



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS™

# ACEC MA Human Resources Forum



Arthur J. Gallagher Presents:  
Wellbeing, Employee Engagement & Financial Health

August 16, 2017

# About Gallagher

## Quick Facts:

- Founded in 1927
- AJG (NYSE:AJG) is one of the world's largest and most respected insurance brokerage and risk management firms
- 21,000+ employees
- 650 offices in 33 countries, serving clients in more than 140 countries
- Recognized 6 years in a row by Ethisphere Institute as a *World's Most Ethical Company®*
- Named by *Forbes* magazine as one of America's Best Employers



## Gallagher Benefits & Human Capital Management Consulting:

- ✓ 3,300 employees
- ✓ Over 180 offices
- ✓ Global Benefits

## Comprehensive Brokerage Services:

- |                               |                                       |                                 |
|-------------------------------|---------------------------------------|---------------------------------|
| • Alternative Risk & Captives | • Financial Products                  | • Property                      |
| • Casualty                    | • Fine Arts                           | • Risk Management               |
| • Claims Advocacy             | • Loss Control                        | • Small Business                |
| • Commercial Surety & Bonds   | • Management Liability                | • Terrorism                     |
| • Cyber Liability             | • Multinational Client Services       | • Trade Credit & Political Risk |
| • Environmental               | • Private Client & Personal Insurance | • Workers Compensation          |

# Agenda

- Wellness Market Update
- Evolution of Wellbeing
- Connecting Wellbeing, Culture & Employee Engagement
- Financial Health and Impact on your Bottom Line





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# Connecting Culture, Wellbeing & Employee Engagement for High Performance

Kathleen Schulz, MS, CHES

Regional Vice President, Northeast & Southeast Wellbeing & Engagement Practice Leader

# Wellness Goes Mainstream



**46%**

Offer a wellness program



**40%**

Plan to add a wellness program within three years

Employers that invest in wellness programs emphasize the importance of:

- 1) Reducing healthcare costs (62%)
- 2) Creating a desirable culture (41%)
- 3) Improving employee experience and satisfaction (34%)

Arthur J. Gallagher & Co., "2016 Benefits Strategy & Benchmarking Survey – U.S. National Report," August 2016

# Wellbeing Disconnect:

## *Prioritization vs. Strategic Confidence*

- Promoting and improving employee health and wellbeing is a top priority for most employers (69%)



**51%**

Have confidence in  
the organization's  
wellbeing strategy

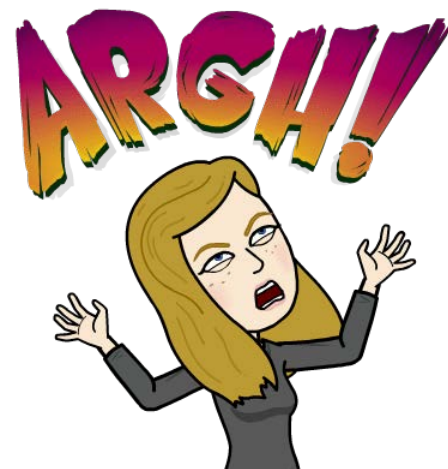
Yet only half are confident their organization has a strategy to effectively meet that objective

- 15% disagree or strongly disagree that they do

Arthur J. Gallagher & Co., "2016 Benefits Strategy & Benchmarking Survey – U.S. National Report," August 2016

# Top 5 Reasons Why Employees HATE “Wellness” Programs

1. My job is killing me
2. My manager doesn't get it
3. The program isn't fun
4. I'm concerned about my privacy
5. It feels more of a hassle than a help





**Whatever you are thinking  
About wellness...**

*Think bigger*



# Wellbeing & Engagement

**Our Philosophy:** *Business success is a function of the people you employ and how engaged they are with your organization*

- **Our Mission**

We help our clients develop broad, integrated strategies that help employees become more engaged and **thrive** at **work**, at **home** and in their **community**.

- **Our Approach**

Position wellbeing & engagement as a **broad organizational solution** that helps clients execute on their **employee value proposition** and become a **destination employer**.



# The Multiple Dimensions of Wellbeing



Physical  
Health



Social/  
Emotional  
Health



Financial  
Health



Career  
Health



Community  
Health

The **WHOLE** person comes to work every day....

&

each employee's wellbeing influences  
individual and organizational performance

# Defining Employee Engagement

## engagement
















*noun* / en·gage·ment \in-'gāj-mənt, en-\

a pronounced state of enthusiasm characterized by **effort**, pride and passion that fosters a mutually **committed** relationship between employees and their employers, resulting in the enduring pursuit of organizational and personal **goals**.

### So What?

10% ▲ Profitability  
21% ▲ Customer Metrics  
22% ▲ Productivity

# Connecting Career, Engagement & Health Risks

LONG HOURS	JOB INSECURITY	INJUSTICE/ FAIRNESS	WORK/FAMILY CONFLICT
 Blood Pressure	 Stress	 Migraines	 Sleep Disorders
 Obesity	 Risk Heart Attack	 Blood Pressure	 Sickness related absence
 Diabetes	 Opinion of Health	 Burn Out	 Risk Heart Attack
 Injury		 Depression	 Opinion of health

# Impact & Opportunity

## Wellbeing and Employee Engagement are strongly linked

**Engaged, thriving employees are more likely to ...**

- Be agile and resilient
- More likely to volunteer their time
- Recover quicker
- Report excellent performance
- Stay with their employer
- Have fewer health problems & lower healthcare costs
- More likely to participate in workplace wellness efforts

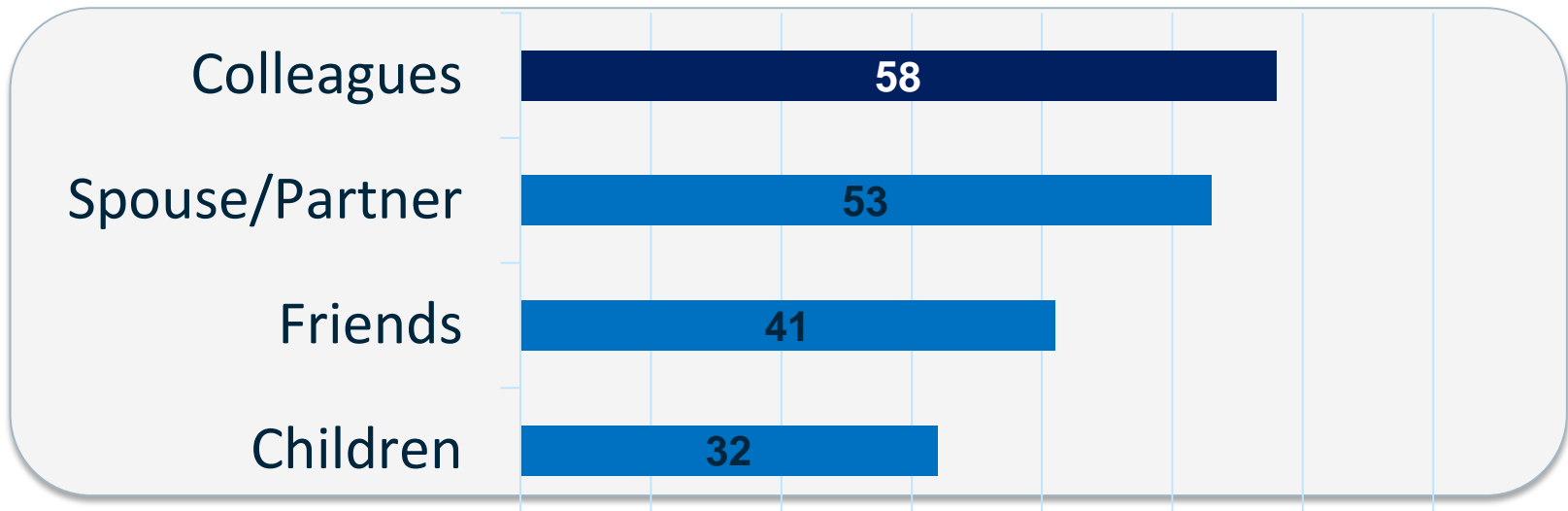
**The Opportunity...**



***Simultaneously address wellbeing & engagement to build a culture that supports the behaviors leading to a healthy and engaged workforce and supports your EVP.***

# Culture & Motivation...

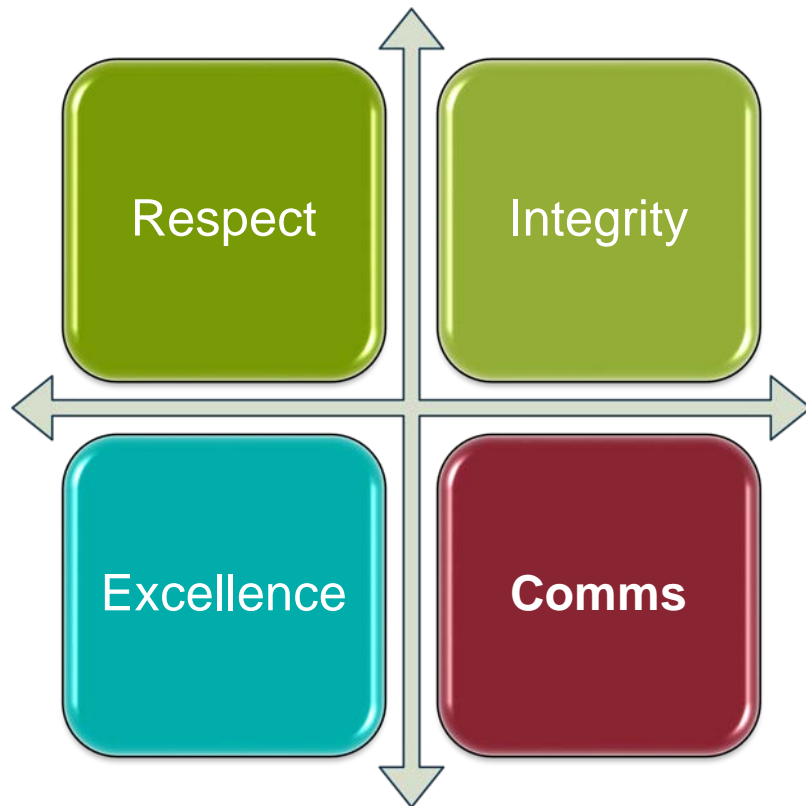
**Who is most likely to motivate you to improve your health?**



***Build a strong culture, let employees influence each other...***

# What Happens When Culture, Mission, and EVP Don't Align?

## One employers value statement:



*"We treat others as we would like to be treated ourselves. We do not tolerate abusive or disrespectful treatment. Ruthlessness, callousness, and arrogance don't belong here".*

*"We are satisfied with nothing less than the very best in everything we do."*

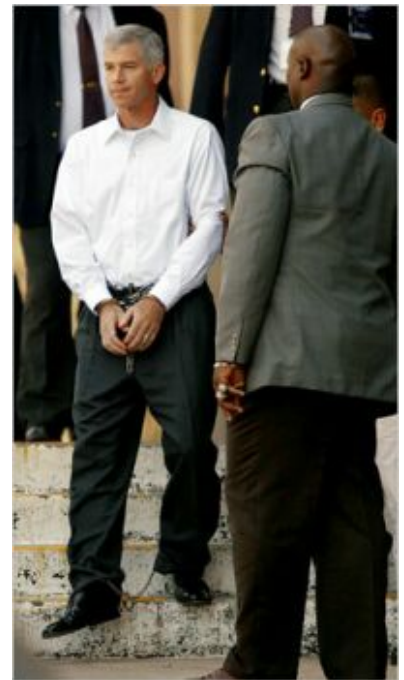
*"We work with customers and prospects openly, honestly, and sincerely".*

*"The great fun here will be for all of us to discover just how good we can really be".*

# The Impact of Disconnect

**Enron had these values displayed in their lobby:**

- Respect
- Integrity
- Excellence
- Communication





# Tactics Are Changing...



***Are You Ready?***



# Financial Wellness: *Preparing for Retirement*

Michael S. Levin, AIF  
Area Senior Vice President  
Retirement Consulting Services

# What Is Financial Wellness?

Financial wellness is the balance between having a healthy state of well being today while preparing financially for tomorrow.

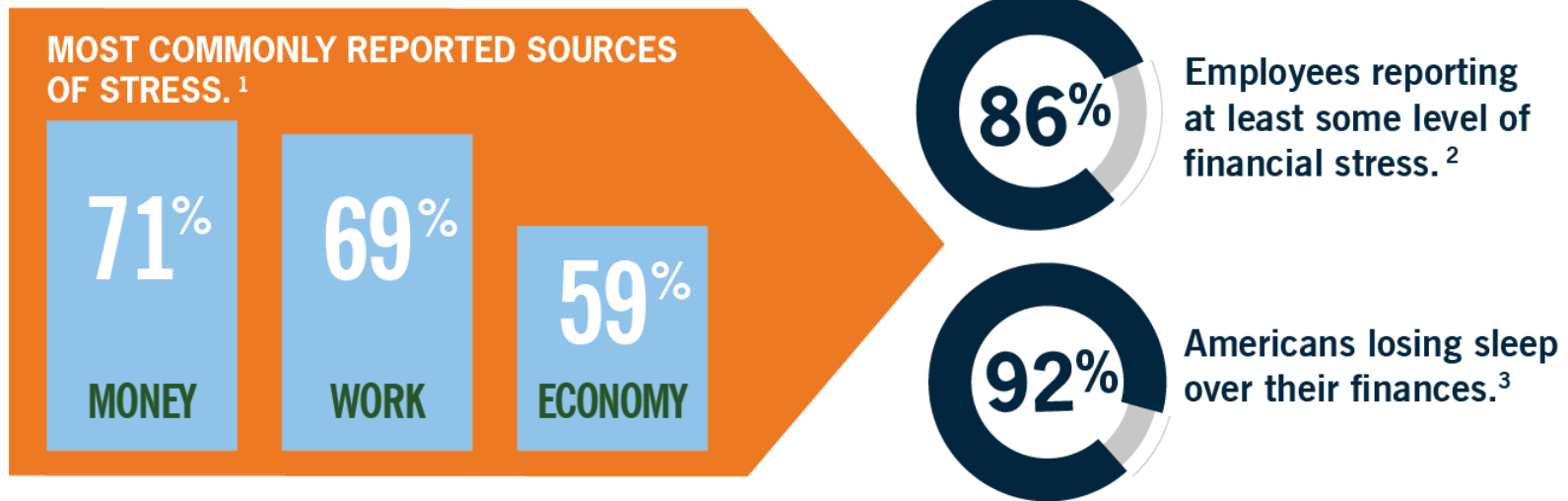
It is not necessarily about being wealthy, but it is a state of psychological well being in which one feels they have control over their current finances and financial future.



# Headlines: *Financial Wellness*

- **The Secret Shame of the Middle Class**
  - *Atlantic Monthly*
- **A New College Loan Targets Parents**
  - *Wall Street Journal*
- **Report: Elder Care Costs Keep Climbing**
  - *Associated Press*
- **A New Savings Tool? The feasibility of HSA's as a retirement savings strategy**
  - *PlanSponsor.com*
- **Uncovering a Blind Spot: The Company cost when employees can't retire - and what can be done**
  - *Plan Sponsor Magazine*

# Finances – Top Stress Factor For Employees



1 American Psychological Association, *Stress in America™ 2013 Highlights: Are Teens Adopting Adults' Stress Habits*

2 Financial Finesse Reports, 2014 Research Financial Stress <http://www.financialfinesse.com/research-best-practices/2014-financial-stress-research-2/>

3 ComPsych Poll: Vast Majority of Employees Losing Sleep Over Financial Worries, ComPsych, October 27, 2008

# Financial Stress and Your Bottom Line



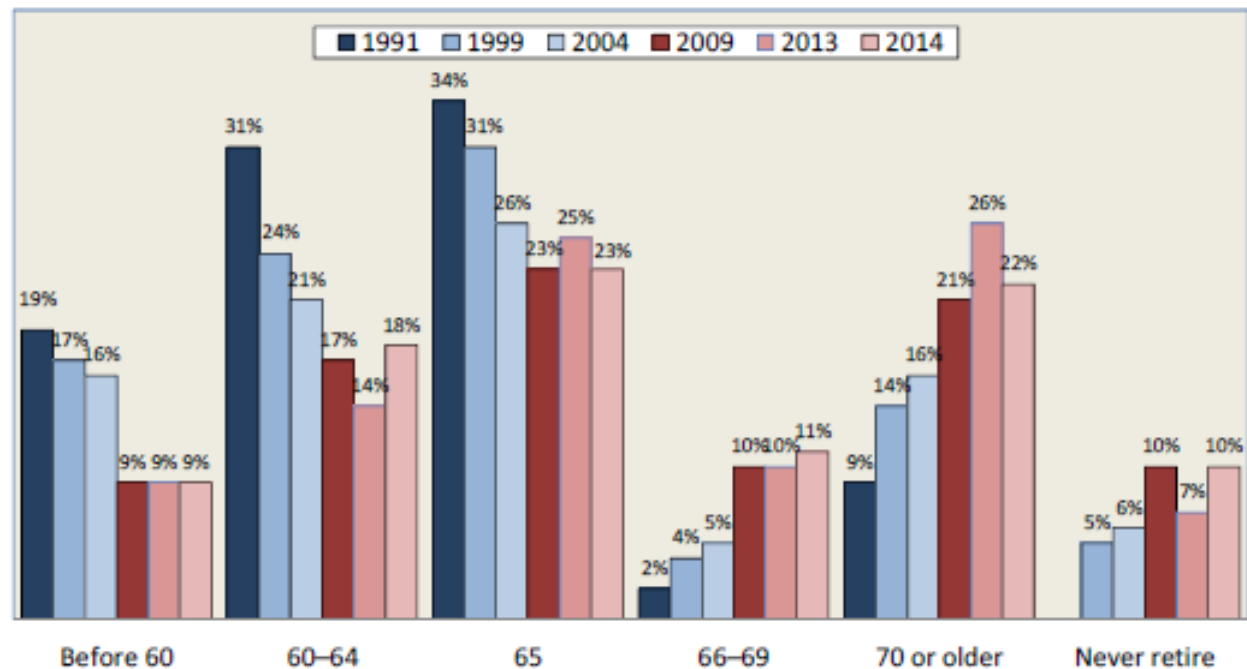
# Pre-Retiree Financial Concerns

- Managing expenses
- Investing wisely
- Buying a home
- Saving for retirement
- Putting kids through college
- Post-retirement health care



# Silver Tsunami Statistics

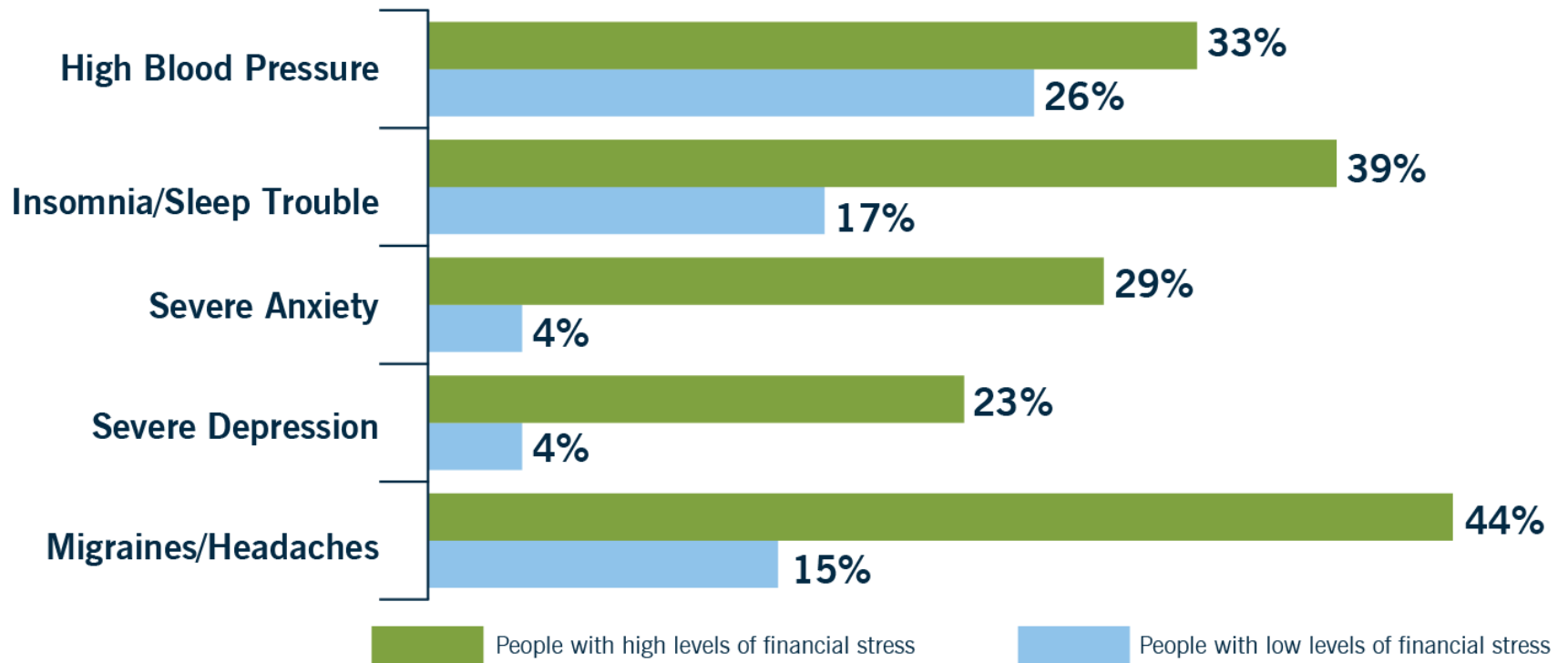
**Figure 32**  
**Trend in Workers' Expected Retirement Age**



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 1991–2014 Retirement Confidence Surveys.



# Financial Stress Impact on Health



Source: AP-AOL Health Poll: Debt Stress: The Toll Owing Money Takes on the Body

# Aging Workforce Impact:

## *Health Care Spend*

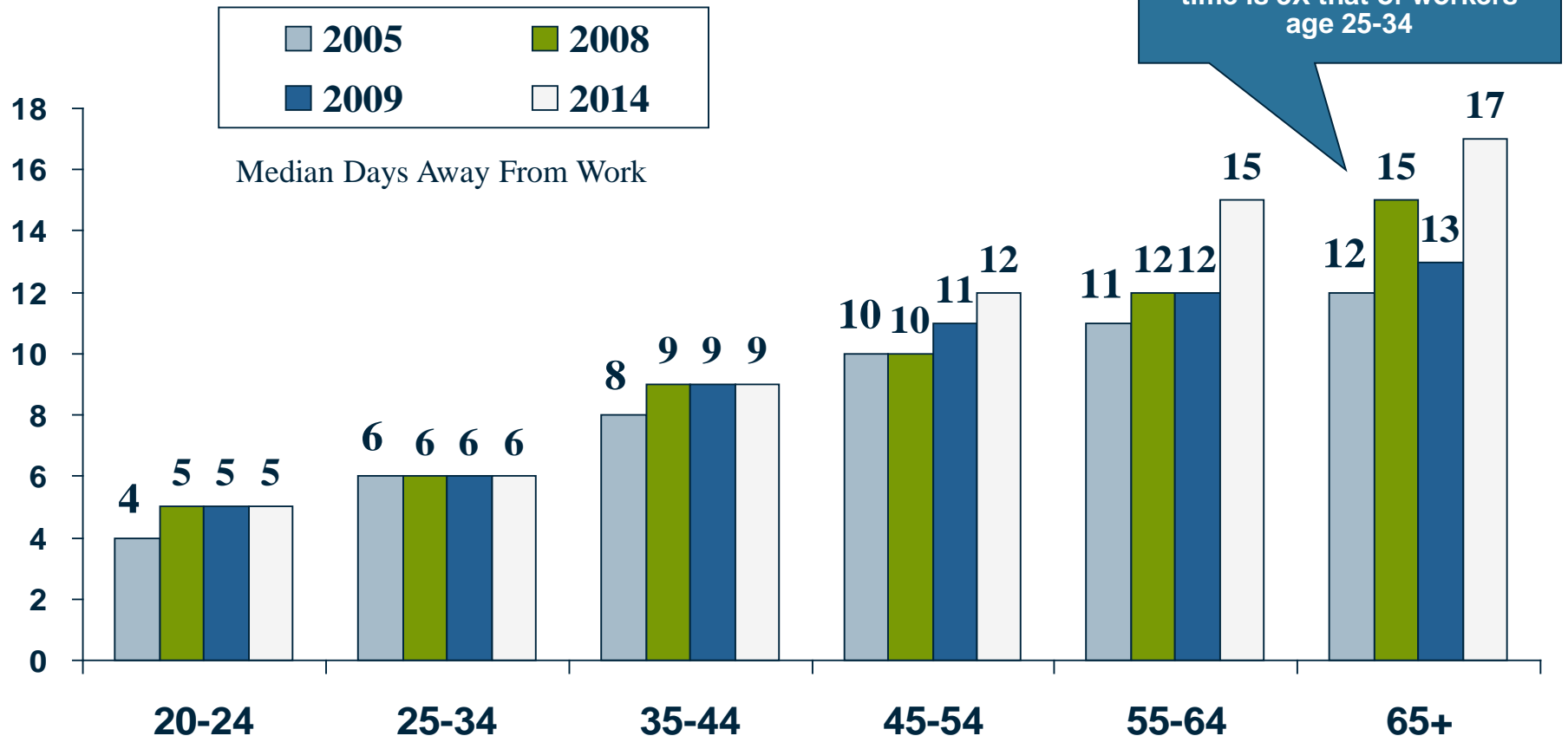
Age	Current	Older Workforce	Younger Workforce
<b>60 +</b>	30%	55%	10%
<b>40 – 60</b>	45%	35%	35%
<b>&lt; 40</b>	25%	10%	55%
<b>Cost</b>	\$6.73 million	\$8.10 million	\$5.06 million
<b>Increase/Decrease</b>	n/a	+20%	-33%

\*Source: APEX.HRM-Gallagher Benefit Services, A Division of AJG

#### Assumptions:

- 1,000 Employees
- Avg. annual health expense per employee age 60+ = \$10,000
- Avg. annual health expense per employee age 40 – 60 = \$6,500
- Avg. annual health expense per employee age < 40 = \$3,250

# Days Away From Work Injury or Illness



Source: US Bureau of Labor Statistics, *Nonfatal Occupational Injuries and Illnesses Requiring Days Away From Work, 2014* (Table 6)

# Aging Workforce:

## *Absence for Injury or Illness*

Age	Current	Older Workforce	Younger Workforce
60 +	30%	55%	10%
40 – 60	45%	35%	35%
< 40	25%	10%	55%
Days Missed	12,500	14,350	10,300
Cost of Days Missed	\$825,000	\$947,100	\$679,800

Source: US Bureau of Labor Statistics, *Nonfatal Occupational Injuries and Illnesses Requiring Days Away From Work, 2014* (Table 10) \*per 10,000 full-time-equivalent workers

#### Assumptions:

- 1,000 Employees
- Avg. annual days missed per employee age 60+ = 17
- Avg. annual days missed per employee age 40 – 60 = 12
- Avg. annual days missed per employee age < 40 = 8
- Work year = 250 days
- Average Compensation = \$50,000
- 1/3 of workforce realizes median days missed

# Employer Impact

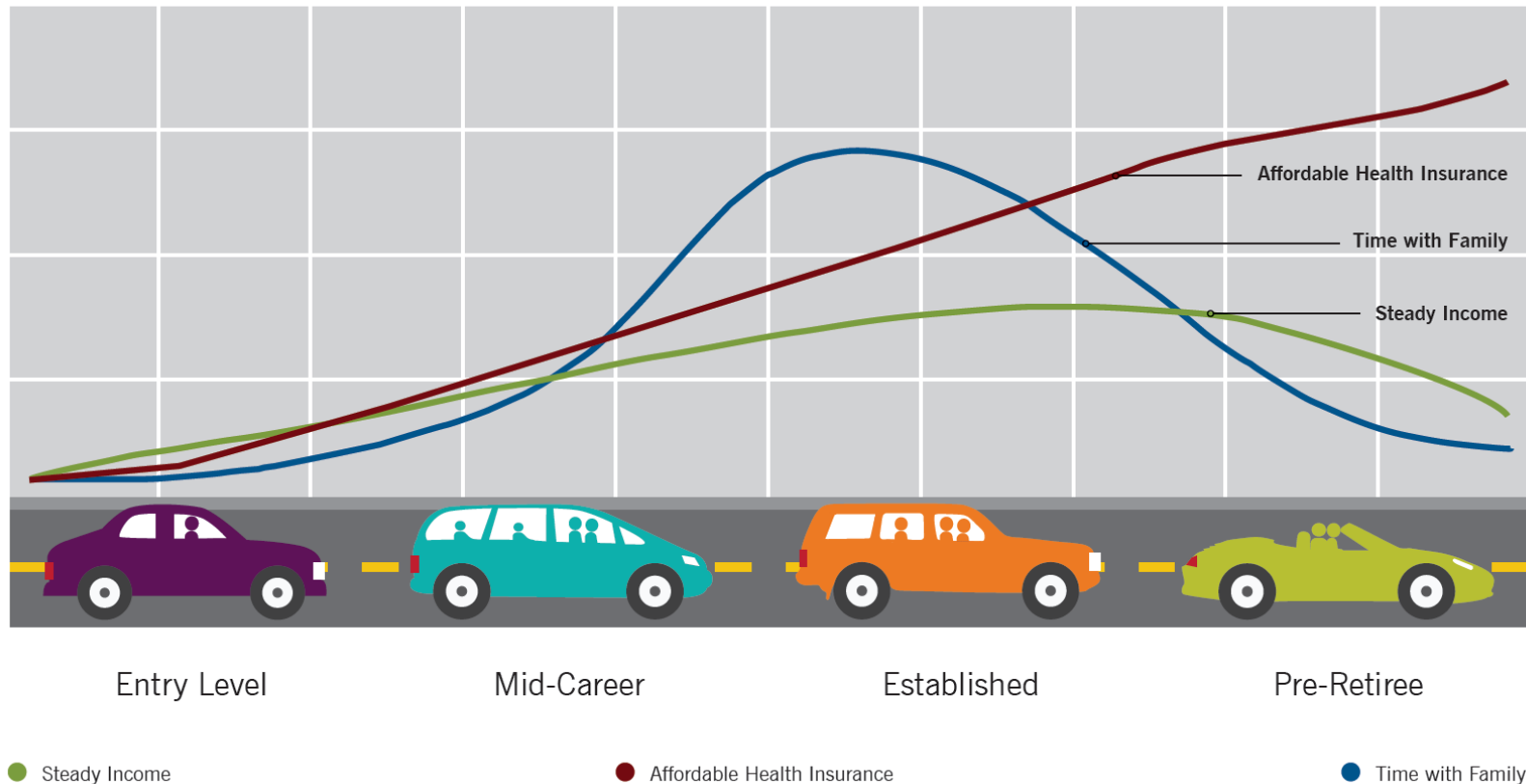
- A look at some numbers:
  - 13% postpone retirement
  - Annual Compensation = \$65,000/\$30,000
  - Annual Health & Welfare = \$10,000/\$3,250
  - Annual Days Missed = \$3,400/\$1,600
  - 1000 Employees
  - Differential - \$43,350 (130) = .....
  - \$5,635,500 per year
- So what....?



# Understand Your Workforce

## *Workforce Evaluation*

### Career Path Priorities



# Workforce Evaluation

## Evaluating Employee Needs & Preferences

- Gallagher's proprietary methodology helps employers assess the effectiveness of their employee benefits program
- A new way of looking at an employee population to discern underlying trends that affect employee loyalty, job satisfaction and benefit and compensation costs
- Creating a framework that enables employees to grow with your organization is important to job satisfaction, benefits appreciation and loyalty.

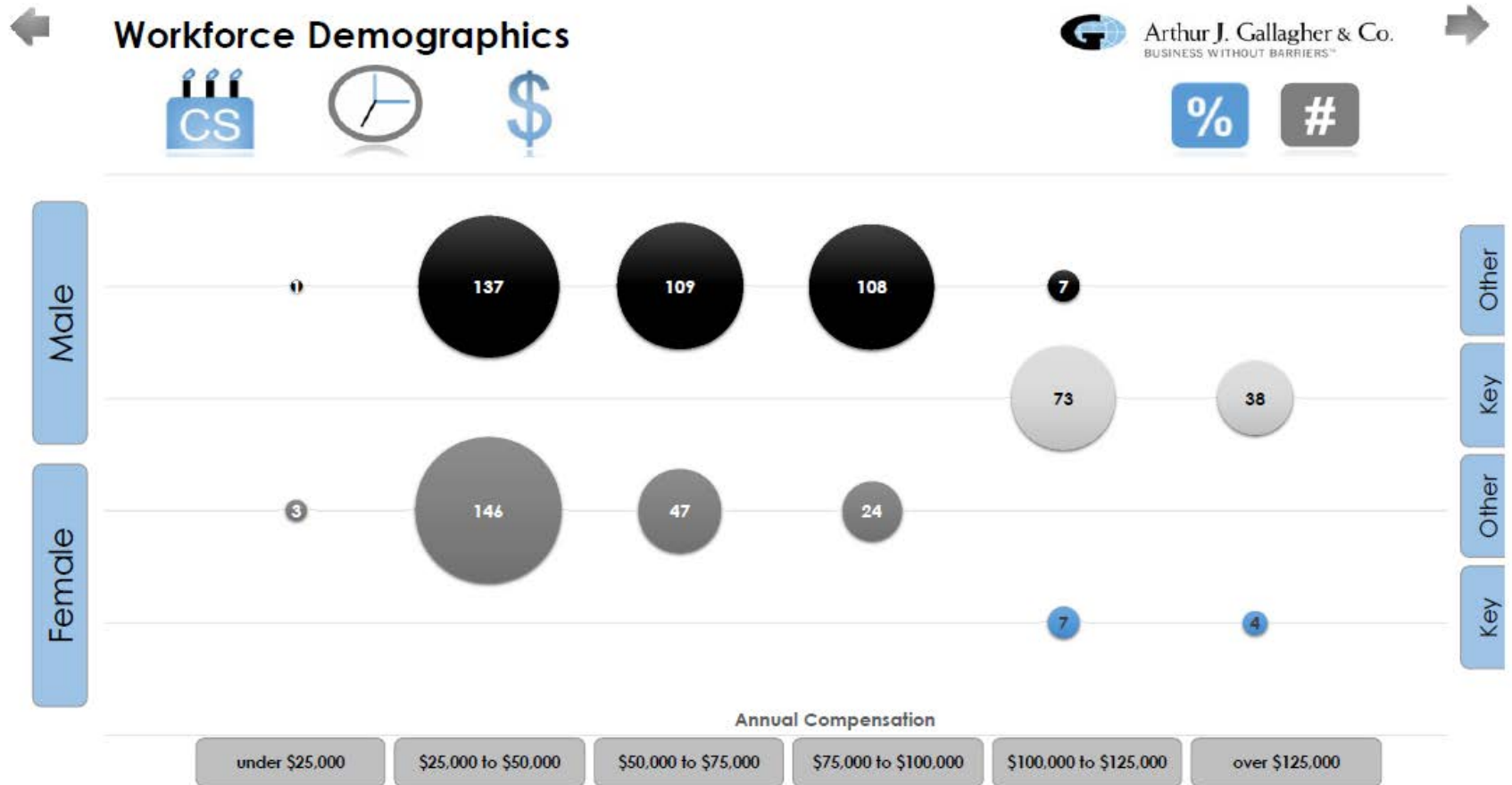
## Evolving Priorities of Workforce Segments

- Determining how different workforce segments are represented in an employer's organization
- Measuring their relative levels of engagement with the total rewards programs you offer
- Gallagher identifies four distinct workforce segments based on life and career stages Each segment is characterized by a set of prevailing needs, financial priorities and learning styles

## Why Does It Matter?

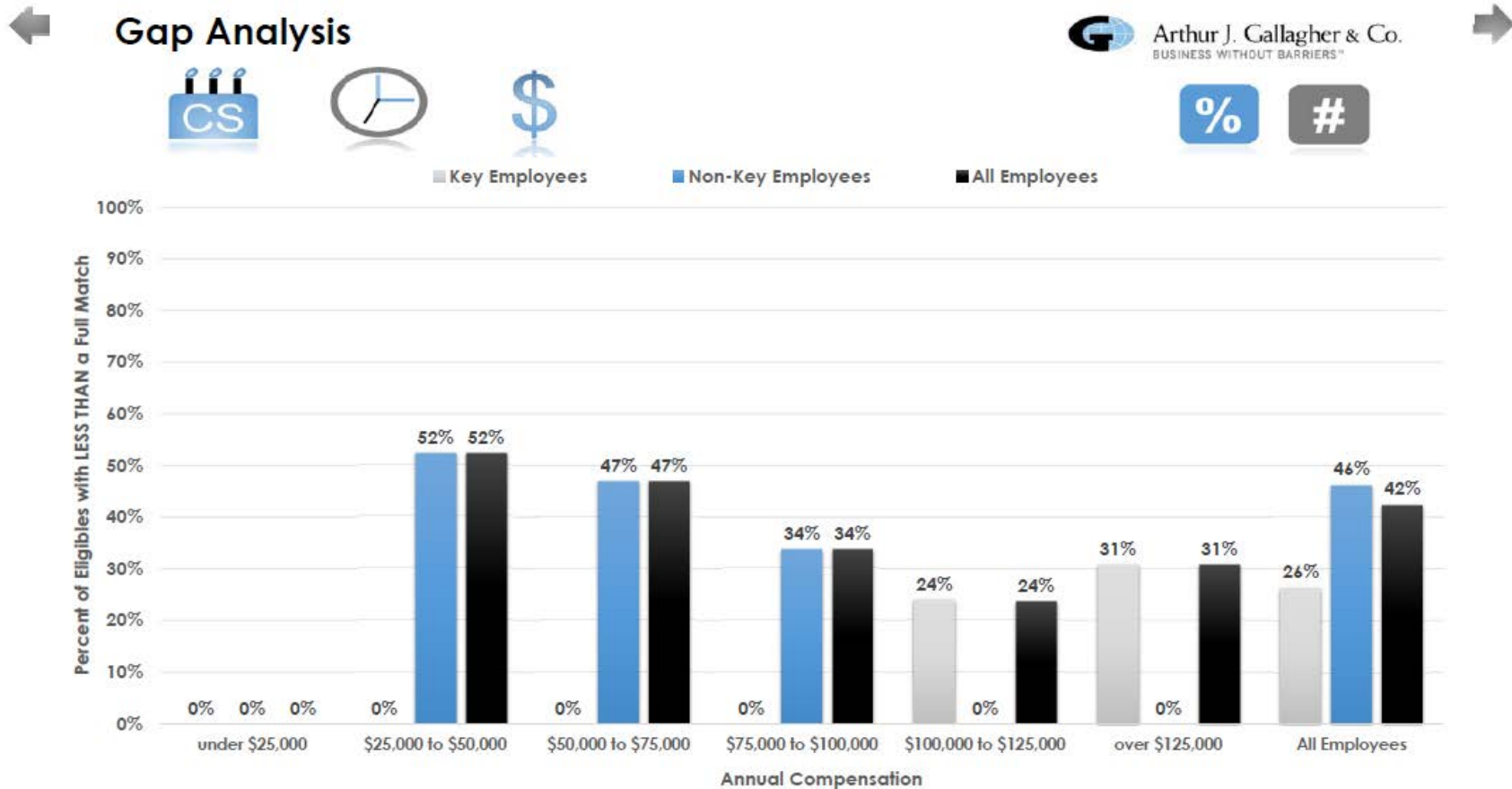
- Challenges with recruiting and retaining sought-after talent is a significant threat to business growth
- The fastest growing jobs require advanced skills
- Employers need to reposition total rewards in a way that improves their ability to attract and retain employees, within budgetary constraints

# Workforce Evaluation: *Demographics*





# Workforce Evaluation: *Gap Analysis*



# Workforce Evaluation: *Retirement Readiness Analysis*



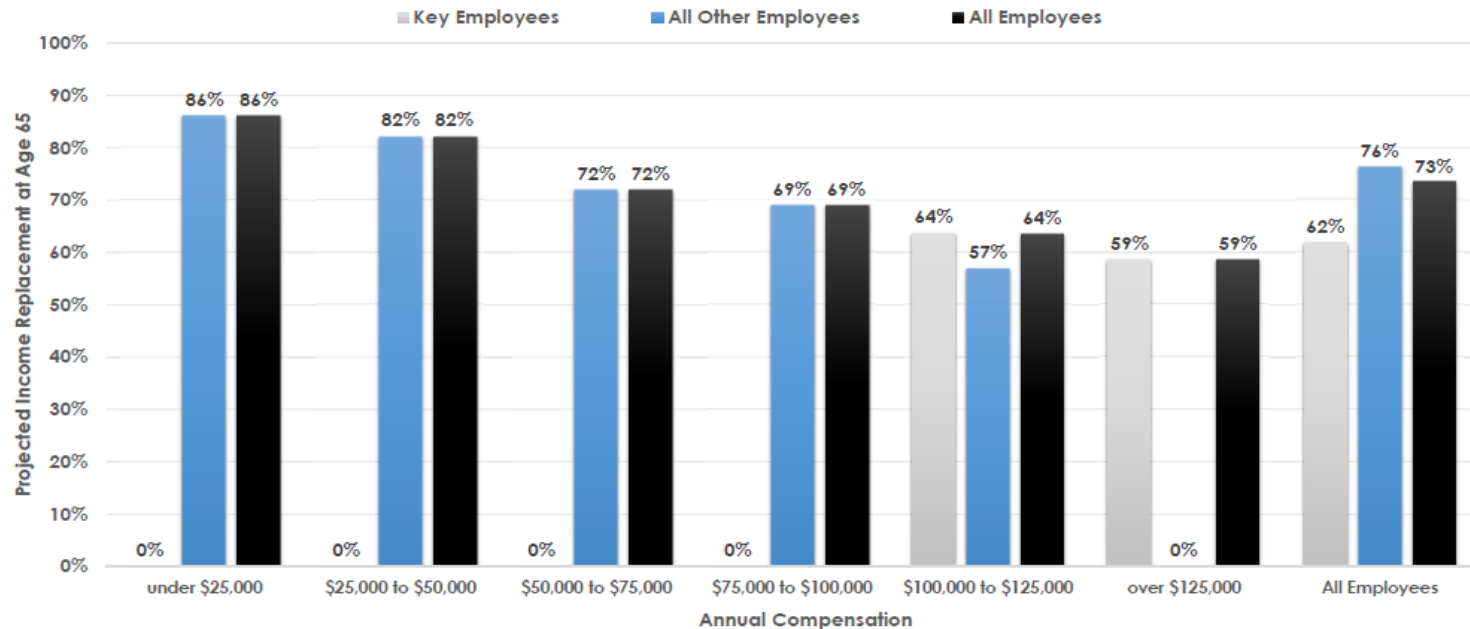
## Income Replacement Ratio



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Go to Workforce  
Demographics

Return to Cover



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# Financial Wellness Solutions

**Health  
Benefits**

**Consumerism**

**Debt  
Management**

**Employer  
Match**

**Savings Rate**

**Voluntary  
Benefits**

**Defined  
Benefit Plan**

**Asset  
Allocation**

**Short Term  
Savings**

**College  
Savings Plans**

**Income  
Replacement**

**Long Term  
Care**

**Nonqualified  
Deferred  
Compensation**

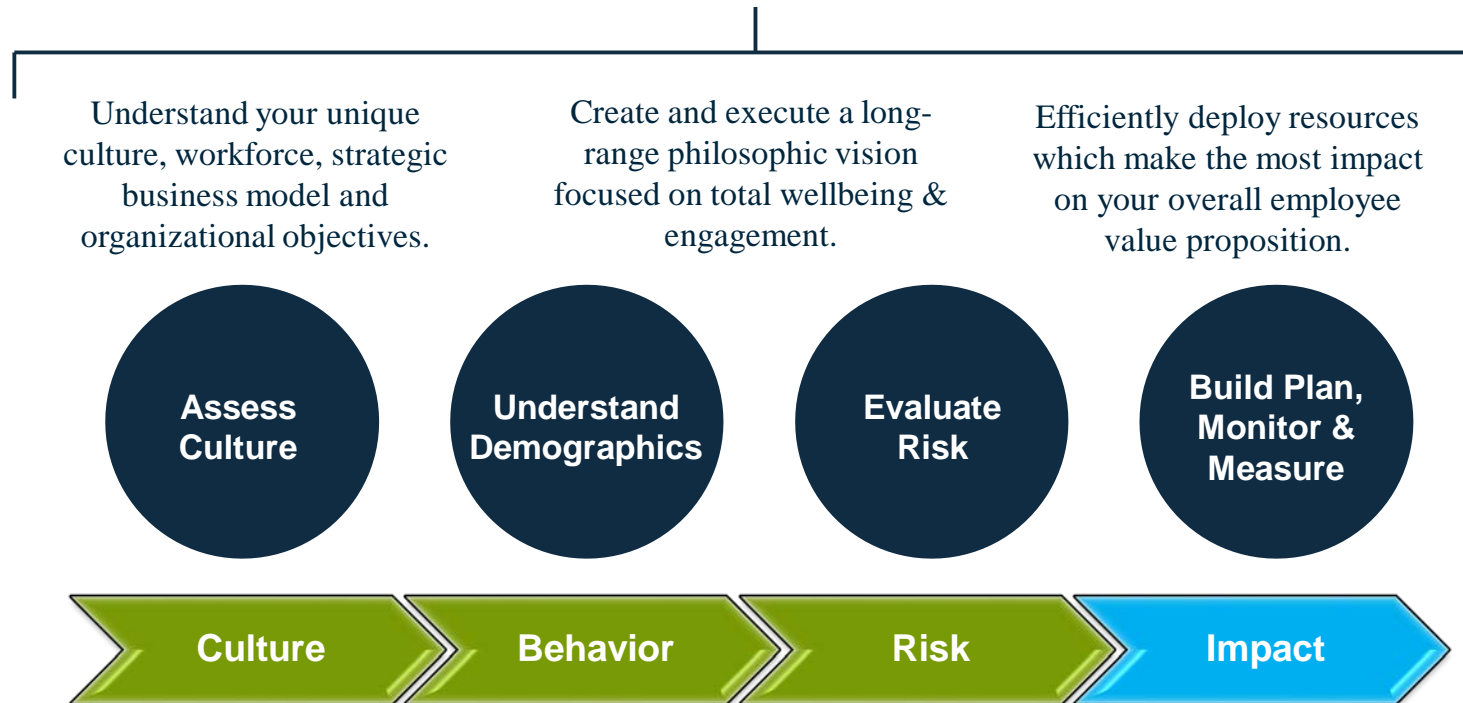
**Budgeting**

**Income  
Stream  
Education**

**HSA/FSA**

# Our Framework

*Meeting you where you are  
and creating a path forward*



# Thank You!

# Questions?

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