



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS™



*Higher Education Practice*

## ICCCFO – How To Drive Employee Engagement Without a Budget

DAVE TORRI, AREA VICE PRESIDENT

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# Agenda

- Introduction
- Employee Engagement & Communications
- Voluntary Benefits
- Next Steps



# Gallagher at a Glance

Arthur J. Gallagher & Co.



**680+**

Sales/Service Offices  
33 Countries

**24,000+**

Employee

**\$4.2B**

Total Revenues

**AJG**

NYSE

Awards & Recognitions



2017 **WORLD'S MOST ETHICAL COMPANIES™**  
WWW.ETHISPHERE.COM

Forbes | 2015  
**AMERICA'S BEST EMPLOYERS**  
POWERED BY STATISTA

## Higher Education Expertise

260+ Clients Represented

- Private & Public Colleges
- Private & Public Universities
- Community Colleges
- Technical Schools

## Client Service Platforms

Your Higher Education needs are our focus.

- Property & Casualty: Retail & wholesale property & casualty risk management services
- Benefits & HR Consulting: Employee benefits, human resources, and compensation consulting
- Claims Administration: Third party property & casualty claims administration & risk management

## Industry Associations/Conferences

Involvement in local & national associations

- ✓ ICCFCO
- ✓ CACUBO
- ✓ CUPA-HR
- ✓ AACC
- ✓ CCBO
- ✓ NACUBO
- ✓ GFOA
- ✓ PRIMA
- ✓ URMIA

## Outcomes Driven

Tackling the important challenges

- Shrinking resources i.e. educational appropriations
- Increased focus on adopting new technologies
- Maintaining balances between managing costs and raising tuition while facing limited federal and state funding
- Enhance the “college experience” through ambitious capital projects
- Demand for enrollment/market share

# Benefits & HR Consulting



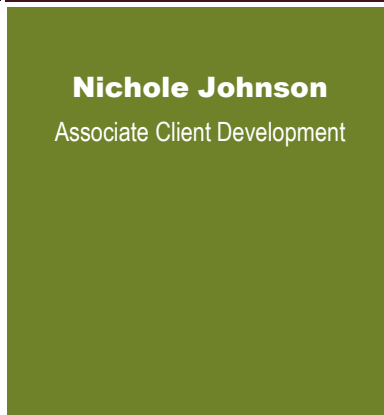
# Your Gallagher Team



**Dave Torri**  
Area Vice President



**Kevin J. Szlagowski**  
Area Executive Vice President



**Nichole Johnson**  
Associate Client Development





# Employee Engagement

Better employee engagement = lower turnover and cost savings



71% of employees are not fully engaged. <sup>1</sup>

202%

Organizations with engaged employees outperform those without them by up to 202%. <sup>1</sup>



For every unit increase in employee engagement the level of voluntary turnover decreased by nearly two-thirds. <sup>2</sup>

<sup>1</sup> Dale Carnegie Training, “The Importance of Employee Engagement” infographic, 2012

<sup>2</sup> Gallagher’s U.S. National Employee Benchmarking Database – 2010 study

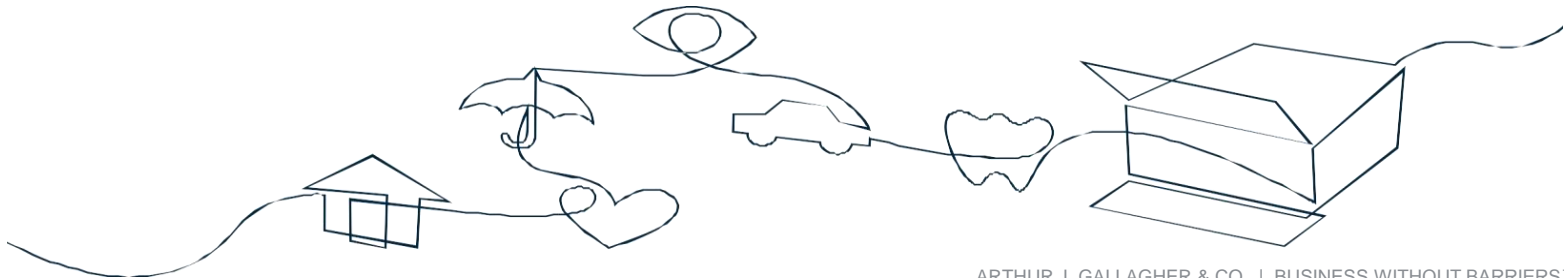


# Employee Engagement

## The Engagement Effect

Engagement predicts outcomes...

- Enrollment Growth
- Shrinkage (*esp., waste/spoilage/theft*)
- Community image & reputation
- Awards & rankings
- Union participation
- Productivity & efficiency
- Absenteeism & turnover
- Educator of Choice
- On-the-job injuries
- On-time work/delivery
- Customer satisfaction
- Customer loyalty
- Customer safety
- Brand awareness
- Social media tone
- Social media penetration





# Employee Communications



How will the information be **SHARED?**



What are your **OBSTACLES**



Identify **OBJECTIVES**



Define your **MESSAGE**



Identify desired employee **ACTIONS**





# Employee Education & Engagement

Our goal is to help employees become better consumers and fully appreciate the value of **all of their benefits**. A robust and educational communication strategy will help employees understand their full benefit package.

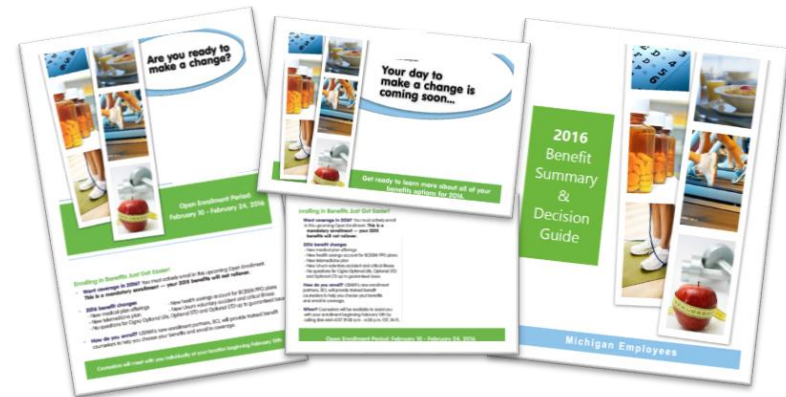
The Employee Benefits world has become:

- **Increasingly complex** and hard for employees to understand.
- More expensive for everyone **requiring higher employee contributions**.

Higher costs and more difficult to understand benefit plans lead to poor perceptions...unless effective education is provided.

Communication and Education as the solution:

- Develop and implement an enhanced multi-channel communication campaign
- Deliver professionally designed benefits education curriculum
- Communications designed to reach all demographics
- Counselor assistance services to create educated consumers
- Multiple communication touch points that clearly explain how the coverage works



Pre-Open Enrollment Postcard	Newsletter	Open Enrollment Posters
Employee Portal Materials • Recorded webinar	HR Letter to Employees	Robo Enrollment Reminder Calls
Internal Email Reminders	HSA Kits Mailed to Home	Quarterly Text Messaging



# Case Study

## Challenge

- Delivering a consistent benefits message across multiple departments and locations to a demographically diverse employee population
- Paper enrollment and communication limiting employee engagement, understanding and participation in open enrollment

## Solution

- Implement enrollment services provider at no cost based on “active” enrollment and offering 2 voluntary products
- Provide Onsite & Call Center enrollment counselors for annual enrollment
- Develop and implement an enhanced multi-channel communication campaign
- Deliver professionally designed benefits education curriculum

## Results

- Employees felt **engaged and educated** during their open enrollment experience
- Went from 20% of employees actively enrolled to 84.9% (a **425%** change)
- Total medical plan participation increased by **4.5%**
- **93.6%** of employees found the annual enrollment materials easy to understand





# National Benchmarking Survey

- Provides information and insights that make your work easier and support confident decision-making
- Beyond traditional benchmarking - strategy and innovative solutions
- 3,100+ respondents in 2016 (Results for 2017 being compiled)
- 300+ comprehensive questions
- Data cuts by geography, ownership structure, workforce size and industry



- Top operational priorities
- Attracting and retaining a competitive workforce
- Controlling benefit costs
- Revenue growth

Have confidence in the effectiveness of current benefit strategies





# Total Reward Statements

To help employees understand the value of their benefits, Total Reward Statements are one of the most powerful tools an employer can provide. Total Reward Statements represent:

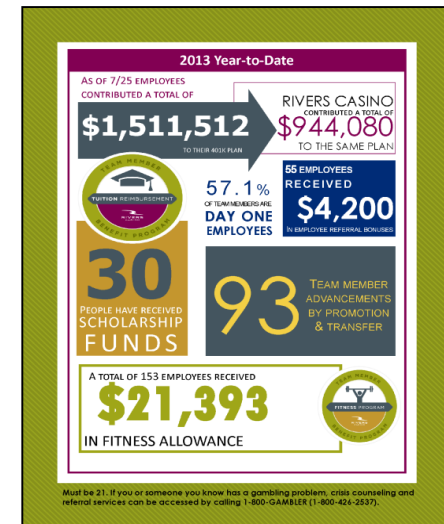
- A tangible, written document that visually illustrate the full value of an employee's compensation and benefit package.
- A reassuring picture to employees of the college's financial commitment to them.



According to Payscale's Compensation Best Practices Report<sup>1</sup>, employee recruitment and retention are two of the biggest challenges employers face. According to the report:

- **59%:** worry about losing their best employees to competitors.
- **67%:** are concerned about the difficulty of finding skilled employees.

If employers want to recruit better employees, retain their valuable workforce, and improve morale, providing Total Reward Statements to them should be a top priority.



<sup>1</sup> Payscale's Compensation Best Practices Report



# Total Reward Statements

Your Total Rewards Statements should include a broad array of benefit and incentives for employees. We recommend starting with traditional benefits like medical, dental, vision, and life and then work towards supplemental benefit options that are low cost, but have a significant impact on employee well-being.

You may also consider including your unique perks, such as company wellness incentives, above average merit raises, and special discounts or programs geared towards retaining employees and supporting work life balance.

And, the delivery is very important so employees fully understand the statements and information they provide.



We value the contributions of each of our employees and strive to provide a total package of salary and benefits that includes comprehensive coverage for you and your family. We are pleased to be able to present you with this personalized benefits statement that summarizes the total compensation package that ABC Co. provides. The following is a Summary of Benefits provided to you:

Annual Base Pay	\$62,670.40	
Additional Compensation <small>(from 2013 overtime, shift pay etc.)</small>	\$8,485.21	
<b>TOTAL ANNUAL PAY</b>		<b>\$71,155.61</b>
Paid Time Off Bank	\$4,820.80	
Extended Illness Bank	\$2,410.46	
Holidays	\$1,446.24	
<b>COST FOR PAID TIME OFF</b>		<b>\$8,677.50</b>
Medical Insurance		\$13,252.20
<small>You have elected SELECT EPO EE + SPOUSE</small>		
Dental Insurance		\$327.92
<small>You have elected EE + SP</small>		
Life Insurance		\$61.99
<small>Employer-paid coverage \$63,000</small>		
Short Term Disability/Long Term Disability Insurance		\$0.00
Smart Money Retirement Fund		\$2,774.13
Social Security (FICA), Medicare Employer's cost		\$5,443.40
Unemployment (FUTA and SUTA) Employer's cost		\$154.05
<b>TOTAL ANNUAL COST OF BENEFITS</b>		<b>\$28,628.66</b>
<b>TOTAL ANNUAL COMPENSATION</b>		<b>\$99,784.27</b>

### 2014 PORTABLE BENEFITS

- Universal Life Insurance protects your finances for your working years now and for the future.
- Accident Insurance provides 24 hour coverage that protects you and your family against unexpected medical expenses due to an accident or injury
- Critical Illness Insurance protects your family and your assets in the event you or a loved one becomes sick with a covered critical illness.
- Disability Buy Up gives you the ability to increase your short term disability benefit up to 70% of your monthly income.

Benefits are of your income **29%**

\* You have a Short-term Disability benefit that could pay up to \$10,449.

INFORMATION PROVIDED EFFECTIVE: 1/1/2014  
HIRE DATE: 01/1/2010  
EMPLOYEE NUMBER: 000000

The figures contained in this summary are based in part on company averages. Any mistakes in benefits should be reported to your HR representative. In the event of errors, plan documents and applications will take precedence over this summary.



# Case Study

## Background

- Client's HDHP Benefits Strategy
- Overall cost impact of -14.6%.
- Savings by component:
  - Per Employee Per Year = (\$1,459).
  - Projected increase prior to the Gallagher Solution = +12.3%.
  - Projected increase with Gallagher strategy = -2.6%.
  - 64% of employees elected the higher deductible (HDHP) after providing educational meetings with benefit counselors.

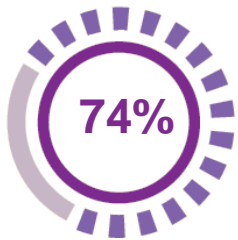
## Solution & First Year Accomplishments

- Introduced defined contribution strategy with Gallagher Marketplace
- Bargaining group education sessions for approval of changes
- Employees both Bargaining and non-bargaining excited about enhanced options!
- Colleges moving to more sustainable options to deliver benefits
- **Flexibility and Customization**
  - Tailored benefit options for each employee
  - Improved plan choices
  - Additional employee savings opportunities
  - More affordable dependent options
  - Additional benefits offered to employees



# HDHP Benchmarks

Top Factors that motivated your organization to adopt a consumer-directed health plan:



Motivate employees to make behavioral changes



Combat increasing healthcare cost trends



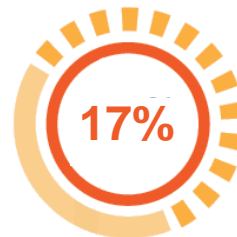
Share financial responsibilities of healthcare



Educate employees about the actual cost of healthcare



Offer employees meaningful choice in benefit plan selection



Provide employees a tax effective option for retiree health savings



# *What does this mean for my employees?*

## *Proper Education & Engagement*

- We can identify to each employee their needs, preferences, risk tolerance and suggest the appropriate benefit election.
- They will then understand what is offered and have a better understanding during the enrollment process.

## *No Education*

- Many employers make the mistake of launching an HDHP or other benefit changes and hope employees will figure it out and elect those plans.
- What we see time and time again, is that nobody elects the new plan offerings because they don't understand them.
- The result is low enrollment, poor employee perceptions and no cost savings.





# Protecting Employees Out-of-Pocket Costs

**Benefits are paid directly to the employee**, in addition to any other coverage they have. The Voluntary Plans listed below provide meaningful financial security for employees and an expanded benefits menu for greater employee choice.

## Hospital Indemnity

- Helps pay for unexpected healthcare expenses due to hospitalization.
- Lump sum benefits to help cover the cost of first day hospitalization, intensive care, and daily confinement benefits.

### *Other Considerations:*

- Permanent Life with Long Term Care
- Lifestyle Benefits
  - Auto & Home
  - Pet Insurance
  - Identity Theft
  - Legal Services

## Critical Illness

- Critical Illness insurance offers a lifetime of benefits.
- Provides lump sum payments for screenings, preventive treatments, and continues with varying levels of benefits to match the different stages of diagnosis for covered illnesses.

## Accident

- Accident insurance helps pay for unexpected healthcare expenses due to accidents that occur every day – from the soccer field to the ski slope and the highway in-between.
- Accident insurance provides benefits due to covered accidents for initial care, injuries and follow-up care.



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*Thank You*

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# Disclosures & Disclaimers

## General Disclosure

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## Charts & Tables

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