COVID-19 PULSE SURVEY

RETURN TO WORKPLACE

2020

U.S. Edition

Gallagher

Insurance | Risk Management | Consulting

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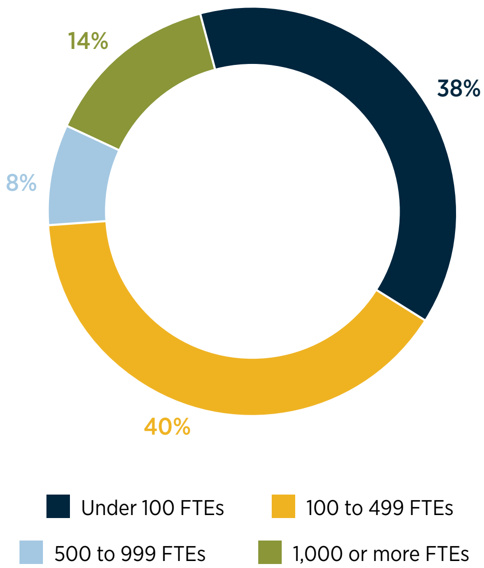
SURVEY OVERVIEW

The COVID-19 Return to Workplace Pulse Survey addresses employers' strategies, policies and practices for transitioning employees back to the workplace.

Key topics include testing, screening and healthcare coverage; work locations; and total rewards design, including wellbeing support. Over 1,000 organizations of all sizes and in various industries participated between May 1 and May 29, 2020.

WORKFORCE SIZE – FULL-TIME EMPLOYEES (FTEs)



PARTICIPATION BY INDUSTRY

Healthcare, manufacturing and financial services	10%–11%
Technology, business services, social services, public entity and K-12 education	5%–9%
Energy, construction, wholesale, higher education, associations, entertainment/hospitality/restaurant, real estate, law, religious, retail, life sciences, transportation, agriculture and pharmaceutical	1%–4%

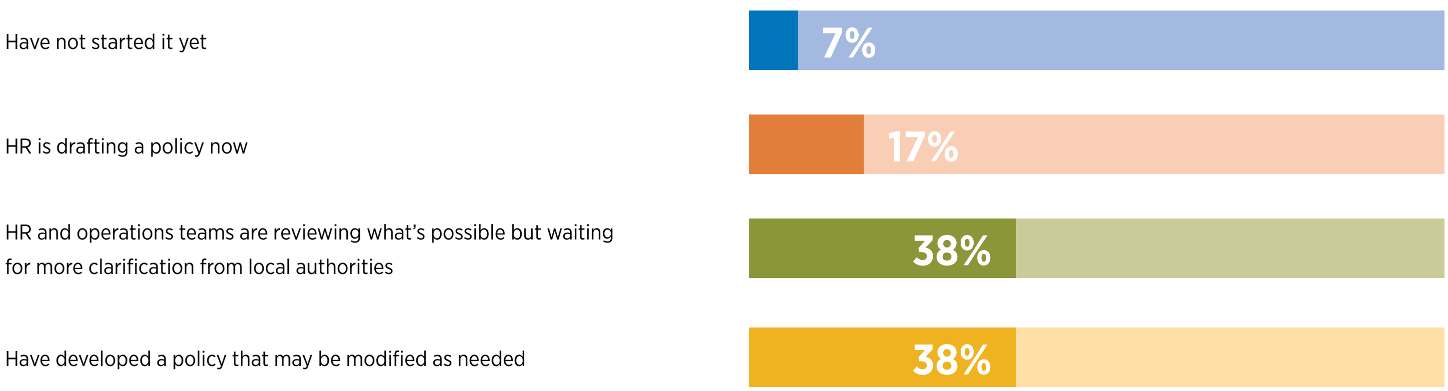
RETURN-TO-WORKPLACE PLANNING

Employers are fully engaged in return-to-workplace planning, but most are waiting for local authorities to clarify guidelines.

The connection between risk management and organizational wellbeing has never been more apparent or more important. That's why ensuring the health and safety of employees and establishing basic business continuity are top priorities[1]—which guide the 93% of employers that are planning or modifying their return-to-workplace strategy.

Decisions about repopulating the workplace and the required processes are often complex—and they encompass a variety of key concerns starting with a safe, clean and secure environment. When the survey closed, 38% of employers had drafted a policy that will be modified as needed. A policy was in progress at 17%, while 38% were reviewing their options as they awaited clarification from local authorities. Findings show the manufacturing (63%) and energy (49%) industries are most likely to have developed a return-to-workplace policy.

DEVELOPMENT STAGE OF THE RETURN-TO-WORKPLACE STRATEGY



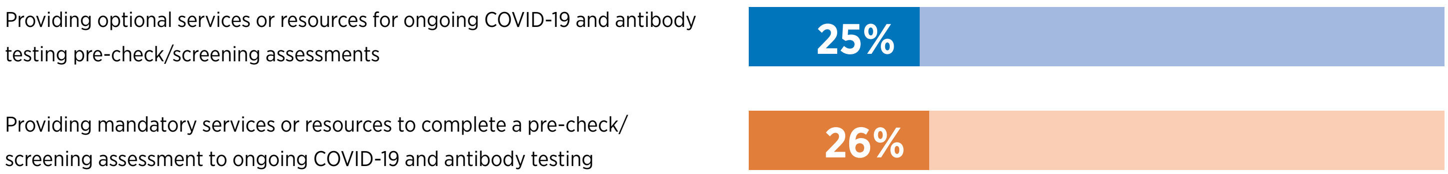
SCREENING, TESTING AND HEALTH COVERAGE

Nearly half of employers expect to provide services or resources for COVID-19 screening and testing.

Among the 44% of employers that plan to screen or test their employees for the presence of COVID-19, there's an even split in their approaches between making services and resources optional (25%) or mandatory (26%).

Ongoing COVID-19 and antibody pre-checks, screenings and testing are most often required by employers in the healthcare (39%), K-12 (34%) and business services (30%) industries. Conversely, financial services employers are much less likely to mandate employee participation (13%).

POTENTIAL MEASURES TO BE IMPLEMENTED WHEN SHELTER-IN-PLACE REQUIREMENTS ARE LIFTED

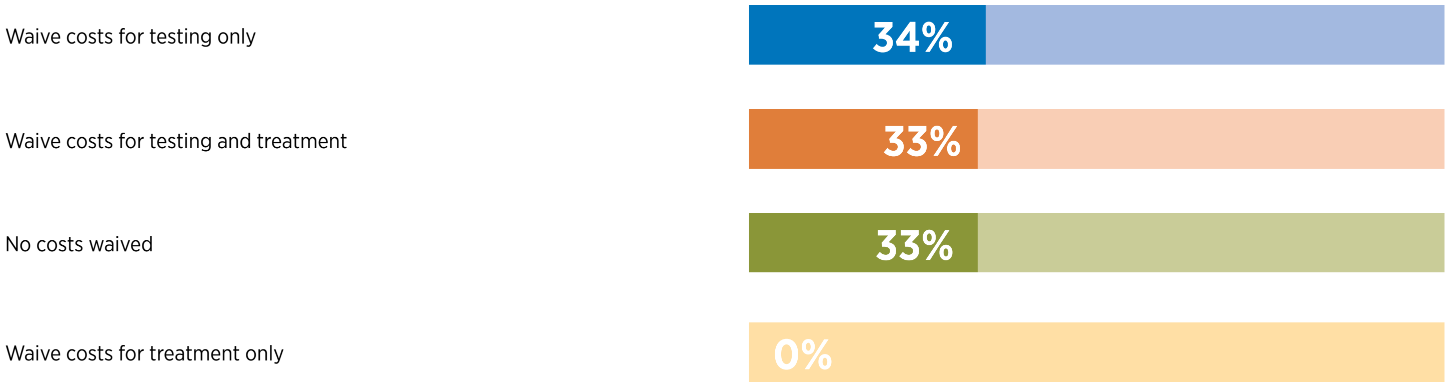


[1]Gallagher COVID-19 Employer Response Survey, May 2020

The extent of health plan coverage for COVID-19 varies widely.

Employer practices for COVID-19 healthcare cost sharing range from full coverage to none. Roughly a third are taking one of three approaches: waiving employee costs for both testing and treatment (33%), waiving the cost for testing only (34%) or not waiving any costs (33%).

APPROACH TO COST SHARING FOR COVID-19 COVERAGE UNDER THE HEALTH PLAN



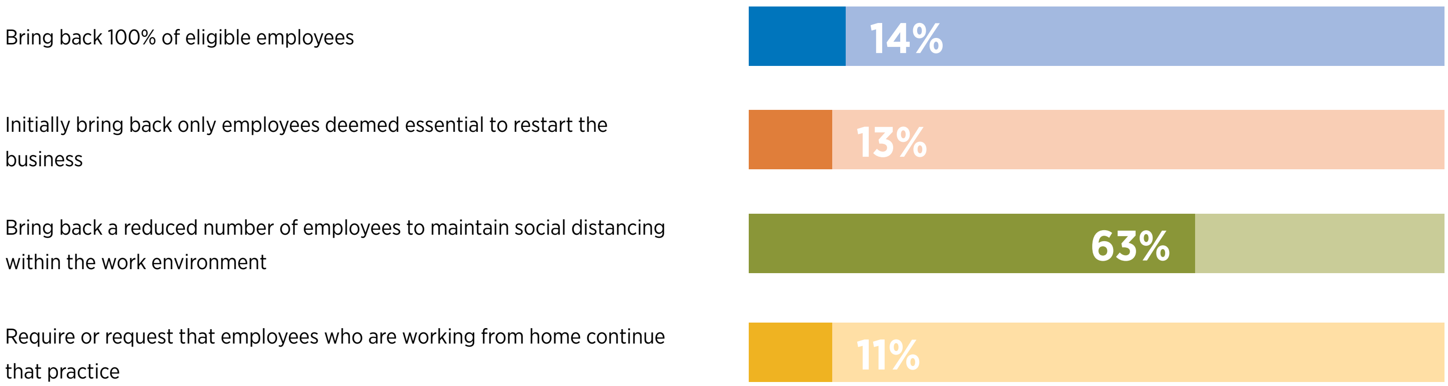
WORKPLACE CONSIDERATIONS

Social distancing rules will apply in most workplaces.

Almost two-thirds (63%) of employers expect to limit the number of people they bring back to the workplace at any given time, so they can maintain social distancing. This is the top strategy across all industries.

Return-to-workplace restrictions differ among the rest—from requiring only employees essential for restarting operations to return (13%), to requiring or requesting all who work at home to continue that practice (11%), to bringing back all who are eligible (14%). Public entity (26%), manufacturing (21%) and healthcare (19%) employers are most likely to bring back 100% of their eligible employees.

PLANNED APPROACH FOR BRINGING EMPLOYEES BACK TO THE WORKPLACE



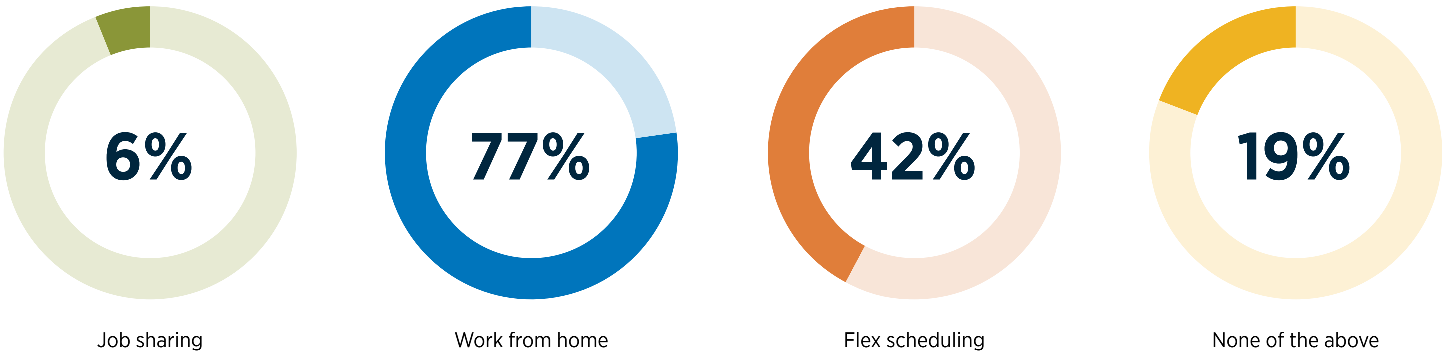
Working at home will increasingly become a worksite cultural norm.

For nearly 8 in 10 employers (77%), extensive work-at-home arrangements were a consequence of COVID-19. Although this phenomenon began as a forced experiment, many are considering whether the practice makes sense for their workforce going forward (86%). Immediate risk management benefits include employee health, social distance scheduling and workplace cleaning costs. Real estate costs, virtual work technology requirements and employee engagement are other factors to consider in the long run.

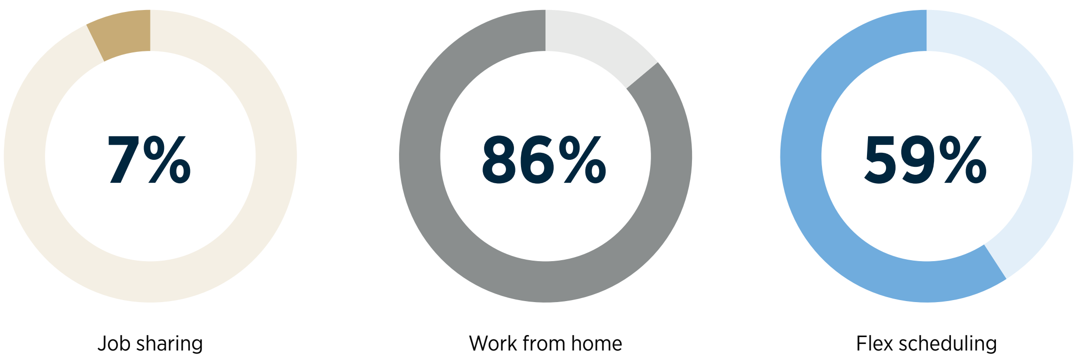
Planning the duration of work-at-home policies is an important part of a return-to-workplace strategy. As of early June, 71% of employers expected the modifications they made to be temporary—but a sizeable 38% considered them permanent. More than half of business services (55%) and technology (54%) employers were planning to continue work-at-home arrangements indefinitely.

Other new workplace strategies deployed during the crisis include flex scheduling (42%) and, to a much lesser extent, job sharing (6%). Like the approach taken to work-at-home policies, flex scheduling policies are likely to remain in place post-crisis (59%)—especially for public entity (78%), social services (69%) and technology (61%) employers.

WORK POLICIES THAT HAVE BEEN IMPLEMENTED BECAUSE OF THE CRISIS



WORK POLICIES THAT WILL BE RETAINED AFTER THE CRISIS HAS PASSED



POTENTIAL MEASURES TO BE IMPLEMENTED WHEN SHELTER-IN-PLACE REQUIREMENTS ARE LIFTED

HEALTHCARE BENEFITS PLAN DESIGN

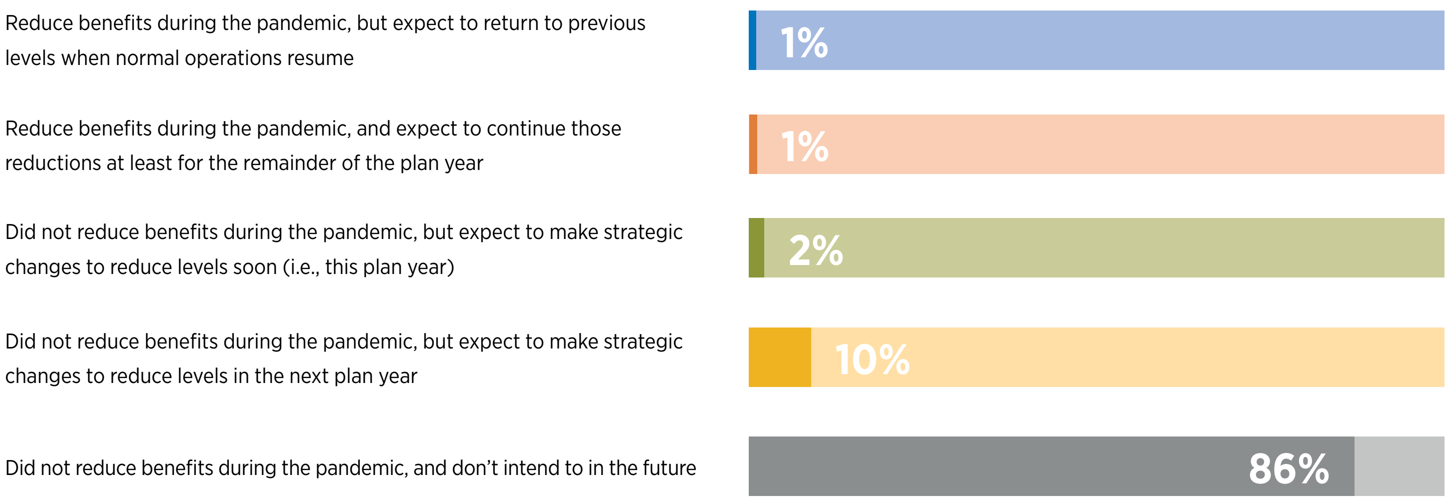
Strategies for healthcare benefits plan design will largely stay the course in 2020 and beyond.

At this point, COVID-19 cost pressures are not driving large-scale changes to healthcare plan design. The vast majority of employers (86%) have not reduced these benefits during the pandemic and don't intend to in the future. Only 2% had implemented any cost-cutting measures, while another 2% foresee making changes during the current plan year. Ten percent (10%) have not made changes but expect to do so in the next plan year.

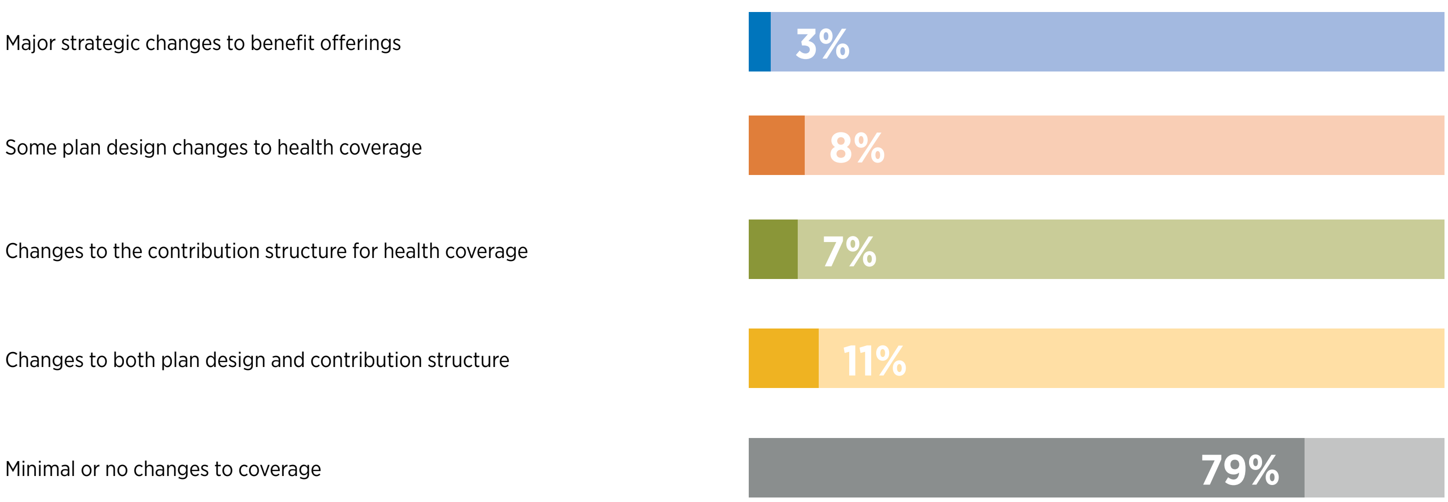
Looking ahead to 2021, 79% of employers anticipate minimal or no adjustments to 2020 plan benefits. Changes among the other 21% are most likely to occur in the healthcare (31%), energy (29%) and manufacturing (26%) sectors.

Just 3% of employers that expect to modify their 2021 plan benefits believe major strategic changes are in order. Targets will most likely include changes to plan design (8%) and contribution structure (7%) for health coverage. Overall, 11% of employers intend to alter both, more commonly in the energy (24%), manufacturing (17%) and healthcare (16%) industries.

OVERALL STRATEGY FOR HEALTH BENEFITS PLAN DESIGN



CHANGES CONSIDERED TO 2021 BENEFITS DUE TO COVID-19 COST PRESSURES



EMPLOYEE WELLBEING

Changes to employee wellbeing programs focus on overall and emotional health.

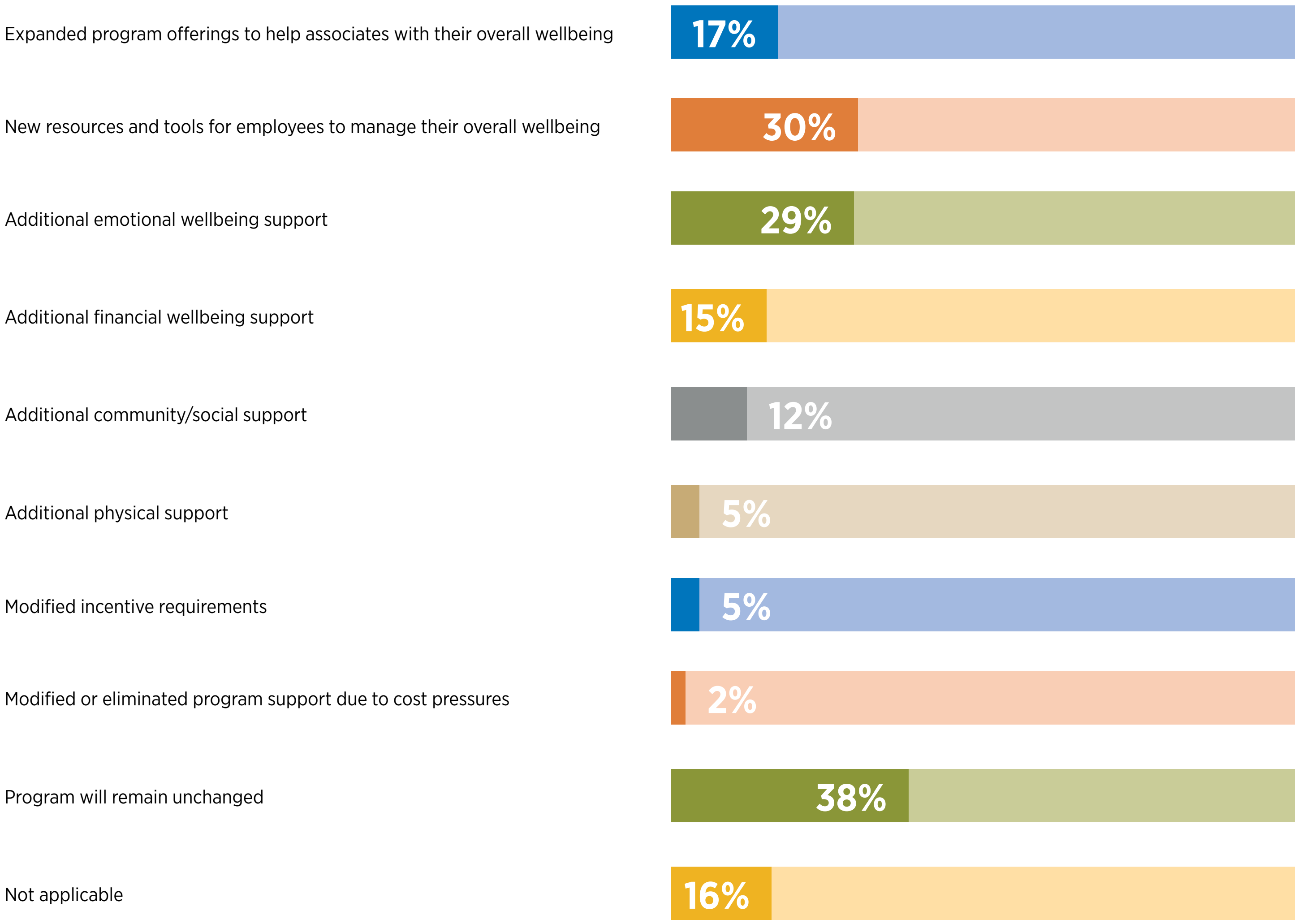
The pandemic highlights a global environment that intensifies the need for an employer to reassess its duty of care obligations—how the organization protects employees' safety and security to support their physical and emotional wellbeing. When a people strategy is rooted in workforce wellbeing, organizational wellbeing can thrive, even in times of uncertainty. Programs are still offered by 84% of employers, and 46% are retooling them in response to the COVID-19 crisis. Anticipated changes focus mostly on introducing new resources to help employees manage their overall (30%) and emotional (29%) wellbeing.

Fear of the unknown that surrounds the viral outbreak is compounding already high societal levels of stress, anxiety and depression.

The sudden, mandatory reboot to home worksites has isolated many employees and disrupted their daily routines, but employers are responding by interconnecting their workforce in new ways. And to round out their support for whole health, some have added or plan to add financial (15%), community/social (12%) and physical (5%) wellbeing benefits.

Compared with employers overall, the K-12 (59%) and healthcare (58%) cohorts were the most likely to change their employee wellbeing programs. Their joint focus on adding new resources and tools was higher for K-12 (45% vs. 38%), with a reverse emphasis on options that support emotional wellbeing for healthcare (45% vs. 38%). Among healthcare employers, 28% are expanding the programs they offer, and 21% are adding financial wellbeing support.

CURRENT OR PLANNED CHANGES TO THE WELLBEING PROGRAM



COMPENSATION

1 in 5 employers reduced wages, but few expect these changes to be permanent.

Some companies are adjusting compensation levels to minimize or avoid workforce reductions and conserve cash flow. Now more than ever, practical guidance is needed to objectively evaluate these sensitive changes, especially how employees are paid. Business operations in general and compensation planning in particular require an individualized approach. Outside expertise can offer a broad perspective when reevaluating expense structures and considering alternatives for reducing financial risk.

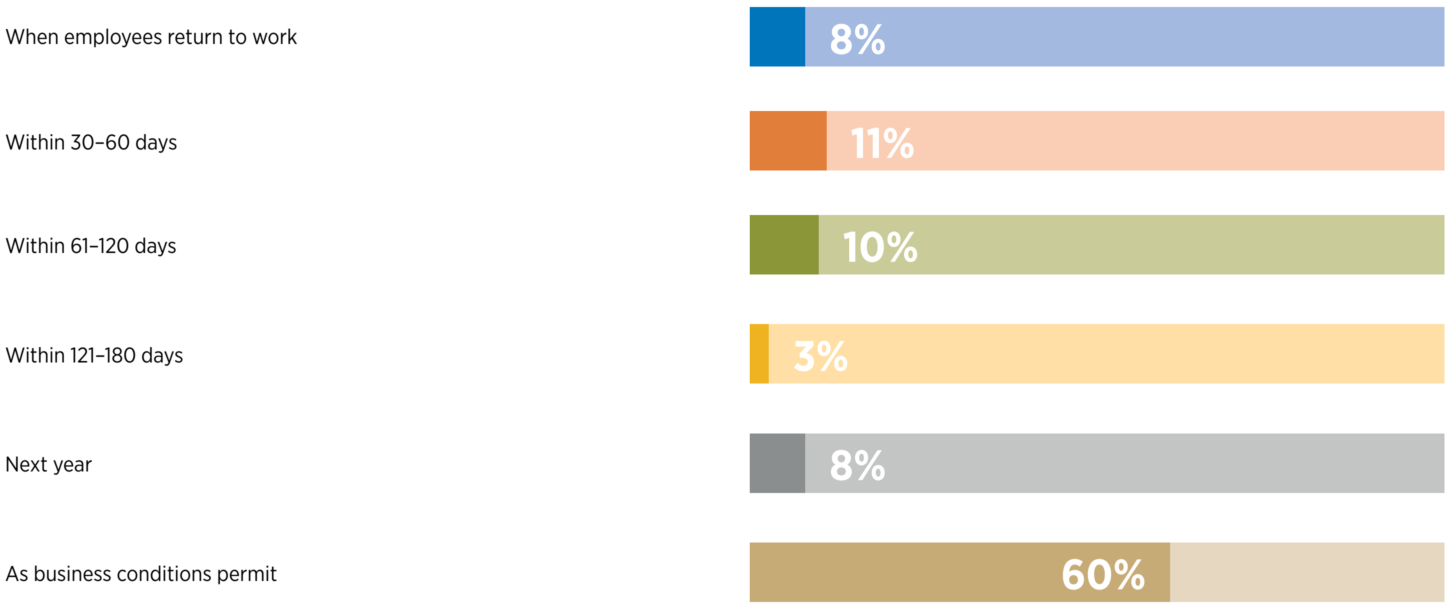
Entering the month of June, 1 in 5 (20%) employers had reduced wages in response to the COVID-19 crisis—an 8% increase over the month before.[1] Only 6% expected these changes to be permanent, and reversal among the other 94% tended to be contingent upon business conditions. The incidence of wage reduction was highest in the business services (32%) and healthcare (29%) industries.

MADE WAGE REDUCTIONS IN RESPONSE TO THE COVID-19 CRISIS

PLAN TO REVERSE WAGE REDUCTIONS MADE IN RESPONSE TO THE COVID-19 CRISIS

[1]Gallagher COVID-19 Employer Response Survey, May 2020

DATE WAGE REDUCTIONS MADE IN RESPONSE TO THE COVID-19 CRISIS WILL BE REVERSED

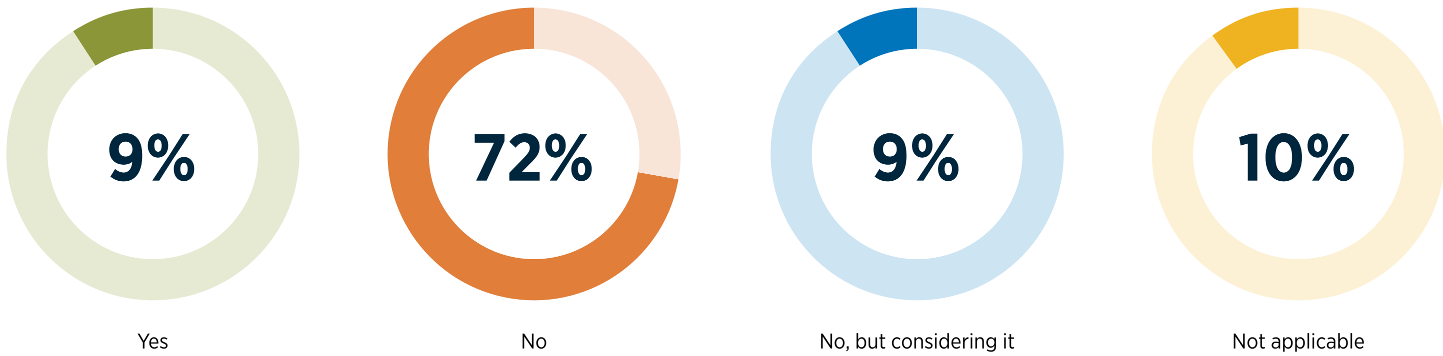


Suspension of retirement plan matching contributions is relatively low, but the rate could double.

Retirement plan contribution matching is another potential cost-cutting measure, but most employers aren't planning to use it (72%). A few have either suspended their employer contributions (9%) or possibly will in the future (9%). If the match is discretionary, employers can change it at any time with a resolution by the board, and they're also able to notify participants as soon as possible in advance. But a match that's explicitly stated in the plan requires both a plan amendment and participant notice.

At similar rates, employers in the technology (15%), business services (13%), healthcare (12%) and manufacturing (12%) industries have suspended their employer plan contribution. Others in most of these industries are considering this change to retirement benefits. Depending on the direction they take, percentages could nearly double—by an additional 12% in business services and 10% in healthcare. The social services sector (3%) largely avoided this move initially, but 13% are now looking at it.

SUSPENDED EMPLOYER CONTRIBUTION OR MATCH FOR RETIREMENT PLAN



FINAL REMARKS

A big part of the new normal for competing effectively in any business has increasingly become reliance on good data that suits the exact need—at the right moment.

For HR that means creating flexible total rewards strategies, policies and practices that can be reconfigured more readily to align with trends in workforce needs and interests, against a backdrop of economic and organizational challenges.

Gallagher offers this series of survey reports to support better talent management decisions with updated information during the COVID-19 crisis.

For additional resources—including our Return to Workplace Guide and its five-step process for protecting your people, property and profit—visit ajg.com/pandemic.

And beyond the pandemic, we'll continue to provide updated information that builds agility in the face of the inevitable and the unknown—because a technology-driven, innovation-oriented and interconnected world will continue to bring unprecedented change.

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You start by building a better workplace. One that attracts, engages and retains top talent. What does that look like? It's a workplace where people feel they belong—where there's a sense of developing a career instead of punching a clock. And a culture of opportunity that draws new talent because it inspires employees to deliver their personal and professional best.

Gallagher Better Works℠—a comprehensive approach to benefits, compensation, retirement, employee communication and workplace culture—aligns your human capital strategy with your overall business goals. It centers on the full spectrum of organizational wellbeing, strategically investing in your people's health, talent, financial security and career growth. And developing benefit and HR programs at the right cost structures to support a multigenerational workforce.

From evaluating the demographics of your workforce to surveying and analyzing competitor trends, Gallagher helps you gather new insights and apply best practices that promote productivity and growth. A data-driven focus allows you to continually improve. That's what it means to create a better workplace culture. It's about never being content to rest each time you reach your best. Your better is never finished.

As you develop and sustain this destination workplace culture, your people can thrive and perform at a higher level—optimizing your annual talent investment and mitigating organizational risk to maximize your profitability. Best of all, you gain a competitive advantage as a workplace that simply works better.

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