



Arthur J. Gallagher & Co.
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2017 ACEC/MN Benefits Survey Executive Summary

FEBRUARY 15TH, 2017



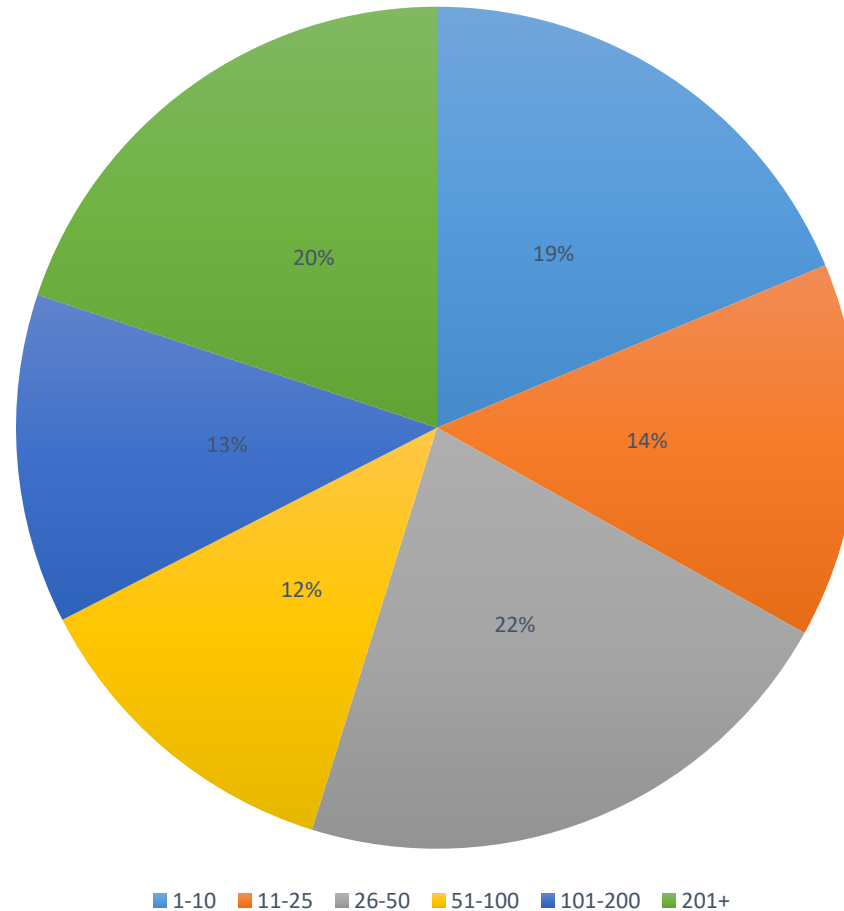
Doug Luick, SVP Consulting Practice Leader

Benefits Survey Overview

- ACEC/MN conducts a bi-annual benefits survey and annual salary survey across all member firms.
- In 2015 ACEC/MN partnered with AJG (Gallagher) to assist them in developing broader questions to expand the survey data collected, benchmark against Gallagher's national benchmark survey 3,100+, share insight on trends and enhance survey deliverables.
- Benefits survey last conducted in January 2016 with 55 firms participating.
- Given the tight labor market the members expressed a desire to have updated market data and a limited scope benefits survey was conducted in January 2017 and had 55 firms participate.
- Survey questions focused on key employee benefit offerings including health insurance, organizational priorities in addition to questions asked from the Gallagher's national survey.

Benefits Survey Overview

Size of responding firms by # of employees



ACEC/MN Key Findings



2017 Top Operational Priorities—ACEC/MN

- #1** Attracting and retaining a competitive workforce (84%)
- #2** Growing sales & revenue (63%)
- #3** Maintaining profit margins (47%)

2016 Top Operational Priorities—ACEC/MN

- #1** Attracting and retaining a competitive workforce (90%)
- #2** Controlling employee benefit costs (50%)
- #3** Growing sales and revenue (40%)

ACEC/MN Key Findings

2017 Top Operational Priorities—ACEC/MN

- #1** Attracting and retaining a competitive workforce (84%)
- #2** Growing sales & revenue (63%)
- #3** Maintaining profit margins (47%)

AJG National Survey Results



Top operational priorities

Attracting and retaining a competitive workforce

Controlling benefit costs

Revenue growth

ACEC/MN Key Findings

2017 Top Human Resource Priorities—ACEC/MN

- #1** Attracting talent (69%)
- #2** Retaining talent (51%)
- #3** Training & developing our people (49%)



2016 Top Human Resource Priorities—ACEC/MN

- #1** Recruiting qualified employees (78%)
- #2** Controlling employee benefit costs (39%)
- #3** Retaining employees (32%)

ACEC/MN Key Findings

2017 Top Human Resource Priorities—ACEC/MN

#1 Attracting talent (69%)

#2 Retaining talent (51%)

#3 Training & developing our people (49%)

AJG National Survey Results

Top human resource priorities



Controlling benefit costs	53%
Retaining talent	47%
Attracting talent	42%
Training/developing our people	40%
Increasing workforce engagement and productivity	34%
Creating a strong culture	24%
Controlling salary and wage costs	23%
Improving employee health and wellbeing	16%
Managing absence and disability	6%
Increasing workforce diversity	5%
Assimilating employees from acquired or merged organizations	2%
Downsizing the workforce	1%

ACEC/MN Key Findings

Employee Engagement & Recruitment

- 82% of all firms feel that their workforce is highly engaged, motivated, satisfied and committed to their organization.
- Two thirds have a strategy in place to improve employee engagement
- Over half of the firms responding haven't conducted an employee engagement survey to assess their employees engagement.

- Over half of the firms have hired foreign workers, temporary or permanent, in the past 12 months.
- A third of the firms plan on hiring foreign workers in 2017 as part of their human capital strategy.



BETTER EMPLOYEE
ENGAGEMENT =
LOWER TURNOVER &
COST SAVINGS

ACEC/MN Key Findings

Employee Engagement & Recruitment

The top three tactics firms are using to improve employee engagement are:

1. Employees are supported in developing & pursuing a career path
2. Feedback provided to employees is timely & constructive
3. The work is interesting and challenging

The top three services & tools firms use to promote work-life balance are:

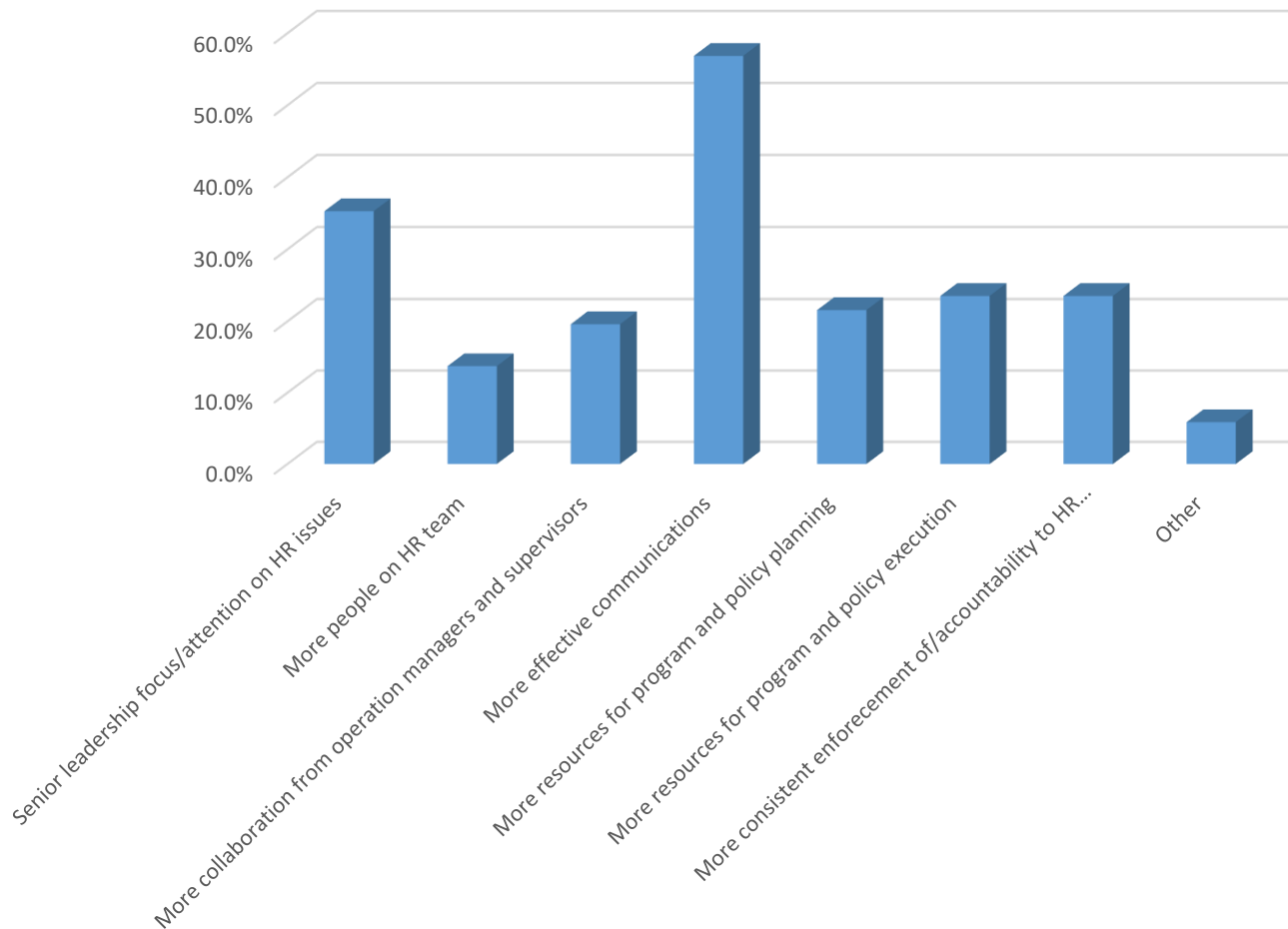
1. Flexible work hours
2. Ability to telecommute
3. Employee Assistance Program (EAP) services



Employees who are very satisfied with their benefits are almost **4x** more likely to be satisfied with their jobs.

ACEC/MN Key Findings

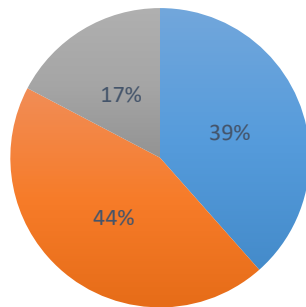
Select the two solutions that would be most helpful to your organization in better managing its HR-related challenges and opportunities



ACEC/MN Medical Plan Key Findings

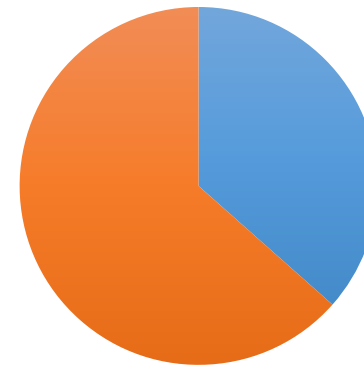
Plan Offerings, Funding & Carriers

How many different health insurance plans does your firm offer?



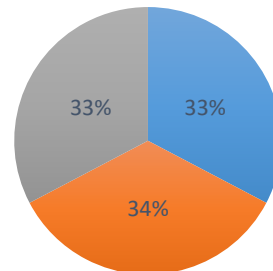
■ One ■ Two ■ Three or more

Is your plan self-insured?

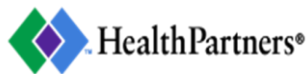


■ Yes ■ No

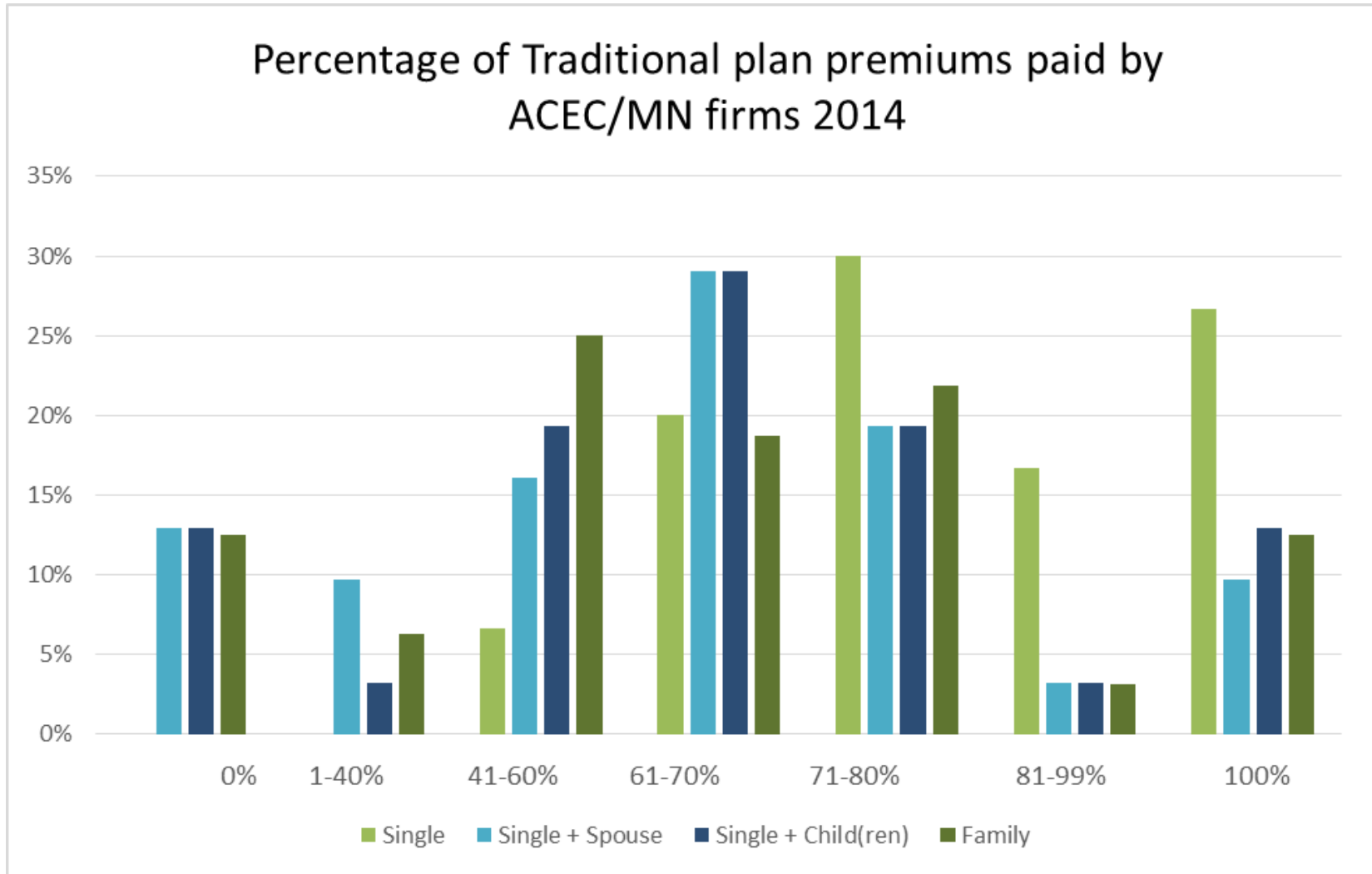
Does your firm provide traditional health insurance or HRA/HSA?



■ Traditional Health Insurance ■ HRA/HSA ■ Both Traditional and HRA/HSA

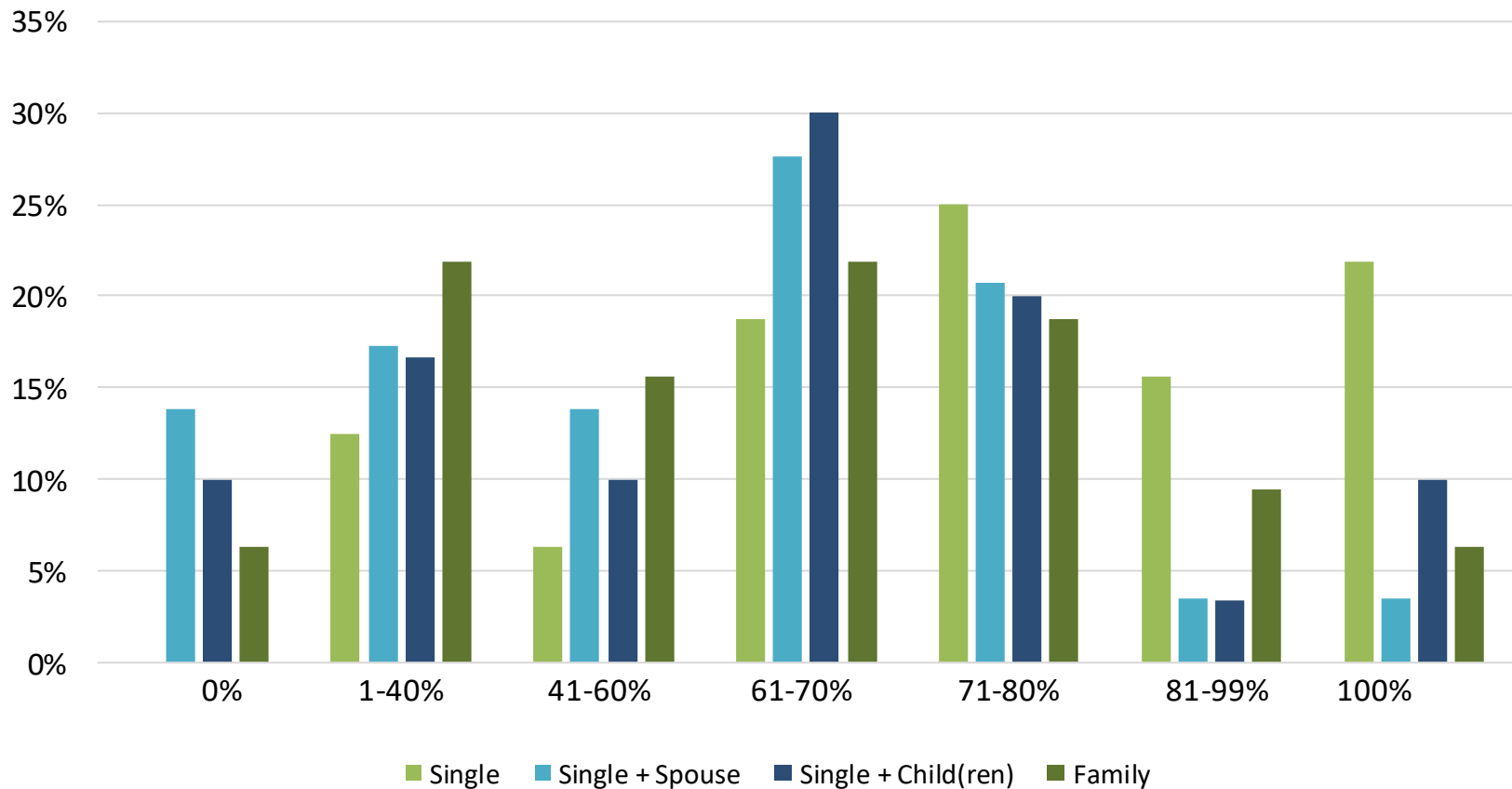


ACEC/MN Health Insurance Premium Comparison – Traditional Plan



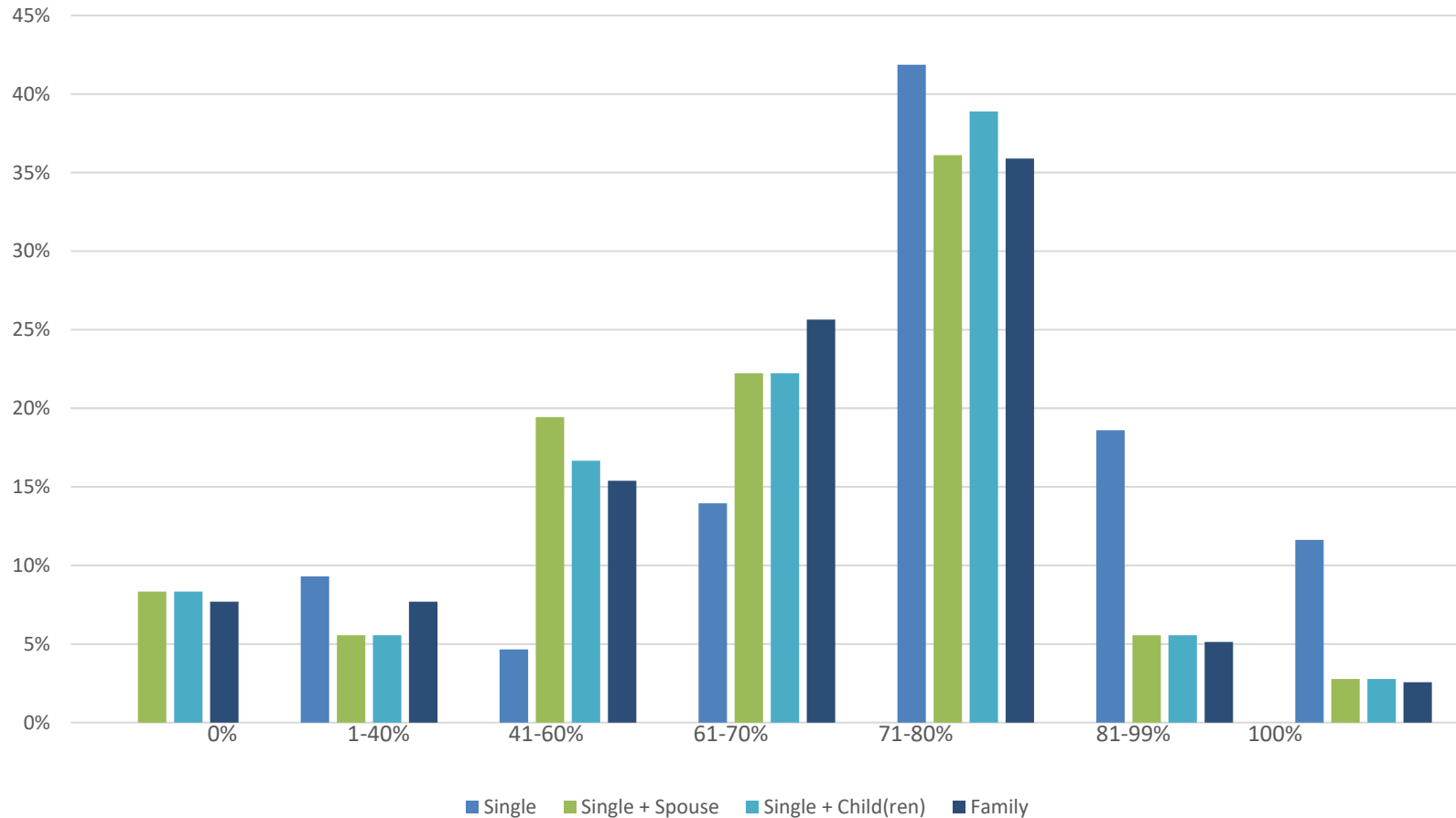
ACEC/MN Health Insurance Premium Comparison – Traditional Plan

Percentage of Traditional plan premiums paid by
ACEC/MN firms 2016



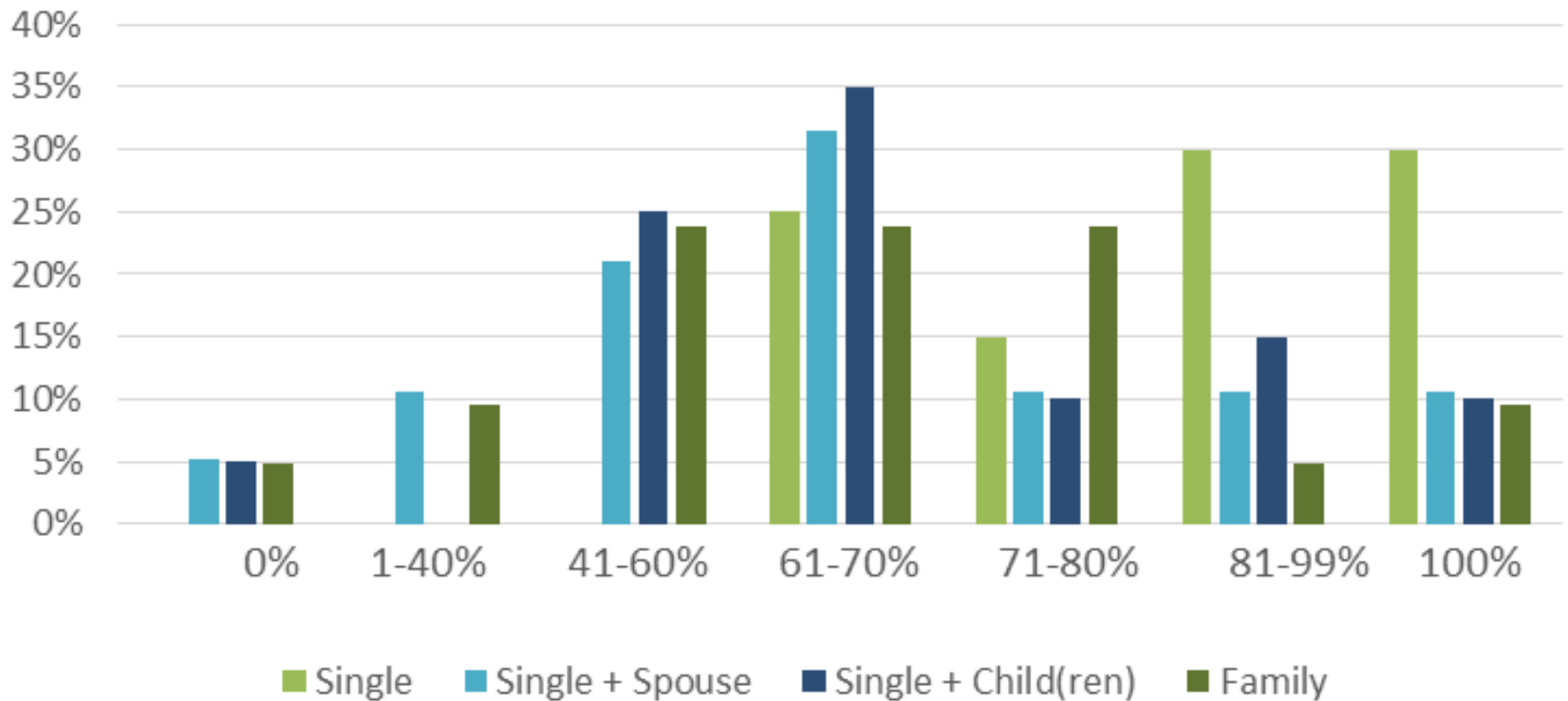
ACEC/MN Health Insurance Premium Comparison – Traditional Plan

Traditional Plan Premium Paid by Employer 2017

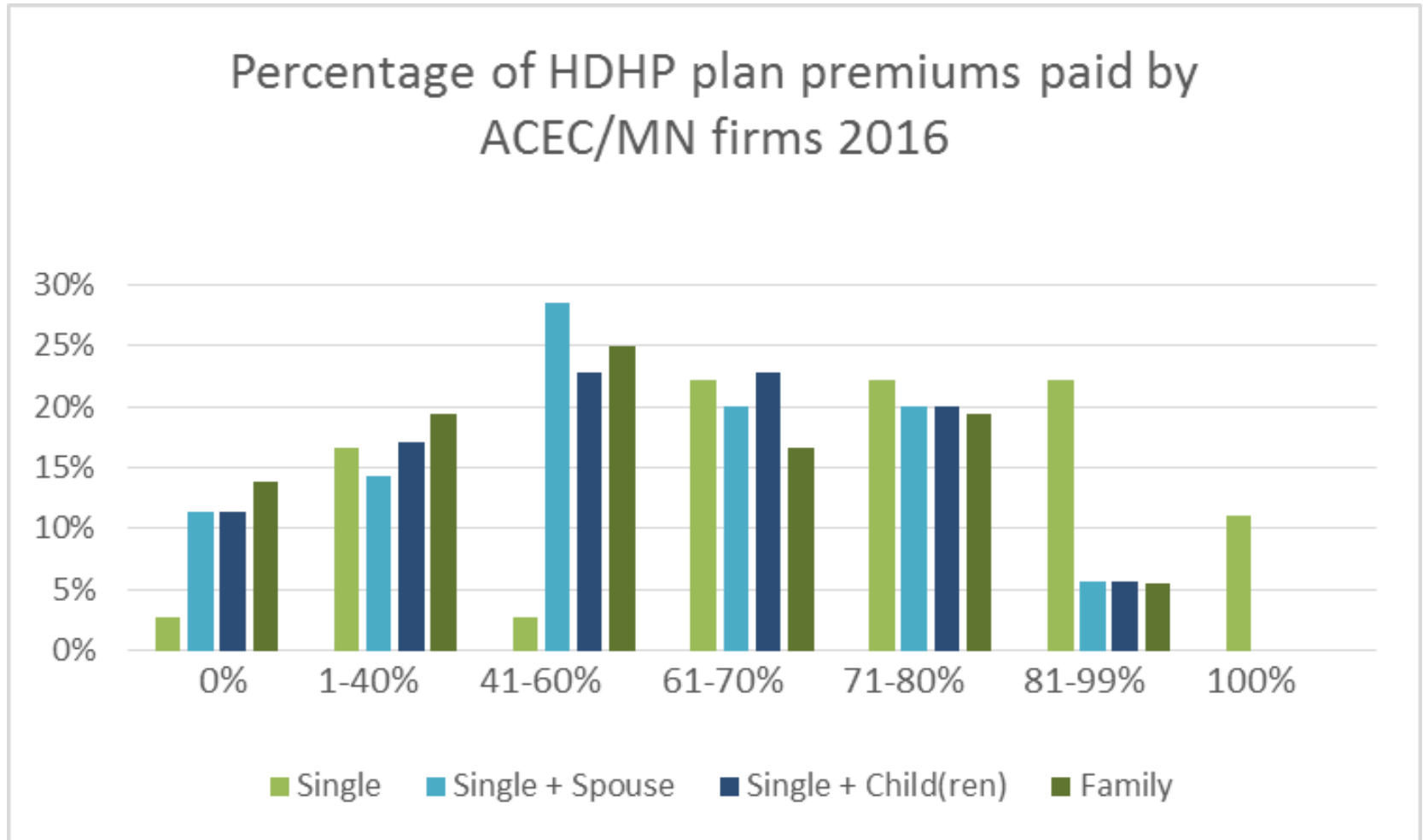


ACEC/MN Health Insurance Premium Comparison – HDHP Plan

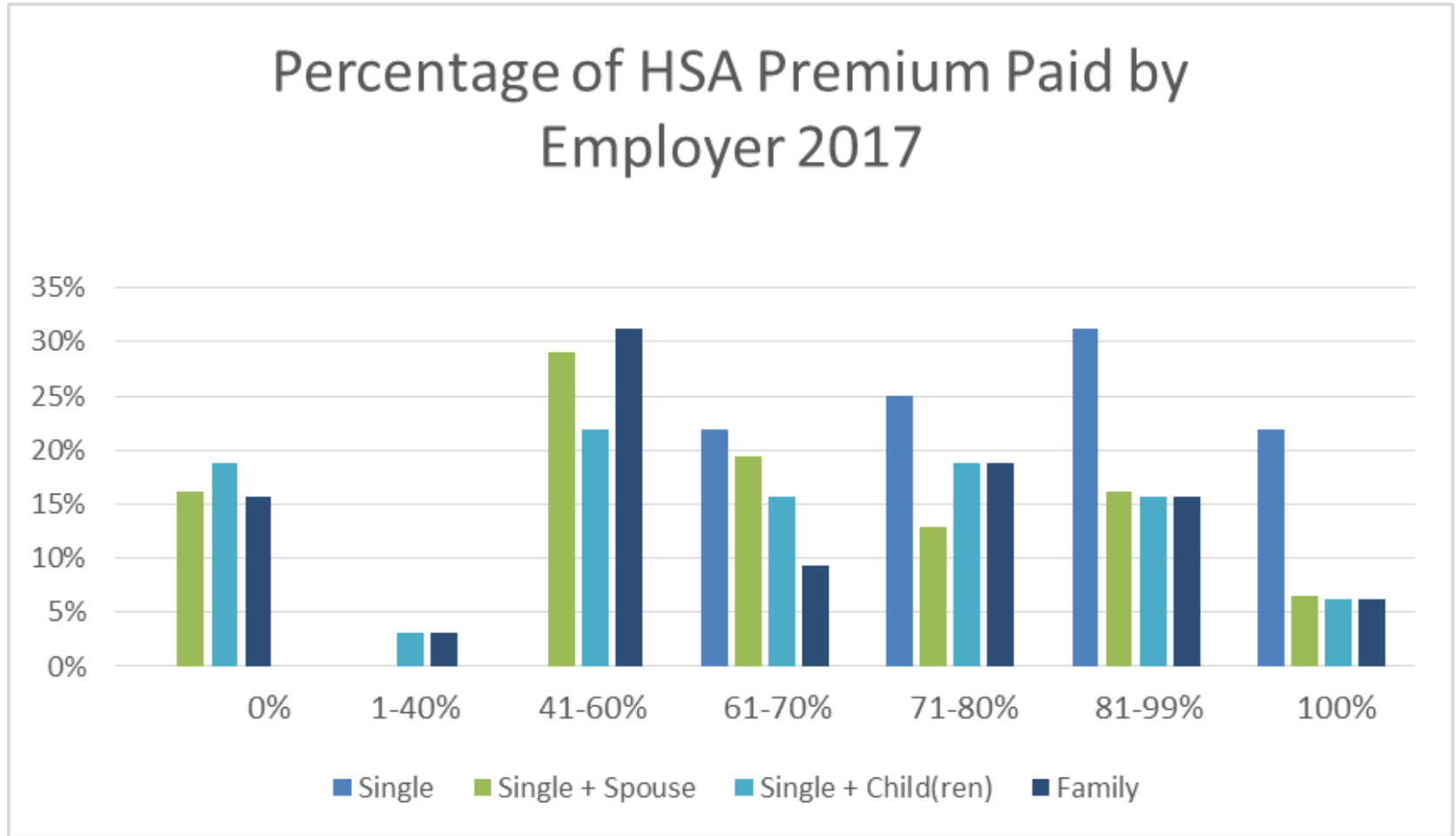
Percentage of HDHP plan premiums paid by
ACEC/MN firms 2014



ACEC/MN Health Insurance Premium Comparison – HDHP Plan

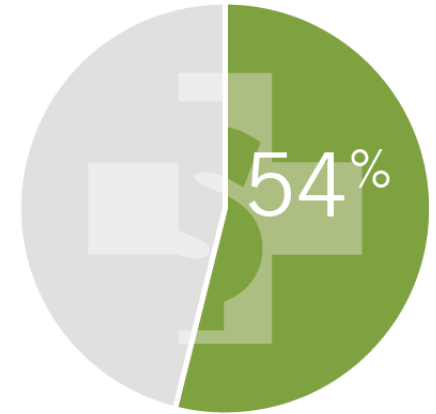
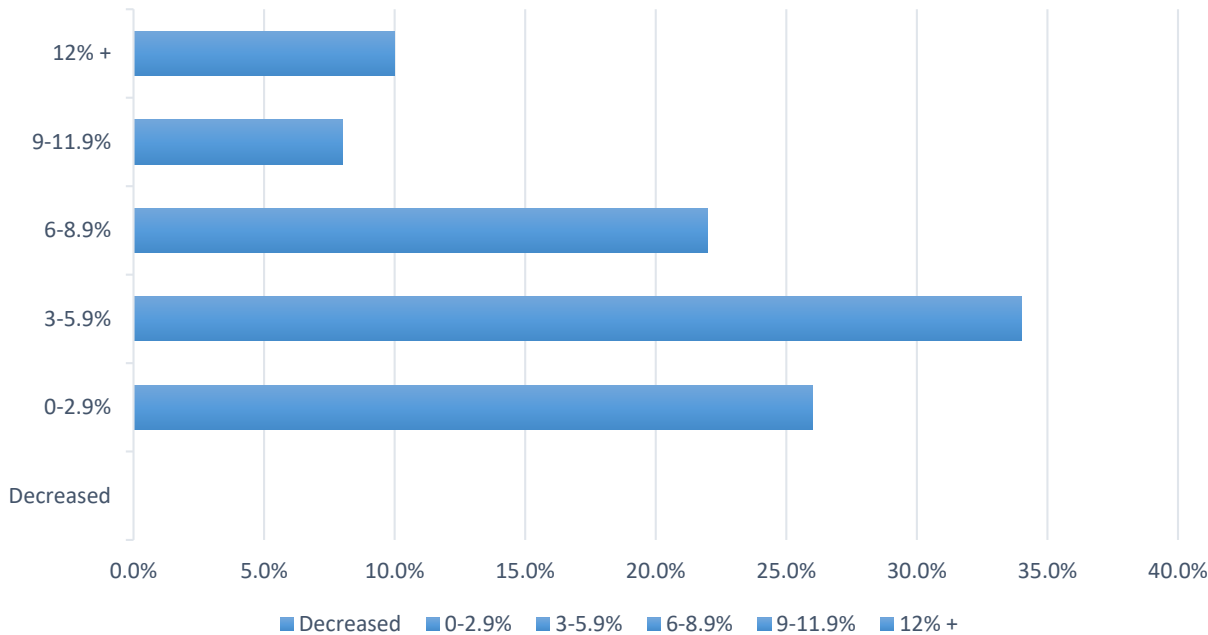


ACEC/MN Health Insurance Premium Comparison – HDHP Plan



ACEC/MN Medical Plan Key Findings

What was the percentage of your health plan premium increase at the most recent renewal?



For 54% of employers, health premiums increased 5% or more at the most recent renewal

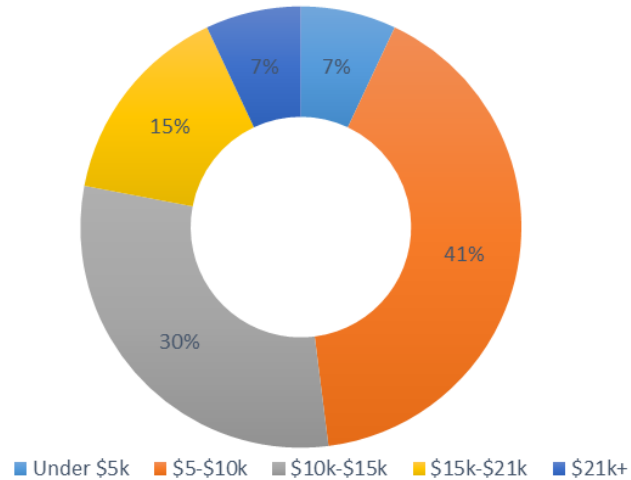
AJG National Survey



The average annual HSA contribution made by ACEC/MN firms was \$500-\$1,000 for single coverage and \$1,000-\$2,500 for family coverage.

ACEC/MN Medical Plan Key Findings

ACEC/MN Total Benefit Spend Per Eligible Employee



Total annual benefit cost per eligible employee*

Under \$5,000	17%
\$5,000 to \$9,999	43%
\$10,000 to \$14,999	22%
\$15,000 to \$19,999	10%
\$20,000+	9%

*Due to rounding, percentages do not total 100%.

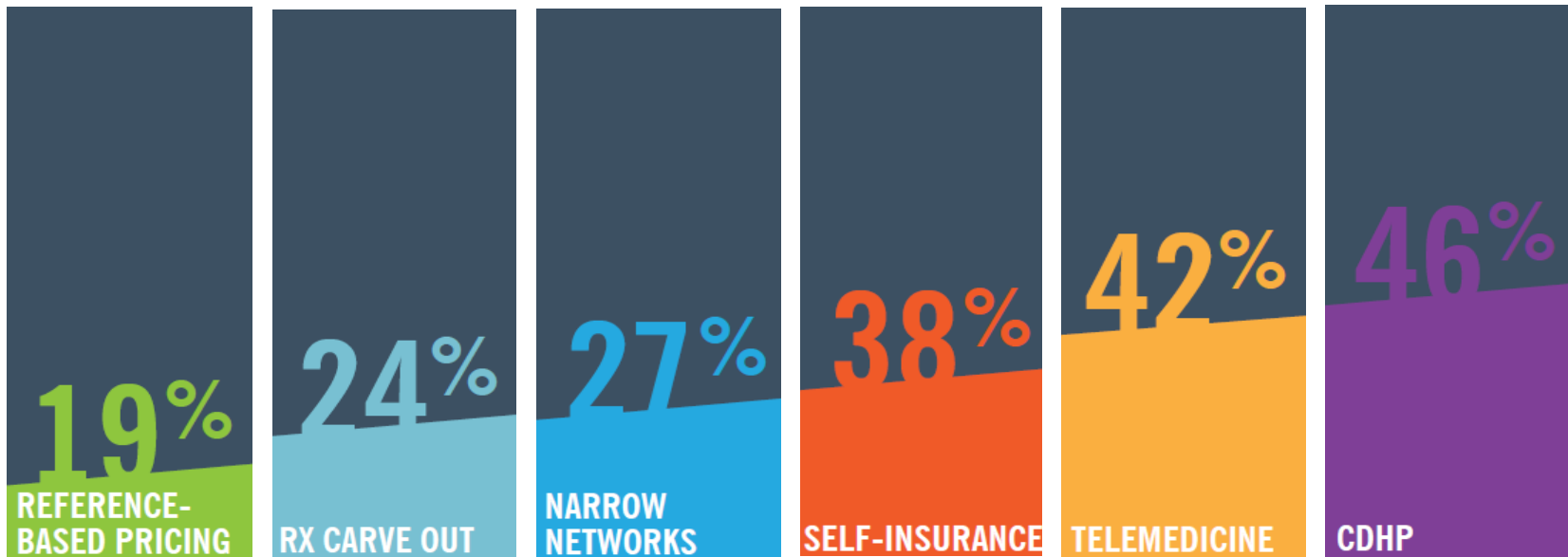
AJG National Survey



Total Benefit Spend = Any employer paid benefit including medical, dental, vision, disability, life insurance, retirement plans and any other programs that are paid for by the firm.

Emerging Trends – Gallagher Survey

Trending Cost Containment Strategies

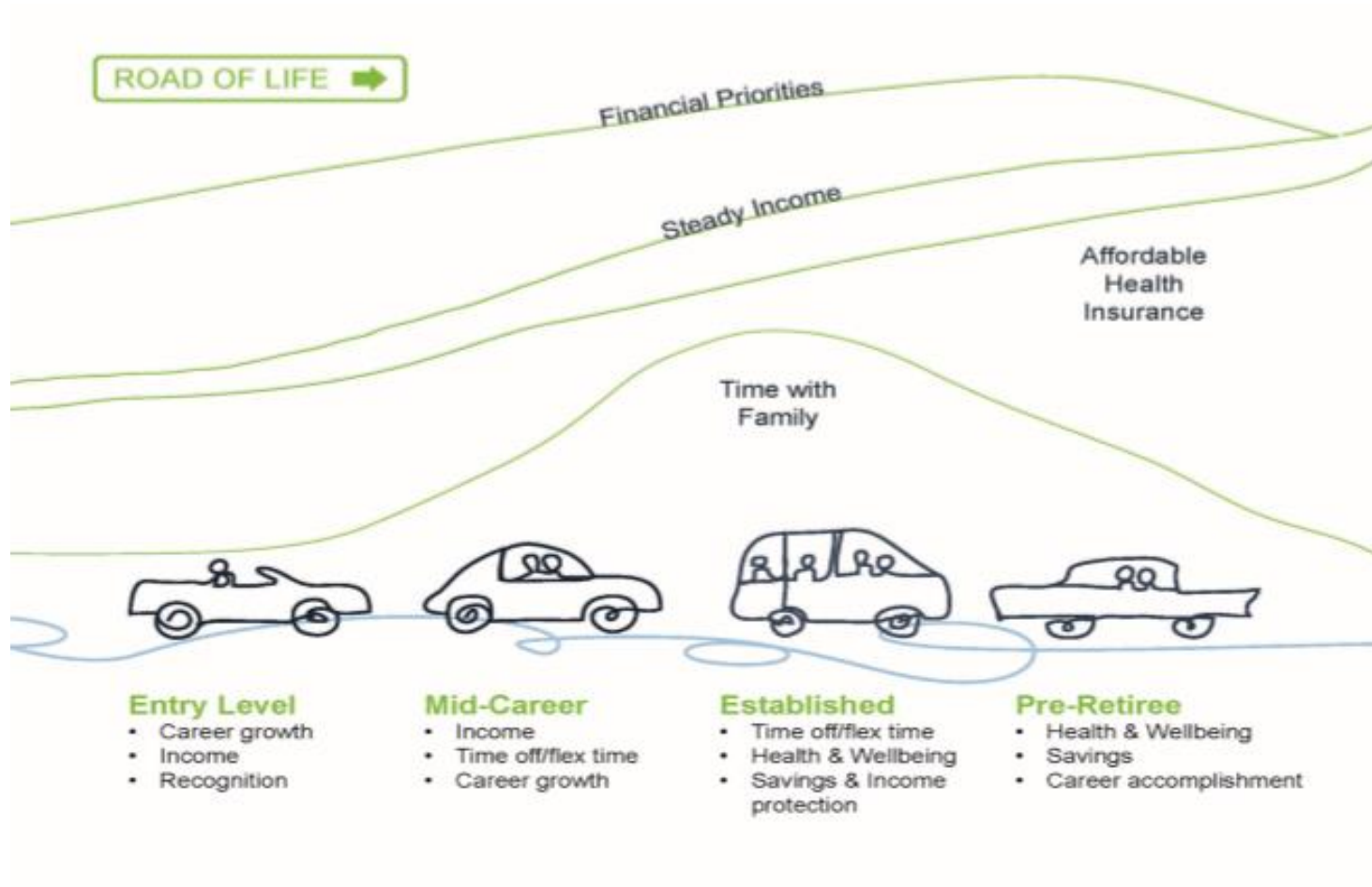


Broad-spectrum wellness program options



Emerging Trends – Gallagher Survey

**The Workforce Is More Diverse—One Size Fits All Doesn't Meet Everyone's Needs
Employees Want Customization**





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Thank You