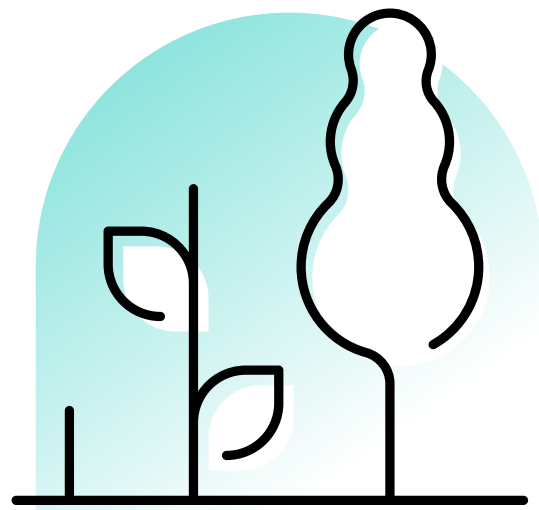
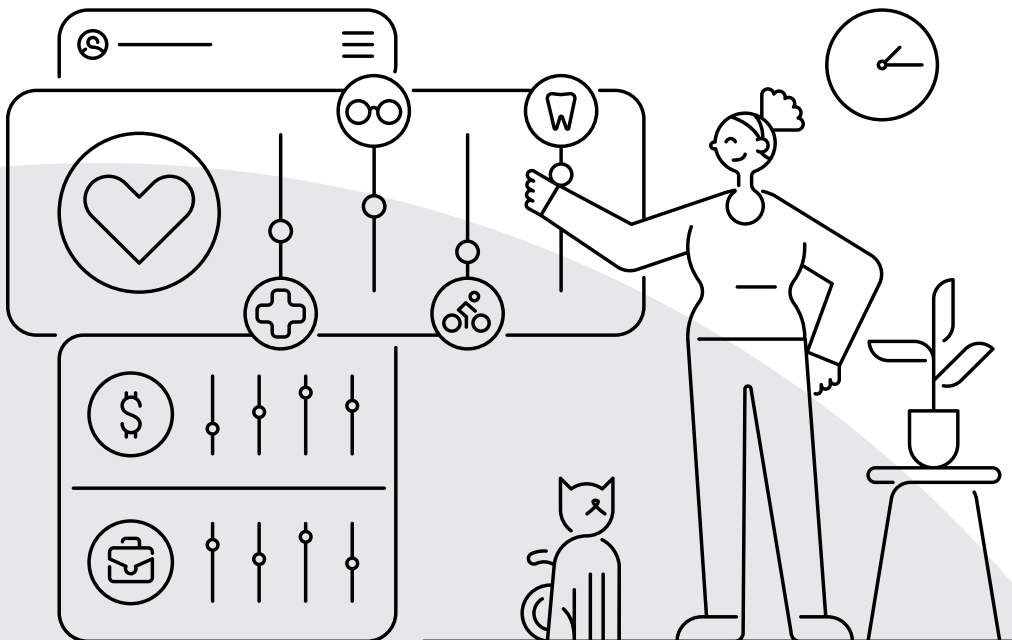

The case for evolving your employer-sponsored benefits and enrollment strategy

May 2021



alight

The way in which we worked prior to 2020 has changed on a seismic scale. We saw physical workspaces be replaced with at-home office set-ups in weeks, forcing people to adjust to the everyday disruptions of combining personal lives with professional ones. As uncertainties infiltrated our daily lives, from health concerns and childcare needs to job security, some things had no choice but to change. Your workforce has experienced growing pressure on their individual wellbeing (across all aspects) coupled with a constant churn of evolving needs at work and home. To make sure your people feel confident and supported with their wellbeing decisions — from enrollment through program utilization — your organization must evolve your benefits solution. Consolidating the countless unforeseen lessons employers had to learn the past year, it is time to reflect on those key experiences and execute on them successfully for the coming years ahead.



Competing wellbeing priorities

The COVID-19 pandemic put unprecedented pressures and stress on employers and employees alike. Organizations were at risk of closing their doors or furloughing employees — whether temporary or long-term — and budgeting was top of mind for most. Just as organizations struggled to grip with tightening wallets, so did workers. In addition to increased financial stress, the impact of furloughs along with the stress of being an essential worker or leaving the physical workspace created immense pressure on your workforce’s career and social/emotional health. In fact, according to Alight’s Employee Wellbeing Mindset study, only 40% of workers have a positive perception of their total wellbeing – a near 10-point decrease from pre-pandemic levels.



When it comes to finances, our research shows that 80% of employees took some sort of financial action as a result of the pandemic, including over half who reduced spending and sadly nearly 20% who either reduced or stopped contributing to their retirement savings accounts (even if temporarily). In addition, our data also showed that employees were not saving adequately enough for future healthcare costs and expenses, another worrisome trend as healthcare costs are expected to rise.¹ Where we naturally saw decreases in spending card activity as many avoided care and treatment out of fear of the virus, we also saw increased overall card declines. The cause of this? **Insufficient funds — a number that has doubled since 2019.**² As access to care continues to become more easily available and patients are again comfortable with visiting treatment facilities, they may be faced with more costly medical bills than expected or may realize that they did not adequately save enough to account for delayed care – impacting not just their financial health but more broadly looking towards their total wellbeing.

¹ <https://alight.com/research-insights/costs-covid-19-employer-healthcare-budgeting>



² COVID-19 and spending accounts: Impacts and opportunities

In fact, as a result of the pandemic, workers have seen declines in all aspects of their wellbeing, pointing to a larger picture of competing wellbeing priorities.



Mental/emotional

39%   46%



Social

38%   45%



Physical



38%   44%

Career

36%   46%

Financial

35%   40%

 2021  2020

While the pandemic placed a microscope on finances for many, it also tested the mental resiliency of your people in new ways. Mental health has always been top of mind, but this past year has particularly exacerbated the need for more people to reach out for care. According to our 2021 Employee Wellbeing Mindset Study, four in ten workers have said the pandemic caused their emotional and mental health to decline. In fact, since 2018, we have seen a 15-percentage point increase in workers/dependents who sought counseling. With mental health care usage on the rise, this creates another line item for your people as they budget for the coming year.

All in all, people have weighed wellbeing priorities from year to year but the pandemic caused a perfect storm that created a juggling act for many. When it comes to balance moving forward, your people need help working on all their competing priorities.

Changing employee circumstances

Finding work-life balance is even more difficult when the line is blurred by a consistent home office setting — even more so for working parents. Studies have shown that about one-third of the workforce have children under 18 years old, and nearly three-quarters of those with children under 14 do not have available childcare within the household.³ Alight's Employer Response to COVID-19 studies found that 43% of working parents say it has been more difficult to manage work and personal commitments with children at home, highlighting the importance of employer flexibility and support during working hours. When asked about their experiences working remotely with children, many respondents indicated they felt as if they needed to be in two places at once, heightening the need for additional caregiving support or other benefits from employers to help prevent burnout.⁴

In addition to increased burnout, there is also growing concern that working parents will need additional financial support as schools and care facilities begin to reopen. Not surprisingly, our enrollment data noted that participation in dependent care spending accounts dropped — indicating a potential future financial stressor.

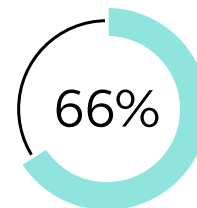
The pandemic has also changed the way we access care and support. Employers have started to offer new ways to engage their people in improving their wellbeing, creating a new normal for certain programs and initiatives. For example, one-third of employees now report having access to a telehealth resource — up 11 points from pre-pandemic 2020. We also know that many employers began to offer reimbursements for working remotely as well as additional caregiving support for working parents. The good news is when these programs were offered, workers utilized them. 62% of primarily remote employees that had reimbursements for working remote available took advantage of the offering.

³ 2021 Alight Workforce Mindset Study

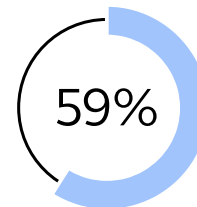
⁴ 2021 Alight Workforce Mindset Study

Our Employee Mindset Study also showed that nearly half of single parents and non-child caregivers who had caregiver support available utilized the program. This is good news for employers who have already begun to offer new types of support and it represents a start of diversification in additional programming that employees are coming to expect for the employers who have not yet considered adoption.

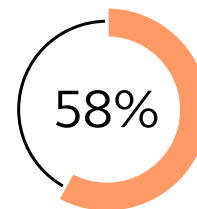
And just like the statistics on wellbeing and emotions about the employee experience have changed, so have the means in which employees want to make changes to their HR and benefits options. 2021 respondents indicated the new top three preferred channels are:



Via a web self-service portal with a virtual chat bot



Via a web self-service portal without a virtual chat bot



Via a mobile device or tablet self-service portal

Employees had to quickly adjust to the new norms of social distancing and making connections strictly via remote/virtual settings, and the data reflects their new preferences more than ever.

With these datapoints in mind, how do employers take these lessons learned and turn them into successful strategies to better support their workforce and its wellbeing? For plan sponsors, the good news is that you can help in many ways, starting with your enrollment experience and continuing through your broader benefits experience that you offer employees.

Here are a few key ways to optimize in a flexible, successful manner that help both your employees and your business for the rest of this year and the years to come.

Think holistically about the benefits and programs you offer

When thinking about the broader benefits experience that you offer your workforce, the enrollment experience is just the front door to a home filled with all the benefits, programs and initiatives that your organization can provide. Your benefits experience needs to go beyond the traditional parameters of health plans and financial wellbeing initiatives. Incorporating benefits such as wellness reimbursements, telehealth or even caregiving support will help improve the total wellbeing of your workforce in the long run.

As an HR leader, you may be asking yourself some of these challenging questions:

- Do you need to provide additional plans or flexibility within your offerings?
- Are employees aware of and using benefits such as back-up childcare and the employee assistance program/mental health plans?
- Should you be providing additional programs to help with financial security?
- Is your workforce struggling to locate providers or access health care services?

Align your enrollment strategy with a broader return-to-work strategy in mind

It's easy to get caught up in thinking remote work will be the standard for the foreseeable future, but chances are many organizations will at least ponder some form of hybrid model that includes both remote work and staggered, in-person options.⁵ Consider what long-term work looks like for your employees when thinking about enrollment, and not just for the upcoming year. How will you reach people both virtually and via in-person communications?

Make your solutions more adaptable and aligned to what you know (or anticipate knowing) employees will need. Plan to offer things like virtual benefits fairs in the event your people will largely remain remote and upgrade your communications tactics to be more personalized to really drive awareness and engagement. And always plan to meet people where they are through high-impact, omni-channel communication — whether they're in the physical office or working virtually.

Guide your people through the process

If there is one lesson we have learned about our workforce in 2020, it is that employee needs vary from what they require from a health plan or broader benefits offerings. Whether someone became a caregiver for the first time, or they now carry insurance for their entire family, everyone's situation is unique and certainly impacted by the world around us. To make sure your employees are best set up to support their needs and the needs of their loved ones, offer them a personalized guidance resource (online, in person or over the phone) throughout the enrollment experience to make sure that they are better engaged and set up for a healthy future.

⁵ <https://alight.com/research-insights/advantages-of-switching-to-long-term-remote-work>

Integrate total wellbeing into the enrollment experience

We know that people think about their wellbeing holistically. And with total overall wellbeing down across the board, companies should use this as a wake-up call and think of wellbeing in the same mindset. While priorities certainly vary for employees based on generation, life situation, financial preferences and more, employers can use the enrollment experience to help drive better outcomes by catering to the needs of employees and considering where they can improve upon their offerings to improve the lives of their people. One of the most natural opportunities for integration is with retirement plans. For example, when Alight clients integrated 401(k) elections into their annual enrollment flow, participants are almost two times more likely to increase/change their 401(k) contributions.

Invest in technology that meets your people where they are

Technology plays a part in almost every facet of our lives, and people now expect their technology at work to match their personal lives, too. Do your employees prefer to be reached via a mobile alert or simple text reminder? Or do they like receiving a phone call to give them information on enrollment dates and upcoming deadlines? Use data and analytics to find out how to effectively reach employees or target groups and use this to your advantage.

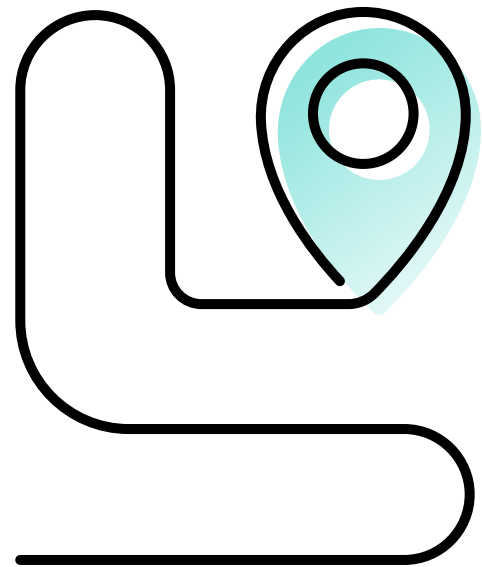
Alight data shows that employees are 2.5x more likely to have a positive attitude about their wellbeing if activities (such as accessing their benefits information) are easy to access and navigate.⁶

Providing employees easy access to the information they need in the channels (online, mobile, etc.) in which they want it is critical.

⁶ 2021 Alight Workforce Mindset Study

Take personalization to the next level

Aside from learning to expect the unexpected, 2020 has also shown us that everyone's journey is different. While one employee may live alone and have an entire floor as an office, another may be balancing dependents and spouses who require conflicting time commitments. Participants are being impacted in unique ways by the pandemic, and these external factors should be considered to develop thoughtful enrollment messaging and ongoing employee communications as well as new solutions to cater to those unique situations. Gathering data-driven insights on each employee can help to provide targeted messaging surrounding their needs during enrollment and the rest of the year. For example, if an employee decreased their HSA savings in 2020, it might be helpful to offer them targeted messaging as they begin to use their funds for related expenses to help them save more and be better prepared for any unexpected healthcare related expenses in the upcoming year.



We listen, we learn,
we find what works, and
we continuously adapt

Looking to the future, we still have much to overcome. But as we learned to quickly adapt and adjust to meet the changing needs of our employees, our families and our businesses over the last year, we gained invaluable insights that will propel us to the next level when planning ahead. Flexible benefits strategies clearly proved to be valuable and harnessing those strategies for the coming years will be transformative for employers to stay ahead of the curve not just for their business outcomes, but for the betterment of their people and their wellbeing.



Navigating 2020 was a challenge, and the year ahead will likely provide obstacles of its own. Our team is here to help your organization transform and provide a better experience for your business and the people that make it so successful.

LET'S TALK

About Alight Solutions

With an unwavering belief that a company's success starts with its people, Alight Solutions is a leading cloud-based provider of integrated digital human capital and business solutions. Leveraging proprietary AI and data analytics, Alight optimizes business process as a service (BPaaS) to deliver superior outcomes for employees and employers across a comprehensive portfolio of services. Alight allows employees to enrich their health, wealth and work while enabling global organizations to achieve a high-performance culture. Alight's 15,000 dedicated colleagues serve more than 30 million employees and family members. Learn how Alight helps organizations of all sizes, including over 70% of the Fortune 100 at alight.com.

©2021 Alight Solutions