

OPEN ENROLLMENT:

What Employees Really Want

Survey Findings & Action Items
for HR Professionals



INTRODUCTION

There are a few annual to-dos that can inspire stress and panic among HR professionals: performance reviews, year-end payroll, and of course, open enrollment.

As you strive to improve employee happiness, a compelling benefits package is a critical piece of the puzzle. And open enrollment is the moment when employees engage with all of benefits options you've been working hard to secure behind-the-scenes. When you get those final employee selections over to your carrier, it's time to breathe a major sigh of relief.

But how do your employees feel about the process? And what do they really want from you in terms of guidance, time, and support?

We set out to answer those questions in a survey of over 500 respondents.* It turns out, there's some room for improvement: **31% of employees give their employer a “C” or lower when it comes to open enrollment.**

Let's dig into our findings, so you can walk away with clear action items to make sure your open enrollment earns you an “A.”

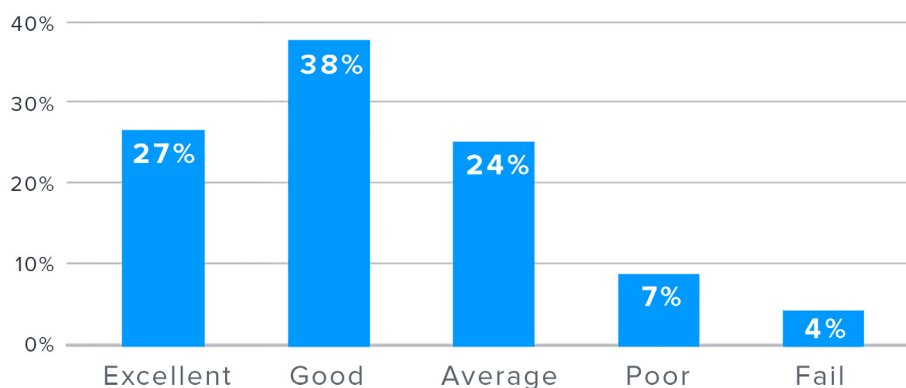
Without further ado, let's get to the results.



* Survey results are based on 517 respondents. All respondents are between ages 18-65, based in the US, and employed full-time.

HR has the most to lose from a poor open enrollment experience.

QUESTION: Based on past open enrollment seasons, how would you rate your company's **HR department**?



We know the stakes are high in HR—after all, it is the department that’s responsible for getting people get paid. Come open enrollment season, that effect is magnified. Our survey confirms this dynamic, revealing to just what extent a benefits experience can shape feelings toward HR.

Compared to employers, survey respondents were twice as likely to rate their HR department as “poor” for their handling of open enrollment. That’s particularly worrisome, because our data shows that 24 percent of employees would rate their HR departments as just “average” when it comes to handling enrollment.

It’s not all doom and gloom, however. A majority of survey respondents still rated their HR department’s handling of open enrollment as either “good” or “excellent.” One possible explanation for this finding is that benefits administration software has come a long way in recent years, making enrolling in plans easier than ever.

Constant changes in plans is the leading source of employee frustration.

TOP 4 OPEN ENROLLMENT FRUSTRATIONS

- 1** The constant changes in plans and choices (34%)

- 2** Collateral is riddled with jargon and hard to understand (19%)

- 3** It is a rushed process, and I feel like I don't have time (19%)

- 4** My HR representative isn't knowledgeable enough (11%)

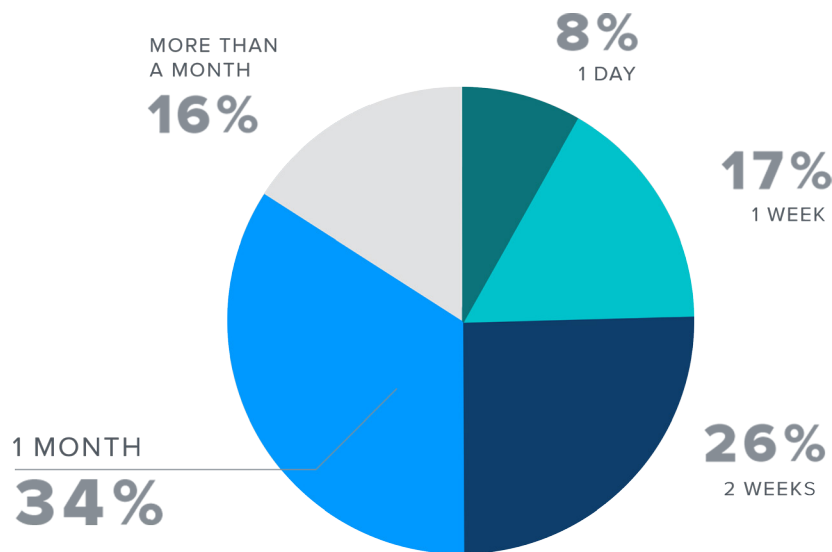
Whether or not your company's offerings have changed drastically in the past year, looking at a 3 page plan comparison chart can be overwhelming. Changes, no matter how small, can overwhelm and confuse employees. Our survey aimed to pinpoint areas of frustration.

With each year's variation in plans, it makes sense that the biggest cause of frustration is the constant changes in plans and choices. In line with this finding, the other top causes of frustration are hard-to-understand collateral (19%) and the rushed process (19%). Millennials were most likely to blame the rushed process and jargon-filled collateral.

Communication is key to helping you better prepare employees for open enrollment. Offer resources that highlight which aspects of plans are changing, avoid the use of jargon in informational resources, and start the process early to ensure employees have ample time to ask questions and make thoughtful selections.

Employees want at least a month to make their selections.

QUESTION: How much time would you like to make your Open Enrollment choices?



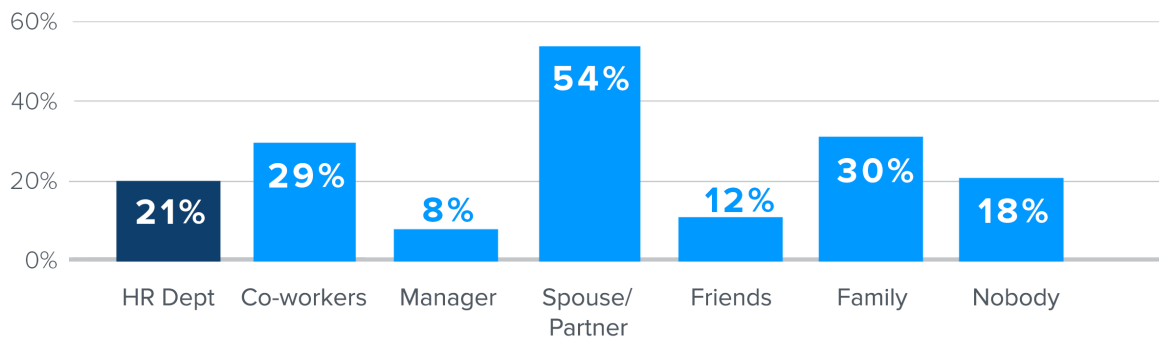
How much time should you give employees to make their selections? If you give them their options too far in advance, it may drop into the abyss of their inbox. On the flipside, you don't want employees to feel rushed or to make a quick decision without thinking things through.

According to our survey, 50% of respondents said they would like at least a month to make their benefits selections. A month gives enough time for employees to sort through materials, but also keeps it top of mind within a reasonable deadline. Of all age groups, Baby Boomers were the most likely to request one month or longer.

With this in mind, be sure to start your open enrollment preparations far in advance to give employees the time they need to understand their selections. Make sure your communication strategy supports your open enrollment time-frame with initiatives like weekly email reminders, Q&A sessions, and informational materials around plan offerings.

Employees are more likely to ask family or co-workers about their choices than HR.

QUESTION: Before making your benefits selections, with whom do you discuss your options?



When it comes to the tough questions at work, HR often prides itself as the go-to. It leads efforts around open enrollment, so doesn't that make it a company's resident source of benefits expertise? Namely's recent survey turned that notion on its head, revealing that most employees would rather look elsewhere when it comes to their enrollment questions.

Of our survey participants, only 1 in 5 consulted with their HR department while making benefits elections. Instead, employees relied on advice from family members and co-workers, the former accounting for 54 percent of responses. Notably, millennials in particular seemed to value the advice of a manager, with 10 percent seeking their advice—more than double the percentage of all other age groups.

Families often share plans, so it's no surprise that employees discuss their options with a spouse or partner. Even so, HR should position itself as an approachable, in-house resource when it comes to enrollment. Because benefits-related questions are often personal, don't just address questions in an open format. In addition to larger, informational sessions, set aside "office hours" to address employees questions one-on-one.

72% of employees are willing to sacrifice perks in place of better healthcare benefits.

PERKS WORTH SACRIFICING FOR BETTER HEALTHCARE

1 Holiday parties (47%)	5 Cell phone reimbursement (29%)
2 Happy hours (47%)	6 Vacation days (7%)
3 Free meals and snacks (45%)	7 Bonuses (8%)
4 Gym memberships (40%)	8 401(k) match (5%)

We often talk about the importance of a comprehensive benefits package. Benefits aren't just about healthcare—they also encompass everything from pet insurance to office snacks. But with rising healthcare costs, it turns out that the vast majority of employees would be willing to sacrifice the perks many companies think are must-haves.

The perks employees are most willing to sacrifice in place of better healthcare benefits are the company holiday party (47%), happy hours (47%) and free breakfasts, lunches, and snacks (45%).

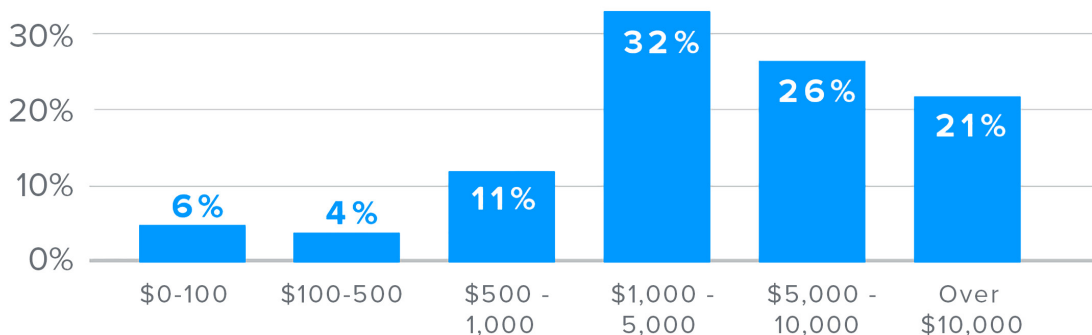
The perks employees are least willing to part with are vacation days (7%) and 401(k) match (5%), which gives employers a signal on what to prioritize.

We also uncovered a few interesting age-based and regional trends. Millennials (8%) were far more eager to give up vacation time than Baby Boomers (2%). The reverse was true around 401(k) match; understandably so, given that retirement looms far closer for Baby Boomers.

Regionally, the West was most willing to give up gym memberships (52%) - perhaps their warmer weather is more conducive to working out in the great outdoors!

Employees underestimate how much employers spend on their benefits.

QUESTION: Not including your salary, how much do you think your employer spends on your benefits annually?



Providing even modest benefits can be an expensive proposition. On average, employers shoulder nearly 75 percent of employee premiums, amounting to \$8,669 per employee annually. When dependents are added to the mix, that amount can quickly rise to over \$12,000.*

While it's no surprise to HR professionals that compensation goes beyond just salary, do employees have that same understanding? Not quite, according to our data. **We found that 79 percent of U.S. workers think their employer spends under \$10,000 on their benefits annually. Even worse, 53 percent think they spend under \$5,000.**

Furnishing employees with total rewards statements every year is an effective way of reminding them of what your business has to offer. In addition to listing wages, the document shows what was paid out in bonuses, stock options, and yes—in healthcare premiums. Incorporating total rewards statements into your compensation discussions can help bridge the divide between employee perceptions and reality.

* Employee benefits statistics from the Society for Human Resource Management's 2016 *Health Care Benchmarking Report*.

TAKEAWAYS

Across all demographics, we found that employees were surprising transparent about what they expect from open enrollment. Namely's survey data provides HR (the party held most accountable for success or failure) with a number of actionable takeaways.

First, **always strive to make your benefits options great**. It's no secret that attracting and retaining all-star employees has become harder in recent years. With leverage shifting to both candidates and sitting employees, offering affordable, robust plans has never been more important. Every year, survey employees on how they'd rate their existing plans and what they'd like to see offered in the future.

If you've got a tight budget, **remember that employees are willing to forgo perks** like happy hours and holiday parties for better coverage.

TAKEAWAYS

Enrolling in benefits is weighty business. Another important takeaway is that **employees want at least a month to make their selections**. Enrollment should not feel rushed HR initiative, so be sure to start preparing your team up to six months in advance.

From HMOs to PPOs and everything in between, benefits jargon can be overwhelming. **Your team needs to have the benefits expertise and patience to answer employee questions**. Our survey suggested that most employees aren't comfortable coming to HR with their open enrollment questions. That needs to change. Schedule both group informational sessions and office hours to address questions and concerns.

Providing employees with the coverage and peace of mind that they deserve is one of your most meaningful responsibilities. When open enrollment runs smoothly, that leads to happier, healthier employees. What more could an HR professional ask for?