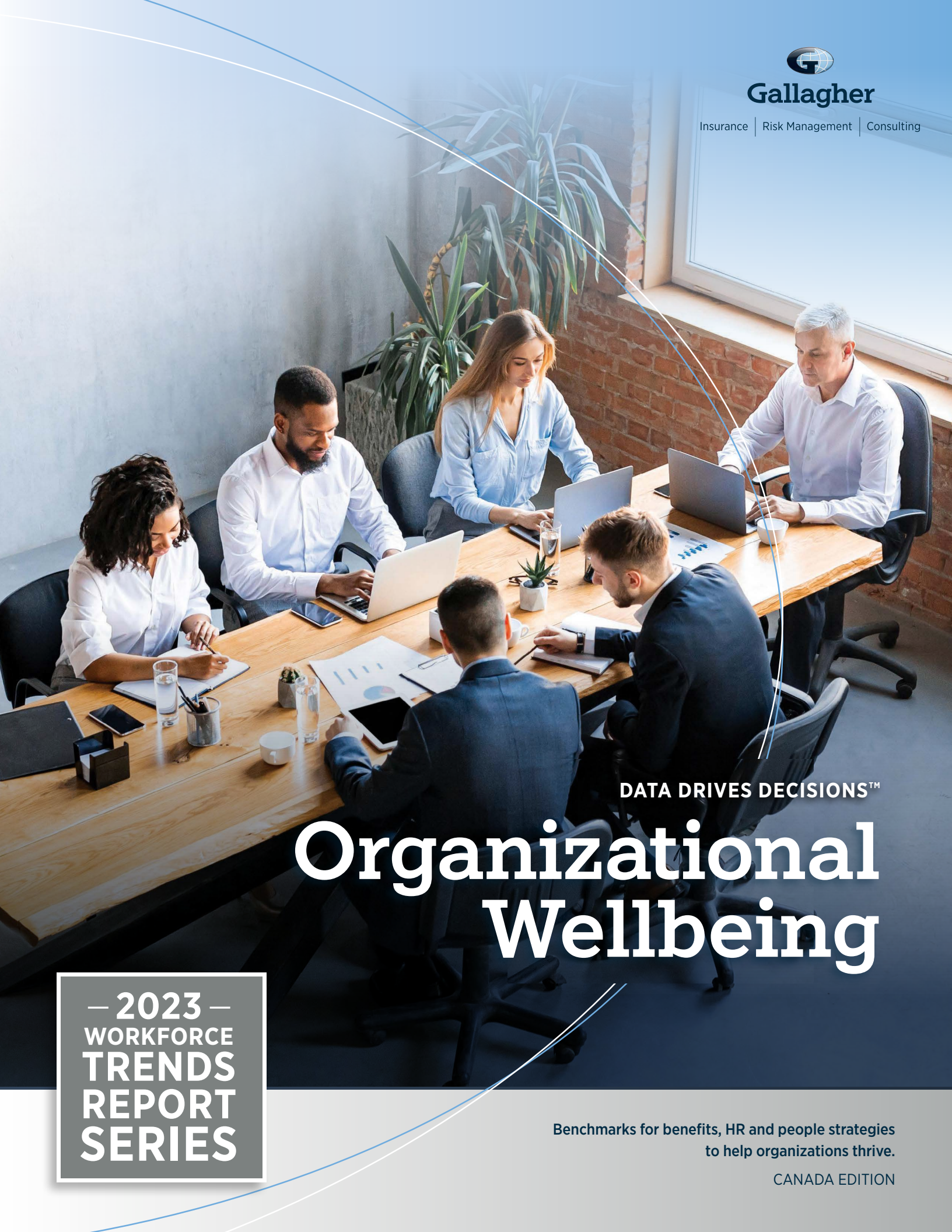




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# Organizational Wellbeing

— 2023 —  
WORKFORCE  
TRENDS  
REPORT  
SERIES

Benchmarks for benefits, HR and people strategies  
to help organizations thrive.

CANADA EDITION

# — 2023 — WORKFORCE TRENDS REPORT SERIES

**Data drives decisions.™**

Access the complete yearlong series for data-driven insights and benchmarks to confidently plan your future success.

1

## **ORGANIZATIONAL WELLBEING**

Benchmarks for benefits, HR and people strategies to help organizations thrive

YOU  
ARE  
HERE

2

## **PHYSICAL & EMOTIONAL WELLBEING**

Benchmarks for medical and pharmacy benefits, as well as absence management strategies

3

## **CAREER WELLBEING**

Benchmarks for employee engagement and compensation

4

## **FINANCIAL WELLBEING**

Benchmarks for retirement benefits and other supporting coverages

5

## **STATE OF THE SECTOR**

Benchmarks for internal communication and employee experience strategies

2023

2024

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# Introduction

Physical, emotional, career and financial wellbeing considerations are interlinked, and making effective decisions comes with nuances. Add challenging economic factors and workforce trends to that mix, and the need for an organizational wellbeing strategy becomes clearer. In recent years, organizations have been forced into a reactive mode, but they're looking to the future with a focus on fostering a more strongly attached workforce.





A holistic approach to attraction and retention can help solve the challenges of too many competing priorities and talent management complexities. As a starting point, employers need to align its essential elements with the overall people strategy. Balancing the key aspects of a positive employee experience—including the work environment, learning opportunities and appropriate rewards—sustains long-term results. Strategic efforts to address each of these factors, in relation to each other, can then add up to an exceptional employee experience.

One initiative at the forefront is inclusion and diversity (I&D). The strength of an organization's commitment to hiring a diverse group of employees and its standing in the community influences attraction. Similarly, the work environment, an expression of culture, is increasingly linked to organizational wellbeing and measured by a commitment to maintaining psychological safety. Employees also expect a reasonable level of work flexibility, which is essential to wellbeing, supports a more productive work environment and contributes to higher retention.

Getting out ahead of change, not just keeping pace, has become a more critical directive for meeting employees' needs. By aligning total rewards with organizational priorities, employers provide the foundational structure for strategic success.

Part of our Workforce Trends Report Series, this instalment covers organizational strategy, I&D, HR technology, insurer satisfaction, and voluntary and life insurance benefits. It presents recent findings on current and emerging trends to help employers optimize their investments in the wellbeing of their organization as a whole. Each of the other reports centres on a specific aspect of employee wellbeing, including physical, emotional, career and financial.

Data and insights are compiled from a variety of Gallagher benchmarking surveys conducted each year. In this report, they're based on the results of our Benefits Strategy & Benchmarking Survey, gathered from February to April 2023. A total of 504 organizations across Canada participated.

Findings are broken out by organization size for peer comparison. Each section features core data highlights, contains tables that show detailed results and wraps up with key takeaways. From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.

To discuss your total rewards strategies, contact your local Gallagher representative or one of the advisors listed in the back of the report.

1

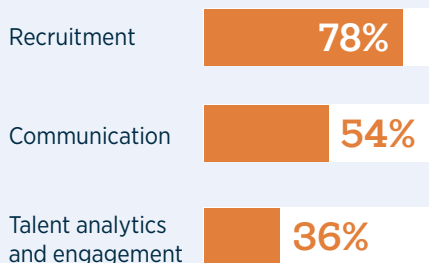


Employers experienced turnover of 15% or more in 2022

Attraction and retention still rank as the top two challenges for employers. With compensation the leading factor affecting turnover, the use of total rewards statements has increased. Personalized and comprehensive, they substantiate the organization's commitment to the full value that employees and prospects are eligible to receive, beyond pay.

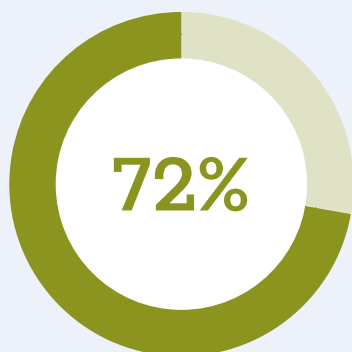
2

Areas of the organization that have integrated I&D standards



I&D are defining elements of culture, the employee experience and organizational attachment. Through a growing interest in applying supportive policies and practices, employers show they recognize the essential competitive advantage these standards present.

3



Employers that have an HR technology strategy

Opportunities to improve trend monitoring and assess how solutions fit specific needs are improving with the broader availability and use of HR technologies.

4

Less than  
1 in 2

Employers rate the ability of their insurer services to support diverse demographics as satisfactory

Many employers want to introduce more inclusive benefits, but many carriers have not yet developed the advanced capabilities that are required. Expectations for modernized technologies to support programs and services are also putting pressure on these insurers.

5

Benefit plan flexibility and access changes since 2020

↓ 12 points

Provide a traditional benefits plan with choices limited to optional life, AD&D and critical illness

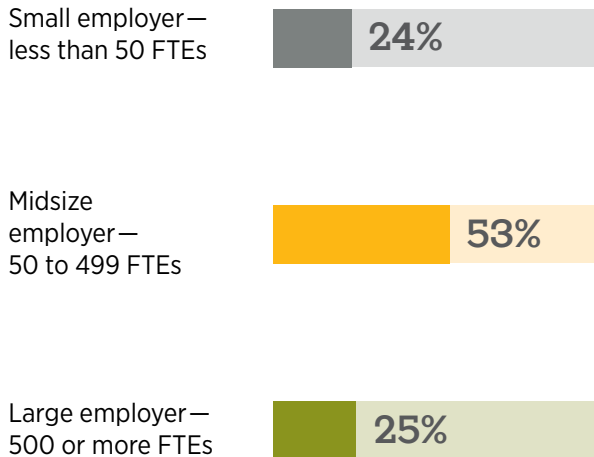
↓ 16 points

Require a waiting period for benefits plan enrolment

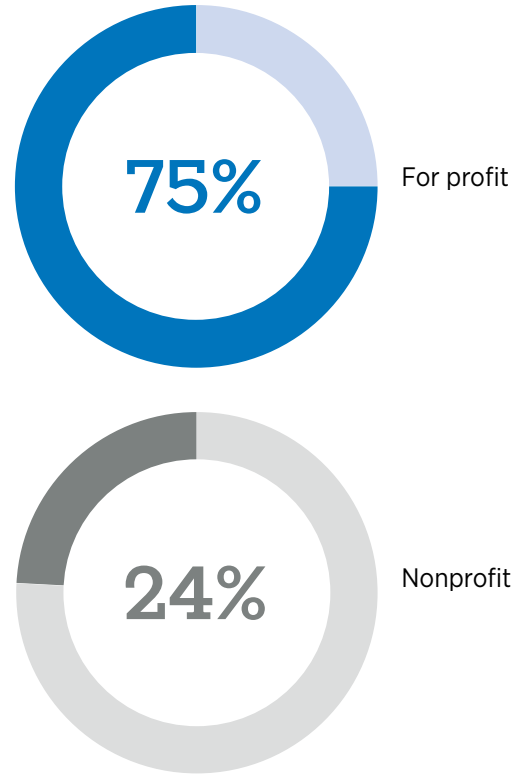
The use of traditional benefit plans that limit insurance choices to optional life, accidental death and dismemberment (AD&D), or critical illness has declined over the last four years. Waiting periods for benefits plan enrolment followed the same trajectory. These changes reflect a broad effort to compete for talent by increasing flexibility and removing barriers to benefits access for new employees.

# BENEFITS STRATEGY & BENCHMARKING SURVEY PARTICIPANT PROFILE

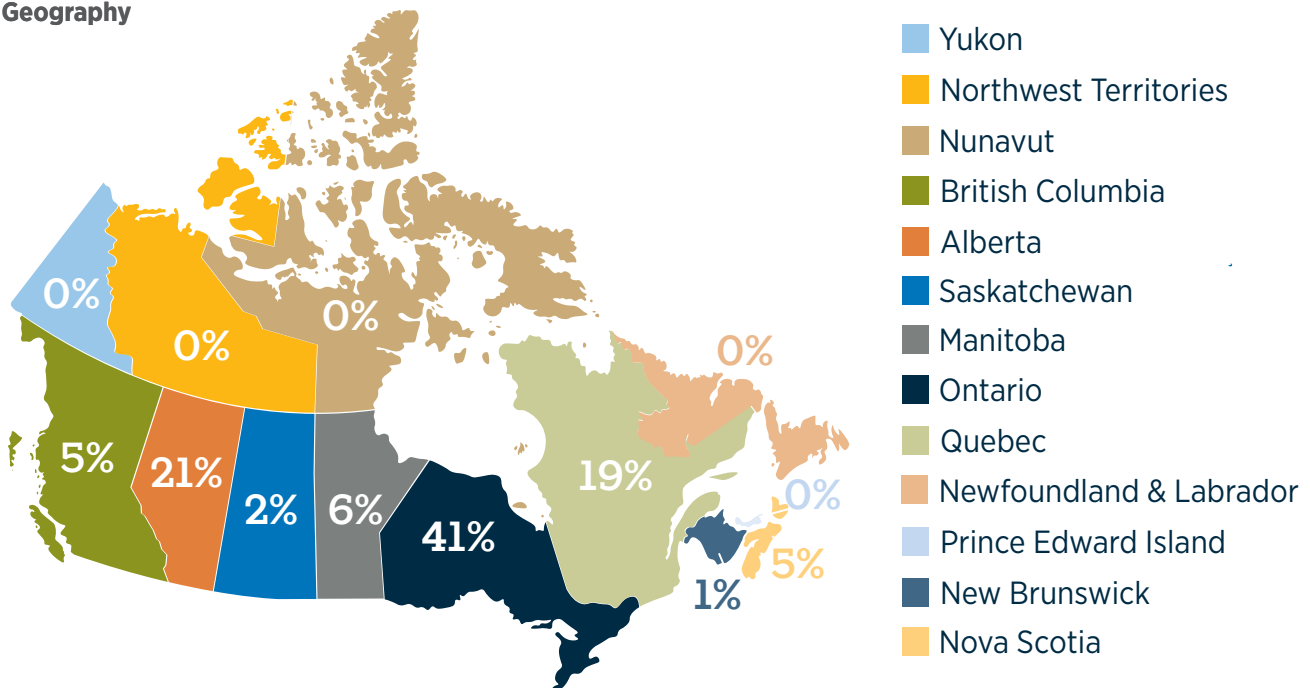
## Workforce Size—Full-Time Equivalents (FTEs)



## Ownership Structure

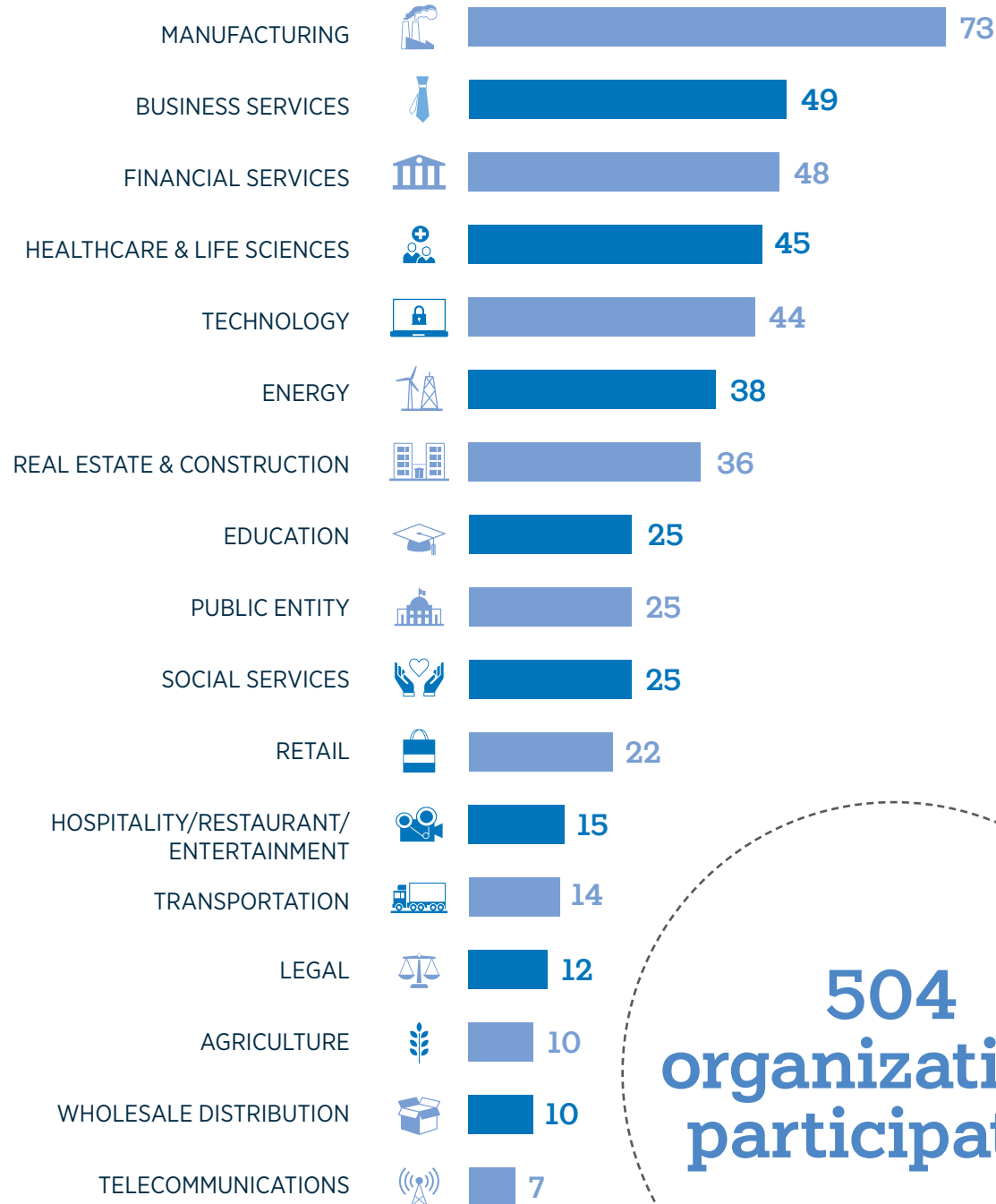


## Geography





**Number of Participating Organizations by Industry\***



**504**  
**organizations**  
**participated**

\*Six additional organizations participated but did not select an industry

# Organizational Wellbeing

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Developing and implementing an effective approach to organizational wellbeing revolves around 10 key themes:

- Addressing the challenges of labour market competition
- Balancing total rewards attractiveness and affordability
- Applying the full potential of data to near-term and long-term strategies
- Enhancing total rewards to promote talent attraction and retention
- Designing flexible work to benefit both employees and the organization
- Aligning I&D with work culture initiatives
- Empowering the total rewards experience with technology
- Improving insurer service performance and employer satisfaction
- Making the shift toward more flexible and inclusive benefit plans
- Offering customized choice with voluntary benefits and life insurance



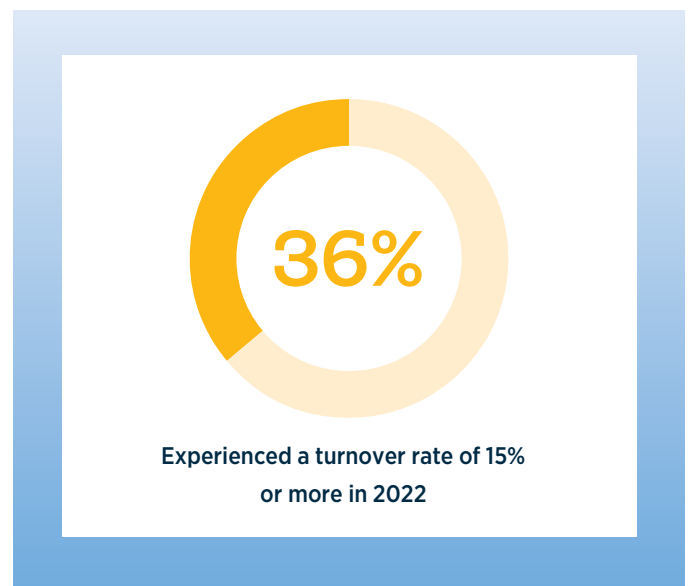
**Addressing the challenges of labour market competition**

Total rewards continue to align more closely with workforce needs, helping to ensure greater value, and communication is the catalyst. Carriers are providing better information on a timelier basis, which allows employees to make more confident decisions. In turn, employers can identify benefits that provide the most support.

Over half of employers (53%) expect revenue increases by 2024. But most are cautious about growth—anticipating slight (43%) instead of substantial (10%) gains.

Headcount parallels these projections overall (48%), including slight (41%) or substantial (7%) increases. But compared to the year before, projections for revenue and headcount are down by 6 points and 11 points, respectively.

Talent retention is the medium for organizational growth. Yet more than 1 in 3 employers (36%) had turnover of 15% or more in 2022, including 9% with a rate of 30% or more. Small employers (30%) were less likely than midsize (37%) and large (42%) to experience this high level.



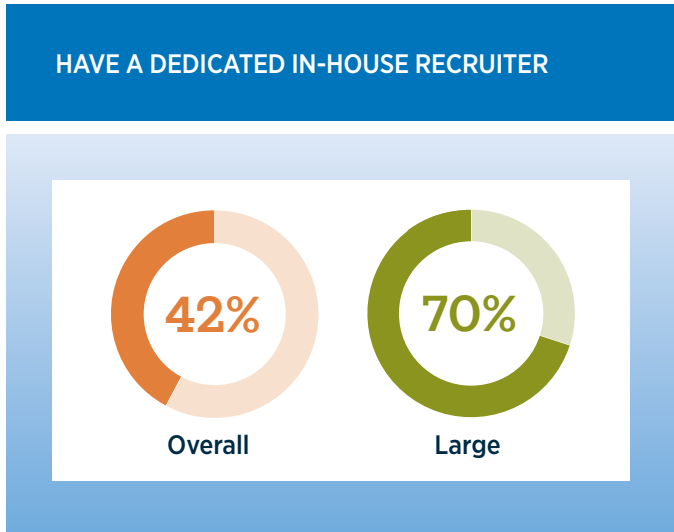
**ORGANIZATIONAL WELLBEING**

Correspondingly, actual turnover of under 5% has decreased by 9 points since 2020 to 27%. The rate was 6%–9% for 15% of employers and 10%–14% for 13%. Actual turnover for nearly half (49%) was about the same as targeted, while rates were higher than anticipated for 40% and lower for 11%.

Compensation is the main driver of turnover for 3 in 5 employers (60%). No other factor came close. But pay increases alone cannot sufficiently and sustainably raise engagement levels or lower turnover. Few organizations are able to maintain above-market salaries for very long, especially if they fall short of their retention goals. Inadequate pay is just one reason why workers resign.

Other key influences on rising turnover include specific industries with high rates (30%), employee burnout or quality of work-life balance (22%) and retirement (21%). Moving the conversation beyond compensation, some employers calculate and articulate how their complete total rewards value proposition stacks up with competitor organizations.

As recruiting becomes more competitive, the use of digital recruitment platforms and third-party recruiters rises. While HR is still the central recruitment resource for most employers (80%), many rely on a digital platform (45%), a third-party recruiter (44%) or an in-house recruiter (42%). Large employers apply each of these alternatives at a higher rate than small or midsize employers.



**TECHNOLOGY & INNOVATION INSIGHT**

**ChatGPT** and other recent tech advances stretch the imagination with the prospect of making work easier. But mindful of entering uncharted territory, nearly half of HR leaders (48%) are establishing workplace guidelines to regulate the use of this tool.<sup>1</sup> With the help of **predictive algorithms**, software can support hiring steps such as resume scanning, appointment scheduling and video interviewing. Yet questions about the extent of these capabilities have expanded the scope of due diligence, including a joint investigation of OpenAI by the Office of the Privacy Commissioner of Canada and provincial privacy authorities. Efforts will focus on privacy concerns about the use of personal information.<sup>2</sup>

**Expected change in revenue by 2024**

Category	Base	Decrease substantially	Decrease a little	Stay about the same	Increase a little	Increase substantially
ALL	488	2%	8%	36%	43%	10%
Under 50 FTEs	113	4%	11%	35%	44%	6%
50 to 499 FTEs	253	2%	7%	38%	41%	11%
500 or more FTEs	119	1%	8%	33%	48%	10%

## Expected change in workforce headcount by 2024

Category	Base	Decrease substantially	Decrease a little	Stay about the same	Increase a little	Increase substantially
ALL	493	0%	10%	43%	41%	7%
Under 50 FTEs	115	0%	5%	51%	39%	4%
50 to 499 FTEs	254	0%	11%	40%	43%	7%
500 or more FTEs	121	0%	11%	40%	40%	9%

## Actual turnover rate for FTEs in 2022

Category	Base	Less than 3%	3%-5%	6%-9%	10%-14%	15%-19%	20%-24%	25%-29%	30% or more	Don't know
ALL	477	13%	14%	15%	13%	12%	9%	6%	9%	9%
Under 50 FTEs	114	35%	15%	11%	5%	4%	10%	6%	10%	4%
50 to 499 FTEs	251	7%	16%	17%	15%	15%	9%	5%	8%	8%
500 or more FTEs	111	3%	6%	14%	19%	14%	9%	9%	10%	16%

## Actual versus the targeted turnover rate for FTEs in 2022

Category	Base	Substantially lower	A little lower	About the same	A little higher	Substantially higher
ALL	420	5%	6%	49%	28%	12%
Under 50 FTEs	104	10%	6%	51%	16%	17%
50 to 499 FTEs	224	4%	8%	44%	35%	9%
500 or more FTEs	91	1%	3%	57%	25%	13%

## Top factors that impacted turnover

Category	Base	Compensation	Benefits	Culture	Management	Amalgamation or merger of companies	Restructuring	Outsourcing
ALL	434	60%	14%	13%	17%	3%	16%	2%
Under 50 FTEs	108	46%	12%	19%	16%	2%	17%	3%
50 to 499 FTEs	229	66%	14%	13%	17%	3%	17%	3%
500 or more FTEs	96	63%	16%	8%	18%	3%	15%	0%

Category	Base	Retirements	High turnover industry	Pandemic-related downturn	Employee wellbeing	Employee caregiving requirements	Employee burnout or work-life balance	Other
ALL	434	21%	30%	6%	7%	2%	22%	38%
Under 50 FTEs	108	13%	15%	6%	9%	2%	17%	44%
50 to 499 FTEs	229	23%	33%	6%	5%	2%	24%	38%
500 or more FTEs	96	23%	41%	8%	9%	1%	26%	33%

## Resources used for recruitment efforts

Category	Base	HR	Direct manager	In-house recruiter	Third-party recruiter	Digital recruitment platform
ALL	456	80%	51%	42%	44%	45%
Under 50 FTEs	104	60%	51%	22%	36%	45%
50 to 499 FTEs	236	85%	50%	38%	47%	39%
500 or more FTEs	113	87%	55%	70%	48%	55%

### Balancing total rewards attractiveness and affordability

Once again, employers identified attraction (64%) and retention (57%) as the foremost challenges affecting their benefit decisions this year. Both metrics increased by 5 points over 2022, which suggests that the impact of talent competition on organizations has not subsided.

An intensified focus on attraction and retention has effectively demoted control of employee benefit costs as a top priority, at least temporarily. Only 29% of employers list it as one of their greatest challenges—down from 37% in 2022 and 52% a year earlier. Under these circumstances, diligent cost monitoring is especially important to offering sustainable total rewards.

Fifty-two percent (52%) of employers agree they have an effective strategy to manage healthcare costs, a decline of 2 points since 2022. Generally, challenges that strain financial management the most include the high costs of specialty drugs (51%), non-specialty drugs (43%) and medical services (43%).

Costs and other pressures surrounding specialty drug management decisions continue to increase. Encouraging plan members to use biosimilars is a standard practice, while other cost-containment efforts include new applications for non-specialty drugs, prior authorization and step therapy. In some instances, this broader approach provides more validation mechanisms to deter off-label use if the medication is not prescribed as intended.

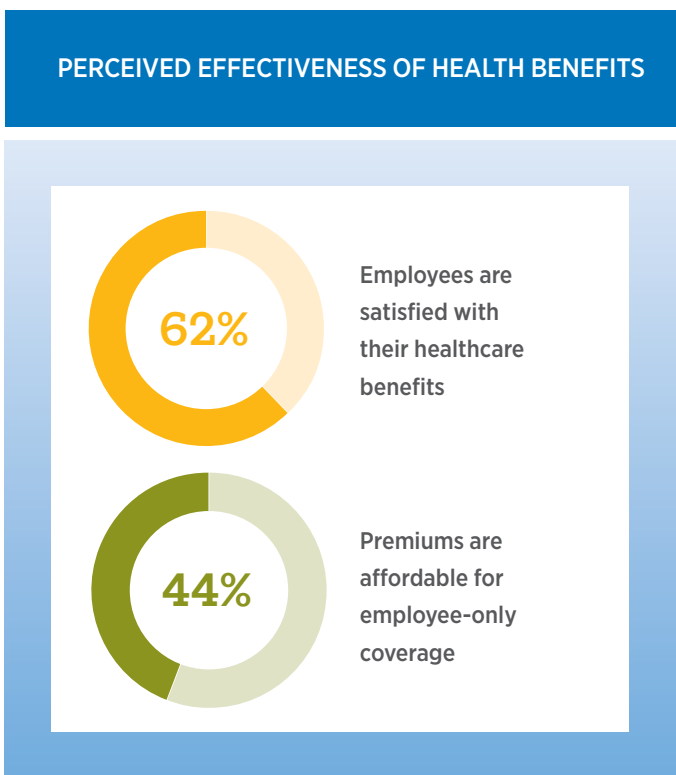
Less than a third of organizations (32%) lack the data-driven insights they need to identify optimal benefit changes in 2023, down 6 points from the year before. Yet more than a quarter (26%) feel that the competitive stakes pose a challenge that may require higher-cost benefit plans to attract and retain top talent.

Access to quality medical services is identified by employers as their most effective health benefit, which echoes 2022 findings (81%). They also see the competitiveness of health benefits within their region and/or industry (74%), and overall satisfaction among employees with their available options (62%) as highly successful.



Concerns about the cost of health benefits continue unabated for both employers and employees. Affordability, the usual sticking point, is complicated by inflation. As service prices rise, employers absorb higher costs and face workforce demands for higher living adjustments. However, when caps are applied, cost sharing goes up for employees—who absorb the expense of extra services. Carriers and consultants can help employers identify ways to mitigate this impact.

Health premium affordability for employee-only coverage (44%) ranks last compared to an employee plus-one or family plan (58%), which is considerably more favourable. And deductibles, copays, coinsurance and expenses for other cost-sharing mechanisms are seen as slightly more reasonable versus 2022 (53%). Large employers are likelier than their smaller counterparts to rate premiums as more affordable and competitive, but any effect on perceived employee satisfaction is limited.



### Top challenges related to total rewards

Category	Base	Talent attraction	Talent retention	Control over employee benefit costs	Prescription drug plan management	Absence and disability management
ALL	477	64%	57%	29%	4%	19%
Under 50 FTEs	111	58%	47%	29%	10%	5%
50 to 499 FTEs	246	62%	54%	27%	2%	21%
500 or more FTEs	117	75%	71%	32%	3%	30%

Category	Base	Workforce engagement and productivity	Communication with employees	Organizational change (e.g., M&A, staff reductions, etc.)	Workforce training and development	Pension funding
ALL	477	35%	27%	22%	24%	5%
Under 50 FTEs	111	41%	23%	21%	36%	14%
50 to 499 FTEs	246	39%	27%	24%	25%	4%
500 or more FTEs	117	20%	29%	20%	13%	2%

### Agreement with the statement, “We effectively manage healthcare costs in our organization”

Category	Base	Disagree	Neutral	Agree
ALL	480	4%	44%	52%
Under 50 FTEs	111	9%	39%	52%
50 to 499 FTEs	250	3%	47%	50%
500 or more FTEs	116	1%	44%	55%



### Top healthcare cost-management challenges

Category	Base	Unhealthy covered population of employees and dependents	High cost of medical services	High cost of prescription drugs (non-specialty)	High cost of specialty drugs
ALL	466	13%	43%	43%	51%
Under 50 FTEs	107	12%	42%	39%	38%
50 to 499 FTEs	239	10%	44%	42%	48%
500 or more FTEs	117	18%	43%	46%	69%

Category	Base	Reluctance of senior management to take bold cost-management actions	Need for high-cost benefit plans to attract and retain top talent	Lack of data-driven insights to help identify needed benefit changes	Other
ALL	466	9%	26%	32%	17%
Under 50 FTEs	107	6%	25%	23%	19%
50 to 499 FTEs	239	9%	27%	35%	19%
500 or more FTEs	117	12%	27%	36%	13%

### Perceived effectiveness of health benefits

Category	Base	Employees have access to the quality medical services they need	Premiums are affordable for employee-only coverage	Premiums are affordable for employee plus one or more dependents coverage
ALL	475	81%	44%	58%
Under 50 FTEs	110	75%	41%	53%
50 to 499 FTEs	246	82%	41%	56%
500 or more FTEs	116	85%	53%	66%

Category	Base	Additional healthcare costs (e.g., deductibles, copays and coinsurance) are affordable	Employees are satisfied with their healthcare benefits	Healthcare benefits are competitive within the industry and/or region
ALL	475	53%	62%	74%
Under 50 FTEs	110	47%	57%	69%
50 to 499 FTEs	246	48%	65%	74%
500 or more FTEs	116	70%	57%	78%



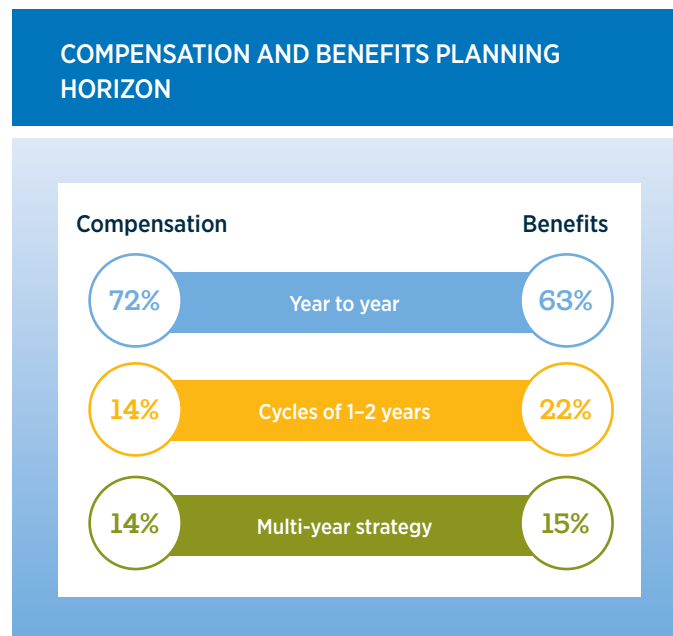
# STRATEGY

## Applying the full potential of data to near-term and long-term strategies

Compensation and benefit plans cover different time periods, from once a year to cycles of 1-2 years or more. Longer-term strategies prepare employers to address employees' needs more proactively—in keeping with human capital, cost-control and risk management objectives.

Most employers manage compensation from year to year (72%). While their approaches don't vary much by size, nonprofits are more likely than for-profit organizations to take a longer-term approach (44% vs. 23%). Year-to-year planning is still typical for benefits (63%), similar to 2022, but some take a longer view using 1-2 year cycles (22%) or an extended multi-year approach (15%).

Habitually, adjustments to benefits have been reactive in response to costs or renewal rates that come in above budget. But ongoing improvements to data analytics will anchor a shift toward more empowered, future-focused decision-making.



## Compensation planning timeline

Category	Base	Year to year	Cycles of 1-2 years	Multi-year strategy
ALL	490	72%	14%	14%
Under 50 FTEs	115	73%	14%	13%
50 to 499 FTEs	251	72%	15%	13%
500 or more FTEs	121	69%	13%	17%

## Employee benefits planning timeline

Category	Base	Year to year	Cycles of 1-2 years	Multi-year strategy
ALL	492	63%	22%	15%
Under 50 FTEs	115	70%	17%	14%
50 to 499 FTEs	252	65%	22%	12%
500 or more FTEs	122	52%	27%	20%

### Enhancing total rewards to promote talent attraction and retention

Forty-seven percent (47%) of employers changed their benefits plan design between early 2022 and early 2023. Program enhancements were the most common adjustment, made by 36% overall and 48% of the large group. Implementing a wellbeing strategy followed at 11%, and other modifications accounted for less than 10% each. Looking ahead to 2024, 51% expect updates. While fewer intend to enhance benefit programs (28%), this change is still the top focus. Wellbeing strategy implementation follows at 15%, and introducing or enhancing benefits flexibility ranks third at 11%.

Educating employees about their benefits plan, with the support of communications, helps to increase the perceived value of this pivotal investment. However, about half of employers have not yet taken advantage of this opportunity (5%), or their efforts are either infrequent or limited to new hires (47%). The other half reach out to employees regularly—typically at annual intervals (29%), while others connect either every two years (5%), semi-annually (6%), quarterly (6%) or monthly (2%).



**Educating employees about their benefits plan, with the support of communications, helps to increase the perceived value of this pivotal investment.**



Investments in benefits and experiences that create stronger bonds with employees are focused on wellbeing in 2023. As a key aspect of total rewards, the importance of supporting one or more dimensions has increased for 87% of employers. Emotional wellbeing was enhanced the most (74%), while the financial (38%), physical (36%) and career (35%) aspects received nearly equal emphasis.

Predictably, base salary (69%) and variable compensation (29%) are popular total rewards upgrades to help meet recruitment and retention objectives. Wellbeing initiatives (42%), extended health benefits (29%) and leave policies (23%) round out the top five.

### Changes to benefits plan design made in the last 12 months

Category	Base	Introduced or enhanced benefit flexibility	Enhanced programs	Reduced programs	Revised drug cost-management initiatives	Introduced a health spending account
ALL	465	7%	36%	3%	6%	5%
Under 50 FTEs	106	5%	23%	2%	3%	2%
50 to 499 FTEs	238	7%	36%	4%	8%	7%
500 or more FTEs	118	6%	48%	2%	7%	5%

Category	Base	Implemented a wellbeing strategy	Added a voluntary benefits campaign	Introduced critical illness coverage	None
ALL	465	11%	4%	3%	53%
Under 50 FTEs	106	2%	0%	1%	72%
50 to 499 FTEs	238	15%	4%	3%	49%
500 or more FTEs	118	11%	9%	6%	44%

### Changes to benefits plan design expected in the next 12 months

Category	Base	Introduce or enhance benefit flexibility	Enhance programs	Reduce programs	Revise drug cost-management initiatives	Introduce a health spending account
ALL	459	11%	28%	3%	8%	8%
Under 50 FTEs	103	6%	17%	4%	4%	9%
50 to 499 FTEs	237	12%	27%	3%	8%	7%
500 or more FTEs	116	14%	40%	3%	12%	9%

Category	Base	Implement a wellbeing strategy	Add a voluntary benefits campaign	Introduce critical illness coverage	None
ALL	459	15%	4%	6%	49%
Under 50 FTEs	103	15%	3%	10%	55%
50 to 499 FTEs	237	14%	3%	4%	52%
500 or more FTEs	116	18%	7%	7%	39%

### Availability of benefits plan education for employees

Category	Base	Monthly	Quarterly	Semi-annually	Yearly	Every 2 years	Infrequently or only at hire	Never
ALL	480	2%	6%	6%	29%	5%	47%	5%
Under 50 FTEs	109	3%	4%	4%	31%	2%	50%	6%
50 to 499 FTEs	248	1%	4%	8%	31%	7%	44%	5%
500 or more FTEs	120	3%	11%	4%	26%	3%	48%	4%

### Wellbeing dimensions that have become more important to the organization over the past year

Category	Base	Physical	Financial	Career	Emotional	None
ALL	375	36%	38%	35%	74%	13%
Under 50 FTEs	78	22%	31%	29%	67%	19%
50 to 499 FTEs	195	39%	39%	37%	72%	11%
500 or more FTEs	100	41%	41%	35%	85%	10%

## Total rewards aspects enhanced to meet recruitment and retention objectives

Category	Base	Base salary	Variable compensation or bonus programs	Extended health benefits	Pharmacy benefits	Wellbeing initiatives	Voluntary or supplemental benefits
ALL	451	69%	29%	29%	5%	42%	7%
Under 50 FTEs	107	66%	28%	16%	3%	31%	7%
50 to 499 FTEs	231	73%	27%	31%	5%	45%	6%
500 or more FTEs	110	62%	33%	34%	7%	45%	9%

Category	Base	Disability benefits	Leave policies	Retirement savings plans	Training and development allowances	Education reimbursement	No enhancements made for 2023
ALL	451	4%	23%	16%	13%	9%	15%
Under 50 FTEs	107	3%	20%	15%	16%	11%	20%
50 to 499 FTEs	231	4%	24%	17%	16%	10%	11%
500 or more FTEs	110	6%	25%	15%	5%	4%	18%

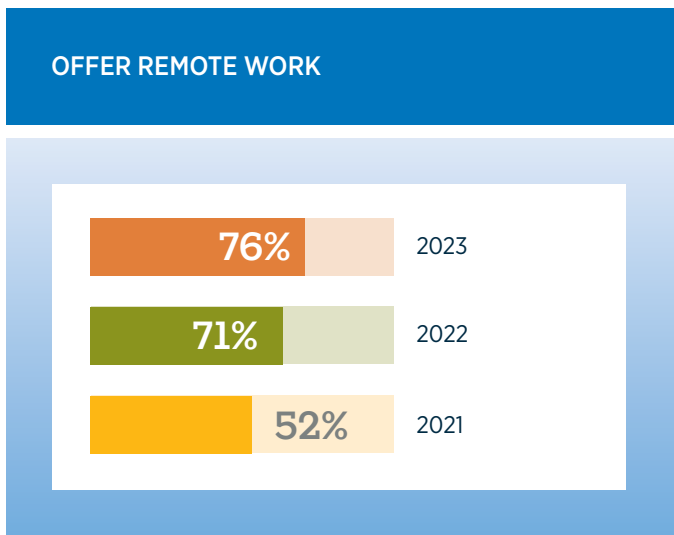
### Designing flexible work to benefit both employees and the organization

Employers need to retain the expertise of tenured employees as they build their workforce for the future. But exposure to a long bout of economic uncertainty is leading to extended stays. Adjusting flexible work hour policies can help maintain the benefits of seasoned knowledge and proven skills—while reducing time on the job for some and creating openings for others. Nearly 7 in 10 employers (68%) offer flexible work hours, an increase of 3 points from 2022. Considerably fewer (19%) provide the option of a compressed work week.

More than three-quarters of employers (76%) allow remote work, up from 71% in 2022 and 52% in 2021. While this policy is often a recruiting advantage, in practice it poses the risk of losing sight of wellbeing for these employees. A focus on familiarizing this segment of the workforce with available tools and resources, and proactively encouraging their use, can be a protective countermeasure.

Flexibility also encompasses time away from work. Most employers offer bereavement leave (82%), and some provide opportunities for education (25%), volunteer hours (25%) and unpaid sabbaticals (19%), which increase along with organization size. Parental top-up benefits are now offered by 31%, driven significantly by large employers (50%).

Providing a parental top-up of more than 12 weeks is typical (45%), especially among nonprofits (62%). The next most common allowances are 6 weeks (15%) or 12 weeks (14%). When the top-up is coordinated with employment insurance, the level is usually 100% of income (44%), followed by 90% or 80% by comparatively fewer employers (16% and 10%, respectively).



### Work-life integration benefits offered

Category	Base	Flexible work hours	Compressed work week	Remote work	Education leave	Bereavement leave	Parental top-up	Unpaid sabbaticals	Volunteering hours
ALL	447	68%	19%	76%	25%	82%	31%	19%	25%
Under 50 FTEs	100	71%	13%	75%	27%	75%	18%	13%	20%
50 to 499 FTEs	231	69%	21%	74%	24%	83%	27%	17%	25%
500 or more FTEs	113	64%	22%	81%	26%	87%	50%	29%	31%

### Duration of the parental top-up

Category	Base	4 weeks	6 weeks	8 weeks	10 weeks	12 weeks	More than 12 weeks	Other
ALL	137	3%	15%	7%	4%	14%	45%	12%
Under 50 FTEs	18	6%	17%	11%	6%	11%	28%	22%
50 to 499 FTEs	62	5%	18%	3%	3%	10%	48%	13%
500 or more FTEs	57	0%	12%	9%	5%	19%	47%	7%

### Level of parental top-up provided (coordinated with employment insurance)

Category	Base	100% of income	90% of income	80% of income	75% of income	50% of income	Lump sum payable upon return to work	Other
ALL	135	44%	16%	10%	9%	1%	1%	19%
Under 50 FTEs	18	33%	17%	17%	0%	6%	0%	28%
50 to 499 FTEs	61	46%	16%	5%	11%	0%	2%	20%
500 or more FTEs	56	46%	14%	14%	9%	0%	0%	16%



## INCLUSION & DIVERSITY

### Aligning I&D with work culture initiatives

Genuine, consistent and sustained efforts toward culture change demonstrate integrity. They're also critical for an optimal employee experience. For these reasons, 47% of employers design I&D initiatives to align with the organization's core values, and in their most recent engagement survey, 61% covered questions to measure their success. Forty-five percent (45%) also integrate I&D values into their emotional wellbeing initiatives.

Policies that promote I&D and initiatives that correct imbalances are likely to coincide with a lasting competitive advantage. From day one, proactively assessing and addressing the strength of cultural attributes—how consistently they encourage the expression of diversity and equitably support growth opportunities—can directly affect retention.

Recruiting conversations and onboarding interactions set employees' expectations for their day-to-day work experiences. Just 25% of employers consider talent attraction and retention the core purpose of their I&D initiatives, but recruitment is the business area most likely to integrate supporting policies and practices (78%). Candidates increasingly insist on I&D as an integral part of their cultural experience and want to assess whether an organization meets their expectations before joining.

At more than half of organizations (52%), HR owns the responsibility for management and oversight of I&D initiatives. Setting intentions falls under the direction of senior leadership or the C-suite at nearly a quarter (23%), and going further, nearly a third (33%) incorporate accountability as a marker of leadership success.

## TECHNOLOGY & INNOVATION INSIGHT

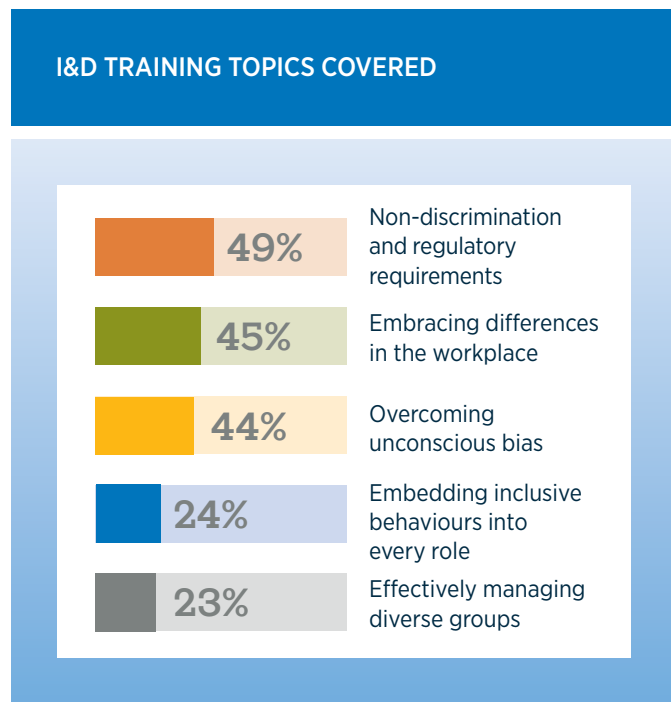
Technology helps employers identify I&D baselines and compare benchmarks to support evaluation insights. **Dashboards** provide a line of sight into metrics for job qualifications, pay equity, gender bias and promotions, and they can also calculate an inclusion score. This internal data is most useful when system capabilities allow external benchmarking for broader comparisons and richer insights. At a leadership level, review and interpretation are also required to define appropriate and equitable guidelines, or corrective actions, based on organizational values and the shifting regulatory landscape.

When leaders' behaviours and communication styles show that diversity, empathy and resilience are top priorities, they not only advance goals for attraction and retention, but also invite organizational transformation. Employee communications more often include content on I&D (54%) than talent analytics and engagement (36%). Key elements of talent management and total rewards also incorporate I&D aims, including succession planning (29%), performance management (26%), compensation (24%) and benefits (22%).

Employer-offered learning programs on I&D tend to focus on understanding non-discrimination practices (49%), embracing differences in the workplace (45%) and overcoming unconscious bias (44%). However, nearly 1 in 4 train participants on embedding inclusive behaviours into every role (24%) and effectively managing diverse groups (23%).

What hasn't caught up to interest and use, quite yet, is funding and other resources (37%), sufficient data for reporting on results (37%) and integration with current business priorities (35%). Inadequate internal support staff (34%) is also one of the most common roadblocks to faster progress with I&D initiatives. Relatively few face the challenge of low levels of employee interest and engagement (23%) or a lack of leadership support (10%).

Applying strategies consistently across all functions embeds I&D into a firm's cultural DNA. An active commitment to an authentic purpose can then foster a feeling of belonging, which is critical to meeting key talent management goals. When employees know they are seen, valued and acknowledged, they're more motivated and confident about sharing their perspectives—which are vital to driving innovation and creativity.



### Key purpose of the I&D strategy and/or initiatives

Category	Base	Attract and retain talent	Respond to customer or stakeholder expectations	Enhance the organization's overall external reputation	Align with the core values of the organization	Not applicable
ALL	439	25%	5%	2%	47%	22%
Under 50 FTEs	99	21%	4%	4%	36%	34%
50 to 499 FTEs	229	26%	5%	2%	45%	22%
500 or more FTEs	108	24%	5%	2%	60%	9%

### Most recent engagement survey asked questions specific to I&D

Category	Base	Yes	No
ALL	288	61%	39%
Under 50 FTEs	48	46%	54%
50 to 499 FTEs	161	57%	43%
500 or more FTEs	77	79%	21%

### Components of emotional wellbeing initiatives

Category	Base	Employee assistance program (EAP)	Virtual or telephonic mental health counselling	Stress management, resiliency or meditation programs	Mental health training for managers, leaders or HR
ALL	389	84%	57%	24%	34%
Under 50 FTEs	78	60%	36%	17%	22%
50 to 499 FTEs	204	90%	61%	22%	31%
500 or more FTEs	105	91%	65%	36%	48%

Category	Base	Onsite meditation rooms	I&D initiatives	Time off for mental health or burnout	None of these
ALL	389	10%	45%	31%	6%
Under 50 FTEs	78	3%	29%	37%	18%
50 to 499 FTEs	204	8%	45%	29%	3%
500 or more FTEs	105	20%	58%	32%	3%

### Areas of the organization that have integrated I&D standards

Category	Base	Talent analytics and engagement	Recruitment	Performance management	Career and succession planning	Communication	Compensation	Benefits	Leadership accountability
ALL	281	36%	78%	26%	29%	54%	24%	22%	33%
Under 50 FTEs	54	26%	72%	26%	22%	50%	26%	22%	24%
50 to 499 FTEs	142	34%	77%	27%	28%	53%	23%	18%	30%
500 or more FTEs	83	48%	82%	23%	35%	59%	23%	30%	46%

### Functional area or entity primarily responsible for management and oversight of I&D initiatives

Category	Base	Dedicated I&D resource	HR	Senior leadership or C-suite	Board of directors	Other
ALL	342	17%	52%	23%	2%	6%
Under 50 FTEs	65	3%	38%	42%	5%	12%
50 to 499 FTEs	177	11%	60%	22%	2%	5%
500 or more FTEs	98	39%	46%	12%	0%	3%

### Focus of the I&D training programs offered

Category	Base	Complying with non-discrimination and regulatory requirements	Embracing differences in the workplace	Overcoming unconscious bias	Embedding inclusive behaviours into every role	Managing diverse groups of people	Other	Not applicable
ALL	317	49%	45%	44%	24%	23%	11%	27%
Under 50 FTEs	61	44%	43%	26%	20%	16%	7%	36%
50 to 499 FTEs	161	45%	39%	44%	22%	23%	14%	28%
500 or more FTEs	93	59%	58%	57%	31%	28%	10%	19%

### Top challenges to I&D initiatives

Category	Base	Funding or resources	Lack of leadership support	Low level of employee interest and engagement	Integration with current business priorities	Inadequate data and reporting to quantify impact	Lack of internal staff to support program efforts	Other
ALL	311	37%	10%	23%	35%	37%	34%	24%
Under 50 FTEs	61	30%	8%	21%	28%	20%	39%	31%
50 to 499 FTEs	163	44%	12%	21%	34%	37%	36%	23%
500 or more FTEs	85	31%	8%	28%	42%	51%	26%	21%



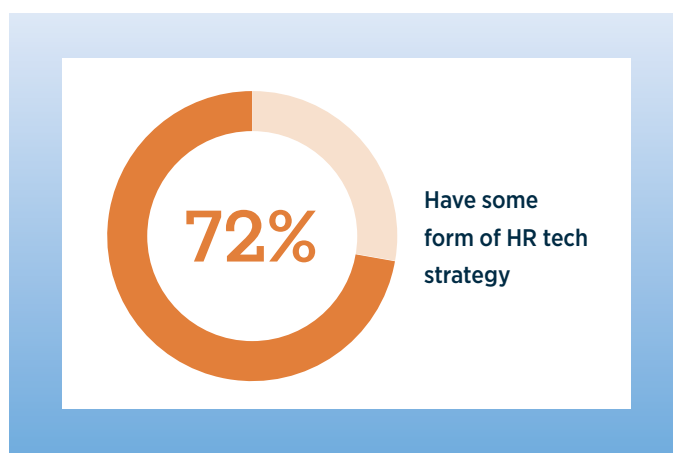
## HR TECHNOLOGY

### Empowering the total rewards experience with technology

Three key systems are the technologies most used by HR, for the purposes of payroll (89%), HR information (59%), and benefits plan administration (52%) such as an employee enrolment portal. Twenty-eight percent (28%) house all benefits on their provider platform, including 39% of large employers.

Patient-focused virtual counselling (43%) and telemedicine (38%) applications have become more prevalent, but overall adoption of HR tech is expected to level out for the next two years. Forty-one (41%) of employers expect to implement at least one new solution by 2025, and their current choices favour an HR information system (HRIS) (15%) or benefits plan administration capabilities (10%). These priorities suggest a stronger emphasis on leveraging and integrating existing technologies.

More than 7 in 10 employers (72%) have some form of HR tech strategy. Most rely on multiple strategies (37%) or one that supports the people strategy (23%). At opposite ends of the spectrum, 28% have no strategy, while 11% take a comprehensive approach aligned with organizational strategies. Large employers are nearly twice as likely to rely on an integrated approach (20%).



The prevailing rationale for investing in HR solutions is to increase efficiency through process automation (81%). Other top motives include meeting employee expectations (60%), supporting the people strategy (58%), improving organizational wellbeing (50%), managing and investing in employees more strategically (44%), and gaining a competitive advantage in talent attraction and retention (44%).

Optimizing HR tech helps employers make the most of these significant investments. More than half (55%) regularly assess how well solutions are meeting their present needs, and half (50%) keep an eye on new developments by staying current on market trends. Less often, employers apply formal processes such as overseeing vendor relationships (20%), establishing an internal committee that governs the HR tech strategy (11%), or monitoring and completing new software releases (7%). The other 24% don't take any steps to enhance outcomes.



### TECHNOLOGY & INNOVATION INSIGHT

Right now, many employers approach HR technology either as a necessary overhead cost or an investment in enhanced productivity. But these perspectives are quickly becoming outmoded or limiting. **Automation** is changing the operative outlook—freeing up mind space for reasoning, innovation and other highly valuable human capabilities. Activities like time-off requests, which can operate in the background, are just one of the tasks targeted for takeover by **hyperautomation**.

## HR technologies currently used

Category	Base	Payroll system	HRIS	Provider platform to house all benefits	Benefit plan administration (e.g., employee portal for enrolment)	Virtual counselling	Telemedicine	Other	None of these
ALL	463	89%	59%	28%	52%	43%	38%	7%	2%
Under 50 FTEs	110	82%	31%	25%	57%	32%	32%	8%	6%
50 to 499 FTEs	236	92%	61%	23%	49%	43%	39%	6%	1%
500 or more FTEs	114	89%	83%	39%	53%	55%	44%	8%	0%

## Expected additions to HR technology by 2025

Category	Base	Payroll system	HRIS	Provider platform to house all benefits	Benefit plan administration (e.g., employee portal for enrolment)	Virtual counselling	Telemedicine	Other	None of these
ALL	434	3%	15%	7%	10%	4%	6%	8%	59%
Under 50 FTEs	103	5%	12%	6%	2%	3%	3%	2%	73%
50 to 499 FTEs	220	2%	18%	8%	9%	4%	5%	8%	57%
500 or more FTEs	108	1%	10%	7%	19%	5%	9%	12%	48%

## Strategic approach to HR technology

Category	Base	Don't have an HR technology strategy	Have some HR technology strategies	Have an HR technology strategy that supports the people strategy	Have a comprehensive HR technology strategy that aligns with organizational strategies
ALL	486	28%	37%	23%	11%
Under 50 FTEs	114	38%	38%	20%	4%
50 to 499 FTEs	251	28%	37%	24%	10%
500 or more FTEs	118	17%	36%	26%	20%

## Top reasons for investing in HR technology solutions

Category	Base	Meet employee expectations	Meet leadership expectations	Automate processes to increase HR efficiency	Increase employee productivity	Comply with regulations
ALL	321	60%	36%	81%	31%	27%
Under 50 FTEs	67	52%	31%	64%	27%	27%
50 to 499 FTEs	162	58%	35%	83%	25%	22%
500 or more FTEs	90	68%	43%	90%	46%	36%

Category	Base	Gain a competitive advantage in attracting and retaining talent	Improve organizational wellbeing	Manage and invest in employees more strategically	Support the organization's people strategy
ALL	321	44%	50%	44%	58%
Under 50 FTEs	67	36%	52%	31%	48%
50 to 499 FTEs	162	44%	50%	44%	57%
500 or more FTEs	90	49%	51%	54%	67%

## Actions taken to optimize the organization’s HR technology investment

Category	Base	Regularly evaluate the ability of HR technology solutions to meet current needs	Formally govern HR technology vendor relationships	Stay current on HR technology market trends
ALL	319	55%	20%	50%
Under 50 FTEs	67	48%	7%	40%
50 to 499 FTEs	160	53%	19%	52%
500 or more FTEs	90	62%	33%	52%

Category	Base	Have an internal committee that meets regularly to govern the HR technology strategy	Apply a formal process to successfully complete and monitor software releases	Don't currently have a process for optimization
ALL	319	11%	7%	24%
Under 50 FTEs	67	6%	1%	36%
50 to 499 FTEs	160	8%	4%	25%
500 or more FTEs	90	21%	14%	13%

## INSURER SERVICES

### Improving insurer service performance and employer satisfaction

Several insurer services that directly support employee health and wellbeing are among the most important to employers. They include drug cost-management options (53%) alongside absence and disability management (45%) and wellbeing initiatives (42%). As organization size increases, so does the significance of absence and disability management, which 66% of large employers consider most important compared to 44% of midsize and 25% of small.

Among all services offered, technologies provided by insurers (50%) rank second. Plan administration capabilities and provider technologies rank somewhat lower as priorities, at 33% and 26%, respectively. The bottom tier includes mobile apps for 15%, HR support services for 13%, services that consider diverse demographics for 10% and news bulletins for 3%.

Less than 10% of employers are dissatisfied with any of the insurer services surveyed, yet misalignment of importance and satisfaction still occurs. Drug cost-management options rank first in importance but fourth in satisfaction (59%). Gaps in rankings for absence and disability management and wellbeing initiatives are also significant. While they represent the third and fourth highest priorities, they rank near the bottom for employer satisfaction.

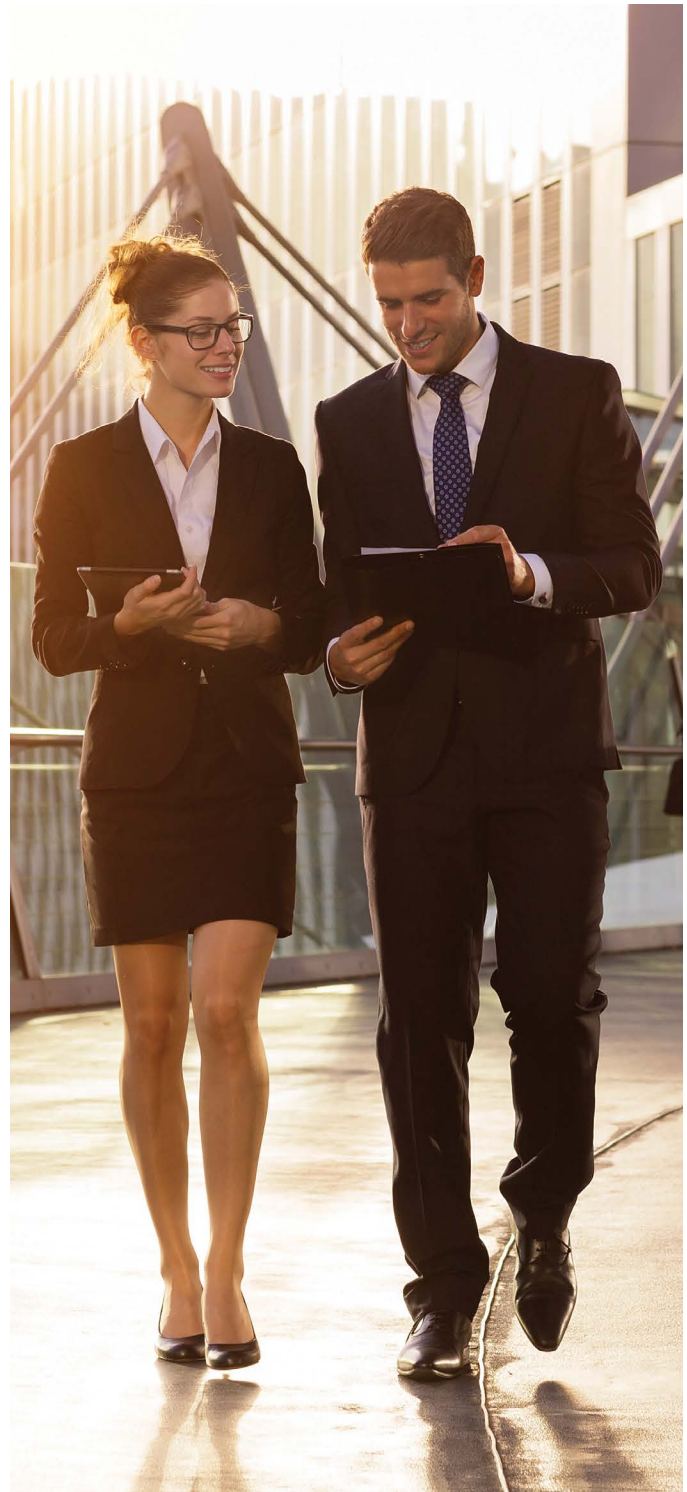
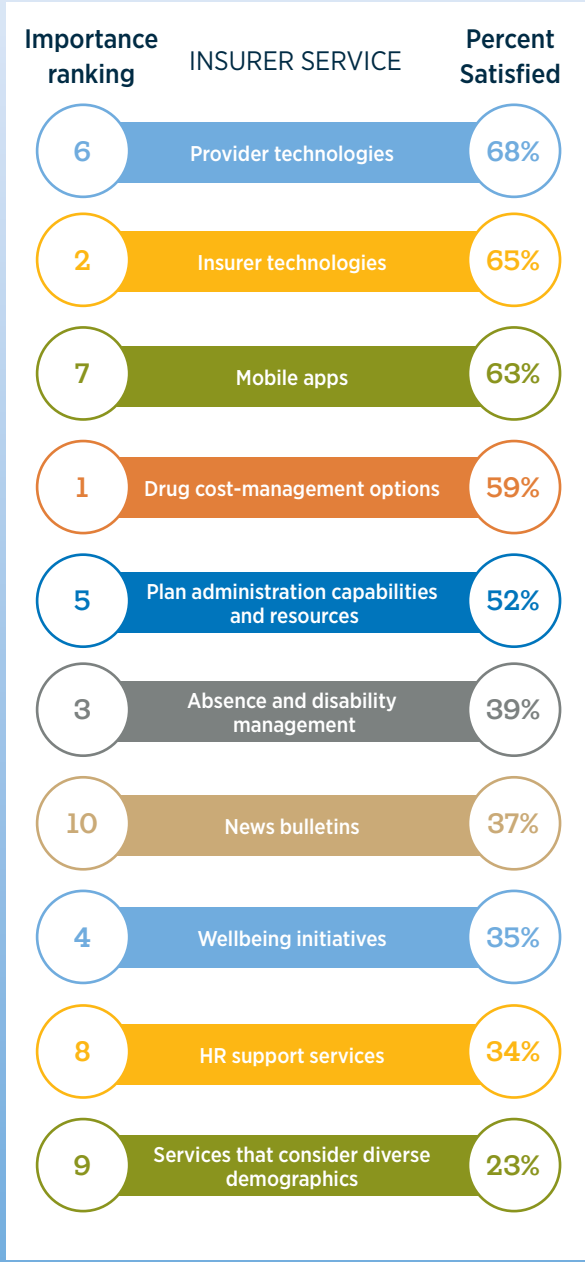
Some services exceed their mark. Employers are most satisfied with provider (68%) and insurer (65%) technologies, which exceed importance rankings at 26% and 50%, respectively. The contrast is even greater for mobile apps; while 63% are pleased, only 15% consider them among the most essential services. And roughly half of employers (52%) are happy with their plan administration capabilities and resources, compared to 33% that see them as highly important.

Over one-third of employers are equally satisfied with some of the highest and lowest priority services, including absence and disability management (39%), wellbeing initiatives (35%) and HR support services (34%). Ten percent (10%) consider help with diverse demographics among their most important insurer services, yet less than 1 in 4 (23%) are satisfied with the results of efforts made so far. Many employers also want to introduce more inclusive benefits, but not all carriers have the advanced capabilities that are required. Insurers are under pressure from employers to improve the payment and reimbursement of these programs with modernized technology.

More than two-thirds of group benefit providers offer paramedical services (68%) and mental health services (67%), while around half include gender affirmation (50%) or fertility coverage (59%) in some of their plans. These design elements contrast sharply, with only 6% that provide access to fertility treatment and 100% that entirely exclude gender-affirming care.<sup>3</sup> Unclear language used in coverage provisions is partly at issue and the need for updated systems that allow these coverage levels also contributes.



SATISFACTION WITH INSURER SERVICES



### Insurer services considered most important to the organization

Category	Base	Drug cost-management options	Absence and disability management	Insurer technologies	Wellbeing initiatives	HR support services
ALL	470	53%	45%	50%	42%	13%
Under 50 FTEs	110	58%	25%	55%	39%	15%
50 to 499 FTEs	242	50%	44%	47%	43%	14%
500 or more FTEs	115	52%	66%	50%	43%	7%

Category	Base	Provider technologies	Mobile apps	Plan administration capabilities and resources	News bulletins	Services that consider diverse demographics
ALL	470	26%	15%	33%	3%	10%
Under 50 FTEs	110	29%	20%	32%	4%	6%
50 to 499 FTEs	242	28%	16%	33%	2%	11%
500 or more FTEs	115	17%	8%	34%	2%	10%

### Level of satisfaction with insurer services

#### DRUG COST-MANAGEMENT OPTIONS

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	447	59%	31%	5%	4%
Under 50 FTEs	104	53%	33%	7%	8%
50 to 499 FTEs	228	61%	29%	7%	3%
500 or more FTEs	112	60%	34%	2%	4%

#### ABSENCE AND DISABILITY MANAGEMENT

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	447	39%	37%	8%	16%
Under 50 FTEs	105	23%	40%	6%	31%
50 to 499 FTEs	227	44%	33%	7%	16%
500 or more FTEs	112	43%	40%	13%	4%

#### WELLBEING INITIATIVES

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	449	35%	47%	7%	10%
Under 50 FTEs	106	30%	43%	8%	19%
50 to 499 FTEs	228	39%	45%	8%	7%
500 or more FTEs	112	33%	54%	4%	9%

#### PROVIDER TECHNOLOGIES

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	447	68%	22%	7%	4%
Under 50 FTEs	105	69%	19%	6%	7%
50 to 499 FTEs	228	68%	21%	7%	4%
500 or more FTEs	111	64%	26%	8%	2%

## Level of satisfaction with insurer services (cont.)

### INSURER TECHNOLOGIES

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	449	65%	24%	8%	2%
Under 50 FTEs	106	65%	23%	7%	6%
50 to 499 FTEs	228	68%	24%	8%	1%
500 or more FTEs	112	62%	25%	12%	2%

### MOBILE APPS

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	447	63%	23%	6%	8%
Under 50 FTEs	105	51%	25%	6%	18%
50 to 499 FTEs	227	67%	22%	5%	6%
500 or more FTEs	112	64%	24%	7%	4%

### PLAN ADMINISTRATION CAPABILITIES AND RESOURCES

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	447	52%	37%	7%	4%
Under 50 FTEs	105	56%	32%	5%	7%
50 to 499 FTEs	227	55%	37%	6%	2%
500 or more FTEs	112	41%	42%	13%	4%

### HR SUPPORT SERVICES

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	447	34%	43%	6%	18%
Under 50 FTEs	106	28%	41%	7%	25%
50 to 499 FTEs	226	38%	41%	4%	17%
500 or more FTEs	112	30%	49%	8%	13%

### SERVICES THAT CONSIDER DIVERSE DEMOGRAPHICS

Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	447	23%	53%	8%	17%
Under 50 FTEs	106	27%	52%	3%	18%
50 to 499 FTEs	227	22%	49%	10%	19%
500 or more FTEs	111	20%	61%	7%	12%

### NEWS BULLETINS

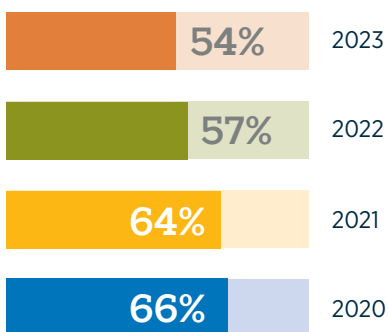
Category	Base	Satisfied	Neutral	Dissatisfied	Not applicable
ALL	449	37%	47%	7%	10%
Under 50 FTEs	106	37%	42%	8%	14%
50 to 499 FTEs	228	39%	46%	7%	8%
500 or more FTEs	112	32%	54%	5%	8%

## TRADITIONAL, VOLUNTARY & LIFE INSURANCE BENEFITS

### Making the shift toward more flexible and inclusive benefit plans

Most employers provide a traditional benefits plan with choices limited to optional life, AD&D or critical illness (54%), but in every year since 2020, the rate has declined. Gradually, a shift toward flexible plan alternatives is occurring, now offered by 16% overall and more than twice as many in the large group (36%). A traditional plan with a spending account is still available to employees at 30% of organizations, and is preferred by small and midsize groups.

#### USE A TRADITIONAL BENEFITS PLAN WITH OPTIONAL LIFE, AD&D OR CRITICAL ILLNESS



A flexible-modular option that includes a choice of plans and requires an employee cost share is offered by 13% of employers, primarily the large cohort (29%). Among the 59% that provide credits, most prefer to assign flex credits to an employee using a flat dollar amount (44%), while 11% provide a flat dollar plus a percentage of salary. The use of a salary percentage-only approach continues to decline, and now stands at 4% after dropping from 8% last year and 14% in 2021. An uncommon alternative, a flexible-cafeteria plan with a choice of options for each line of benefits is used by 3% overall and 7% of large employers.

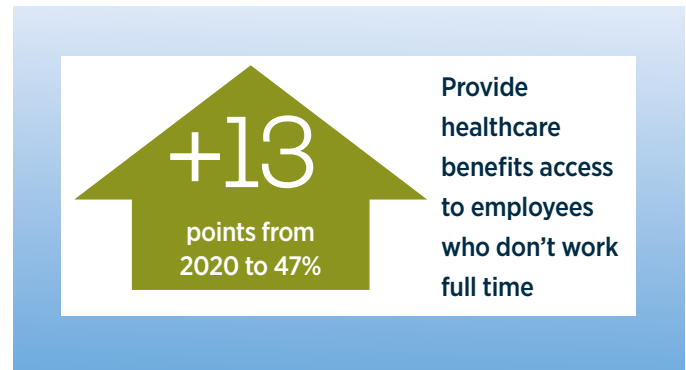
Fewer employers require a waiting period for benefits plan enrolment. For new members, 56% still require 3 months to elapse before eligibility applies but 40% have removed this delay, a shift of 5 points from 2022. This policy change is usually found among the large group (53%), but it reflects a broad effort to attract talent by removing barriers to benefits access for new employees.

Wide-ranging hourly work stipulations apply to plan eligibility, but 72% of employers specify more than 20 hours per week, including minimums of 21–24 hours for 35% and 31–40 hours for 22%. Most often, critical illness, short-term disability (STD) and long-term disability (LTD) benefits are terminated at age 65, increasing to 70–71 years for basic life and AD&D. Health and dental insurance typically ends at retirement.



**ORGANIZATIONAL WELLBEING**

Examining benefits to help ensure they're as inclusive as possible is a critical practice for optimal workforce management outcomes, including attraction and retention. For example, employers may offer equitable healthcare benefits to non-FTEs who need a more flexible work structure due to personal challenges like caregiving. Forty-seven percent (47%) provide access for employees who don't work full time, up 13 points since 2020. While 68% include the same benefits as FTEs receive, 32% offer a lower level benefit.



TERMINATION POLICY FOR BENEFITS	
BENEFITS PLAN TYPE	MOST COMMON TERMINATION AGE
Critical illness	65
STD	65
LTD	65
Basic life and AD&D	70-71
Health and dental insurance	Retirement

Executive benefits are now provided by 41% of organizations, an increase of 5 points from 2022. While all sizes contributed to this gain, large employers account for 10 points (56%) compared to 3 points for small (24%) and 2 points for midsize (41%). Also, for-profit organizations (46%) tend to make these benefits available more often than nonprofits (23%). Executive health or personal spending accounts are the most likely option (48%), followed by top-up coverage for life insurance (43%) and LTD (32%). Large employers include medical exams and supplemental retirement plans at the executive level much more often than their midsize or small counterparts do.

If they meet the requirements, former employees qualify for retiree health, dental or life insurance at 15% of organizations overall, and these chances increase to 26% within the large cohort. Dependent coverage, in the event of the employee's death, most often lasts 24 months (47%) versus a full 12 months (14%) or less than 12 months (10%). And 30% cease coverage upon the employee's death.





## Type of benefits plan provided

Category	Base	Traditional—choices limited to optional life, AD&D or critical illness	Traditional—combined with a spending account	Flexible/modular—choice of several plans which have a cost-share element	Flexible/cafeteria—choice of several options for each line of benefits
ALL	495	54%	30%	13%	3%
Under 50 FTEs	114	61%	32%	4%	4%
50 to 499 FTEs	257	56%	34%	10%	0%
500 or more FTEs	121	42%	21%	29%	7%

## Basis for assigning flex credits

Category	Base	Percentage of salary	Flat amount per employee or family status	Combination of a flat amount and a percentage of salary	No credits provided
ALL	80	4%	44%	11%	41%
Under 50 FTEs	9	0%	56%	0%	44%
50 to 499 FTEs	26	8%	27%	8%	58%
500 or more FTEs	44	2%	52%	16%	30%

## Eligibility waiting period for enrolment in the benefits plan

Category	Base	Immediately	After 3 months	After 6 months	12 months or more
ALL	497	40%	56%	4%	0%
Under 50 FTEs	114	34%	63%	3%	0%
50 to 499 FTEs	259	36%	59%	5%	0%
500 or more FTEs	121	53%	44%	2%	2%

## Minimum working hours required for benefits plan eligibility

Category	Base	None	20 hours or less	21–24 hours	25–30 hours	31–40 hours	More than 40
ALL	494	8%	20%	35%	14%	22%	1%
Under 50 FTEs	114	14%	16%	35%	11%	20%	4%
50 to 499 FTEs	257	5%	20%	35%	15%	25%	0%
500 or more FTEs	120	9%	24%	38%	13%	17%	0%

## Termination policy

### CRITICAL ILLNESS

Category	Base	Age 65	Age 70–71	Age 75	Retirement	Other	Not applicable
ALL	475	23%	19%	2%	10%	3%	43%
Under 50 FTEs	110	25%	17%	3%	12%	2%	42%
50 to 499 FTEs	243	24%	14%	2%	10%	4%	47%
500 or more FTEs	119	21%	31%	2%	8%	3%	35%

### STD

Category	Base	Age 65	Age 70–71	Age 75	Retirement	Other	Not applicable
ALL	476	28%	19%	3%	16%	4%	30%
Under 50 FTEs	109	28%	23%	2%	10%	1%	36%
50 to 499 FTEs	243	31%	18%	4%	11%	3%	33%
500 or more FTEs	121	23%	17%	3%	31%	8%	17%

## Termination policy (cont.)

### LTD

Category	Base	Age 65	Age 70-71	Age 75	Retirement	Other	Not applicable
ALL	478	75%	8%	2%	5%	2%	7%
Under 50 FTEs	111	59%	13%	2%	6%	2%	18%
50 to 499 FTEs	243	77%	8%	2%	5%	3%	4%
500 or more FTEs	121	86%	3%	3%	3%	2%	2%

### BASIC LIFE AND AD&D

Category	Base	Age 65	Age 70-71	Age 75	Retirement	Other	Not applicable
ALL	479	20%	49%	8%	16%	4%	3%
Under 50 FTEs	111	20%	44%	10%	15%	3%	8%
50 to 499 FTEs	244	24%	50%	10%	12%	3%	0%
500 or more FTEs	121	13%	53%	3%	22%	7%	2%

### HEALTH AND DENTAL INSURANCE

Category	Base	Age 65	Age 70-71	Age 75	Retirement	Other	Not applicable
ALL	478	16%	26%	10%	39%	5%	5%
Under 50 FTEs	111	22%	27%	5%	32%	4%	11%
50 to 499 FTEs	243	16%	29%	12%	35%	5%	3%
500 or more FTEs	121	9%	19%	9%	54%	5%	4%

### Provide benefits for employees who don't work full time (non-FTEs)

Category	Base	Yes	No
ALL	500	47%	53%
Under 50 FTEs	116	34%	66%
50 to 499 FTEs	259	45%	55%
500 or more FTEs	122	63%	37%

### Benefits level for non-FTEs compared to FTEs

Category	Base	Lower	Equal	Higher
ALL	238	32%	68%	0%
Under 50 FTEs	42	21%	79%	0%
50 to 499 FTEs	116	31%	69%	0%
500 or more FTEs	78	36%	63%	1%

## Have a separate benefits class for executives

Category	Base	Yes	No
ALL	499	41%	59%
Under 50 FTEs	116	24%	76%
50 to 499 FTEs	259	41%	59%
500 or more FTEs	121	56%	44%

## Executive benefits offered

Category	Base	LTD top-up	Life insurance top-up	Executive health or personal spending account	Executive medical exams	Additional business travel accident insurance
ALL	187	32%	43%	48%	29%	10%
Under 50 FTEs	25	16%	24%	48%	4%	4%
50 to 499 FTEs	94	32%	46%	50%	23%	10%
500 or more FTEs	67	39%	48%	45%	46%	12%

Category	Base	Additional critical illness insurance	Medical access coverage (out-of-country)	Financial planning services	Supplemental executive retirement plan
ALL	187	9%	20%	4%	14%
Under 50 FTEs	25	8%	24%	0%	8%
50 to 499 FTEs	94	10%	20%	3%	10%
500 or more FTEs	67	7%	19%	7%	24%

## Offer retiree health, dental or life insurance benefits or a healthcare spending account

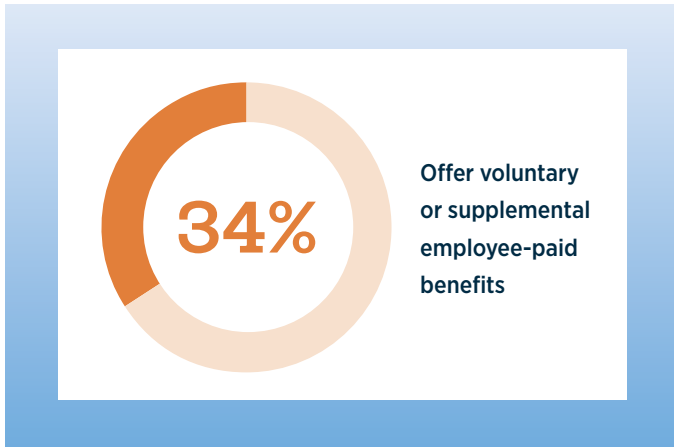
Category	Base	Yes	No
ALL	496	15%	85%
Under 50 FTEs	115	5%	95%
50 to 499 FTEs	257	14%	86%
500 or more FTEs	121	26%	74%

## Coverage period for health and dental plan survivor benefits

Category	Base	Less than 12 months	12 months	24 months	Coverage ceases upon employee's death
ALL	487	10%	14%	47%	30%
Under 50 FTEs	112	10%	13%	43%	34%
50 to 499 FTEs	254	9%	13%	47%	31%
500 or more FTEs	118	10%	17%	50%	23%

### Offering customized choice with voluntary benefits and life insurance

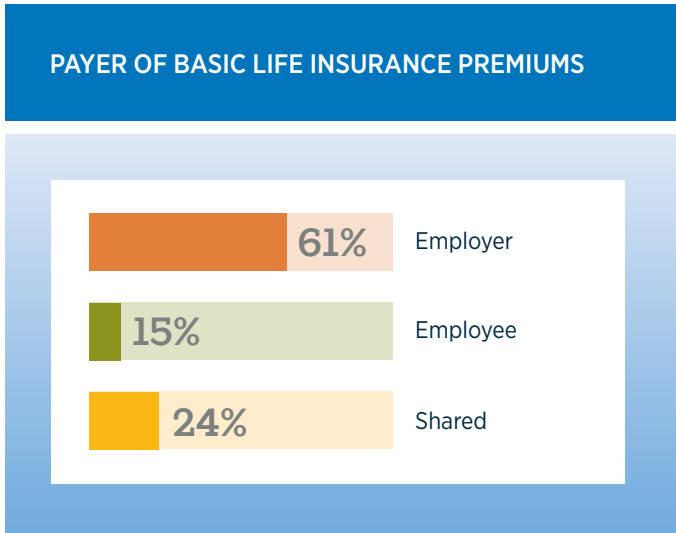
Elective insurance policies and service options add flexibility by supporting a variety of needs and interests across all life stages, especially those related to financial wellbeing. Employees can take advantage of expanded opportunities to customize benefits, and employers can enhance the selection they offer at little or no cost. More than one-third (34%) provide voluntary or supplemental employee-paid benefits, up from 24% in 2022.



Optional insurance including life (86%), critical illness (73%) and AD&D (61%) is quite common. Beyond these coverages, employee-paid voluntary benefits most often include home and auto insurance (22%). The availability of executive medical exams (9%), pet insurance (8%), vision (7%) or legal (4%) plans, and diagnostic imaging coverage (3%) is more limited. But looking ahead, more employers expect to add pet (18%) and home and auto (10%) insurance.

Voluntary benefits allow employers to provide more comprehensive total rewards (60%), fill gaps in core benefits coverage (51%) and offer their employees added financial protection (47%). Other advantages are avoiding direct organizational costs (23%), enhancing the appeal of benefits for a diverse workforce (19%) and supporting employee attraction (12%) and retention (11%).

More than 3 in 5 employers (61%) pay 100% of premiums for basic life insurance, and most define earnings for compensation-related benefits such as life, accident and disability coverage based on salary alone (94%). Commissions are also a factor for 12%. No more than 10% consider other employee income—such as regular bonuses (9%) or overtime (7%)—as part of the insurance definition. Formulas for basic life insurance are usually two times the employee’s annual earnings (39%) or equal to that amount (34%). It’s also typical for employers to apply a life insurance reduction formula (70%).



Basic spousal and dependent life insurance are options provided by 80% of organizations. More frequently, they pay the premium cost (37%) than pass this responsibility on to their employees (24%), or share the expense (19%). Typical coverages include \$10,000 for spousal insurance and \$5,000 for dependents (45%).

Almost all employers (93%) offer basic AD&D insurance benefits, which are most often equal to their basic life insurance formula (81%). Sixty-two percent (62%) pay the premiums, and the rest either treat this cost as a shared expense (25%) or require their employees to cover it (13%).



### Offer optional or voluntary employee-paid benefits

Category	Base	Yes	No
ALL	482	34%	66%
Under 50 FTEs	110	16%	84%
50 to 499 FTEs	248	31%	69%
500 or more FTEs	121	57%	43%

### Employee-paid voluntary benefits offered

Category	Base	Long-term care insurance	Vision insurance	Legal services	Identity theft services	Executive medical exams	Diagnostic imaging (e.g., MRI and CT scans)
ALL	157	3%	7%	4%	3%	9%	3%
Under 50 FTEs	17	18%	18%	6%	6%	0%	6%
50 to 499 FTEs	73	0%	4%	7%	1%	3%	5%
500 or more FTEs	67	3%	7%	1%	3%	18%	0%

Category	Base	Pet insurance	Home and auto insurance	Optional AD&D insurance	Optional critical illness insurance	Optional life insurance	Other
ALL	157	8%	22%	61%	73%	86%	4%
Under 50 FTEs	17	6%	0%	59%	71%	82%	0%
50 to 499 FTEs	73	5%	18%	51%	66%	79%	4%
500 or more FTEs	67	10%	31%	72%	82%	94%	4%

### Employee-paid voluntary benefit additions expected by 2025

Category	Base	Long-term care insurance	Vision insurance	Legal services	Identity theft services	Executive medical exams	Diagnostic imaging (e.g., MRI and CT scans)
ALL	49	2%	8%	2%	2%	2%	4%
Under 50 FTEs	6	0%	0%	17%	0%	0%	0%
50 to 499 FTEs	24	4%	4%	0%	0%	0%	0%
500 or more FTEs	19	0%	16%	0%	5%	5%	11%

Category	Base	Pet insurance	Home and auto insurance	Optional AD&D insurance	Optional critical illness insurance	Optional life insurance	Other
ALL	49	18%	10%	0%	6%	2%	63%
Under 50 FTEs	6	0%	0%	0%	0%	0%	83%
50 to 499 FTEs	24	13%	17%	0%	13%	0%	63%
500 or more FTEs	19	32%	5%	0%	0%	5%	58%

### Top reasons for offering voluntary benefits

Category	Base	Fill gaps in coverage from the core benefits	Avoid direct costs to the organization	Offer financial protection to employees	Provide comprehensive benefit packages	Appeal to a diverse workforce
ALL	151	51%	23%	47%	60%	19%
Under 50 FTEs	15	33%	20%	40%	27%	7%
50 to 499 FTEs	70	51%	24%	51%	54%	10%
500 or more FTEs	66	55%	21%	44%	73%	32%

Category	Base	Attract new employees to the organization	Retain existing employees	Simplify administration	Not applicable
ALL	151	12%	11%	3%	8%
Under 50 FTEs	15	7%	13%	0%	27%
50 to 499 FTEs	70	9%	11%	3%	10%
500 or more FTEs	66	17%	9%	5%	2%

### Payer of the basic life insurance premium

Category	Base	Employer	Employee	Shared
ALL	488	61%	15%	24%
Under 50 FTEs	108	53%	17%	31%
50 to 499 FTEs	256	59%	16%	25%
500 or more FTEs	121	73%	13%	14%

### Definition of earnings for determining salary-related life, accident and disability benefits

Category	Base	Base salary	Commissions	Regular bonuses	Overtime	Not applicable
ALL	489	94%	12%	9%	7%	5%
Under 50 FTEs	114	85%	10%	11%	6%	14%
50 to 499 FTEs	252	96%	11%	8%	9%	3%
500 or more FTEs	120	98%	16%	8%	3%	2%

## Basic life insurance benefits formula

Category	Base	1x earnings	2x earnings	3x earnings	Flat amount between \$10,000-\$50,000	Flat amount greater than \$50,000	No coverage	Other
ALL	498	34%	39%	5%	11%	4%	1%	6%
Under 50 FTEs	116	31%	31%	3%	21%	7%	5%	2%
50 to 499 FTEs	258	35%	40%	6%	10%	3%	0%	6%
500 or more FTEs	121	33%	43%	5%	5%	2%	0%	12%

## Have a basic life insurance reduction formula (e.g., coverage declines 50% at age 65)

Category	Base	Yes	No
ALL	491	70%	30%
Under 50 FTEs	109	66%	34%
50 to 499 FTEs	258	70%	30%
500 or more FTEs	121	73%	27%

## Payer of the basic spousal and dependent life insurance premium

Category	Base	Employer	Employee	Shared	No coverage
ALL	490	37%	24%	19%	20%
Under 50 FTEs	109	43%	16%	30%	11%
50 to 499 FTEs	257	39%	24%	19%	19%
500 or more FTEs	121	27%	32%	8%	32%

## Amount of basic spousal and dependent life insurance offered (excluding optional life)

Category	Base	\$50,000 spousal/ \$25,000 dependent	\$25,000 spousal/ \$10,000 dependent	\$20,000 spousal/ \$10,000 dependent	\$10,000 spousal/ \$5,000 dependent	\$5,000 spousal/ \$2,500 dependent	Other
ALL	396	4%	6%	7%	45%	21%	18%
Under 50 FTEs	95	3%	4%	6%	52%	21%	14%
50 to 499 FTEs	210	2%	6%	5%	48%	23%	16%
500 or more FTEs	88	8%	7%	10%	32%	13%	31%

### Benefits formula for basic AD&D compared to basic life

Category	Base	Lower	Same	Higher	No coverage
ALL	490	8%	81%	4%	7%
Under 50 FTEs	114	9%	76%	4%	11%
50 to 499 FTEs	254	6%	85%	5%	4%
500 or more FTEs	119	9%	76%	4%	10%

### Payer of the AD&D plan premium

Category	Base	Employer	Employee	Shared
ALL	451	62%	13%	25%
Under 50 FTEs	99	53%	12%	35%
50 to 499 FTEs	242	60%	16%	24%
500 or more FTEs	107	78%	9%	13%



## Key Takeaways

### **Good data enables better decision-making.**

Curbing the costs of total rewards is often simplified when specific opportunities are identified and decisions are objectively informed. By working with data, carriers and other vendors, employers can identify a broader spectrum of sustainable solutions that target specific savings. They're better positioned to meet employee needs—which vary across five workforce generations—through enhanced flexibility and a plan design that allows greater segmentation.

### **Defining I&D and adhering to principles and practices is necessary for establishing an equitable employer brand.**

Targeted results are improved by a carefully considered process, either undertaken internally or made easier through the help of an external advocate familiar with best practices. Benchmarking offers insights into staying on track and making course corrections, while setting milestones drives progress toward aspirational goals. Consistency over time determines the success of this cultural imperative.

### **High demand for improved information access drives the push toward HR technology.**

Automation readily connects employees to virtual content through greater platform and system integration, including a wider range of resources such as financial, addiction and leadership counselling. A single sign-on for access to key interests—like compensation, vacation, rewards, telemedicine and wellbeing support—improves efficiency and the employee experience.

### **More diverse benefits come with more complexity.**

While many employees have easy access to abundant programs and services, some employers have not fully assessed what their insurance carrier offers. Taking an inventory of these resources—and understanding their potential to drive better decisions—allows employers to optimize both their investments and the employee experience. Carriers are starting to collaborate with other vendors to improve their core services, so they can equip smaller employers with more flexibility than off-the-shelf products currently provide.

### **Rising above the status quo helps to sustain or improve costs, productivity and attachment.**

Healthcare costs and labour trends often work against even the best efforts to contain or lower spending. Yet tech-empowered physical and emotional wellbeing resources can enable progress—without compromising the quality of care. More options are available that allow better alternatives for filling total rewards gaps, addressing critical population needs and increasing organizational attachment.

**Communications are the key to enhancing the employee experience once benefits are well-matched with workforce interests.** Ambiguity creates indifference or even dissatisfaction. Employers that consistently communicate effectively tend to achieve a higher level of satisfaction—because their employees know what their benefits are and understand what they cover.

# ENDNOTES



<sup>1</sup>Canadian HR Reporter, "One-half of HR leaders evaluating ChatGPT guidelines," March 2023

<sup>2</sup>Office of the Privacy Commissioner of Canada, "OPC to investigate ChatGPT jointly with provincial privacy authorities," May 2023

<sup>3</sup>Benefits Canada, "Half of Canadian benefits providers include gender affirmation, fertility benefits in some plans: exclusive survey," April 2023

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But daily hardships—like economic uncertainty, personal and family health concerns, and insufficient resources or staffing at work—can take a toll on your people and leave your business struggling with hindered productivity, heightened disengagement and strained retention.

That's why every aspect of your benefits and compensation program needs to work in concert to promote overall employee wellbeing. Offering robust medical coverage and a competitive retirement plan isn't enough in today's hyper-competitive labour market.

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

Doing so can help your business attract top talent, motivate employees and shift the organizational culture so employees feel differently about their work. When organizations find ways to reduce burnout and increase productivity among their people, business performance can soar.

This is why employee wellbeing is at the centre of Gallagher Better Works<sup>SM</sup>—a comprehensive approach for strategically investing in benefits, compensation, retirement, employee communication and workplace culture so you can support your people's physical and emotional health, financial confidence and career growth 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.

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