



Gallagher

Insurance | Risk Management | Consulting



Strategies and tactics that differentiate top-performing employers.

**BEST-IN-CLASS
BENCHMARKING ANALYSIS**

Midsize Employers | *U.S. Edition*

— 2022 —
**WORKFORCE
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2022

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Introduction

The bumpy ride continues as employers look ahead for an off-ramp from abrupt and consequential change. For now, they need to keep a grip on the wheel and stay the course through inflation, labor and supply shortages, and increasingly complex healthcare decisions. Yet they can also begin to smooth the way forward—by looking at data-driven strategies and tactics that more successfully contain healthcare costs, manage turnover and engage employees.



This Best-in-Class Benchmarking Analysis profiles statistically significant attributes of top-performing midsize employers with 100–999 full-time equivalents (FTEs). Data from Gallagher’s 2022 Benefits Strategy & Benchmarking Survey was interpreted to identify participants that excel in optimizing employee and organizational wellbeing. A separate report on large employers with 1,000 or more FTEs is also available.

Differentiating attributes were evaluated in three categories:

1. People & Organizational Wellbeing Strategy

- Approaching organizational priorities with a long-term outlook
- Investing in employee health and wellbeing as an organizational priority
- Taking a steady approach to actively managing healthcare costs

2. Physical, Emotional & Financial Wellbeing

- Providing competitive yet practical medical benefits
- Designing benefits to promote high-quality, high-value care that improves health outcomes
- Applying a variety of tactics to manage the cost and use of specialty pharmacy benefits
- Supporting financial health and retirement readiness to reduce stress and manage risk
- Addressing work-life demands with robust leave policies
- Acknowledging the unique needs of individual employees through an array of voluntary benefits

3. Career & Organizational Wellbeing

- Building and solidifying a strong corporate culture through communication
- Recognizing employees’ strengths and performance to drive engagement
- Investing in the whole employee by providing distinct and relevant wellbeing resources



Findings were assessed based on the Gallagher Better WorksSM comprehensive framework for strategically investing in benefits, compensation, retirement and employee communication—to support the health, financial security and career growth of employees at the right cost structures.

Gallagher followed a five-step process to identify and characterize best-in-class midsize employers:

1 Analyze data

Analyze data from Gallagher's 2022 Benefits Strategy & Benchmarking Survey.

2 Identify the profile group

Establish evaluation criteria for the best in class.

3 Select survey questions and score responses

Choose questions that are relevant to this group. Score the responses and then total those scores.

1,518 midsize employers responded to the entire set of questions.

4 Run a quartile analysis

Divide the total scores for the best-in-class group into quarters—or quartiles—according to their values, and assign each employer to a quartile. The top quartile includes the highest-scoring, best-in-class employers (25%).

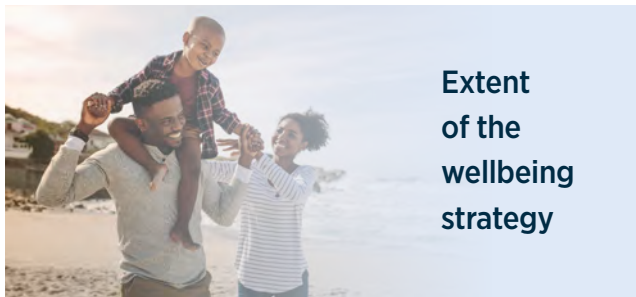
5 Determine attributes

Determine the attributes that separate the best-in-class employers from all other midsize survey participants by analyzing response data for questions on strategy, programs and outcomes.

BEST-IN-CLASS PROFILE CRITERIA

Several criteria identified the midsize best-in-class group. Employers were assigned points and placed in quartiles based on their relative performance in each measure.

The following measures were used in calculating quartile placement:



The highest possible total score was 22 points. Scoring at least 12.5 points, **381 employers** (25%) qualified for the top quartile as best in class.

People & Organizational Wellbeing Strategy

Employers that met the best-in-class criteria were compared against the rest of their midsize peers. Differentiating attributes emerged across three themes in this category:

- Approaching organizational priorities with a long-term outlook
- Investing in employee health and wellbeing as an organizational priority
- Taking a steady approach to actively managing healthcare costs

Approaching organizational priorities with a long-term outlook

A company's philosophy and outlook determine the rationale for strategic priorities that influence decision-making across the organization. Operational priorities of the best in class tend to emphasize long-term success, which influences a focus on market share over operating costs and profit margins.

Increased innovation is a focal point for these employers because it's a key to longevity in a highly competitive business environment. By proactively optimizing the mental, emotional and physical health of their employees, they help generate and sustain the energy needed for abstract, creative thinking.

Strategies and tactics that the best in class successfully used in recent months and years have likely influenced their comparatively higher expectations for revenue and headcount growth. Heading into 2023, these employers are more inclined than their peers to predict significant increases for both predictive measures.



Top operational priorities

	Best in class	Other midsize employers
Maintaining or growing market share	27%	19%
Maintaining or decreasing overall operating costs	22% ▼	29%
Increasing innovation	18%	12%
Improving employee health and wellbeing	18%	12%
Maintaining profit margins	11% ▼	19%

Expect substantial increases to revenues or headcount by 2023

	Best in class	Other midsize employers
Revenues	20%	13%
Headcount	17%	11%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Investing in employee health and wellbeing as an organizational priority

Priorities set by HR leaders reflect the organization’s general strategic direction as well as the wants, needs and best interests of their employees. A commitment to diversity, equity and inclusion (DEI) is fast becoming a cultural imperative for attraction and retention, and the best in class are out in front.

They also have an edge over their peers in emphasizing the importance of keeping remote employees connected. But compared to other midsize employers, their focus on broader strategic priorities slightly outweighs certain foundational HR responsibilities. These include helping to ensure employee safety and managing risk and regulatory compliance demands, which top-performing organizations are more likely to place on auto-pilot.

A commitment to DEI is fast becoming a cultural imperative for attraction and retention, and the best in class are out in front.



Motivations that drive decisions about compensation and benefits vary widely. Best-in-class employers are much more likely to view these budget line items as investments that maximize workforce performance and business outcomes. Generally, other midsize employers take a more narrow view of total rewards, either considering them necessary tools to attract and retain talent or nothing more than operational costs.

The best in class tend to view compensation and benefits as an investment in workforce performance and operational outcomes, far more often than their peers do. Recognizing the potential for long-term gains, including a competitive edge, their average annual benefits spend exceeds that of their midsize peers.

Top HR priorities

	Best in class	Other midsize employers
Increasing workforce inclusion and diversity	19%	13%
Keeping remote employees connected	7%	4%
Ensuring employee health and safety	6%▼	10%
Complying with state and federal employee regulations	2%▼	4%

Organization’s perspective on compensation and benefits

	Best in class	Other midsize employers
Necessary operational costs	8%▼	27%
Tools to attract and retain talent	49%▼	53%
Investments in maximizing workforce performance to help achieve operational outcomes	43%	20%

▼ Marks a best-in-class response that is lower compared to other midsize employers

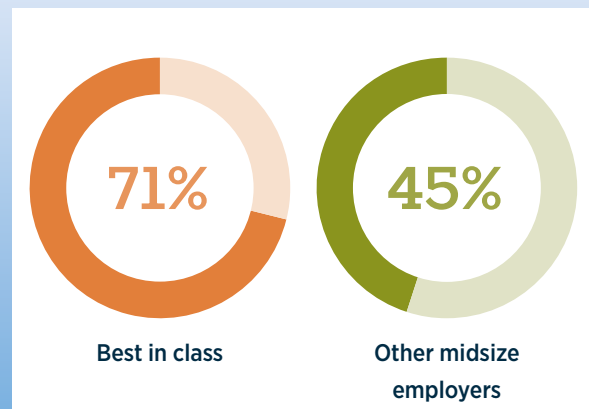
Average annual cost of employer-paid benefits per eligible employee

	Best in class	Other midsize employers
Less than \$5,000	7%▼	11%
\$5,000-\$9,999	24%▼	32%
\$10,000-\$14,999	28%	27%
\$15,000-\$20,999	22%	16%
\$21,000 or more	19%	14%

Taking a steady approach to actively managing healthcare costs

Healthcare costs have sharply impacted overall operating budgets for many years, and the burden of this trend only grows as costs routinely outpace inflation. The sustained ability of organizations to succeed—by offering competitive total rewards and investing in innovation and technology—hinges on their ability to keep healthcare costs in check. And the best in class are far more likely than their peers to say they’ve achieved that mark.

AGREE THEIR ORGANIZATION HAS AN EFFECTIVE STRATEGY TO MANAGE HEALTHCARE COSTS



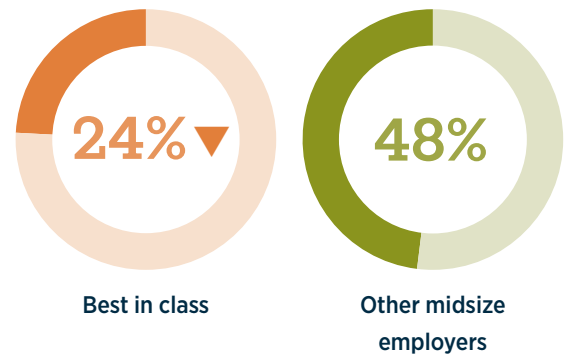
▼ Marks a best-in-class response that is lower compared to other midsize employers

Several tactics add up to an effective healthcare cost management strategy for top-performing employers. Telemedicine is the most common contributor due to pandemic-influenced growth, patients' increasing comfort with virtual communications and the appeal of efficient access to care.

The use of incentives to engage employees in wellbeing programs and promote better health outcomes is markedly more extensive among the best in class. Individualized tools designed to improve healthcare transparency and guide better decisions are also applied more frequently. A broader focus on mental health among employers, overall, makes it apparent that the costs of physical and emotional wellbeing have increased.

By avoiding certain actions, best-in-class employers have improved cost effectiveness. They're less likely than others to change plan carriers and risk the potential disruptions. And they're not as inclined to prohibit health plan access for spouses who can get coverage through a different employer. Extending health benefits membership allows families to be on one cohesive plan and paying toward the same out-of-pocket maximum.

DENY HEALTH PLAN ACCESS FOR SPOUSES WHEN OTHER COVERAGE IS AVAILABLE



▼ Marks a best-in-class response that is lower compared to other midsize employers

Healthcare cost-control tactics used in 2022

	Best in class	Other midsize employers
Offer telemedicine	75%	60%
Provide wellbeing incentives	65%	37%
Provide employees with cost-transparency tools	40%	22%
Provide employees with healthcare decision support	39%	24%
Change the prescription drug plan design (formulary exclusions, mandatory generics, etc.)	31%	21%
Offer enhanced mental and behavioral health programs	31%	14%
Change plan carriers	19% ▼	27%
Provide nonsmokers a discount on premiums (smoker or tobacco surcharge)	15%	11%
Integrate health and disability management programs	10%	6%
Offer second-opinion services	10%	4%
Actively use a care coordination or care navigation model	9%	5%
Use reference-based pricing for healthcare services	6%	3%

Physical, Emotional & Financial Wellbeing

Best-in-class employers stand out from their peers in six categories that address the physical, emotional and financial wellbeing of employees:

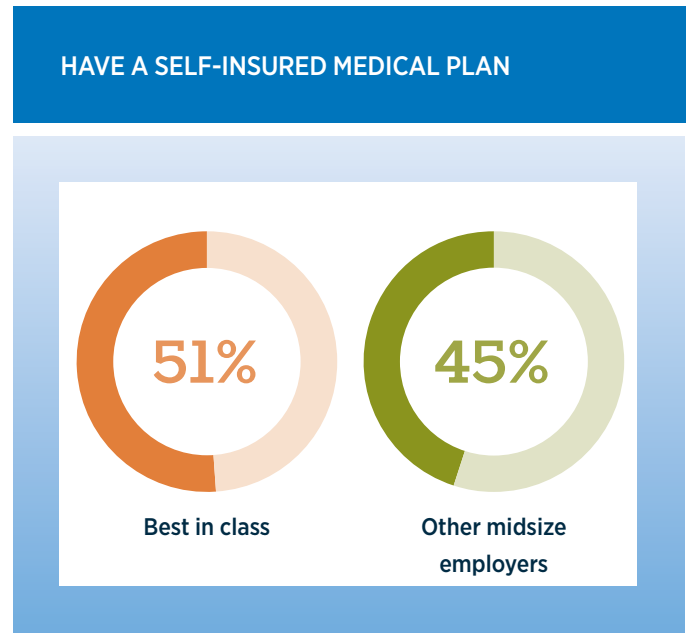
- Providing competitive yet practical medical benefits
- Designing benefits to promote high-quality, high-value care that improves health outcomes
- Applying a variety of tactics to manage the cost and use of specialty pharmacy benefits
- Supporting financial health and retirement readiness to reduce stress and manage risk
- Addressing work-life demands with robust leave policies
- Acknowledging the unique needs of individual employees through an array of voluntary benefits

Providing competitive yet practical medical benefits

Employers have long been challenged with the task of balancing healthcare cost management with offering a plan that provides affordable access. While self-insurance exposes them to more risk as the party responsible for paying all claims, they gain an opportunity to directly benefit from effective health and healthcare management efforts. More control over plan design is another advantage. For these reasons, the best in class are more likely than their peers to choose this funding arrangement.

Understanding the value of choice for employees, best-in-class employers are more likely to offer two health plan options. This decision may allow a closer fit with members' coverage priorities, which could be a competitive differentiator. Offering one plan is a take it or leave it proposition and three or more can make the management aspect more challenging.

As a testament to the quality of their plan choices, enrollment for best-in-class employers skews higher than it does for their midsize peers. They're also more likely to extend eligibility beyond full-time employees to include part-time workers or retirees.



Number of medical plans offered

	Best in class	Other midsize employers
1	18% ▼	24%
2	43%	36%
3	25% ▼	26%
4 or more	14%	14%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Medical plan enrollment

	Best in class	Other midsize employers
PERCENTAGE OF ELIGIBLE EMPLOYEES ENROLLED IN MEDICAL PLANS		
Less than 40%	1%▼	5%
40%-59%	7%▼	11%
60%-79%	28%▼	32%
80% or more	65%	52%
TYPES OF EMPLOYER-PAID COVERAGE OFFERED		
Part-time employee	28%	23%
Retiree	21%	14%

Certain plan options are highly valued by employees who need them but covered by only a portion of employers. The best in class are more likely to offer coverage for applied behavioral analysis (ABA) therapy, autism treatment, infertility services or fertility treatment, genetic testing, and gene therapy. Overall, employers are increasingly assessing these coverages as part of their workforce inclusion efforts.



Coverage of elective services and procedures

	Best in class	Other midsize employers
ABA therapy	59%	48%
Autism treatment (other than ABA)	54%	41%
Infertility services or fertility treatment	51%	43%
Genetic testing	30%	23%
Gene therapy	18%	11%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Healthcare flexible spending accounts (FSAs) are funded with pretax dollars that employees can use for certain medical, pharmacy, dental and vision expenses not covered by their health plan.

But a limited-purpose FSA will only reimburse eligible dental and vision expenses. Compared to their peers, the best in class are more likely to offer these forms of physical and financial wellbeing support.

Types of FSAs offered

	Best in class	Other midsize employers
Healthcare FSA	88%	73%
Limited-purpose FSA	54%	42%

Consumer-directed health plans (CDHPs) carry a higher deductible but lower premium costs than other types, such as preferred provider organization or health maintenance organization plans.

Best-in-class employers are more likely than their peers to offer a CDHP with a health savings account (HSA), and to contribute funds. Often, a CDHP plus HSA serves an added purpose—encouraging employees to be better, more informed healthcare consumers.

Approach to CDHPs

	Best in class	Other midsize employers
Offer a CDHP with an HSA	61%	51%
Employer contributes to the HSA	82%	67%



PHYSICAL, EMOTIONAL & FINANCIAL WELLBEING

Pairing their CDHP with a health reimbursement arrangement (HRA) is another option for employers. Top-performing employers that offer this combination tend to take a middle-of-the-road approach to funding the HRA for both individual and family coverage. It strikes a balance between overfunding the account and leaving employees with full responsibility for meeting the high deductible.



HRA employer contributions

	Best in class	Other midsize employers
AVERAGE ANNUAL EMPLOYER HRA CONTRIBUTION FOR INDIVIDUAL COVERAGE		
Less than \$100	16% ▼	30%
\$100-\$499	11%	7%
\$500-\$1,099	38%	27%
\$1,100-\$1,899	15%	14%
\$1,900 or more	19% ▼	21%
AVERAGE ANNUAL EMPLOYER HRA CONTRIBUTION FOR FAMILY COVERAGE		
Less than \$500	17% ▼	32%
\$500-\$1,099	20%	16%
\$1,100-\$1,699	15%	7%
\$1,700-\$2,499	22%	11%
\$2,500 or more	27% ▼	34%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Effective management of healthcare costs corresponds to a lower likelihood of increasing the employee responsibility, which the best in class demonstrated in 2022. Compared to their peers, fewer raised health plan premiums at the most recent renewal and more refrained from cost share increases.

Some employers adjust medical plan contributions based on specific factors. The best in class are more likely to apply this practice overall, and tend to base the amount on wellbeing efforts including program participation and completion of a health risk assessment. Conversely, they're less likely to consider job grade.

Employee cost share

	Best in class	Other midsize employers
EMPLOYEE COST-SHARING INCREASES IMPLEMENTED AT THE MOST RECENT RENEWAL		
Health plan premiums	41% ▼	47%
None	55%	47%
FACTORS THAT DETERMINE EMPLOYEE MEDICAL PLAN CONTRIBUTIONS		
Wellbeing program participation	21%	8%
Completion of a health risk assessment	11%	6%
Job grade	5% ▼	9%
None	53% ▼	61%

Dental benefits are widely available, and their popularity makes them an important differentiator. The best in class are more likely to offer as well as self-insure these benefits, and they have a greater tendency to provide an option for orthodontia coverage.



Approach to dental benefits

	Best in class	Other midsize employers
Offer employer-sponsored dental benefits	76%	68%
Self-insure the dental plan	42%	34%
Cover in-network orthodontia	87%	79%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Designing benefits to promote high-quality, high-value care that improves health outcomes

Employers increasingly recognize that the quality and value of the care their employees receive can vary significantly. The best in class are more inclined to proactively address this discrepancy using targeted tactics, including reduced costs for prescription drugs that treat high-cost chronic conditions.

This effort has proven effective for increasing compliance, which supports better disease management. They're also more likely to steer employees to high-quality providers for second-opinion services or reduce rates for using designated centers of excellence.

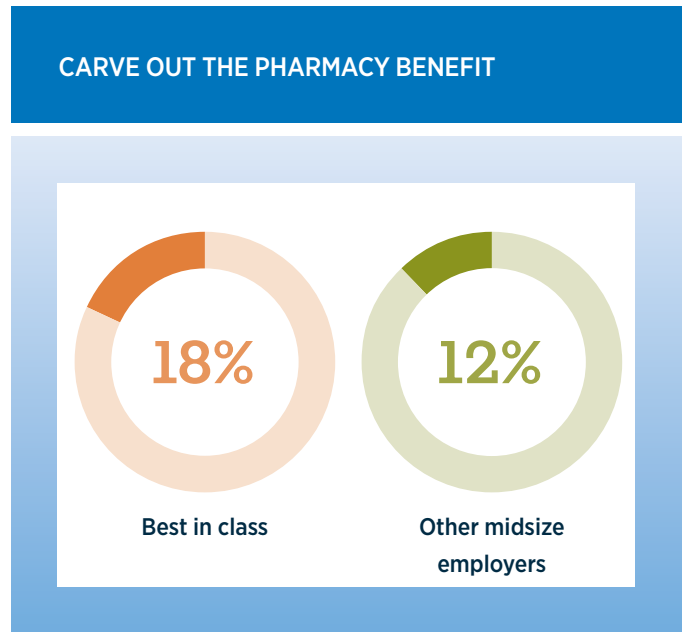
Use of value-based health management tactics

	Best in class	Other midsize employers
Reduce employee costs for prescription drugs to treat high-cost chronic conditions (e.g., diabetes)	21%	15%
Offer second-opinion programs for employees diagnosed with certain conditions	13%	8%
Reduced employee costs for using designated centers of excellence for certain medical procedures	13%	8%
None	66%▼	77%

Applying a variety of tactics to manage the cost and use of specialty pharmacy benefits

A small segment of employers carve out the pharmacy benefit from their health plan, allowing them to more closely manage overall design and drug utilization in particular. As the cost, utilization and availability of specialty drugs rise, employers are likelier to apply an assortment of tactics to keep this category financially viable.

The best in class approach specialty pharmacy management more actively than their peers. Differences are most notable in requiring prior authorizations, mandating specialty pharmacy use and adding a fourth tier for specialty drug cost share. Behind the scenes, they're more likely to review and negotiate pharmacy contracts and seek lower-cost sourcing options.



▼ Marks a best-in-class response that is lower compared to other midsize employers

Tactics employed to manage the use and costs of specialty drug benefits

	Best in class	Other midsize employers
Require pre-authorization	36%	28%
Mandate the purchase of some or all specialty drugs through a specialty pharmacy, instead of retail channels or a physician	25%	15%
Use a fourth-tier pharmacy benefit	24%	14%
Conduct pharmacy contract reviews and negotiations	21%	11%
Use a prescription sourcing solution to find lower cost options for high-cost drugs	17%	10%
Use a copay accumulator or adjustment program to avoid counting the manufacturer's contribution toward the patient deductible	9%	5%
Move drug coverage from the medical to the pharmacy benefit	8%	4%
None of these	13% ▼	23%

Supporting financial health and retirement readiness to reduce stress and manage risk

Financial wellbeing is important on many levels for both employees and employers, threading through several consequential needs including reduced stress, better mental health, higher productivity and on-time retirement. Top-performing employers excel at engaging their workforce to improve financial health through a range of opportunities. Typically, they include financial literacy education, employee discount programs, individual coaching sessions, and will preparation, estate planning or other legal services.

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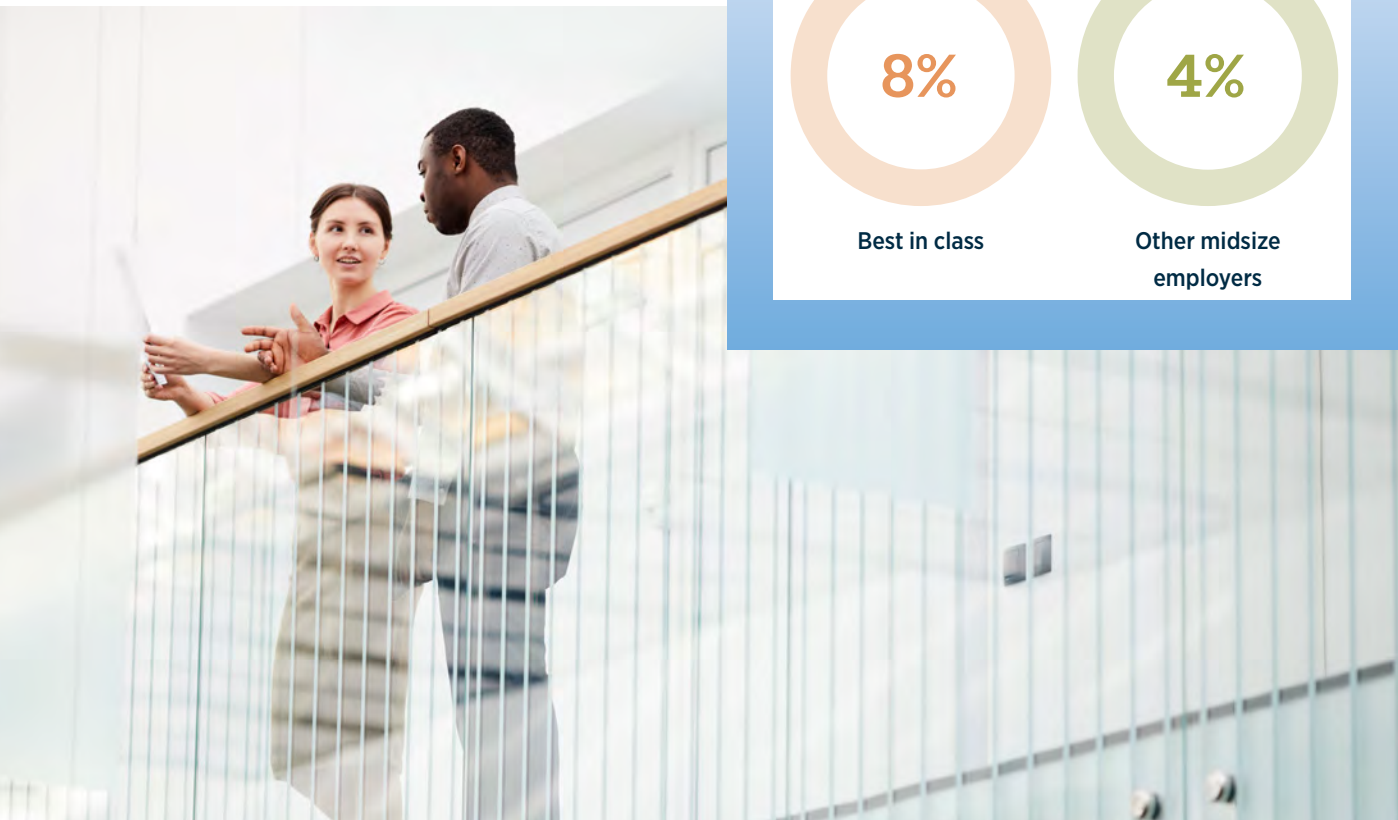
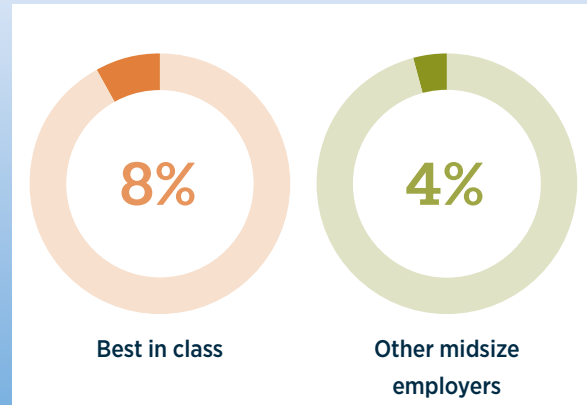
▼ Marks a best-in-class response that is lower compared to other midsize employers

Components of financial wellbeing initiatives

	Best in class	Other midsize employers
Financial literacy and other educational opportunities	61%	48%
Employee discount programs	54%	41%
Personal financial coaching sessions	53%	35%
Will preparation, estate planning or similar services	46%	37%
Debt counseling	24%	16%
Refinancing tools and education	13%	7%
Emergency savings program	4%	1%
None of these	8%▼	16%

The best in class tend to approach retirement plans somewhat differently than their peers. They're more likely to offer a nonqualified deferred compensation option and also freeze any active defined benefit plans by 2025. However, a higher number of the best in class that currently have a frozen defined benefit plan don't expect to terminate it within this same three-year period.

OFFER A NONQUALIFIED DEFERRED COMPENSATION PLAN



▼ Marks a best-in-class response that is lower compared to other midsize employers

Current and projected status of the defined benefit plan over the next 3 years

	Best in class	Other midsize employers
Active, and not expected to be frozen	68% ▼	88%
Frozen, and not intended to be terminated	27%	11%

Auto-enrollment and auto-escalation features are more common in retirement plans offered by the best in class, as a device for boosting employee savings.

The initial deferral percentage for auto-enrollment skews higher for these employers compared to others, and this same pattern also applies to employer contribution matching.

Retirement plan features and funding

	Best in class	Other midsize employers
USE AUTO-ENROLLMENT		
Yes	64%	52%
INITIAL SALARY DEFERRAL PERCENTAGE FOR AUTO-ENROLLMENT		
Less than 2.0%	8% ▼	9%
2.0%-3.9%	40% ▼	47%
4.0%-5.9%	25%	24%
6.0% or more	28%	20%
USE AUTO-ESCALATION		
Yes	37%	27%
MAXIMUM MATCH AS A PERCENTAGE OF THE EMPLOYEE'S SALARY		
1%	0% ▼	4%
2%	5%	5%
3%	12% ▼	18%
4%	23% ▼	25%
5%	19%	16%
6%	27%	22%
7% or more	14%	10%

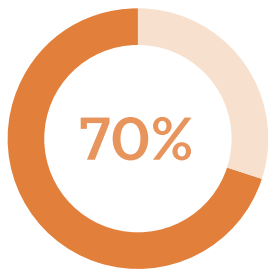
▼ Marks a best-in-class response that is lower compared to other midsize employers

Addressing work-life demands with robust leave policies

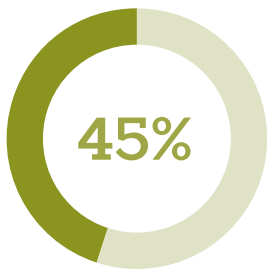
A well-structured and competitive absence management policy provides employees adequate time off to fully recover and productively return to work. Best-in-class employers are far more likely than others to have a specific strategy for managing and administering both occupational and non-occupational disabilities.

And they're somewhat more attuned to the importance of coordinating disability and workers' compensation with related regulatory requirements.

HAVE AN ABSENCE MANAGEMENT STRATEGY FOR ADMINISTERING LEAVES AND BOTH OCCUPATIONAL AND NON-OCCUPATIONAL DISABILITIES

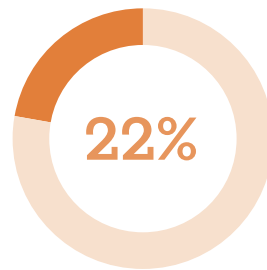


Best in class

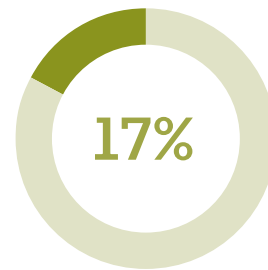


Other midsize employers

CONSIDER COORDINATING DISABILITY AND WORKERS' COMPENSATION WITH RELATED REGULATIONS A TOP ABSENCE MANAGEMENT CONCERN



Best in class



Other midsize employers



These employers are likelier to offer short-term disability (STD) insurance or salary continuation benefits. And compared to their peers, they're also inclined to provide an employer-paid or salary continuation plan more frequently and an employee-paid voluntary plan less frequently. Nearly all extend the opportunity for long-term disability (LTD) coverage to their workforce.



STD and LTD benefits offered

	Best in class	Other midsize employers
OFFER STD OR SALARY CONTINUATION BENEFITS		
Yes	90%	81%
TYPE OF STD PLAN OFFERED		
Employer-paid or salary continuation only	49%	42%
Employee-paid (voluntary) only	28% ▼	38%
Combination of state statutory and other STD (employer-paid or voluntary)	21%	16%
STD BENEFITS LEVEL AS A PERCENTAGE OF PAY		
70% or more	23%	14%
STD WEEKLY DOLLAR MAXIMUM		
\$2,500 or more	29%	17%
OFFER LTD		
Yes	96%	86%

▼ Marks a best-in-class response that is lower compared to other midsize employers

PHYSICAL, EMOTIONAL & FINANCIAL WELLBEING

Leave programs other than disability are also more widely offered by the best in class, such as time away for jury duty, federal military service, and personal or family leave. They have an important competitive edge over their peers in the availability of parental leave separate from standard STD, too.

With respect to administering the Family and Medical Leave Act (FMLA), best-in-class employers more often outsource these responsibilities than their peers do.

Approach to other leave programs

	Best in class	Other midsize employers
TYPES OF LEAVE PROGRAMS OFFERED		
Company jury duty	91%	84%
Federal military (USERRA)	84%	75%
Company personal	74%	62%
Other family leave	40%	26%
Volunteer	25%	14%
Municipally-mandated	15%	10%
PAID PARENTAL LEAVE ELIGIBILITY (SEPARATE FROM STD)		
Eligible new parents	23%	18%
Eligible new parents in coordination with state and local paid leave laws	21%	15%
Not offered but state and local paid leave laws may apply	56%▼	67%
OUTSOURCE FMLA ADMINISTRATION		
Yes	25%	15%



▼ Marks a best-in-class response that is lower compared to other midsize employers



Paid time off (PTO) is a high-profile benefits category and employers designated as best in class are notably more generous than others. They allot more paid holidays at the higher end of the scale.

And they're more apt to provide employees with flexibility in taking time off by allowing them to carry over unused vacation time or PTO.

Holiday and vacation policies

	Best in class	Other midsize employers
NUMBER OF PAID HOLIDAYS PROVIDED PER YEAR		
Less than 7	9%▼	20%
7-8	20%▼	23%
9-10	27%	26%
11-12	27%	22%
More than 12	16%	10%
ALLOW CARRYOVER OF VACATION OR PTO DAYS		
Yes	88%	79%

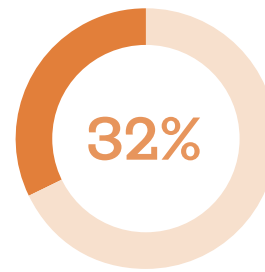
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Acknowledging the unique needs of individual employees through an array of voluntary benefits

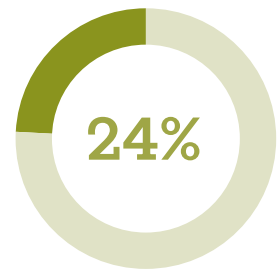
Voluntary benefits introduce more choice to total rewards by giving employees the opportunity to customize available options to meet their specific needs. Offering a selection that addresses population preferences helps to differentiate employers in a competitive labor market. In 2022, the best in class more often enhanced voluntary benefits.

Employers that offer these benefits can either subsidize the cost or require employees to pay the full amount. Voluntary options that best-in-class employers are more likely to subsidize include accidental death and dismemberment (AD&D) insurance, employee perks and purchase programs, legal services, and identity theft protection. Footing at least part of the bill for these benefits facilitates access and ensures affordability for employees.

ENHANCED VOLUNTARY OR SUPPLEMENTAL BENEFITS TO MEET RECRUITMENT AND RETENTION OBJECTIVES



Best in class



Other midsize employers



Approach to voluntary benefits

	Best in class	Other midsize employers
TOP OBJECTIVES FOR OFFERING VOLUNTARY BENEFITS		
Provide comprehensive benefit packages	73%	62%
Avoid direct costs to the organization	8%▼	14%
Receive financial subsidies or credits for the core benefit lines	2%	1%
TYPES OF EMPLOYER-SUBSIDIZED BENEFITS		
AD&D insurance	70%	62%
Employee perks program (discounts)	39%	25%
Employee purchase program (merchandise)	20%	12%
Legal services	19%	11%
Identity theft protection	18%	11%
Supplemental individual disability insurance	9%	3%
Pretax dependent care reimbursement account	8%	5%
Section 132 commuter benefits plan	7%	4%
Pet insurance	2%	0%
Auto and home insurance	1%	1%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Career & Organizational Wellbeing

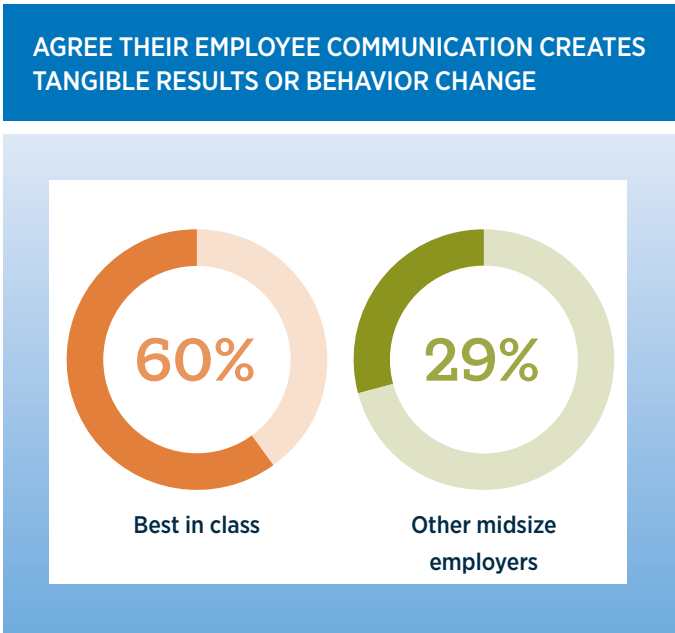
Best-in-class employers transcend the ordinary in their approach to career and organizational wellbeing, expressing three key themes:

- Building and solidifying a strong corporate culture through communication
- Recognizing employees' strengths and performance to drive engagement
- Investing in the whole employee by providing distinct and relevant wellbeing resources

Building and solidifying a strong corporate culture through communication

Maintaining a strong culture requires more diligent planning and deliberate execution when remote work is commonplace. In particular, communication has taken on a whole new magnitude as employers work harder than ever to connect with employees effectively.

The best in class are more than twice as likely as their peers to report tangible results from their communication efforts. These employers tend to be less concerned about employees understanding their benefits and how to use them, or knowing the value of their total rewards. They're more interested in helping the workforce learn and relate to the organization's vision, mission and values, and supporting a strong culture.



Outcomes of employee communication considered most important

	Best in class	Other midsize employers
Employees understand the vision, mission and values of the organization	55%	43%
Employees understand the total value of their compensation and benefits	48% ▼	55%
Employees understand their benefits and how to use them	45% ▼	56%
Organization establishes or sustains a strong corporate culture	35%	28%



▼ Marks a best-in-class response that is lower compared to other midsize employers

Nearly every best-in-class employer tracks communication outcomes. One distinction that stands out is their use of engagement surveys, health benefits enrollment and trends, wellbeing program participation evaluation, and website or portal analytics.

Tracking results allows employers to determine what's working—and what's not—and hone their strategy accordingly.

Methods used to measure employee communication success

	Best in class	Other midsize employers
Employee feedback or questions received by HR	78%	66%
Employee satisfaction or engagement surveys	78%	47%
Healthcare benefit enrollment and trends	58%	39%
Wellbeing program participation	53%	24%
Website or portal analytics	39%	24%
Participation and trends in non-healthcare benefit programs	35%	24%
Claims data	29%	19%
Don't measure employee communications	3%▼	17%



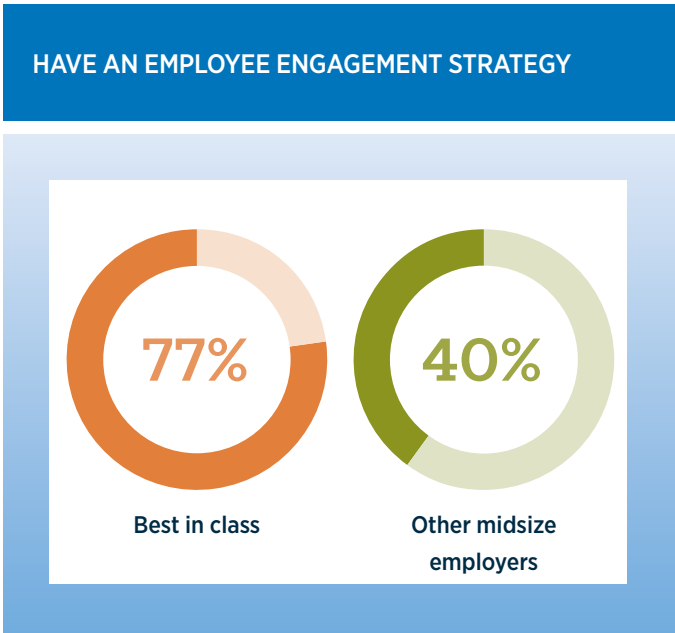
▼ Marks a best-in-class response that is lower compared to other midsize employers

Recognizing employees' strengths and performance to drive engagement

Any combination of compensation and benefits will underperform its potential value, for both employers and employees, when engagement is low. Maximizing this essential mindset for productivity and retention requires understanding and applying key workforce drivers.

The best in class are more likely to agree or strongly agree that their workforce is highly engaged. And it's no coincidence that their efforts to improve engagement are guided by a specific strategy, at nearly twice the rate of their peers.

Distinguishing attributes of top-performing employers that foster engagement include supporting employees in developing a career path and demonstrating a commitment to their long-term growth. In alignment with their communication objectives, they also connect employees' efforts to positive impacts on the organization's strategy, mission, vision or values. When employees feel valued and connected to their employer, they tend to be more invested in long-term success.



Agreement with the statement, "Our workforce is highly engaged"

	Best in class	Other midsize employers
Strongly agree	12%	4%
Agree	64%	41%

Tactics used to improve employee engagement

	Best in class	Other midsize employers
Support employees in developing and pursuing a career path	51%	42%
Communicate in a way that fosters trust and confidence	40% ▼	48%
Connect employees' efforts to positive impacts on strategy, mission, vision or values	37%	31%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Investing in the whole employee by providing distinct and relevant wellbeing resources

A culture of wellbeing requires ongoing buy-in from all levels of the organization, and quality results are achieved through a reciprocal commitment to investing the necessary time and resources. This effort is well worth the potential brand reputation value, which can be a recruitment and retention advantage. Individually, when employees are culturally engaged, they're more energized and motivated to collectively contribute their best efforts toward common goals.

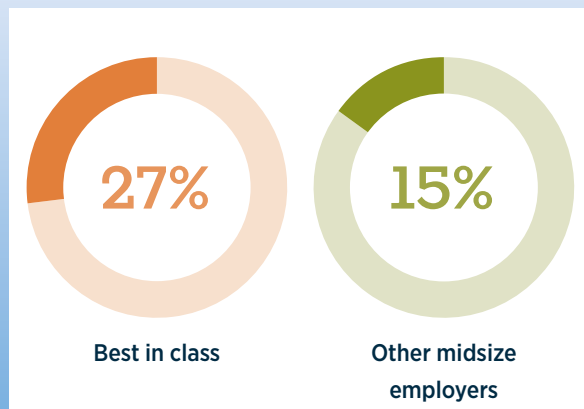
The best in class are far more likely to consider their overall wellbeing strategy effective. They also appear to see the connection between engagement, retention and a desirable culture more plainly. In response to employees' adamant enthusiasm for flexibility and work-life balance, many have improved initiatives that support these personal priorities. And labor market competition has accelerated that trend.

Total wellbeing strategy

	Best in class	Other midsize employers
AGREEMENT WITH THE STATEMENT, "WE EFFECTIVELY CREATE OR SUSTAIN A CULTURE OF TOTAL WELLBEING IN OUR ORGANIZATION"		
Agree	64%	36%
TOTAL REWARDS ASPECTS ENHANCED TO MEET RECRUITMENT AND RETENTION OBJECTIVES		
Wellbeing initiatives	49%	31%

Cultivating a sense of unity and belonging is especially important as workforces become more dispersed. Compared to others, best-in-class employers are considerably more likely to have a larger percentage of their employees working remotely full time.

HAVE MORE THAN 30% OF EMPLOYEES WORKING REMOTELY FULL TIME



No organization is immune to employee burnout. Now a widespread phenomenon caused by a number of contributing factors in recent years, this condition is leading to staff shortages and increased financial pressures for employers. Most express concern about the effects of stress and burnout on the organization, but especially the best in class.

Channeling that concern into a productive response, top-performing organizations are likelier to train and otherwise equip managers to provide support for employees experiencing mental health issues. They tend to be more prepared to suggest helpful resources, including making referrals to services.



Policies that align with evolving work preferences, while promoting work-life balance and mental health, now require a greater focus on flexible arrangements. Variations include part-time or full-time remote work, flextime and a compressed workweek.

Offering such options is a proactively sound investment in preventing and managing burnout and stress among employees. Top-performing employers more readily embrace policies and practices that help curtail physical, emotional and financial costs that also impact the organization.

Tactics used to address workplace flexibility

	Best in class	Other midsize employers
Part-time remote working	67%	54%
Flextime	60%	47%
Full-time remote working	49%	34%
Compressed workweeks	24%	18%
None of these	10% ▼	24%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Dynamics that impact employee wellbeing may be internal or external to the organization. Regardless of their source, as gaps in support surface, reconsidering approaches and reprioritizing areas of focus can help employers recalibrate for a better balance.

Since 2020, the best in class have been more likely to increase the strategic importance of all employee wellbeing dimensions. Aligned with other findings, emotional wellbeing tops the list as stress and burnout continue to be critical areas of concern related to mental health. But physical, financial and career wellbeing are also gaining more attention.

Dimensions of employee wellbeing that have become more important since 2020

	Best in class	Other midsize employers
Emotional	87%	74%
Physical	55%	42%
Financial	50%	37%
Career	41%	29%
None of these	4%▼	11%

Employers offer a selection of physical wellbeing programs and resources to help employees get active, stay active, and generally take better control of their health. Overall, those in the top-performing category provide multiple options at a higher rate than their peers.

The largest gaps occur with physical activity programs or virtual fitness platforms, promotion of preventive care and age-appropriate screenings, and healthy vending or eating opportunities.

Components of physical wellbeing initiatives

	Best in class	Other midsize employers
Gym subsidies or discounts	61%	48%
Promotion of preventive care and age-appropriate screenings	61%	45%
Physical activity programs or virtual fitness platforms	59%	41%
Weight management programs	55%	44%
Health risk assessment	50%	43%
Healthy vending or healthy eating opportunities	43%	27%
Disease management or musculoskeletal programs	35%	24%
Onsite or virtual health professional or coach	27%	19%
Onsite health clinic	15%	10%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Key emotional wellbeing opportunities include stress management, resiliency and meditation programs, which are significantly more prevalent among the best in class. Additionally, these employers rely on DEI initiatives to help ensure that all employees feel welcome and supported by the organization.



Components of emotional wellbeing initiatives

	Best in class	Other midsize employers
Virtual or telephonic mental health counseling	72%	60%
DEI initiatives	52%	35%
Stress management, resiliency or meditation programs	44%	25%
Time off for mental health or burnout	28%	20%
Mental health training for managers, leaders or HR	22%	13%

These employers also set themselves apart through a more extensive commitment to providing a broad selection of career wellbeing programs. They're much more likely to offer leadership, management and employee development and training as well as ongoing performance feedback and coaching.

Peer-to-peer recognition programs also support team building and generally boost morale.

Components of career wellbeing initiatives

	Best in class	Other midsize employers
Ongoing performance feedback or coaching	78%	61%
Management or leadership development training	74%	52%
Employee development training	73%	54%
Peer-to-peer recognition	50%	37%
Team-building programs	39%	26%
Mentoring programs	38%	25%
Career counseling	13%	6%

Well-chosen wellbeing programs and resources get to the heart of delivering a more powerful cultural experience. Investments made by best-in-class employers show they understand how important social and community connections are to employees.

Compared to their peers, they're far more inclined to provide wellness committees or champions, volunteer opportunities, and an employee wellbeing newsletter or communications.

Components of other wellbeing or employee support initiatives

	Best in class	Other midsize employers
Company-sponsored gatherings (e.g., picnics, holiday parties)	80%	72%
Lactation or nursing mothers' rooms or accommodations	79%	69%
Volunteer opportunities	64%	46%
Wellness committee or wellness champions	62%	43%
Employee wellbeing newsletter or communications	57%	43%
Matching gift or donation programs	35%	22%
Childcare resources (e.g., emergency childcare)	11%	6%

Regardless of how comprehensive wellbeing initiatives are, engagement outcomes are the key measure of their success. And best-in-class employers tend to be “all in” with their efforts to enhance this organizational asset by extending participation to all employees whether they're health plan members or not. This decision recognizes that improved wellbeing influences all aspects of life, including the capacity to contribute on the job at the highest possible level.

Participation is a top wellbeing challenge for all employers, but the best in class confront it less often. It's probably no coincidence that they invest more heavily in incentives to encourage program participation, such as cash or gifts, employee recognition, and charitable contributions.

Overall investment in wellbeing programs is also higher among best-in-class employers. Their annual per-employee spend on wellbeing initiatives is most often \$550 or more, while others typically set aside less than \$100.



Wellbeing programs and initiatives

	Best in class	Other midsize employers
TOP CHALLENGES		
Participation	64% ▼	73%
Geography and/or multiple locations	32%	25%
Remote workforce	23%	12%
Compliance and regulations	7%	4%
INCENTIVES USED TO INCREASE PARTICIPATION		
Cash or gifts	63%	49%
Employee recognition	50%	35%
Charitable contributions	11%	7%
Don't use incentives	13% ▼	21%
PERCENTAGE OF EMPLOYEES WHO USE ONE OR MORE WELLBEING OPTIONS		
0%–20%	17% ▼	33%
21%–40%	27%	27%
41%–60%	18% ▼	20%
61%–80%	20%	12%
81%–100%	17%	8%
COST OF WELLBEING INITIATIVES PER EMPLOYEE PER YEAR (ALL FORMS)		
Less than \$100	22% ▼	35%
\$100–\$249	20% ▼	21%
\$250–\$399	13%	10%
\$400–\$549	8%	6%
\$550 or more	23%	12%
Don't know	14% ▼	16%

▼ Marks a best-in-class response that is lower compared to other midsize employers

Deliberately measuring wellbeing program outcomes is key to assessing their investment value, and then determining how to allocate spending. Most employers zero in on participation data, but the best in class tend to assess effectiveness more thoroughly.

Nearly twice as many placed in this category rely on engagement survey results for broader insights. Claims data, biometrics and healthcare utilization are among the other common factors they consider more frequently.

Measures of evaluating wellbeing initiative success

	Best in class	Other midsize employers
Program participation	79%	67%
Employee engagement survey	62%	33%
Financial (claims data)	39%	24%
Biometrics	34%	23%
Healthcare utilization	34%	18%
Preventive care utilization	33%	20%
Health risk assessment	30%	23%
Chronic condition management	20%	9%
Lost work time	14%	9%
Lost productivity	6%	3%
Don't evaluate the effectiveness	7%▼	18%

▼ Marks a best-in-class response that is lower compared to other midsize employers

FINAL REMARKS

The Best-in-Class Benchmarking Analysis shifts the focus away from common practices for achieving organizational and employee wellbeing, using data-driven insights to identify what high-performing organizations do differently. Because each employer has a unique set of needs, challenges and opportunities, specific findings are not meant to be prescriptive. Yet together, they provide a relevant framework for reflecting on total compensation approaches and priorities—both current and future—that more closely align with operational and HR goals.

Fundamentally, benchmarking against best-in-class practices helps organizations take a more proactive and structured approach to planning, developing, and implementing HR and benefit policies and programs. When considering investments in employee physical, emotional, career and financial wellbeing, objective data adds a measure of confidence. The emerging themes and statistically significant attributes in this report can help inform decisions that improve organizational wellbeing and drive better business outcomes.



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ABOUT GALLAGHER



People are your organization's greatest asset. But when their daily lives are impacted by major struggles like a global pandemic, economic strife and geopolitical risks, hardship can take its toll—both on your people and your business.

As employees across all geographies, industries and employer types navigate the ever-changing world, organizations must critically evaluate their people experience—finding unique ways to engage teams, establish authentic connections and support employee wellbeing overall.

Making an intentional connection between your people's wellbeing and your organization's performance is imperative for optimal results. When your people are all in, your business can attract top talent, motivate employees and shift the organizational culture—helping employees to feel differently about their work. As a result, organizations can reduce burnout and increase productivity among their people, and business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better WorksSM—a comprehensive approach for strategically investing in benefits, compensation, retirement and employee communication so you can support the health, financial security and career growth of your people at the right cost structures.

From evaluating the demographics of your workforce, to surveying and analyzing competitor trends, Gallagher offers you data-driven insights—allowing you to make the most of your investment in talent, deliver a better people experience and reduce organizational risk. Even in times of uncertainty, we're here to help you optimize your profitability with a strategy rooted in the wellbeing of your people.

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