



# Benefits Communications: Are You Leading the Way

An overview of current trends and best practices in  
employee benefits communication

National Employee Benefits Advisory Forum (NEBAF)

## Methodology

The information presented in this paper has been compiled from multiple sources, including thought leadership studies and other material offered by and available on various public policy and industry websites.

Sources used are listed at the end.

# Executive Summary

Both the benefits industry and the communications industry are experiencing times of incredible change. These changes converge and intensify for employers when they try to communicate with their employees about employee benefits in the most effective way possible.

This report first examines why effective employee benefits communication is so important for organizations.

- The cost of employee benefits to employers is estimated to be about one-fifth of the total compensation package that employers provide their employees. This proportion is significant and has only been increasing with the growing costs of healthcare. It is critical for employers to communicate effectively about these benefits so that employees realize and comprehend all the components of the compensations and benefits offered and the value of each.
- Industry research has shown a need by employees for better employee benefits education and communication. With the implementation of healthcare reform, employees are more confused than ever before and are looking to employers for help and guidance.
- By filling this communication need, employers may reap added rewards. Industry research has shown evidence of a strong relationship between effective employee benefits communications and employee engagement and satisfaction.

It also delves into current trends in benefits communication.

- Not surprisingly, industry research generally reports that traditional methods of communication, such as group meetings and paper materials, continue to be most commonly used by employers for communicating about employee benefits.
- We find that the majority of employers are not readily utilizing social media or mobile technology when communicating about benefits.

Lastly, this report presents several common best practices for effective benefits communication.

- Benefits communication needs to occur frequently, throughout the entire year, on a regular basis.
- Organizations need to keep up with trends and make information more accessible, immediate, and interactive. Employers should look at new tools, technologies, and trends, such as social media, mobile, video, and gaming, for their communication strategies.



## Executive Summary (cont.)

- Employers can better ensure they are getting their message across by using multiple messages and multiple channels.
- Simple and clear communication is more likely to be read and acted upon.
- Employee feedback, as well as other metrics, is critical to understanding the degree to which benefits communication is effective and whether it is delivering on ROI.

## Why Employee Benefits Communication is Critical

### Communication is...

Wikipedia defines **communication** as “the activity of conveying information through the exchange of thoughts, messages, or information, as by speech, visuals, signals, writing, or behavior. It is the meaningful exchange of information between two or more living creatures.”

Communicating with employees about employee benefits has never been more critical than it is right now. In recent decades, the employee benefits landscape has undergone significant changes and has experienced many new and growing trends – such as the introduction of new products (for example, critical illness insurance and wellness programs); the challenge of rising healthcare costs and the growth of strategies to counteract this (such as consumer-driven health plans or CHDPs); and also most recently, and perhaps most influential, the adoption and inception of U.S. healthcare reform.

In the following paragraphs, this report discusses key reasons why communication about employee benefits should be considered not only essential, but critical, to an organization.

### Employee Benefits Expenditures

An employee's total compensation package goes well beyond his or her salary and any bonus or commission: It also, in most cases, includes some to many employee benefits.

According to the U.S. Bureau of Labor Statistics, the average cost to employers for employee benefits such as insurance coverages, retirement and savings contributions, and legally required benefits (not including paid leave and supplemental compensation) was \$6.82 per employee per hour in 2013. This figure compares to \$3.59 in 1993, a \$3.23 increase over the 20-year period. The BLS Inflation Calculator shows that this increase outpaced inflation for the same time period (\$3.59 in 1993 dollars inflated to 2013 dollars based on inflation rates would equal \$5.79, almost 20% below the \$6.82 per hour cost, and indicating that benefits cost increases have outpaced inflation by almost 20% over the past 20 years).

The Employee Benefits Research Institute (EBRI) estimates that employers spent \$1,560.9 billion for employee benefits, not including paid leave, in 2010 (this represents about one-fifth of the cost of total compensation). This figure compares to \$273.7 billion in 1980 and \$23.6 billion in 1960 – greatly surpassing inflation. According to the BLS, \$23.6 billion in 1960 dollars inflated to 2010 dollars would equal \$185.7 billion (a mere fraction of the \$1,560 billion spent).



Two things are clear: The cost of employee benefits to employers is not insignificant, and, it is only increasing at a rate greater than inflation. With employers investing substantial amounts of money in

## The Affordable Care Act Effect

With the onset of healthcare reform, communicating with employees about their benefits is more important than ever. Research has shown that Americans are generally unfamiliar with the details of the ACA and, even more unsure of its impact on them.

A February 2014 poll by Gallup reported that one in three Americans are not familiar with the ACA; this percentage is unchanged from a similar poll Gallup conducted in August 2013.

The latest Kaiser Health Tracking Poll (January 2014) found that 44% of the American public say they don't have enough information to understand how the law will impact their families.

Even comedians are talking about the confusion around the ACA: In an October 2013 "[Jimmy Kimmel Live](#)" segment, the late-night host sent a camera crew down Hollywood Boulevard to ask people if they preferred Obamacare to the Affordable Care Act.

Read more:

<http://www.nydailynews.com/news/politics/jimmy-kimmel-proves-americans-don-understand-difference-obamacare-affordable-care-act-article-1.1474442#ixzz2vqlaAtOE>

## Employee Benefits Expenditures (cont.)

employee benefits, it's important they communicate effectively about them so that employees realize and understand all the components of the package employers are providing and the value of each.

### An Unmet Need

Employee benefits are undeniably complex. First, there is the terminology alone to navigate, such as COBRA, deductible, HIPAA, in network, out of network, TPA, etc. Then, employees have to compare between options to make elections that best meet their unique needs. It's no wonder employees are often left feeling confused about their employee benefits. Recent industry research has reflected employees' needs for better employee benefits communication and education:

- In Aflac's recent *2013 Open Enrollment Survey*, 71% of American workers admitted they only sometimes, rarely, or never understand the changes to their benefits policies each year, and 68% admitted to making mistakes or having regrets during the open enrollment process.
- According a recent white paper by Colonial Life, *Employee Benefits: Are You Getting Your Money's Worth?*, only 34% of employees surveyed say they understand their benefits 'very well'. Yet, 98% said understanding their benefits is at least somewhat important.
- In the 2012 issue of Prudential's annual trend study, *Study of Employee Benefits: Today and Beyond*, 42% of employees rated their employer's benefits communications as effective, while 58% cited their communications as 'less than effective'.

Most employees don't have the time to navigate these confusing waters, and need help from their employers in the form of education and communication. This year, benefits communications are going to be more important than ever with the implementation of the Affordable Car Act (ACA) (see left side panel for more).

### Linkage to Employee Engagement and Satisfaction

Industry research has demonstrated a strong correlation between effective employee benefits communications and employee engagement and satisfaction. The theory is that, if employees have a better understanding of their benefits, they will be more engaged and satisfied with their employer. Two recent studies reported evidence of this relationship:

- According to MetLife's *Eleventh Annual Employee Benefits Trends Study*, employees who award good grades (A or B) to their company's benefits communications are more than three times as satisfied with their benefits (51% vs. 15%) and nearly twice as loyal to their employers (56% vs. 31%) in comparison with those who give lower grades.

## Linkage to Employee Engagement and Satisfaction (cont.)

- A 2011 survey by Unum reported that more than four out of five workers who rated their benefits education highly also rated their benefits packages positively and said their workplace was an excellent or very good place to work.

By providing effective employee benefits communication and education to employees, employers will be not only helping employees; they will also reap rewards themselves.

## Trends in Communications Methods

In this section, we present an overview of popular employee benefits communication methods, as well as information on some new trends.

### Most Commonly Used Methods of Communication

Human Resource departments have many tools and methods they can utilize for communicating to employees about benefits. Some methods are more traditional, such as one-on-one and group meetings, and others are newer, such as video, blog posts and text messaging. Industry research reports generally agree, not surprisingly, that traditional methods continue to be the most common for communicating with employees. For example:

- According to the Society of Human Resource Management's (SHRM) *2013 State of Employee Benefits in the Workplace Survey*, the following methods are most commonly used by their members: online and paper enrollment materials (82%), group communications with an organizational representative (62%), and one-on-one counseling with an organizational representative (55%).
- Prudential's *2012 Study of Employee Benefits: Today and Beyond* showed similar results; employers reported that they most commonly use group meetings/seminars (81%), email (71%), and one-on-one meetings (69%) to communicate to employees about their benefits.

It's perhaps not surprising to see that employers are using methods with which they are most likely most comfortable. Yet, with new media and technology available for communicating, it will be interesting to see how and in what ways such usage may change in the future.

### Use of Social Media Lags

As the fun facts in the left-side column demonstrate, social media is a rapidly growing phenomenon, connecting people like never before. Most employers have started adopting social media in some way,

### 10 Fun Social Media Facts

1. Geocities, created in 1994, is one of the first social media sites of record.
2. 98% of those ages 18 - 24 currently use social media.<sup>1</sup>
3. Facebook remains the most-visited social network in the U.S.; the site has more than one billion users worldwide.<sup>1</sup>
4. The average amount of time a person uses Facebook per month is 15 hours and 33 minutes.<sup>1</sup>
5. There are roughly 490 million unique YouTube users per month.<sup>1</sup>
6. YouTube reaches more U.S. adults aged 18 - 34 than any cable network.<sup>2</sup>
7. Twitter sees about 500 million tweets per day, and 9,100 tweets happen every second.<sup>1</sup>
8. The fastest growing demographic on Twitter is 55 - 64 year olds.<sup>2</sup>
9. The number of online adults in the U.S. who use social media sites has risen from 8% in 2005 to 72% in 2013.<sup>3</sup>
10. Israel tops the list of countries most engaged in social networking, spending an average of 11.1 hrs. per month.<sup>1</sup>

<sup>1</sup> <http://www.statisticbrain.com/social-networking-statistics/>

<sup>2</sup> HuffingtonPost.com, "10 Surprising Social Media Statistics That Might Make You Rethink Your Social Strategy", 11/22/2013.

<sup>3</sup> Forbes.com, "Social Media Usage Up 800% For U.S. Online Adults In Just 8 Years", 9/6/2013.

## Use of Social Media Lags (cont.)

through a LinkedIn page or company blog. Yet, so far, research shows that organizations are not readily adopting social media to communicate with employees about their benefits.

We find some mixed results when it comes to usage of social media, but the general consensus is that the majority of employers are currently not using social media when communicating about benefits.

- HR communications strategy consultant Benz Communications surveyed HR professionals in 2012, and found that 83% of respondents were not using social media in any way to communicate about benefits.
- SHRM's *2013 State of Employee Benefits in the Workplace Survey* reported that 3% of organizations surveyed indicated using social media in their employee benefits communication efforts.

When it comes to leveraging social media, employers are clearly in the minority on this widespread trend.



Benz Communications' *Inside Benefits Communication Survey 2012* also explored reasons why employers are hesitant to use social media for communicating about employee benefits. When explaining their reasons for such minimal use of this channel, employers tend to most commonly cite a lack of resources and ability to keep up with content and monitor posts, as well as concerns for protecting the privacy and security of personal information.

Social media is not going away—in fact, quite the opposite—and employers need to more seriously consider ways, and develop strategies, to leverage this convenient and cost-effective channel in their employee benefits communications.

## Adoption of Mobile Technology is Slow

Mobile is another new media trend that is slow to catch on for communicating about employee benefits. For the most part, employers are not embracing mobile technology for communicating with employees, despite the fact that most employees have, and are constantly engaging, mobile devices.

### Did you know...

Budgets are tight, companies are controlling costs, and employees are being asked to do more with less. Human Resources departments are no different.

According to SHRM's *2013 State of Employee Benefits in the Workplace Survey*, only 22% of employers say they had an employee benefits communication budget in 2011. And, of those who had a budget, 67% saw no increase to it in 2012.

Working with limited communications budgets is clearly a challenge facing HR professionals.

## Adoption of Mobile is Slow (cont.)

Benz Communications' *Inside Benefits Communication Survey 2012* reported that 72% of companies are currently not using any mobile tools or apps for benefits communications. More than two in three organizations (67%) said their website is not optimized for mobile devices, and that their organization doesn't have any plans to optimize the site for mobile devices in the future. Only fifteen percent reported they are using carrier-provided mobile apps, 13% say their website is optimized for mobile, and a mere 8% are utilizing text messaging to communicate about benefits.

Mobile technology faces some similar challenges to social media in terms of its application to benefits communications. In addition, cost presents more of an obstacle for mobile. Integrating mobile technology into existing benefits software and databases takes both time and money and adds a level of complexity.

Yet, HR professionals are beginning to commonly utilize mobile apps and technology for recruiting, and more recently, for tracking data and statistics for other HR requirements, such as payroll and attendance. It seems that optimizing mobile technology for benefits communication is the next step, and it's a matter of how quickly employers will be ready to take that next step.

## Common Best Practices

In the last section, this report attempts to summarize some industry best practices for more effective benefits communications. While this list is by no means comprehensive, it includes commonly discussed and recommended trends and ideas from industry leaders, professional organizations, and consultants specializing in this field.

### Make Communication Frequent

Many organizations communicate with their employees only once a year, around open enrollment.

According to Benz Communications' *Inside Benefits Communication Survey 2012*, 78% of employers named engaging employees year-round among their biggest communication challenges. Despite this, only 29% said they actually communicate with employees year-round. The report goes on to say that companies that communicate year-round are more successful in meeting their enrollment, participation, and other benefits goals than those that do not.

The 2012 *Aflac Workforces Report* found that 45% of employees think that their HR department communicates too little and too infrequently about their benefits. Interestingly, this study reported a correlation between the frequency of benefits communication and a workers' likelihood to leave an organization: Employees who said

### Bringing in help?

According to Benz Communications' *Inside Benefits Communication Survey 2012*, the majority of benefits professionals surveyed indicated they receive help meeting their communications goals from a mix of internal and external sources. The following are the most popular resources used: resources or services from carriers and administrators (61%), broker or health management consultants (55%), and communications consultants (19%).

**A Look Back: 2011 Q4 NEBAF Briefing Results**

In our 2011 Q4 NEBAF Briefing, we asked both brokers and employers various questions about their use of social media for business purposes.

First, we asked which activities they had performed online in the past month. Among both brokers and employers, reading online forums and/or discussion groups was the most common business use for social media. Roughly half of both groups said they had participated in this activity in the past month. For brokers, the next most common activity was visiting social networking sites, while employers were more likely to indicate that they had read customer ratings or reviews of products or services in the past month.

We also asked both brokers and employers how frequently they visit Facebook and Twitter for work purposes. Overall, both groups indicated that Facebook is the more commonly visited site. Roughly one in four brokers and employers said they visit Facebook at least weekly for business purposes.

Keeping in mind that these results are from a few years ago, it's clear that, even then, many brokers and employers were using social media for business purposes quite frequently, but this usage pattern has not translated to application in the employee benefits communication realm in a significant way quite yet.

**Make Communication Frequent (cont.)**

their HR department communicates too little were roughly twice as likely (63% compared to 34%) to expect to leave their job in the next 12 months.

Maintaining a more regular dialogue with employees and communicating information throughout the year can go a long way toward minimizing confusion and increasing engagement.

**Embrace New Tools & Technology: Social Media, Mobile, Video & Gamification**

Employers are primarily relying on traditional, one-way methods of communication, and not yet embracing newer tools and trends. But employees are encountering and engaging in these new and different forms of communication in every aspect of their lives.

Social media is permeating all aspects of life and all reaches of the globe. Accessing the Internet from mobile devices is commonplace. Video is everywhere. And, online gaming (such as playing Scrabble or Candy Crush), which was once only popular among children, is a growing trend among adults.

These new tools allow for more access, more immediacy, and more interaction than the traditional, one-way, passive communication channels normally used to discuss benefit plans. These are features employees are becoming used to and coming to expect from their interactions. Yet, as communication tools, each of these new channels has its own pros and cons, which we summarize in the chart below.

**Comparison of New Media Tools & Technologies**

	Benefits	Challenges
<b>Social Media</b>	Simple, low cost, interactive, immediate, reaches remote employees	Privacy, securing information, ensuring individualized approach, keeping up with content, monitoring posts
<b>Mobile</b>	Allows for access all the time and from everywhere	Cost, need to be compatible with website, multiple mobile platforms, and other technology, can present new technical issues
<b>Video</b>	Can be more effective than text, reaches remote employees	Lack of equipment, technological access, skills
<b>Gamification</b>	Interactive tools which reward behavior, competition helps encourage engagement	Can encourage unintended behaviors, such as too much competition

## Embrace New Tools & Technology: Social Media, Mobile, Video & Gamification (cont.)

The *2012 Towers Watson Change and Communication ROI Survey* found that companies that embrace change and social media are anywhere between 2.4 to 6.3 times more likely to be effective in communication to employees in general.

In order to successfully engage employees, benefits communication needs to keep up with the times and trends. Employers need to assess these new trends and technologies and figure out how to best integrate them into their benefits communication strategies.

### Communicate Using Multiple Messages and Multiple Channels

Companies have access to multiple channels for communicating with employees – print, Internet, video, social media, in person, etc. By utilizing multiple channels and messages, organizations can better ensure employees appreciate their message. Reiterating a message also helps reinforce it. In addition, campaigns that leverage multiple channels allow employees to use the channel that best works for them.

According to Prudential's *2012 Study of Employee Benefits: Today and Beyond*, employees who rated their benefits communication as "highly effective" are more likely to say their company uses most/many methods of communication, roughly 20 percentage points more than those who find their benefits communication to be "neutral/not effective". This reinforces their findings from the same study conducted in 2011, which reported that highly effective benefits communication leaders are using nearly all channels to communicate with employees, to a greater extent than companies that were assessed as less effective by their employees.

As part of a multi-channel strategy, employers should not overlook or forget one-on-one, face-to-face interaction. Employees still value this traditional communication method. It presents the most clear, direct, personalized, and interactive way of communicating information.

### Keep Communication Clear & Simple

It's basic, but essential: communication needs to be clear and simple. Employee benefits is a complex area which requires intricate decisions from employees. They need the complexity explained in a simple, easy-to-understand way in order to make the best decisions for themselves and their family. When communicating, it's effective to avoid lengthy explanations and technical jargon, while being sure to include clear implications and directions.

MetLife's *Eleventh Annual Employee Benefits Trends Study* found that employees who are actively engaged are more likely to say "their

### In the Words Of...

"The two words *information* and *communication* are often used interchangeably, but they signify quite different things. Information is giving out; communication is getting through." - **Sydney Harris**

"The most important thing in communication is hearing what isn't said." - **Peter Drucker**

"Of all of our inventions for mass communication, pictures still speak the most universally understood language." - **Walt Disney**

"I'm a great believer that any tool that enhances communication has profound effects in terms of how people can learn from each other, and how they can achieve the kind of freedoms that they're interested in." - **Bill Gates**

"We have two ears and one mouth so that we can listen twice as much as we speak." - **Epictetus**

"The single biggest problem in communication is the illusion that it has taken place." - **George Bernard Shaw**



## Keep Communication Clear & Simple (cont.)

company benefits communications materials are very easy to understand", compared to those not engaged (52% compared to 23%).

As employees are being bombarded with so many communications from so many channels, simpler, easy-to-understand messages are more likely to be read and acted upon.

## Gather Feedback and Track ROI on Communications

Once a benefits communication plan is in place, perhaps the most critical next steps are to assess whether it is working and to demonstrate its value to the organization. Employers can do this by gathering feedback from employees and tracking ROI.

SHRM's *2012 State of Employee Benefits in the Workplace Survey* reported that the majority of employers surveyed believe they provide effective benefits communication and education – yet, less than one in four said they offered employee surveys to measure employees' comprehension of the material, and very few used measures such as internal research studies or metrics to gauge the use and success of communications.

How does an organization know its communication is effective? It's important to listen to employees themselves to understand their unique preferences and needs for communication. Gathering employee feedback, as well as instituting and monitoring other metrics, is necessary to understand how successful a company's communications are, and how successful any campaign is for the investment made.

## Websites Used

www.bls.gov  
www.benzcommunications.com  
www.cbri.org  
www.gallup.com  
www.kff.org  
www.statisticbrain.com  
www.shrm.org  
www.wikipedia.org

## Other Sources

*10 Surprising Social Media Statistics That Might Make You Rethink Your Social Strategy*

HuffingtonPost.com, Retrieved online 11/22/2013

*2012 Employee Benefits; The Employee Benefits Landscape in a Recovering Economy*

Society of Human Resource Management (SHRM) & Colonial Life

*2012 Aflac Workforces Report; 2013 Open Enrollment Survey*

Aflac

*2013 State of Employee Benefits in the Workplace Survey*

Society of Human Resource Management (SHRM)

*Americans Don't Understand Insurance, Let Alone Obamacare, Research Shows*

<http://www.forbes.com/sites/brucejapsen/2013/08/10/americans-dont-understand-insurance-let-alone-obamacare-study-shows/>

Retrieved online 11/8/2013

*Change and Communication ROI Survey*

Towers Watson 2012, 2013

*Effective employee communication: The benefits of best practices*

<http://www.milliman.com/insight/eb/Effective-employee-communication-The-benefits-of-best-practices/>

Retrieved online 11/8/13

*Eleventh Annual Employee Benefits Trends Study*

MetLife 2013

*Employee Benefits: Are You Getting Your Money's Worth?*

Colonial Life 2013

*Employees Perplexed by Benefits Choices*

<http://www.shrm.org/hrdisciplines/benefits/articles/pages/perplexed-benefits-choices.aspx>

Retrieved online 11/7/13

## Other Sources (cont.)

*Jimmy Kimmel proves that many Americans don't understand there's no difference between Obamacare and the Affordable Care*

<http://www.nydailynews.com/news/politics/jimmy-kimmel-proves-americans-don-understand-difference-obamacare-affordable-care-act-article-1.1474442#ixzz2vrO7ASdc>

Retrieved online 2/5/13

*Inside Benefits Communication Survey Report*

Benz Communications, August 2012

*MetLife Communications Report Card 2013*

MetLife.com

*More companies worldwide embrace new media for employee communication*

<http://ebn.benefitnews.com/news/towers-watson-roi-twitter-facebook-2719928-1.html>

Retrieved online 12/3/13

*Open-Enrollment Communication Goes Social*

<http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/Open-Enrollment-Communication.aspx>

Retrieved online 11/7/13

*Social Media Usage Up 800% For U.S. Online Adults In Just 8 Years*

Forbes.com, Retrieved online 9/6/2013

*Social Networking Reaches Nearly One in Four Around the World*

Emarketer.com, Retrieved online 11/7/13

*Start Communicating About Health Care Changes*

<http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/Communicate-Healthcare-Changes.aspx>

Retrieved online 9/6/2013

*State of the media: The Social Media Report 2012*

Nielsen 2012

*Study of Employee Benefits: Today and Beyond*

Prudential 2012



National Employee Benefits Advisory Forum  
Sponsored by Center for Strategy Research, Inc.  
101 Federal Street, Suite 1900  
Boston, MA 02110  
(617) 451-9500  
[nebaf@csr-bos.com](mailto:nebaf@csr-bos.com)

We are continuing to invite Human Resource executives, Finance executives, Brokers, and Consultants to join the **National Employee Benefits Advisory Forum**. If you or someone you know is interested in joining, please visit [www.NEBAF.org](http://www.NEBAF.org) and click Join Us. Or, email us at [nebaf@csr-bos.com](mailto:nebaf@csr-bos.com) for more information on how to join.