ICCCFO – How To Drive Employee Engagement Without a Budget

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Agenda

• Introduction
• Employee Engagement & Communications
• Voluntary Benefits
• Next Steps
Gallagher at a Glance

Arthur J. Gallagher & Co.

Gallagher at a Glance

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
- ICCCFO
- 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

Awards & Recognitions

680+ Sales/Service Offices
33 Countries
$4.2B Total Revenues
24,000+ Employee
AJG NYSE

2017 World's Most Ethical Companies®
2015 America's Best Employers
Forbes
Benefits & HR Consulting

Illinois Community Colleges
Your Gallagher Team

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Employee Engagement

Better employee engagement = lower turnover and cost savings

71% of employees are not fully engaged. 1

202%

Organizations with engaged employees outperform those without them by up to 202%. 1

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

1 Dale Carnegie Training, “The Importance of Employee Engagement” infographic, 2012
2 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

What are your OBSTACLES

How will the information be SHARED?

Identify OBJECTIVES

Define your MESSAGE

Identify desired employee ACTIONS

STRATEGY
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
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
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.

Improved Employee Morale

Increased Productivity

Happier Workforce

Decreased Turnover

According to Payscale’s Compensation Best Practices Report¹, 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.

¹ 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.
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
Top Factors that motivated your organization to adopt a consumer-directed health plan:

- Motivate employees to make behavioral changes: 74%
- Share financial responsibilities of healthcare: 57%
- Offer employees meaningful choice in benefit plan selection: 26%
- Combat increasing healthcare cost trends: 57%
- Educate employees about the actual cost of healthcare: 39%
- Provide employees a tax effective option for retiree health savings: 17%
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.
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.

### 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.

Other Considerations:
- Permanent Life with Long Term Care
- Lifestyle Benefits
  - Auto & Home
  - Pet Insurance
  - Identity Theft
  - Legal Services
Disclosures & Disclaimers

General Disclosure
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Charts & Tables
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