



News Release

Contact: Jaime Riley
Public Relations
Deloitte
+1 206 716 6011
jairiley@deloitte.com

Stacy Van Alstyne
Public Relations
ISCEBS
+1 262 373 7746
stacyv@ifebp.org

Deloitte Study Indicates a Shakeup in Total Rewards Priorities

Employers' expectations of rising costs may force employees to pay an increasing portion of their own benefit plans

NEW YORK, April 20, 2011 — While a large number of employers expect an increase in the cost of providing benefits to employees, two-thirds of them are making no immediate changes to their benefit programs, signaling a “wait and see” approach for final Health Care Reform provisions that will likely reduce plan design flexibility. New research from Deloitte and the International Society of Certified Employee Benefit Specialists (ISCEBS), *2011 Top Five Total Rewards Priorities*, indicates employees may need to take on greater health benefit cost sharing to address this strategic challenge facing organizations today.

“Though the economy is rebounding, there are ominous signs that employees may soon need to start contributing more of their paycheck to total rewards programs,” said David Lusk, principal, Deloitte Consulting LLP. “With concern for their ability to afford retirement, many employees are increasing contributions to retirement savings plans, while employers are seeking more opportunities to share healthcare costs with them. This results in competing objectives.”

The *Top Five Total Rewards Priorities* survey series is an annual barometer of talent and benefits management challenges facing organizations. The survey’s 242 respondents ranked the Top Five priorities for 2011 as follows:

1. The cost of providing healthcare benefits to employees.
2. The willingness of employees to pay an increasing portion of benefit plan coverage and to manage their own reward budget.
3. The ability of reward programs to attract, motivate and retain talent.
4. The ability to adjust to and comply with current and future provisions of Health Care Reform legislation.
5. Clear alignment of Total Rewards strategy with business strategy and brand.

Additional survey findings include:

Employer Perspective

- A total of 85 percent of respondents expect Health Care Reform to increase benefits costs per employee.
- Controlling total health care costs is the primary focus of 63 percent of the employers surveyed; 73 percent indicated that Health Care Reform will drive them to re-evaluate benefits over the next 12 months.
- Regarding health and welfare plans, 30 percent of those surveyed plan to consider increasing employee cost sharing for active employee plans over the next 12 months; 62 percent have considered increasing cost-sharing for active employee plans over the past 12 months, while another 30 percent of organizations indicate they will consider increasing employee cost sharing for active employee plans over the next 12 months.

Employee Perspective

- Three quarters, 75 percent, of employee respondents ranked their ability to afford retirement, including post-retirement healthcare, in their top three personal challenges.
- Down 9 percentage points from 2010, 60 percent of employees ranked job security among their top three concerns.
- Nearly half (48 percent) of respondents plan to increase their level of contribution to qualified retirement plans, while those planning to delay retirement also decreased to 34 percent in 2011 from 41 percent in 2010.

“Challenges associated with attracting, motivating and retaining talent remain a concern for organizations rebounding from the recession,” said Society president Steven Grieb, CEBS. “A clear priority for businesses today is their understanding, preparation, and management of costs and provisions associated with Health Care Reform legislation.”

For a copy of this *2011 Top Five Total Rewards Priorities* report visit www.deloitte.com/us/2011Top5.

About the Survey

The *2011 Top Five Total Rewards Priorities* survey has been conducted annually since 1994. The survey is jointly sponsored by Deloitte and the International Society of Certified Employee Benefit Specialists (ISCEBS). For purposes of this survey, the phrase “Total Rewards” is defined as all compensation, benefits, perquisites and any other direct or indirect payments to employees. Conducted in January 2011, the survey was completed by 242 participants online. Survey participants were asked to respond as representatives of their employers with the exception of two questions asking their personal challenges and plans. The survey respondents represent a diverse cross-section of the U.S.-based employer population by industry and size.

About International Society of Certified Employee Benefit Specialists

The International Society of Certified Employee Benefit Specialists (ISCEBS) is a non-profit educational association whose members have earned the Certified Employee Benefit Specialist (CEBS) designation, which is cosponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania. For more information on the Society or CEBS, please visit the ISCEBS Web site at www.iscebs.org.

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