annual enrollment.

“This is especially not going to connect with Millennials, who grew up with real-time mobile communication. Spreading communication out all year and using modern – and brief – formats like blogs and videos will improve the effectiveness of communications.”

-Jennifer Benz

Founder and CEO Benz Communications

Challenge to Stay Informed

- Time commitment
- Find a trusted source of information
- Become educated
- Always changing

Measure Success



Discussion

