

Aon's Employee Mindset Study – Ireland

Attitudes and perceptions towards rewards and benefits



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Introduction

Aon's Employee Mindset Study explores some key questions about the employee mindset; examining their preferences and attitudes towards total rewards, employee benefits and financial wellbeing and how well their employers are meeting their expectations in this respect.

The survey behind the Study asked questions designed to identify:

- What attracts employees to an organisation?
- How engaged is the Irish workforce – and what are the key drivers of engagement?
- What do they really think about total reward?
- What changes to total reward will have the biggest impact on employee engagement?
- What are the most valued and impactful employee benefits?
- What is the current state of financial wellbeing, and what do employees expect of their employer in terms of financial wellbeing support?
- What are Irish employees' communication preferences when it comes to total rewards, employee benefits and wellbeing?

What does your workforce really want from the employee experience?

When employers understand what really matters to employees, they can shape a workforce that has higher levels of engagement and delivers improved business performance. The research will enable employers to understand:

- 1. What differentiates an employer value proposition?**
What makes an employer truly stand out from the rest?
- 2. How do employees perceive total rewards?**
What do employees really think about the effectiveness of their total reward?
- 3. What employee benefits are most valued and have the biggest impact?**
How do employers get the mix right with employee benefits?
- 4. What do employees want when it comes to financial wellbeing?**
What impact does it have on their performance and state of mind? How can employers help improve financial wellbeing and what areas do employees believe their employers should help with?
- 5. An idea of the preferred communication channels across wellbeing, employee benefits and financial education**

We hope you find the results of the research interesting and useful. The findings validate our understanding of the challenges around reward and benefits, but also provide new insights that require attention, thought leadership and new solutions. As part of our Employee Mindset programme of action, we have designed a suite of tools, analysed data and developed solutions that can support our clients to address existing challenges but also new and emerging challenges. An interaction solutions toolkit is available to help our clients better understand the areas where they can improve their rewards & benefits, and how Aon can help with a solution or solutions.

Andrew Krawczyk

Commercial Leader - Health & Benefits
Aon
Health Solutions

About the study

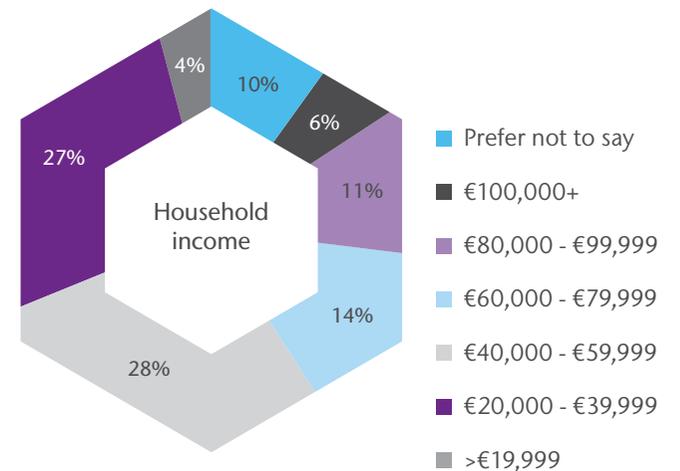
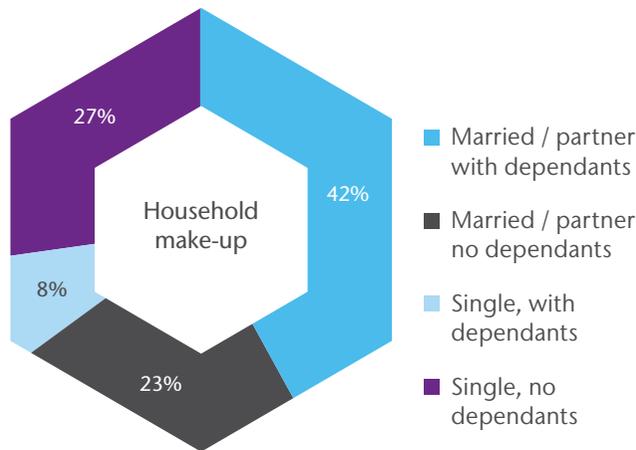
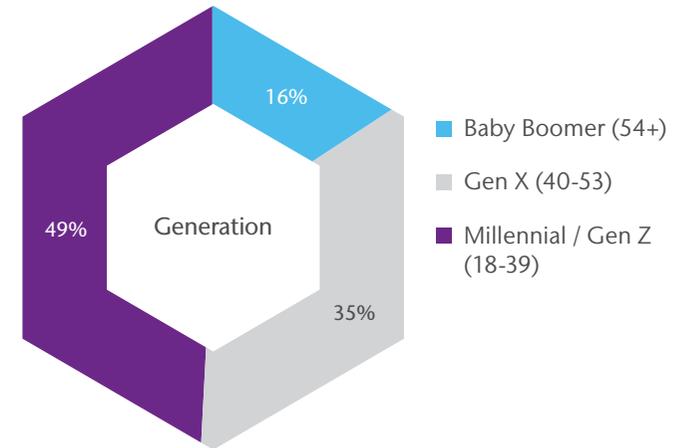
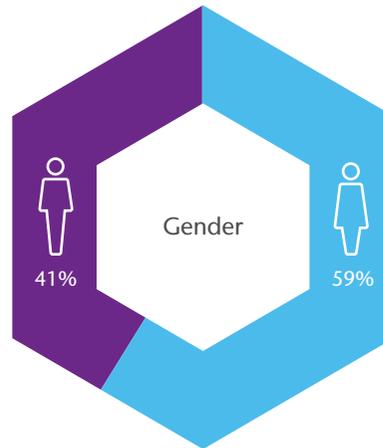
The research that underpins this study was conducted through an independent market research process based on interviews with 550 employees from across Ireland. The field research (questionnaire) was conducted on behalf of Aon by Coyne Research.

The survey covered a representative sample of the Irish workforce. 59% of respondents are female; 41% male. 49% are aged 18-39 (Millennials or 'Generation Z'), 35% 40-53 (Generation X) and 16% 54+, or Baby Boomers.

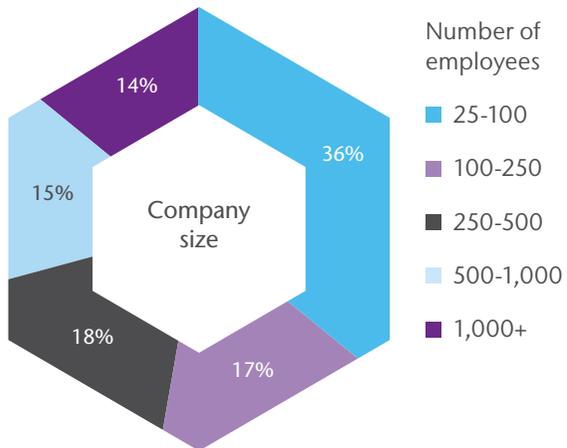
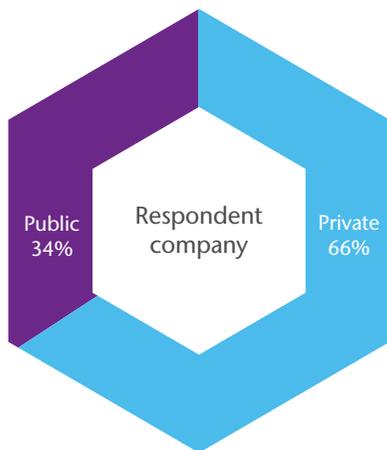
The largest proportion, 42%, are married or with a partner and have dependents. 27% are single with no dependents. 23% are married or have a partner but no dependents, and 8% are single with dependents.

59% of respondents have a household income of over €40,000, with 6% having an income of more than €100,000. 27% have household incomes of between €20,000 and €39,999 while 4% earn less than €19,999.

Profile of respondents



Industry sectors and company size

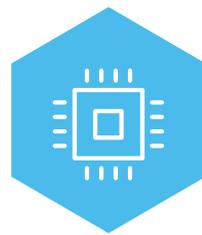


Number of employees

- 25-100
- 100-250
- 250-500
- 500-1,000
- 1,000+



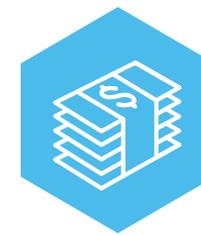
Manufacturing
17%



Technology
15%



Hospitality
12%



Financial Services
10%



Retail
9%



Professional services
8%



Healthcare
6%



Education
4%



Life sciences
4%



Construction
17%

Key findings

The survey found that:



Only 37% of respondents are engaged with their jobs – this is significantly behind the European average. Boomers are the most engaged cohort of the workforce with 51% engagement. This low level of engagement is driving employees to seek new challenges, with nearly **one in three respondents likely to seek new employment in the next 12 months**.



Above market pay and benefits is the number one driver to attract employees to an organisation. Career development, consistent values and meaningful work follow closely behind, which is consistent across all generations. This is an important consideration for employers designing their Employer Value Proposition to attract and retain talent.



When it comes to total reward, employers are falling short of expectations – which is a concern given that pay and benefits is so important. **Only three in ten believe their organisation's total reward helps to attract and engage talent** and a similar number saying that they feel their current total rewards adequately meet their and their families' needs. With pay and benefits being the number one driver of engagement and number one reason why employees are first attracted to an employer, a lot of work needs to be done to improve the effectiveness, perception and value of total reward.



The ability to customise benefits is very important for many employees; yet only three in ten currently have that ability. With over 60% saying this is important to them, enabling people to choose their own benefits (otherwise known as flexible benefits) can be hugely effective in helping people to realise the true value of the benefits they receive.



There is a mismatch between employee expectations and reality in terms of their ideal employer and the perceptions of their current employer. In some instances, there is a significant difference - almost half consider that being a fun place to work and providing better than average pay and benefits differentiate a business; whereas relatively few, (circa three in ten) feel this is setting their current employer apart. Also, being a strong fit with their own values and being innovative are believed to differentiate an employer, however, only around a quarter feel these qualities set their company apart now.



Females are more likely to be dissatisfied with their pay and benefits (24% vs 14% of males) - the difference being pronounced and potentially a cause for concern amidst a legislative driven focus on closing the gender pay gap. **Employers should take the time to understand the gender gap in their organisation with urgency to identify any anomalies or potential cost implications.**



The category that has the biggest difference in terms of satisfaction levels is work-life balance programmes, four in five employees are satisfied with their overall benefits offering. **Overall, the benefits that drive the highest levels of satisfaction are all connected with health, wellbeing and flexibility.** Ensuring good health, for them and their families and enabling a level of flexibility and choice, are key criteria for a high-performing benefits programme.



The biggest gap between current benefits and what employees most value is medical and dental insurance – less than three in ten say their employer funds this, while over seven in ten rank it in their top three benefits they value most. Employees at all life-stages highly value flexibility in benefits, work-life balance programmes and health and wellbeing related benefits. Employers should regularly review their own offering, benchmarking it against others to ensure it remains competitive. If it is comparable to others or below market, higher pay or more benefits are not necessarily always the only answer. Understanding the employee perceptions and their needs and supplementing benchmarking with this data set will enable employers to optimise their total reward spend.



There is a clear link between total rewards and engagement; **Employees who believe their total rewards meet their family's needs are nearly twice as engaged as those who do not.** The cause and effect of better-than-average reward and high engagement can be difficult to untangle; are engaged employees more likely to perceive total rewards more positively than disengaged ones, or does having better-than-average total rewards drive engagement? Both are almost certainly true – and the findings here support the close correlation between total reward and engagement.



Nearly two thirds of respondents have just enough to get by (with 10% experiencing financial difficulty). Entry level individual contributor employees are most likely to experience financial difficulties, with around 1 in 5 claiming to experience financial difficulties. **Employees financial situation has a notable impact on job satisfaction – three in four of those who are comfortable state this positively impacts on their job satisfaction, with the converse evident for those having trouble.** This underlines the important role an employer can take in the financial wellbeing of their people.



Employees only seem to want help from their employer when it comes to retirement fund creation, retirement planning advice and longer-term savings. Employees surveyed seemed to prefer the DIY approach to financial planning when it comes to shorter term finances, day to day budgeting and buying a home. With the level of those surveyed saying they have “just enough to get by” being so high, it calls into question whether it is time for employers to step in to help? It could be that employees are simply not used to their employers playing a more active role in supporting them with financial matters, which are highly personal for many.



When asked to rank some of the tools and resources employers could deploy to support employees with financial matters; **access to a personal financial advisor was the most valued. Employees also valued retirement seminars (in person or online) and the provision of general financial information / online content to help them make better decisions.** Seminars on investments and debt management ranked highly, suggesting that in fact, employees are open to the idea of learning more about financial matters through their employer.

Examining engagement levels across the Irish workforce

What is employee engagement?

The concept of employee engagement is often confused with satisfaction or happiness, but the true definition is deeper in meaning. Employee engagement is defined as ‘the level of an employee’s psychological investment in their organisation’.

Exploring current engagement levels

Only 37% of respondents to the survey said that they were engaged.

This lags significantly behind wider European levels, where the level of engagement is around 60%.

This low level of engagement is driving employees to seek new challenges, with nearly one in three respondents likely to seek new employment in the next 12 months.

Engagement has a known measurable impact on company performance – a five-point increase in employee engagement levels can correlate to a 3% increase in corporate revenue, as noted in previous Aon research. And with retention as well as productivity impacted by low levels of engagement, the low engagement seen in this survey is clearly a key priority for employers to address.

Males and females show equal levels of disengagement. Boomers (those aged 54 and over) report the highest levels of engagement; 51% report being engaged, while just 35% of Millennials (18-39-year olds) and 35% of Generation X (40-53) say the same.

The findings indicate that there are engagement peaks early on in an employee’s career (at less than two years in) and among those in their jobs for more than ten years. Those in their mid-career are most likely to struggle with engagement, and to anticipate seeking a new job within the next year.



51% of Boomers (those aged 54 and over) report the highest levels of engagement



Key finding:

Only 37% of respondents are engaged with their jobs – this is significantly behind the European average. Boomers are the most engaged cohort of the workforce with over 50% engaged. This low level of engagement is driving employees to seek new challenges, with nearly one in three respondents likely to seek new employment in the next 12 months.

How can employers attract the best talent?

Employment levels in Ireland are at a record high. As a result, employers are facing a talent shortage. It has never been more important for employers to attract, engage and retain the skilled individuals they need. It is no surprise that attracting and retaining the right talent has consistently featured as a top ten risk for executives globally in Aon's Global Risk Management Survey. Knowing what attracts people to an employer is important to steal a march on the competition in the race for talent.

The importance of reward and benefits

26% of those surveyed were attracted to their employer because it provides better than average pay and benefits. 44% ranked 'provides better than average pay and benefits' among the top three things that would increase their engagement and overall satisfaction with their employer. Additionally, 63% of respondents thought that benefits were important (40%) or very important (23%) in attracting them.

This is particularly the case for Millennials and Generation Z; seven in ten Millennials cited employee benefits among the most important aspects when it came to choose their current employer. Engaged employees are also more likely to say that benefits were important in attracting them to their employer.

Career development potential was the next most important issue, cited by 25% of all respondents. 24% were attracted to an employer that offered stimulating work, while 23% felt the organisation was a strong fit with their own values. 28% said that the fact their employer 'recognises strong individual achievement or performance' was in their top three.

A firm that 'communicates effectively', 'provides valuable career and/or development opportunities' and 'encourages appropriate balance between work and personal life' were all in the top three for 26% of those surveyed.

Consistency across all generations

These findings were consistent across all generations. Slightly more Generation X respondents valued an organisation that encourages appropriate work-life balance (28% vs 21% of Baby Boomers), while Boomers are more likely (30%) to value effective communication than millennials (25%).



Employment levels in Ireland are at a **record high**

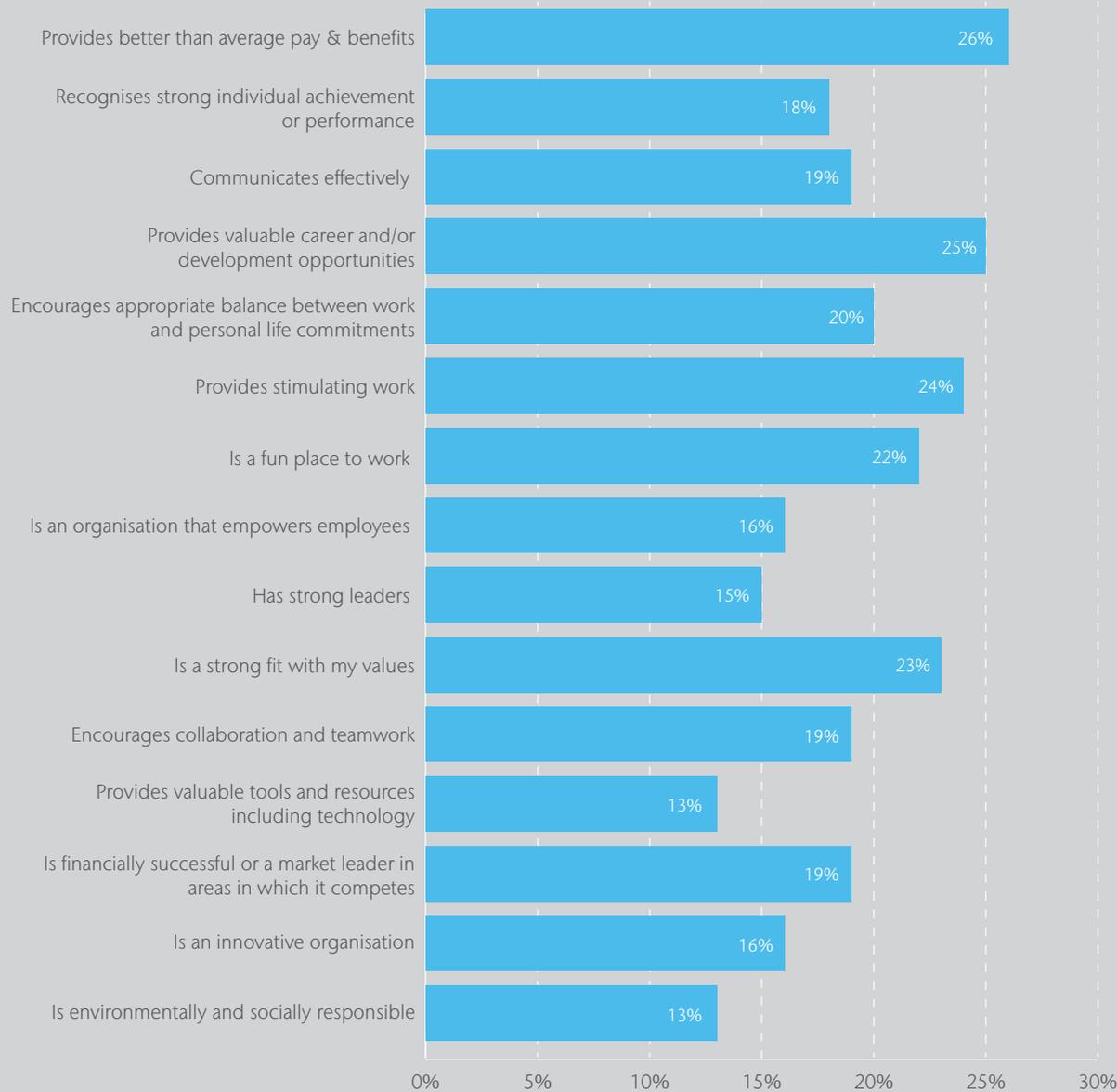


1 in 4 were attracted to their employer because it provides better than average pay and benefits



70% of Millennials cited employee benefits among the most important aspects when it came to choose their current employer

What attracts people to an employer?



Key finding:

Above market pay and benefits is the number one driver to attract employees to an organisation. Career development, consistent values and meaningful work follow closely behind, which is consistent across all generations. This is important to note for employers designing their EVP to attract talent.



Key solutions:

- **Benefits Benchmark / Index** – a quantitative index of your benefit programme compared to the market to help you identify your market position.
- **Salary Surveys** – access to world renowned McLagan and Radford Databases enabling you to ensure your salary and compensation planning is aligned to markets and roles.
- **Consultancy** – Aon has world class expertise in salary, benefits and total reward optimisation and consultancy.
- **Communications** – With award winning communications in the areas of wellbeing, benefits and total reward statements, we can deliver multi-channel communications to ensure employees understand, appreciate and value their total reward.

How can employers improve engagement?

The survey asked what measures employers could take to drive improvements in engagement.

As with attraction, by far the biggest factor was the pay and benefits offered – 18% of respondents said that an employer that provides better than average pay and benefits would improve their overall engagement and satisfaction.

An employer that ‘recognises strong individual achievement/performance’ and that ‘communicates effectively’ were both cited by 9% of respondents. 8% wanted an employer who ‘provides stimulating work’, ‘encourages appropriate work/life balance’ and ‘provides valuable career development opportunities’.

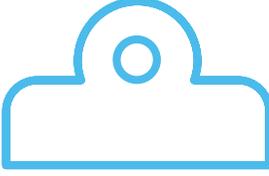
The reality of reward and benefits

Given the clear importance of pay and benefits when it comes to attracting and engaging employees, it is concerning that only 34% of those surveyed feel their current total rewards adequately meet their and their families’ needs.

Only three in ten agree that their organisation’s total reward supports the business’s ability to attract and retain talent. Nearly four in ten disagree with this.

Interestingly, engaged employees claim to receive more employee benefits than disengaged employees.

Top ranked characteristics to improve engagement and satisfaction

- 
- ✓ Provides better than average pay and benefits
 - ✓ Recognises strong individual achievement / performance
 - ✓ Communicates effectively
 - ✓ Provides stimulating work
 - ✓ Encourages appropriate work life balance
 - ✓ Provides valuable career development opportunities
 - ✓ Is a fun place to work
 - ✓ Is an organisation that empowers employees
 - ✓ Is a strong fit with my values
 - ✓ Has strong leaders



Key finding:

When it comes to total reward, employers are falling short of expectations. Only three in ten believe their organisation's total reward helps to attract and engage talent and a similar number saying that they feel their current total rewards adequately meet their and their families' needs. With pay and benefits being the #1 driver of engagement and #1 reason why employees are first attracted to an employer, a lot of work needs to be done to improve the effectiveness, perception and value of total reward.



Key solutions:

- Total Rewards Optimisation – Aon's analytics solutions can help you to understand how to best allocate spend to get value from your total reward.
- Total Reward Statements – Aon's total reward statement (video, paper and online) can help you get the most from your total reward through cost effective, personalised communications.

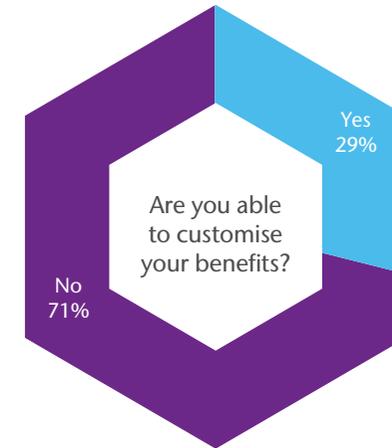
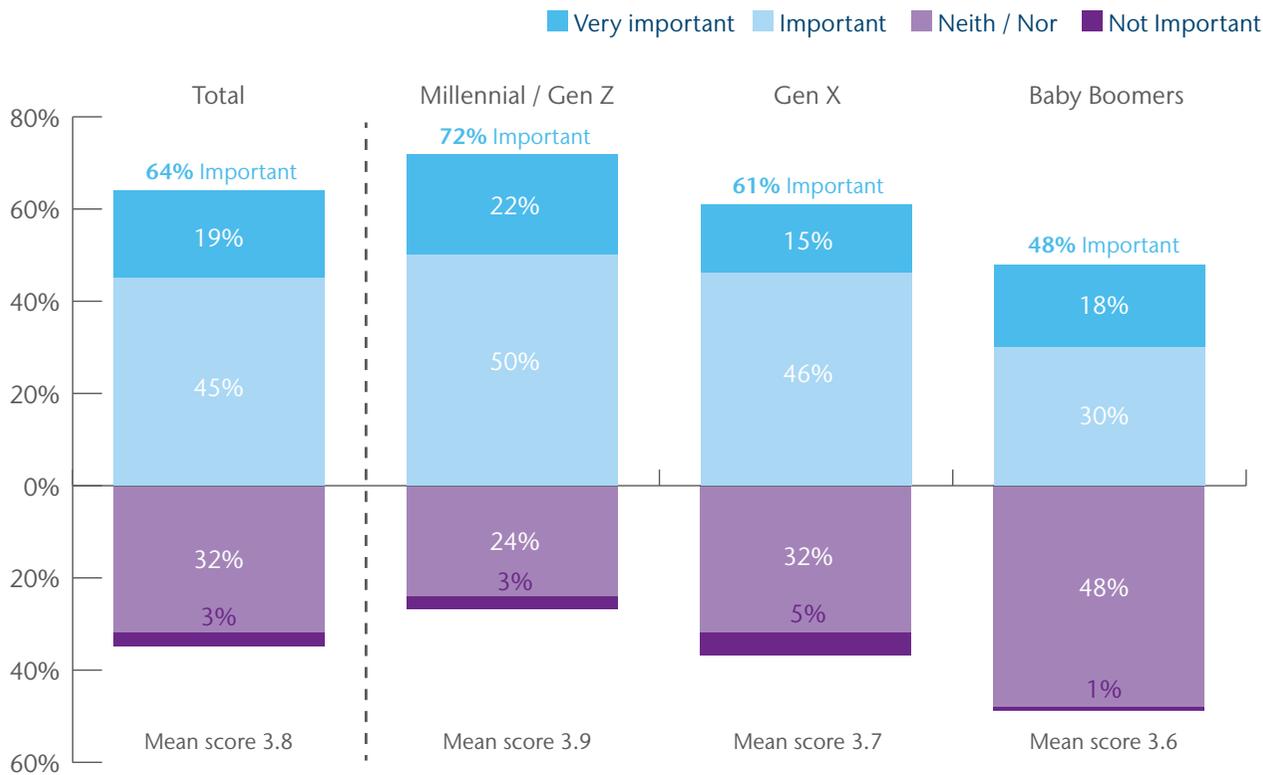
Personalisation helps to achieve value

Nearly two-thirds of people surveyed believe it is important (45%) or very important (19%) to have the ability to customise their benefits. For Millennials, this is

particularly valued; 72% believe this is important/very important, compared to 61% of Generation X respondents and only 48% of Boomers.

Yet only around three in ten are currently offered this by their employers; those in management roles and in companies of between 250 and 1,000 employees are more likely than other groups to have this option.

How important is the ability to customise?



Customisable benefits.

Highest amongst those who said **Yes:**

- Management - **37%**
- Company of 250-1,000 employees - **34%**

42% of those surveyed would sacrifice pay for a better choice of benefits. This willingness is higher among Millennials and Generation Z (46%) and unsurprisingly perhaps, those who are financially comfortable (48%).

Those who are in the disengaged category are slightly more likely than those in the engaged category to want to sacrifice pay for benefits (43% vs 41%). This suggests the employers could help to re-engage employees by giving them more choice over their total rewards structure, making the case for flexibility within compensation and benefits practices.

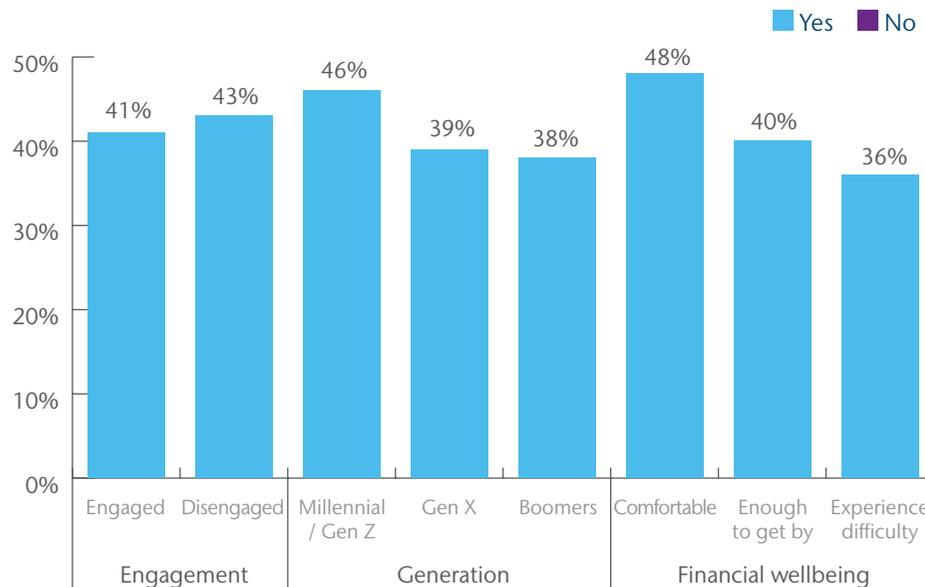
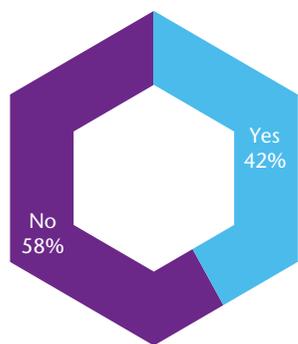
The ability to customise benefits is very important for most employees; enabling people to choose their own benefits

(otherwise known as flexible benefits) can be hugely effective in helping people to realise the true value of the benefits they receive.

Offering benefits that can be tailored to different life stages and circumstances is therefore a vital step for organisations wishing to support a broad range of employees.

We can see from the survey findings that this is starting to become more commonplace; 33% say they have a voluntary benefits programme in place. While this is still a minority, it does show that employers are starting to respond to the desire for customised benefits.

Would sacrifice pay for better choice of benefits



Key finding:

The ability to customise benefits is very important for most employees; yet only three in ten currently have that ability. With over 60% saying this is important or very important, enabling people to choose their own benefits (otherwise known as flexible benefits) can be hugely effective in helping people to realise the true value of the benefits they receive.



Key solutions:

- Aon can offer a wide range of Flexible and Voluntary benefits solutions, through its modular benefits technology platform, TBS. TBS is Aon's proprietary benefits management platform that comes with powerful yet robust administration engines and market leading (and award winning) front end user experience.
- Benefits Analytics – having nearly 40,000 Irish employees transacting benefits across a total of 30 benefit products with nearly €200 million in benefits premium/funding gives us the edge in terms of helping clients design fit for purpose flex and voluntary benefits schemes.

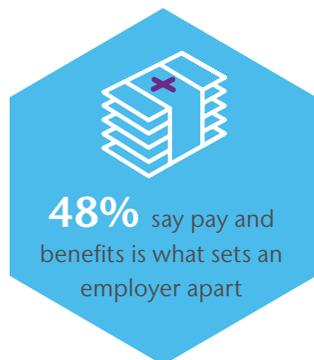
What differentiates employers?

The Employer Value Proposition (EVP) is an increasing area of focus for employers. Creating a compelling and unique EVP is about defining what your organisation means for, and delivers to, its employees. Why are people happy and proud to work for you as an employer? What do the culture; the benefits; the values of your organisation look like? A strong EVP will help to attract and retain the best external talent and your own high performers.

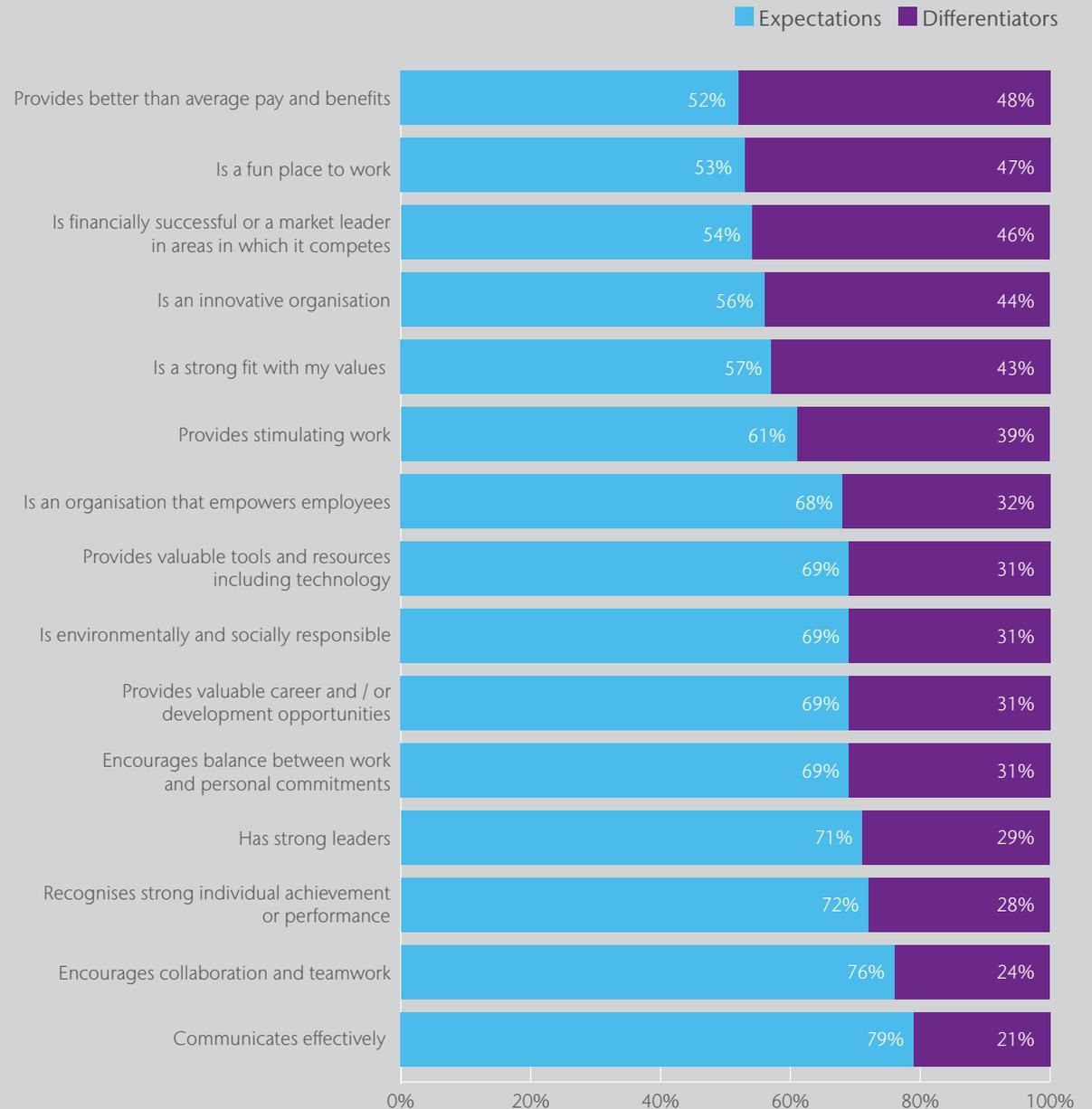
In the survey, respondents were asked what they would expect every employer to provide, and the characteristics they believe would differentiate an employer.

When it comes to differentiation, it's clear that providing better than average pay and benefits is what sets an employer apart; 48% cited this. For 52%, this is an expectation from every employer.

47% believe that being a fun place to work is a key differentiator, with 46% citing a firm that is financially successful or a market leader in areas in which it competes.



What you expect from versus what differentiates an employer



The mismatch between current and desired EVP

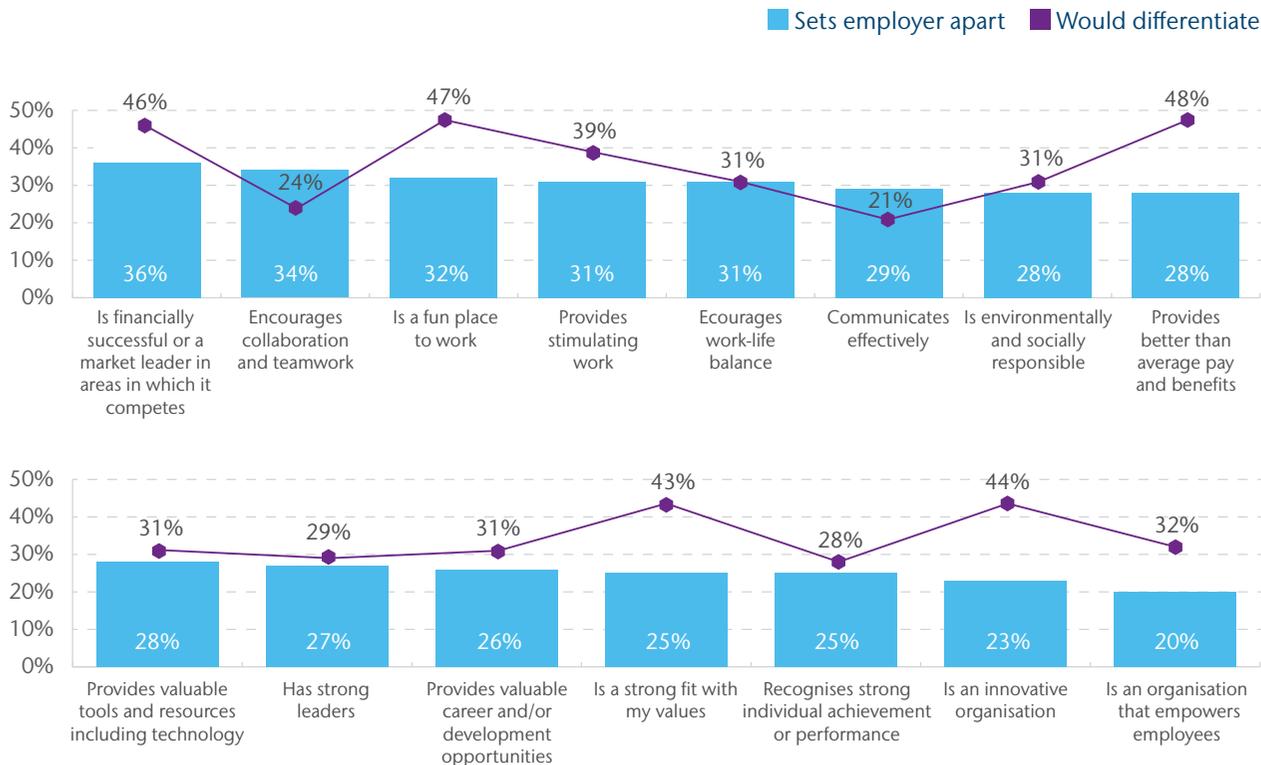
The survey then asked what differentiating characteristics their current employer has. This identified a mismatch between employee expectations and reality. As the charts below show, in some areas (is a fun place to work; provides better pay and benefits; is a strong fit with my

values and innovating) there is a significant difference between the ideal employer and the respondents' perceptions of their current organisation.

Although almost half consider that being a fun place to work and providing better than average pay and benefits differentiate a business, relatively few, (circa three in ten) feel this is setting their current employer apart. Being

a strong fit with own values and being innovative are believed to differentiate an employer, however, only around a quarter feel these qualities set their company apart now.

What sets your employer apart versus what would differentiate an employer?



Key finding:

There is a mismatch between employee expectations and reality in terms of their ideal employer and the perceptions of their current employer. In some instances, there is a significant difference – almost half consider that being a fun place to work and providing better than average pay and benefits differentiate a business; whereas relatively few, (circa three in ten) feel this is setting their current employer apart. Also, being a strong fit with own values and being innovative are believed to differentiate an employer, however, only around a quarter feel these qualities set their company apart now.

Where should employers focus?

Respondents were asked ‘what would differentiate an employer?’ and ‘what would increase your engagement and satisfaction with your current employer?’ Exploring the answers provides employers with a list of key areas in which to focus their efforts.

The issue that connects the differentiated employer and the engaged employee is pay and benefits. Given that this is such a significant element of the employer offering and so central to employees’ engagement, it is worth exploring in more detail.

Delivering pay and benefits that differentiate

Providing better than average pay and benefits was cited both as the top thing that would differentiate an employer, and the thing that would most increase

individual engagement and satisfaction. So, what do employees think about their pay and benefits?

Given the importance of pay and benefits, only 44% of respondents are happy with their current benefits offering. This is true of 80% of engaged employees, but only 40% of disengaged ones.

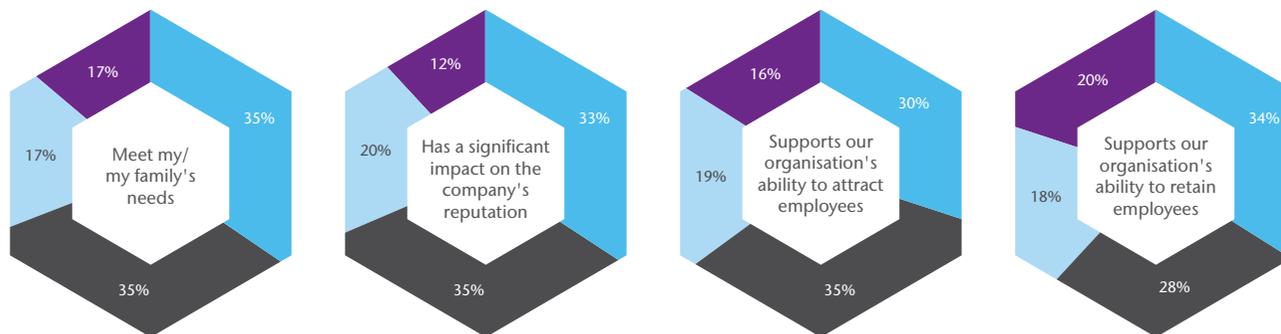
66% feel their current rewards do not adequately meet their families’ needs. Those with more than two years’ service, females and those experiencing financial difficulty are less likely to believe their benefits are a good fit with their families’ needs.

Two in five do not feel that their total rewards offering supports the organisation’s ability to attract or retain employees. Middle- and entry-level employees, and those working over ten years in their organisation, are also less likely to agree with positive statements about their rewards.

Senior-level respondents, those in their roles for two years or less and those employed by larger organisations are more likely to be positive about their pay and benefits.

Effectiveness of Total Rewards

■ Strongly agree / agree ■ Slightly agree ■ Slightly disagree ■ Strongly disagree / disagree



Key finding:

Females are more likely to be dissatisfied with their pay and benefits (24% vs 14% of males) – the difference being pronounced and potentially a cause for concern amidst a legislative driven focus on closing the gender pay gap. Employers should take the time to understand the gender gap in their organisation with urgency to identify any anomalies or potential cost implications.

Key solutions:

- Pay Practice and Consulting – Aon has market leading expertise and capabilities that can help clients identify gender pay gap, outline action plans and advise on issues in this important area of concern for many employers in Ireland today.

Identifying the benefits that drive employee satisfaction

Respondents were asked which benefits they currently receive, and which are of most value to them. Work-life balance programmes made the biggest difference here, with four in five of those who receive work-life balance programmes satisfied with their overall offering.

More than 70% of those who receive profit sharing or share schemes; medical insurance; flexible benefits or life and disability benefits are satisfied with their overall benefits offering.

Overall, the benefits that drive the highest levels of satisfaction are all connected with health, wellbeing and flexibility. Ensuring good health, for them and their families, and enabling a level of flexibility in work patterns, are key criteria for a high-performing benefits programme.

Among the more commonly-offered benefits, retirement savings, career development programmes and paid time off deliver the highest satisfaction levels.



80% of employees are satisfied with their overall benefits offering



50% of respondents benefited from some sort of pension or retirement savings plan



Only **16%** of respondents believe they have life and disability benefits



Key finding:

The category that has the biggest difference in terms of satisfaction levels is work-life balance programmes, 4/5 of employees are satisfied with their overall benefits offering. Overall, the benefits that drive the highest levels of satisfaction are all connected with health, wellbeing and flexibility. Ensuring good health, for them and their families, and enabling a level of flexibility in work patterns, are key criteria for a high-performing benefits programme.



Key solutions:

- Wellbeing consultancy – data-driven, holistic approach to wellbeing that supports clients to quantify a baseline of health in their organisation, focus wellbeing initiatives at key health risks specific to their people and measures in real-time, health improvements in their workforce.
- Well One – Aon's mobile Health and Engagement App that engages people in their health and wellbeing through scientific easy to understand health scores and goals-based coaching (including financial wellbeing).

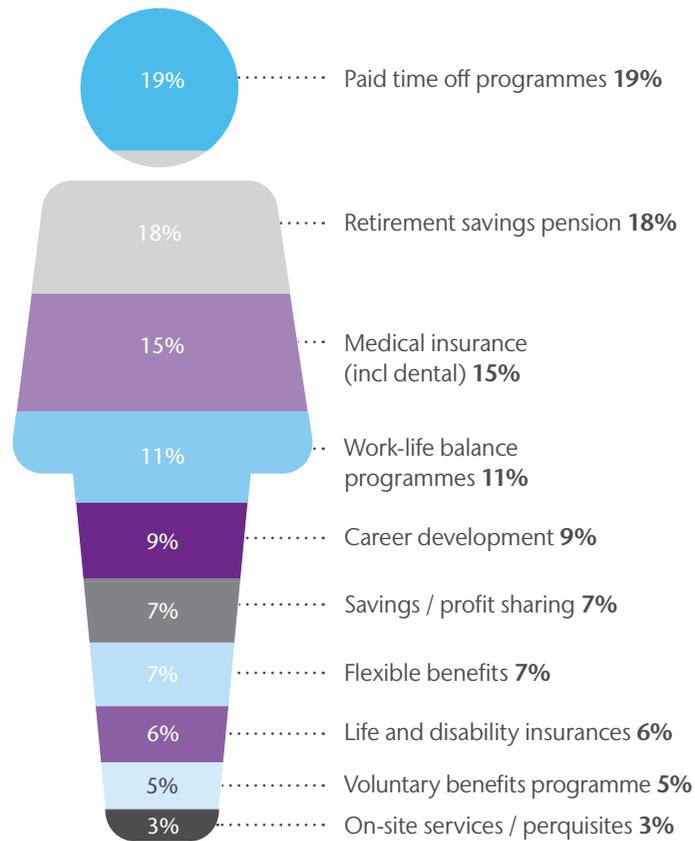
Benefits offered are not always those most valued

The survey explored the benefits currently offered and those the employees' value most. The benefit most likely to be offered is holiday and other leave, above the statutory minimum (59% receive this). 47% receive retirement savings; this is consistent with the market, where an estimated 50% receive some sort of pension or retirement savings plan.

In some areas, the findings on benefits currently offered bring to light some interesting points:

- Medical insurance (offered to 23% of respondents) and work-life balance programmes (21%) are not as prevalent as we would like to see. The lack of these benefits represents a substantial deficiency in a benefit programme.
- Only 16% of respondents believe they have life and disability benefits. Given the prevalence of these across the market, we believe this is unlikely. The fact that employees are unaware of them therefore demonstrates a failing in current benefits communications programmes.

What employees say they most value



Programme Component	Millennials	Gen X	Boomers
Paid time off programme	19%	18%	19%
Retirement savings - pension	12%	23%	28%
Medical insurance (including dental)	16%	14%	15%
Work-life balance programme	11%	12%	6%
Career development	10%	8%	5%
Savings / profit sharing	9%	6%	5%
Flexible benefits	8%	5%	5%
Life and disability insurances	5%	7%	9%
Voluntary benefits programme	6%	5%	4%
On-site services / perquisites	4%	2%	4%
	100%	100%	100%

The gap between current and desired benefits

Medical and dental insurance is the benefit with the largest gap between ‘currently offered’ and ‘most valued’; 64% value it, but only 23% currently receive it.

Other benefits with a large gap between current provision and perceived value are savings and profit-sharing schemes (40% vs 13%), flexible benefits (44% vs 12%), work/life balance programmes (58% vs 21%) and holiday and other leave, above the statutory minimum (75% vs 59%).

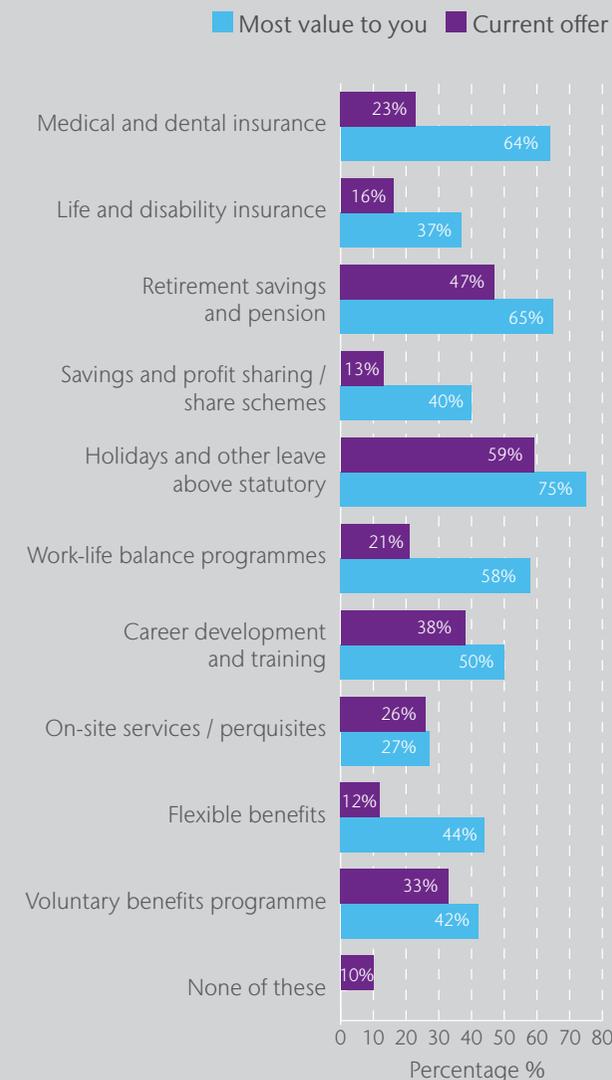
Flexible benefits are particularly highly valued across all life stages.

Organisations need to up their game on rewards and benefits. While pay and benefits are not the only thing that attracts and retains, they do form a significant element of the employee’s choice of employer and ongoing engagement.

Employers should revisit their own offering, benchmarking it against others to ensure it remains competitive. If it is comparable to others, higher pay or more benefits are not always the only answer.

It is also important to help employees understand the value of their pay and benefits; many employees underestimate the cost of their benefits package. As seen with life and disability benefits above, in part this is due to a lack of communication leading employees to believe they receive less valuable, or fewer, benefits than they do.

Current Benefits Offering v What Employees Most Value



Key finding:

The biggest gap between current benefits and what employees most value is medical and dental insurance. Employees at all life-stages highly value flexibility in benefits, work-life balance programmes and health and wellbeing related benefits. Employers should regularly review their own offering, benchmarking it against others to ensure it remains competitive. If it is comparable to others, higher pay or more benefits are not necessarily always the only answer. Understanding the employee perceptions and their needs and supplementing benchmarking with this data set will enable a more efficient way to invest in benefits that have the most impact.



Key solutions:

Benefits optimisation – What is the most effective benefit I can invest in to improve overall engagement and satisfaction among our people? This is one of the most common questions we get asked by clients. It’s surprising how varied the responses employers would get to this answer. Each workforce is made up of different people, with unique needs and in varying lifestages. It is impossible to answer this without understanding the employee’s perceptions. At Aon, we have survey tools and methodology that we use to gather perceptions on the range of benefits that are / could be offered. Using this enables us to give our clients fact-based answers meaning they will optimise their spend across their workforce.

The link between engagement and total rewards

The survey found some interesting connections between employees' engagement levels and their satisfaction with their total rewards package.

Overall, engaged employees are more positive about their total rewards. Employees who believe their total rewards meet their family's needs are nearly twice as engaged (92%) as those who do not (56%).

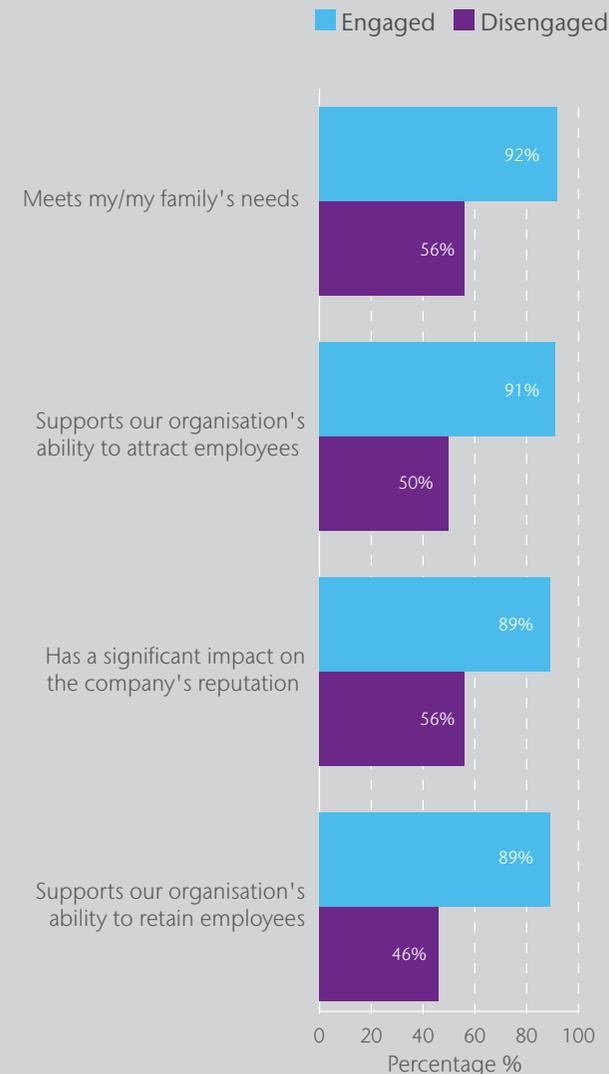
Conversely, those who are disengaged are more likely to be unhappy with their benefits. 38% overall feel that their pay and benefits are not adequate; this rises to 44% among disengaged employees.

Engaged employees are also far more likely to believe that the benefits their organisation provides support its ability to attract employees (91% vs 50%) and have a positive impact on the company's reputation (89% vs 56%).

The cause and effect of better-than-average reward and high engagement can be difficult to untangle; are engaged employees more likely to perceive total rewards more positively than disengaged ones, or does having better-than-average total rewards drive engagement? Both are almost certainly true – and the findings here support the close correlation between total reward and engagement.

Employers that invest in total reward and effectively communicate the value of the pay and benefits they offer have a better chance of improving engagement and therefore organisational performance.

Total rewards perception – engagement level



Key finding:

Employees who believe their total rewards meet their family's needs are nearly twice as engaged as those who do not. The cause and effect of better-than-average reward and high engagement can be difficult to untangle; are engaged employees more likely to perceive total rewards more positively than disengaged ones, or does having better-than-average total rewards drive engagement? Both are almost certainly true – and the findings here support the close correlation between total reward and engagement.



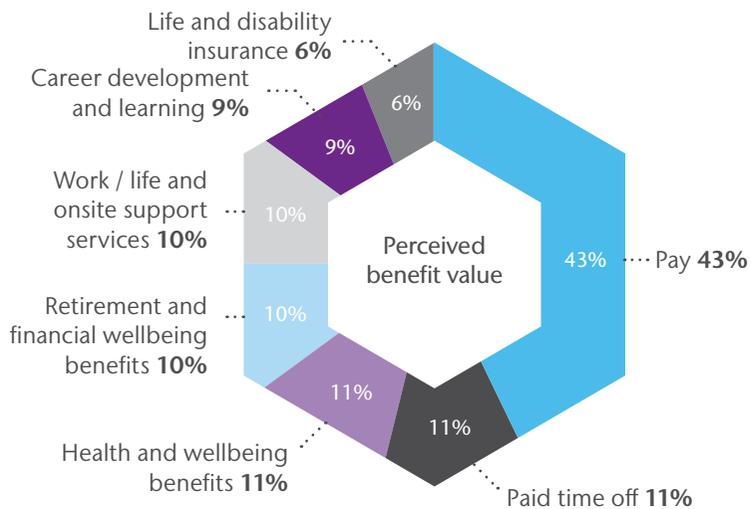
Key solutions:

- Total Rewards Optimisation – Aon's analytics solutions can help you to understand how to best allocate spend to get value from your total reward.
- Total Reward Statements – Aon's total reward statement (video, paper and online) can help you get the most from your total reward through cost effective, personalised communications.

How can employers ensure pay and benefits are valued?

The survey explored the perceived value of both the pay and the benefits employees receive.

Respondents were asked to allocate 100 points across every component of pay and reward. In all demographic groups, the most value was allocated to pay, with an average of 43 points (or 43%).



Paid time off and health and wellbeing benefits (both valued by 11%) and retirement and financial wellbeing benefits (10%) together account for nearly one-third of the overall value.

Although these findings were broadly similar across all demographics, males and Boomers are slightly more likely to value pay than females, Millennials or Generation X. Paid time off is more likely to be valued by females and Generation X. Perhaps unsurprisingly, older respondents value retirement savings more than younger ones.

The power of benefits to attract and retain

Among those who receive benefits from their employer, roughly six in ten claims that they have a positive benefit on their engagement levels, health and wellbeing and financial wellbeing. Two-thirds believe they have a positive impact on their security and peace of mind, while half believe the benefits they receive have a positive impact on their stress levels.

From an employer perspective, it is interesting to note that while pay makes up the single biggest allocation, combined, all the other the benefits still outweigh pay in terms of perceived value.

What does this mean for employers trying to attract and engage the best talent? That the importance of helping employees to value the benefits they receive should not be under-estimated.

Pay and benefits certainly add value, and employers need to ensure their communications to prospective and current employees convey the competitiveness of their total rewards.

But so too should they convey the value of their other benefits, which outrank pay alone as an attraction and retention tool.



60% claims that they have a positive benefit on their engagement levels, health and wellbeing



Males and Boomers are slightly more likely to value pay than females, Millennials or Generation X

Communication preferences

The way employers communicate with employees about their benefits packages is therefore crucial; effective communication is key when helping employees to understand the value of their benefits.

The survey shows that employee benefits are the most widely communicated work-related information; three-quarters (74%) receive information on their benefits. 67% are informed about health and wellbeing, with 62% receiving information on financial wellbeing.

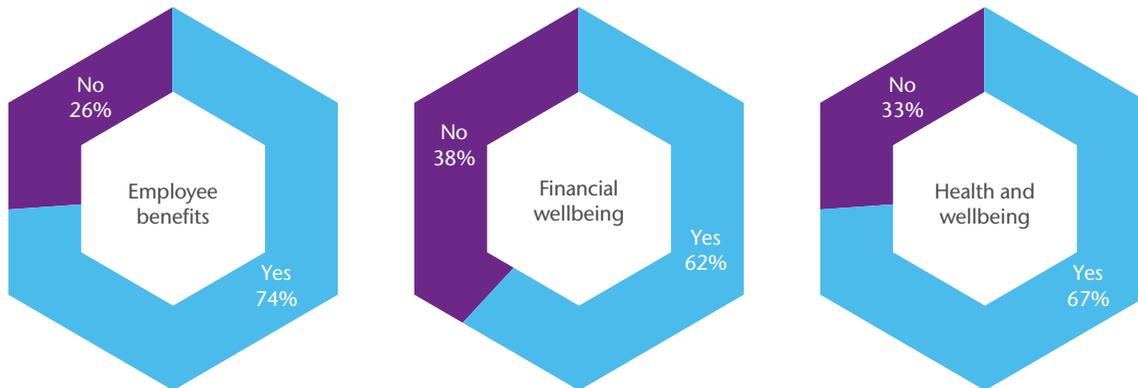
The survey shows, though, some disparity between the way employees would like to be communicated with on these topics, and the way that information on benefits and wellbeing issues are currently conveyed.

38%, for instance, would prefer to receive financial wellbeing communications by email, but this is currently the case for just 30%. 29% would like a face-to-face meeting to discuss financial wellbeing issues, but only 20% currently experience this. 24% would want to use a flexible benefits portal to receive financial wellbeing information, but only 19% currently do.

A similar picture is seen for employee benefits communications, where respondents showed a preference for face-to-face individual and in-person group meetings but were not seeing this mirrored in practice. Conversely, for 18%, employers share information via posters of signs, although only 9% say this is their preference.

When it comes to health and wellbeing communication, 39% would prefer to receive it by email (31% currently), 26% in a group meeting (17% currently) and 25% in face-to-face meetings (16% currently).

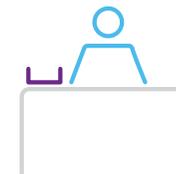
Across all three areas, email is the preferred communication channel; again, desire outstrips reality here, with 41%, 30% and 31% receiving email communications about benefits, financial wellbeing and health and wellbeing respectively, against 43%, 38% and 39% who would like to.



Employee benefits are the most widely communicated work related information circulated with three in four receiving information on these. Approximately three in five receive information on financial wellbeing while two in three receive information on health and wellbeing.



38% would prefer to receive financial wellbeing communications by email



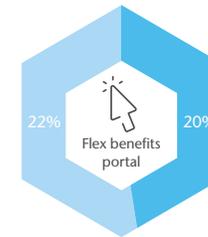
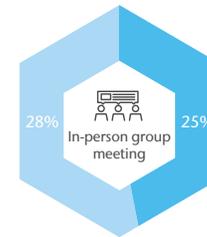
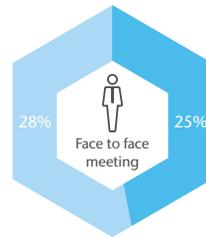
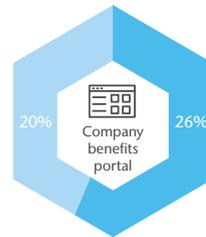
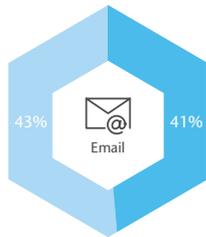
25% would prefer health and wellbeing communication to be received in face-to-face meetings (16% currently).

Communications survey results

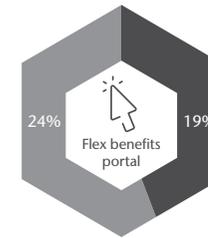
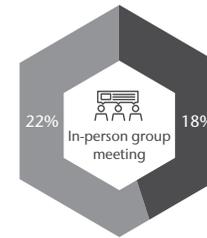
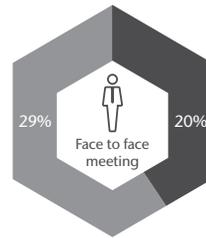
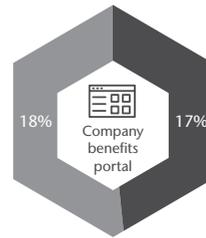
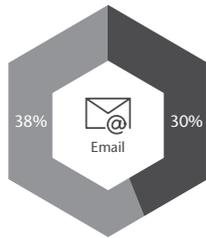
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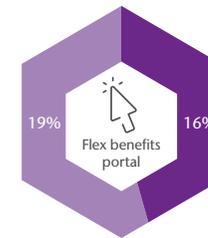
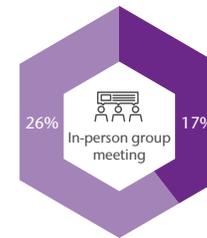
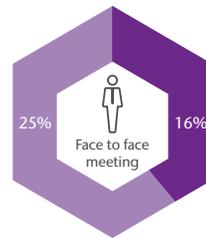
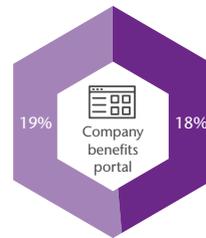
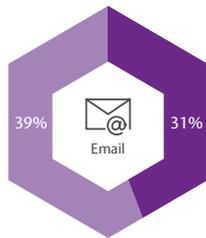
Employee benefits



Financial wellbeing



Health and wellbeing



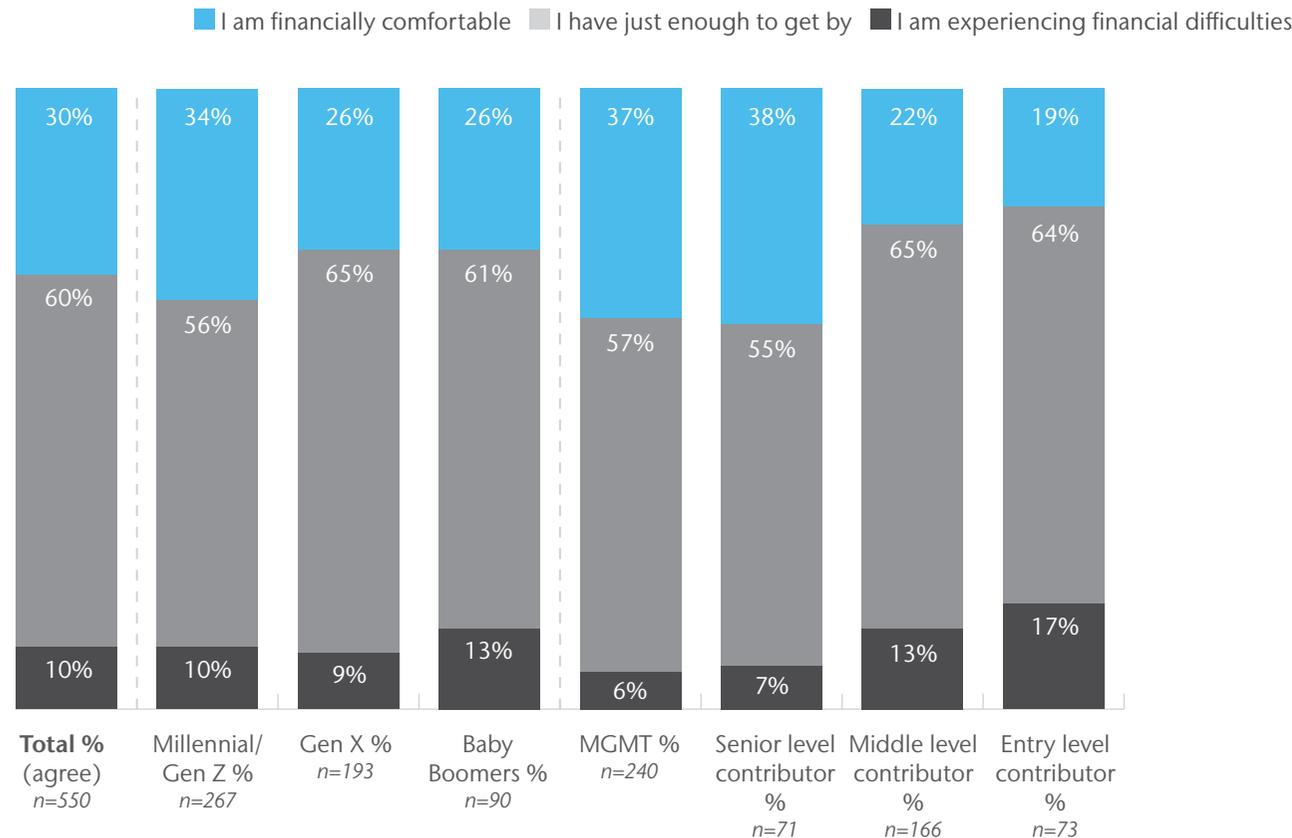
Financial wellbeing: what employees want help with

Employees were asked about their current financial situation.

Six in ten respondents said they have just enough to get by and one in every ten are experiencing financial difficulties. Entry level individual contributor employees

are most likely to experience financial difficulties, with circa one in five claiming to experience financial difficulties.

Current financial situation



Key finding:

Nearly two thirds of respondents have just enough to get by (with 10% experiencing financial difficulty). Entry level individual contributor employees are most likely to experience financial difficulties, with circa one in five claiming to experience financial difficulties. Employees financial situation has a notable impact on job satisfaction – three in four of those who are comfortable state this positively impacts on their job satisfaction, with the converse evident for those having trouble. This underlines the important role an employer can take in the financial wellbeing of their people.



Key solutions:

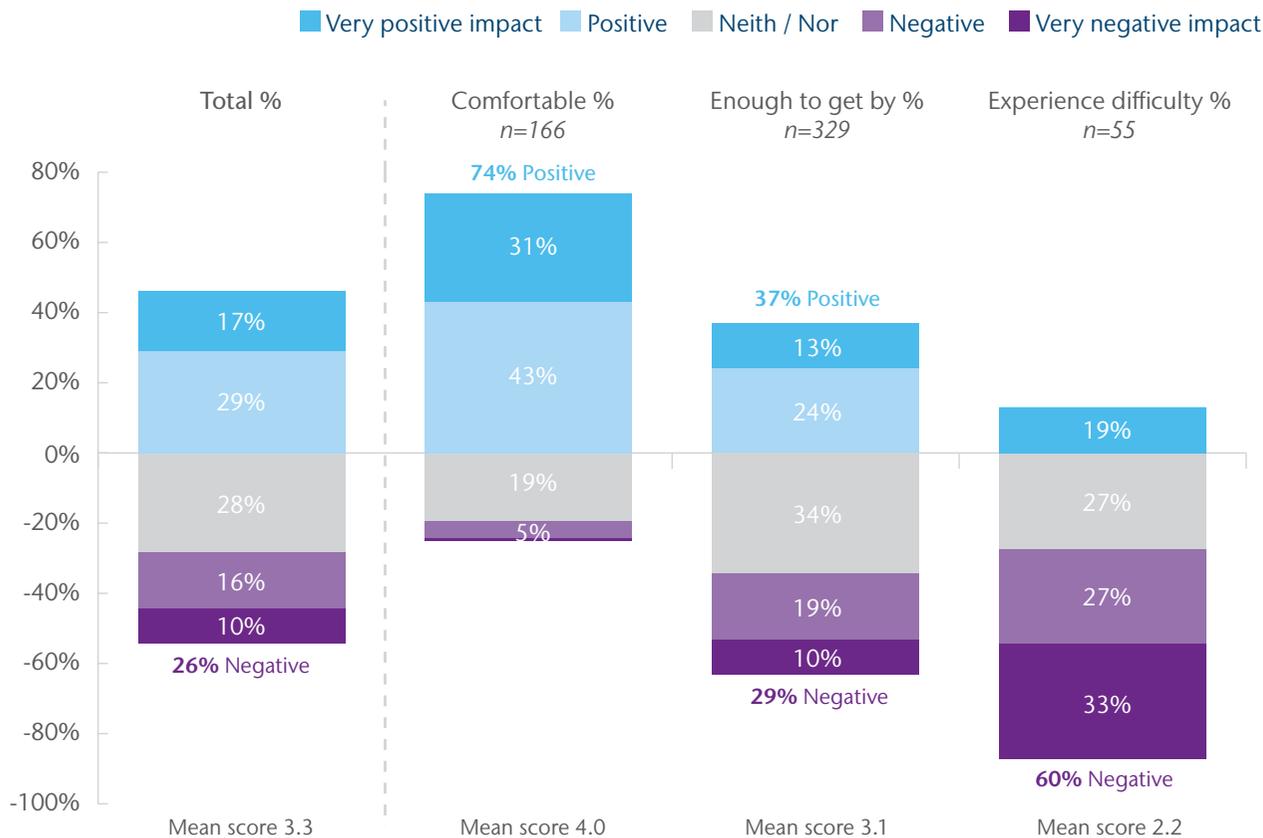
- Financial Wellbeing Consultancy – data-driven, consultative approach to financial wellbeing that supports clients to quantify a baseline of financial health in their organisation, focus financial education initiatives at key areas specific to their people's financial situations and enables us to measure improvements in the financial health of their workforce.
- Well One – Aon's mobile Health and Engagement App that engages people in their health and wellbeing through scientific easy to understand health scores and goals-based coaching (including Financial Wellbeing).

An employee's financial situation is impacting performance

Employees financial situation has a notable impact on job satisfaction – three in four of those who are comfortable state this positively impacts on their job satisfaction,

with the converse evident for those having trouble. This underlines the important role an employer can take in the financial wellbeing of their people – there is a commercial benefit to ensure an employee's financial wellbeing (as part of overall wellbeing) is the best it can be and supports are available for employees who find themselves in financial difficulty.

Impact on job satisfaction

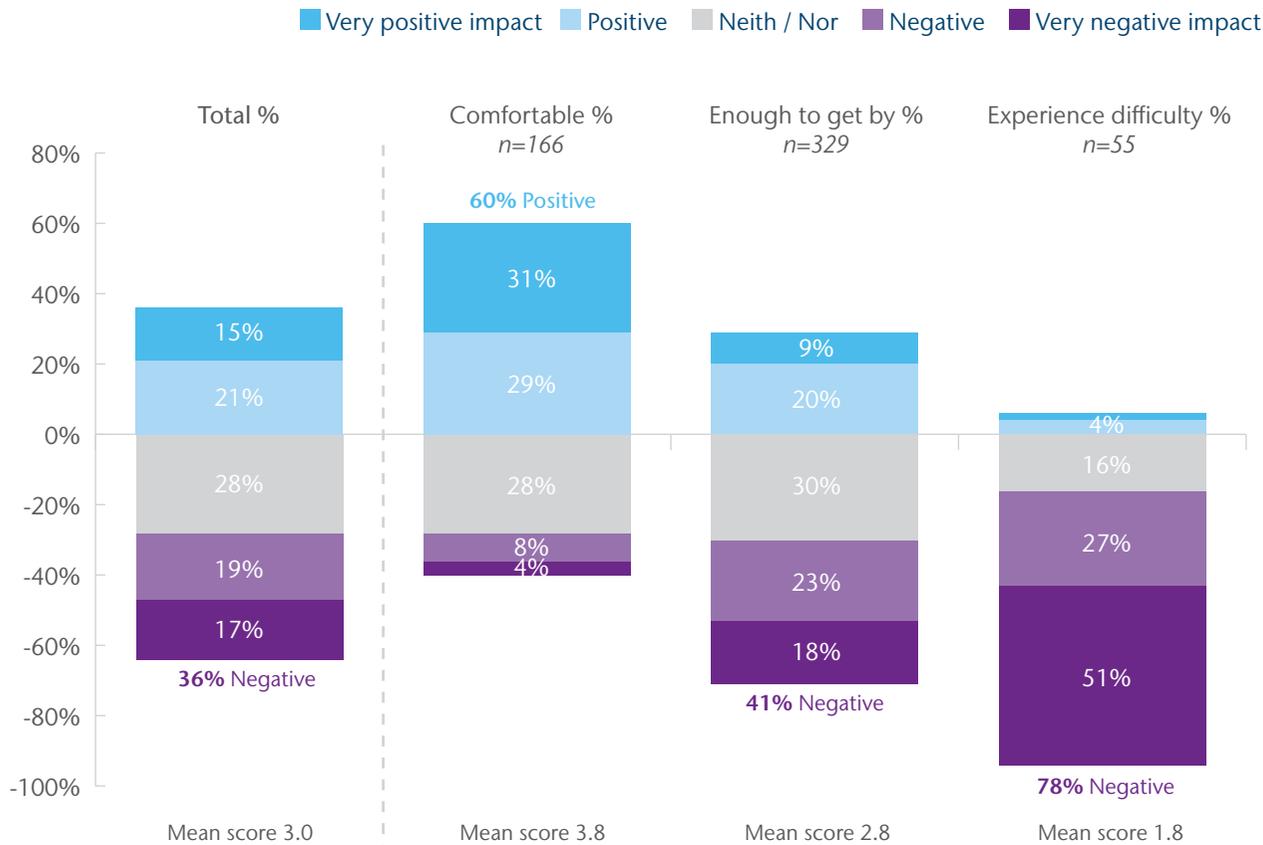


Employees financial situation has a notable impact on job satisfaction – 3 in 4 of those who are comfortable, state this positively impacts on their job satisfaction, with the converse evident for those having trouble

Amongst those experiencing financial difficulty over four in five state that it impacts negatively on their feelings of security.

Those in weaker financial position are notably more likely to feel their situation very negatively impacts their stress levels.

Impact on stress levels



Those in weaker financial position are notably more likely to feel their situation very negatively impacts their stress levels



4/5 of those experiencing financial difficulty state that it impacts negatively on their feelings of security

Financial wellbeing: what employees want help with

Employees were asked about the most helpful financial wellbeing tools or services their employer could provide.

35% cited access to a personal adviser as the most valuable thing an employer could offer; 67% put this in their top three.

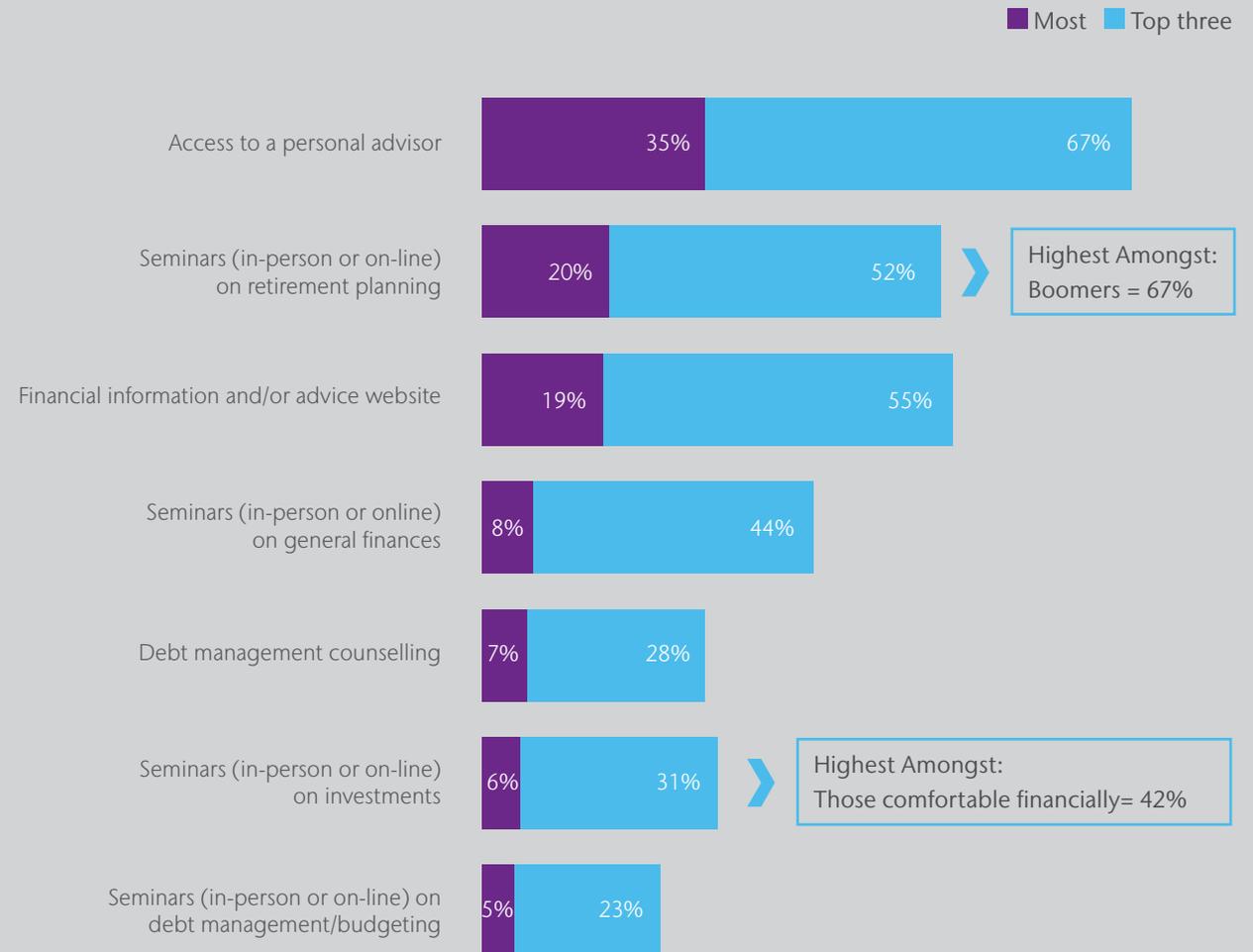
Seminars (in person or online) on retirement planning were top for 20%, and in the top three for over half (52%). Among Boomers approaching retirement, unsurprisingly, this was particularly valued; 67% put it in their top three.

Financial information and/or an advice website was the most valued by 19%, and in the top three for 55%. In-person or online seminars were top for 8% and in the top three for 44%. Debt-related help was also valued, with 28% putting debt management counselling in their top three and 23% valuing seminars on debt management and budgeting.

Seminars on investments were in the top three for 31%, with those who reported being comfortable financially, unsurprisingly most likely to value this (42% having it in their top three).

Aon's 2018 Financial Wellbeing Survey showed that delivery of financial wellbeing programmes is inconsistent for most multinational employers; nearly two-thirds report that they operate financial wellbeing programmes in 25% or less of the countries they operate in.

What employees want help with



How much help do employees want with financial wellbeing?

Different employees' value and need differing levels of help with financial planning and wellbeing. The survey explored this by asking about the level of help respondents would like from their employer with a variety of financial activities.

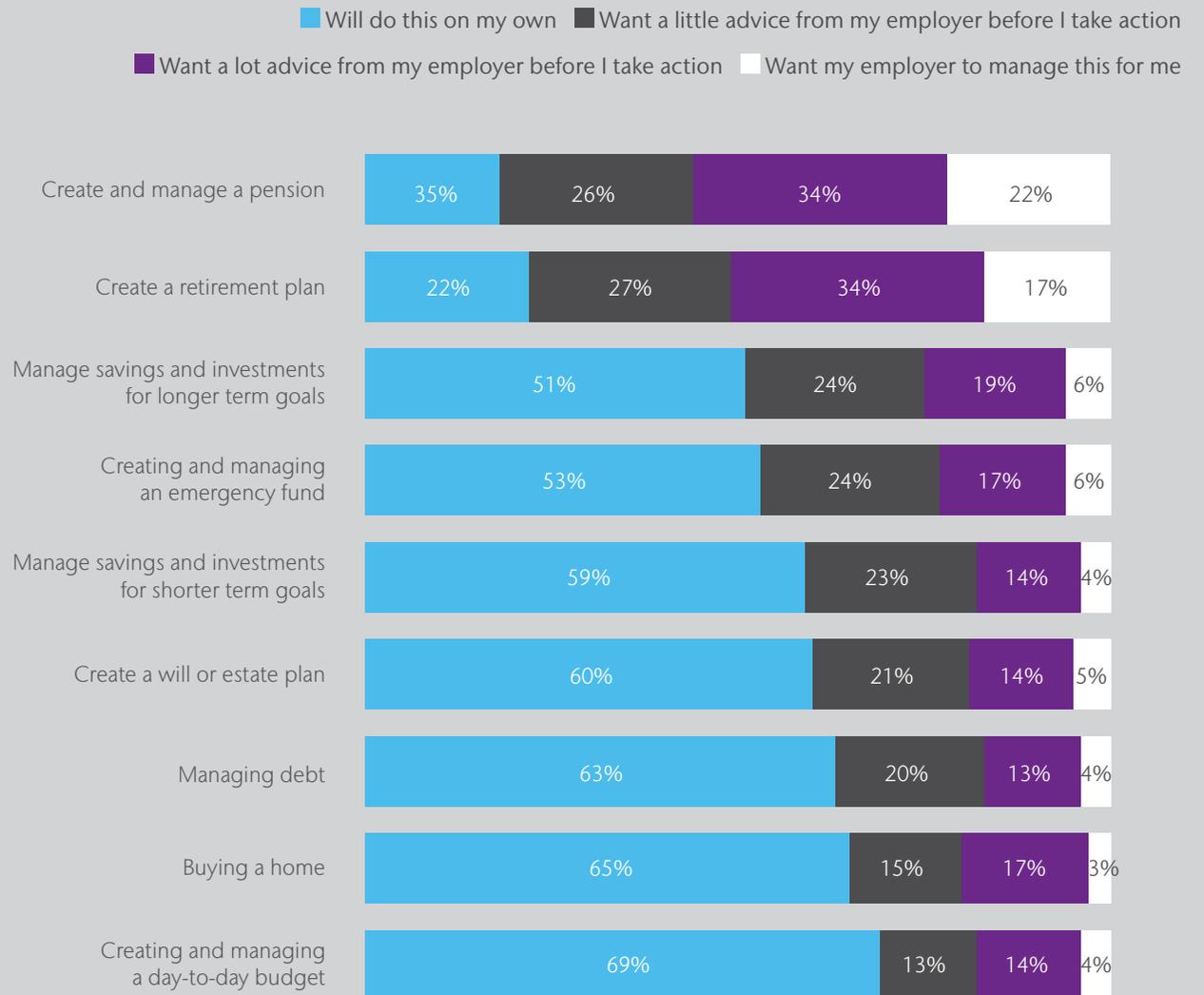
Employees are most likely to want help with pensions, retirement planning and managing longer-term savings. Even in those areas where they want significant employer support, though, employees are keen to lead when it comes to acting.

22% want their employer to manage the pension creation and management process for them, while a further 34% want a lot of advice from their employer before they act.

17% want their employer to take responsibility for creating their retirement plan, with 34% wanting significant advice from their employer before they act.

Buying a home – where 65% prefer to act alone without employer help, and creating and managing a day-to-day budget, where 69% say the same, are the areas where employees are least likely to want work-led support.

How much help do employees want



Conclusions

With employment high, employers need to work harder to attract and retain the talent they need. But engagement rates in Ireland are disappointingly low – and employers must act to address this.

Key to achieving increased engagement levels is providing pay and benefits that reflect the employees' priorities. Hopefully this survey's findings have gone some way to shine a light on what employees want, and how that too often deviates from what is offered.

Pay is not the be-all and end-all when it comes to total reward; employers should also focus on other benefits whose value is often under-estimated – by both employer and employee – when designing and communicating their benefits programmes. 'Softer' benefits such as work/life programmes can be valued equally if not more highly than financially-oriented ones.

That said, financial wellbeing is a crucial element of an employee's overall wellness, and a solid financial situation can make a big difference when it comes to engagement and total wellbeing. However, with just 14% of organisations globally currently providing financial wellbeing programmes, according to Aon's 2018 Financial Wellbeing Survey, this is an area where employers could act. 77% of the employers questioned in that survey believe that financial wellbeing will become a higher priority for them in the next three years.

When it comes to benefits, of course, perception does not always match reality. The way benefits are communicated can have a significant impact on employees' perception of their benefits package; people can substantially underestimate their value, or even not realise that they receive certain benefits at all, if the way they are communicated is not effective.

Any mis-match between actual and preferred communication channels can exacerbate this and should be addressed. Mirror your communication styles and channels to your employees' preferences – benefits are under-valued when people don't fully understand what they are receiving.

Customisation is also important; engagement and benefits' perceived value are both higher when employees have some say in their benefits structure, influencing what is included in their package.

Addressing all these issues; pay and benefits that meet employee needs; communicated effectively so that the workforce values them; and financial wellbeing strategies that support employees, will help to deliver increased employee engagement. This is something that Ireland's employers desperately need if they are to weather the challenges they currently face in attracting and retaining the best employees.



How Aon can help?

The findings of this Study has gone a long way to validate and reinforce our understanding of the challenges around reward and benefits, but also provide new insights that require attention, thought leadership and new solutions. As part of our Employee Mindset programme of action, we have integrated a suite of tools and developed solutions that can support our clients to address existing challenges but also new and emerging challenges.

By this, we mean the optimisation of our clients' ability to improve how they identify, attract, engage, retain and protect (keep healthy and financially secure). We believe that our interventions and solutions (underpinned by data & analytics) can significantly boost bottom line performance when delivered as part of a coherent and integrated People Strategy.



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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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