

*4th Annual*  
**EMPLOYEE BENEFIT  
PLAN SURVEY**

# Introduction

Aronson's Employee Benefit Plan Services Group is proud to announce the results of its 4th Annual Benefit Plan Survey. The survey is designed to help employers get a better understanding of the overall benefits landscape. Its release comes at a time when the overall economy is fairly strong with salaries that are rising. Employers across all industries are struggling to meet the needs of a cross generational workforce in an effort to promote a culture that is consistent with their business mission and keep their employees happy. There is continued uncertainty with the status of healthcare due to the impact of the ACA and the direction of the current Administration. Employers are always looking to come up with innovative ideas to keep employees satisfied and productive. The challenge is to balance the cost of these ideas with the benefits they produce while always looking ahead.

Our survey spans the industries that are representative of the Washington, D.C. metropolitan marketplace and is designed to help employers gain a better understanding of some of the benefits being provided by their peers and the associated challenges in doing so.

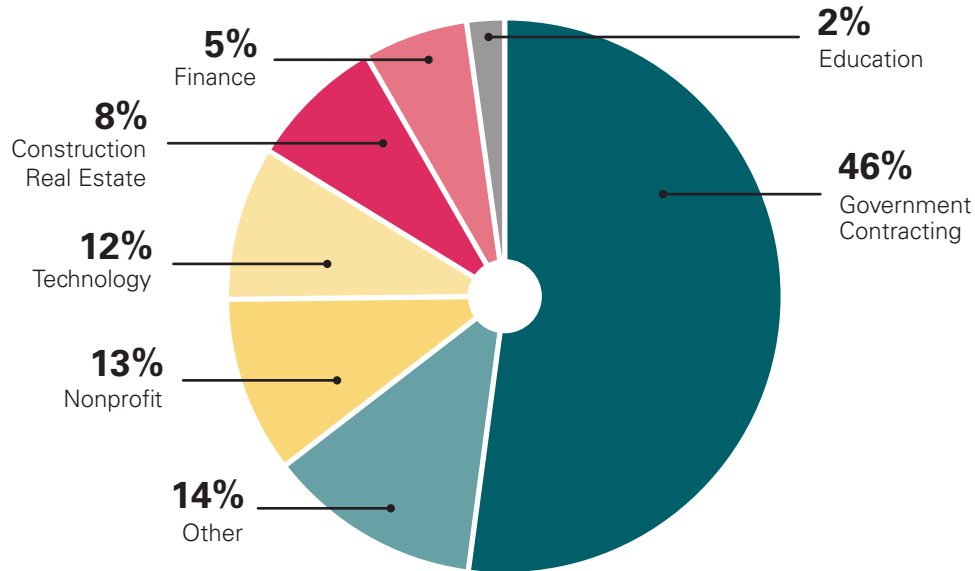
**The race to keep the best and brightest is highly competitive and no employer wants to be left behind! Although this is primarily a tool for your benchmarking purposes, as you review the information it may give rise to questions. Please feel free to reach out to Aronson for answers and potential solutions.**

Aronson's Employee Benefit Plan Services Group is a team of experienced benefit plan auditors and consultants who help clients get the most out of their plan in consideration of the current regulatory framework. Whether you need a benefit plan auditor or somebody to help you design and implement a cost-effective plan, we are here to support your business goals and provide guidance before, during and after the engagement. With a strong commitment to personal service and attention, Aronson's Employee Benefit Plan Services Group offers custom solutions for your unique business. Please call us at 301.231.6200 for more information regarding the survey results or the services we offer.

## SURVEY DEMOGRAPHICS

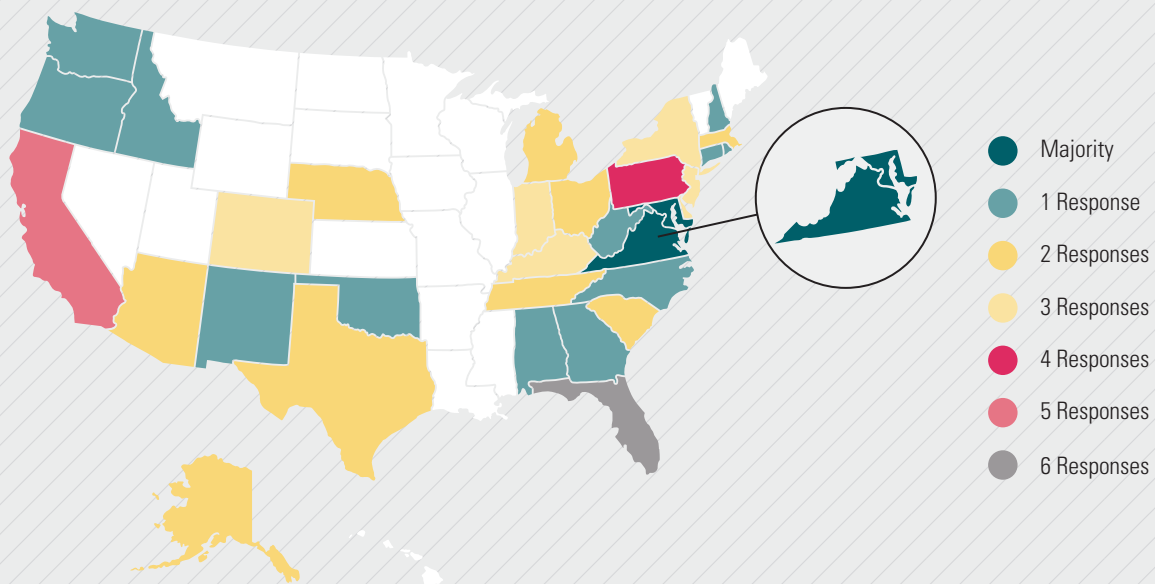
### WHAT INDUSTRY ARE YOU IN?

Approximately 46% of the 259 respondents to the survey indicated they worked in government contracting, with the next closest industries being nonprofit and technology companies. This is not surprising given that the majority of respondents (77%) were located in the DC/MD/VA area, and these are the region's most prevalent industries. The majority of the respondents in the "other" category (14%) indicated they worked in engineering, healthcare, automotive, professional services, and life sciences.



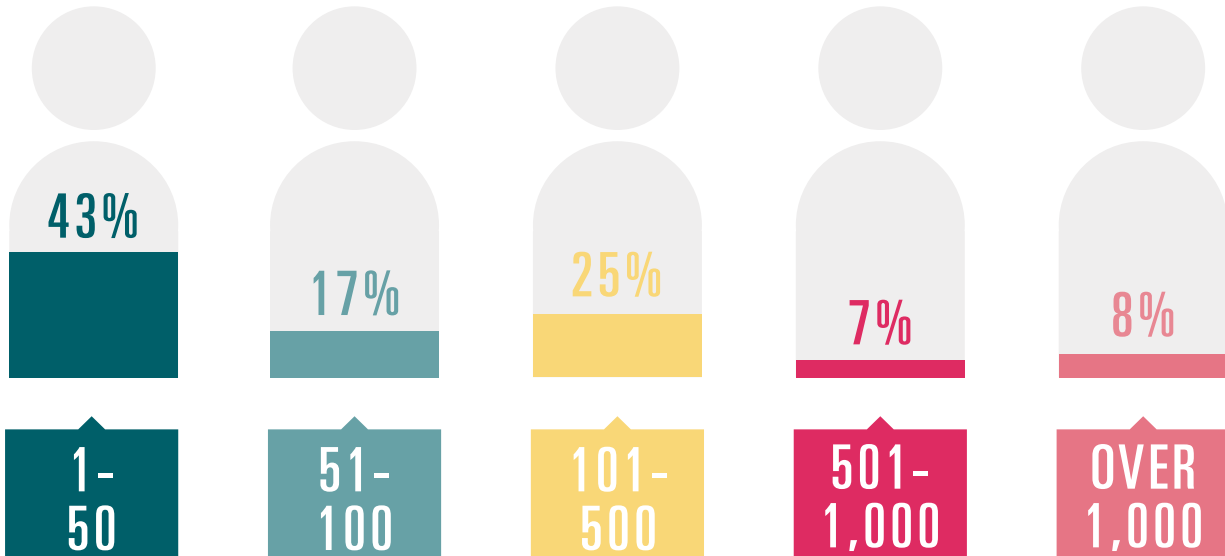
### WHAT STATE OR U.S. TERRITORY ARE YOU LOCATED IN?

Respondents were from 31 of the 50 states, plus the District of Columbia. Approximately 77% were from the Mid-Atlantic region, which includes Washington, D.C., Virginia and Maryland.

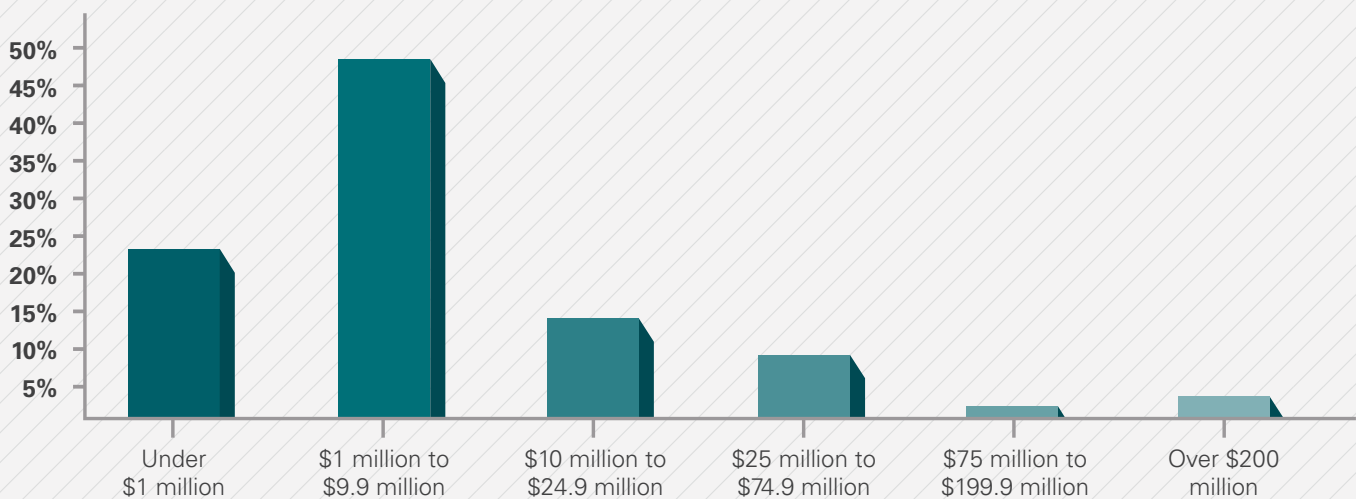


## HOW MANY EMPLOYEES DO YOU HAVE?

The survey asked respondents to indicate the size of their organization and retirement plans, based on the number of employees and plan assets. Where relevant, we have provided survey results separately for respondents with over 100 employees and those with less than 100 employees.

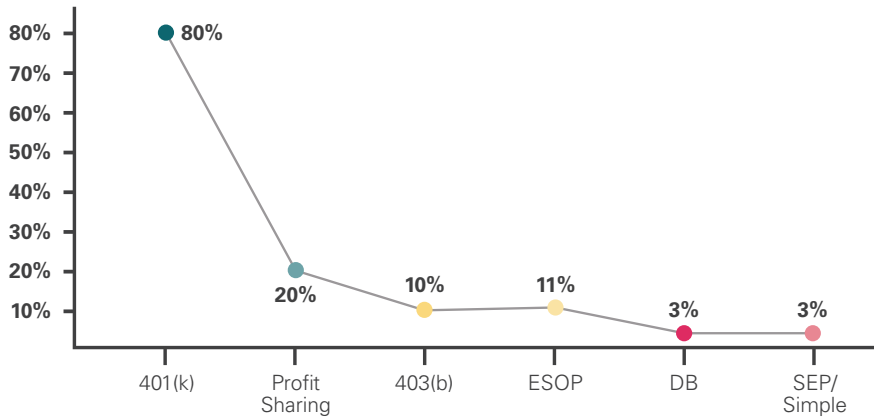


## WHAT IS THE APPROXIMATE SIZE OF YOUR PRIMARY RETIREMENT PLAN?



## WHAT TYPE OF PLAN DO YOU HAVE?

There are two general types of retirement plans: defined benefit and defined contribution. Defined contribution plans (e.g. 401(k) plans) establish the parameters of the contributions made to the plan. The benefit to the participant is dependent on the contributions and the growth in the participant's account. A defined benefit plan (e.g. pension plan) defines the benefit the participant is entitled to receive upon retirement. The contributions to a defined benefit plan are determined using actuarial assumptions to ensure the plan has enough funds to pay the promised benefits.



### OTHER PLANS NOTED

- **Non-Qualified** (e.g. stock appreciation rights, deferred compensation)
- **401(a)** for SCA employees
- **457(b)**

#### 401(k)

401(k) plans permit participants to contribute pre-tax income to be invested for retirement. These plans typically offer participants a choice of investments. Taxes are not paid until funds are withdrawn.

#### PROFIT SHARING

A profit sharing plan typically allows the company to provide retirement benefits to employees, but does not require the administrative burden of providing for participant deferral contributions. Participants are often permitted to choose their investments.

#### 403(B)

403(b) plans, which are sponsored by nonprofit organizations, have similar features to the 401(k) plan.

#### ESOP

Employee Stock Ownership Plans (ESOPs) use plan sponsor stock as the primary investment for employer contributions made to the plan, thereby developing a culture of employee ownership. ESOPs have an additional layer of complexity and can be very costly to plan sponsors if they are not administered properly.

#### DEFINED BENEFIT

Use of defined benefit plans continues to decline due to costs, and more and more sponsors are freezing and terminating these plans. Pension risk management strategies continue to be at the forefront for sponsors that maintain these plans.

#### SEP/SIMPLE

Simplified Employee Pensions (SEPs) and SIMPLE plans are more basic vehicles with streamlined features that remove much of the compliance burden found in most qualified plans. These can be very productive options for employers with limited administrative resources who do not need all of the bells and whistles available with other plan types.

\*Note - Percentages exceed 100% as respondents could select all that apply.

## PLAN ADMINISTRATION

DO YOU USE AN OUTSIDE ADVISOR, AND IF SO, HOW OFTEN DO YOU MEET WITH THEM?



**75%**  
RESPONDED YES



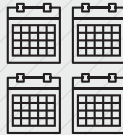
**25%**  
RESPONDED NO

### AND WE MEET... PLANS WITH LESS THAN 100 PARTICIPANTS

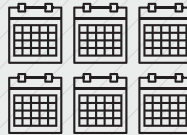
Monthly - **2%**



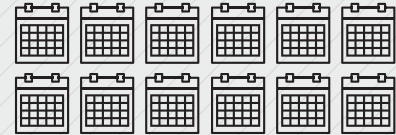
Quarterly - **15%**



Semi-Annually - **14%**



Annually - **24%**



As Needed - **17%**

No Advisor - **28%**

### AND WE MEET... PLANS WITH MORE THAN 100 PARTICIPANTS

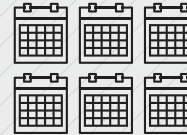
Monthly - **3%**



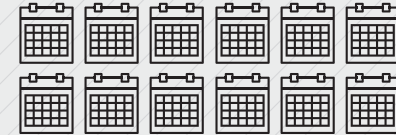
Quarterly - **26%**



Semi-Annually - **22%**



Annually - **13%**



As Needed - **12%**

No Advisor - **24%**

#### PROS Of Advisors

You are able to utilize the expertise of an advisor to make sound financial choices for your employees and assist you in maintaining your fiduciary responsibility over the plan.

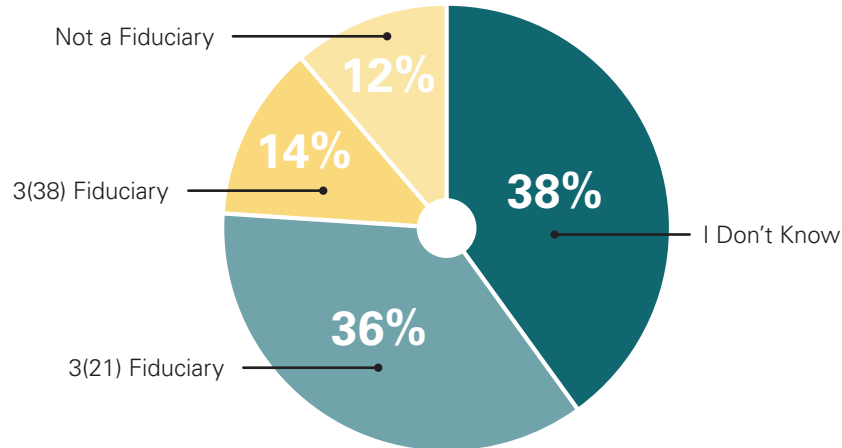
#### CONS Of Advisors

Advisors are not free. It is important to do your due diligence to find an effective advisor at a reasonable cost.

#### TREND ANALYSIS - CONSISTENT WITH PRIOR YEAR

**OBSERVATION:** SOMEWHAT SURPRISING TO SEE HALF OF PLANS OVER 1,000 PARTICIPANTS NOT USING AN ADVISOR.

## IF YOU USE A FINANCIAL ADVISOR, WHAT TYPE OF FIDUCIARY ARE THEY?



Over the last several years, employers have been engaging advisors that meet special "fiduciary" requirements under ERISA.

- **3(21)** Fiduciary is an advisor that provides investment advice in a co-fiduciary role, but the plan sponsor still retains discretion over plan investment choices.
- **3(38)** Fiduciary is an advisor that has been given the authority to choose plan investments. Generally, a sponsor is able to shed more fiduciary risk than by using a 3(21) advisor.

By using an advisor that is also a fiduciary, employers can reduce some of the risk that is inherent with being a plan trustee. However, they cannot eliminate all of the risk.

### PROS

Co-fiduciary services can help protect plan trustees and reduce risk.

### CONS

Failure to have a co-fiduciary can put the plan sponsor at increased risk in the event of being sued. Having a co-fiduciary does not absolve an employer of all of their fiduciary responsibility.

**OBSERVATION: IT IS VERY SURPRISING TO SEE SO MANY LARGE PLAN SPONSORS NOT KNOWING THE FIDUCIARY STATUS OF THEIR PLAN ADVISOR. GIVEN THE PREVALENCE OF CLASS ACTION LAWSUITS BROUGHT AGAINST PLAN SPONSORS FOR BREACH OF FIDUCIARY DUTY, ONE WOULD HAVE THOUGHT THAT THIS NUMBER WOULD BE MUCH LOWER.**

DO YOU HAVE A 401K COMMITTEE, AND IF SO, HOW OFTEN DO YOU MEET?



**43%**  
RESPONDED YES



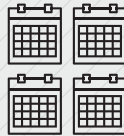
**57%**  
RESPONDED NO

AND WE MEET... OVERALL RESULTS

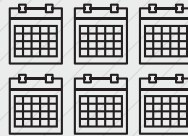
Monthly - **3%**



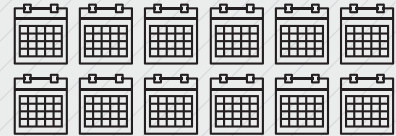
Quarterly - **34%**



Semi-Annually - **26%**



Annually - **22%**



As Needed - **15%**

**PROS** **Of Committee**

Broadens the responsibility of the plan to multiple individuals.

**CONS** **Of Committee**

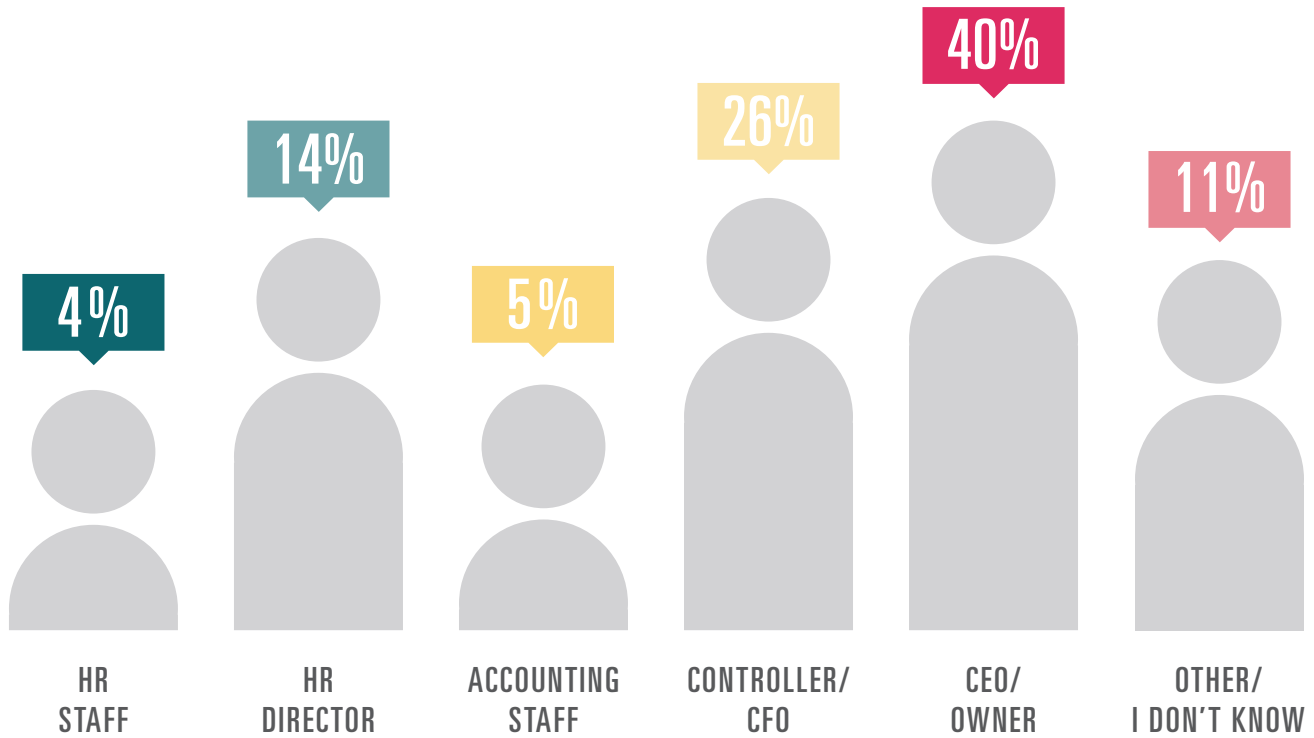
There are only so many hours in a day...This becomes a low priority to plan sponsors.

**TREND ANALYSIS - IT WAS SURPRISING TO SEE A DROP IN THE USAGE OF PLAN COMMITTEES, AN OVERALL REDUCTION OF 7% FROM THE PRIOR YEAR.**

**OBSERVATION: IT IS VERY COMMON FOR SMALLER COMPANIES TO NOT HAVE A TRUSTEE/FIDUCIARY COMMITTEE. HOWEVER, IT WAS VERY SURPRISING TO SEE ALMOST 40% OF COMPANIES WITH MORE THAN 100 PARTICIPANTS NOT HAVE A PLAN COMMITTEE.**



WHO "INTERNALLY" IS ULTIMATELY RESPONSIBLE FOR THE PLAN?



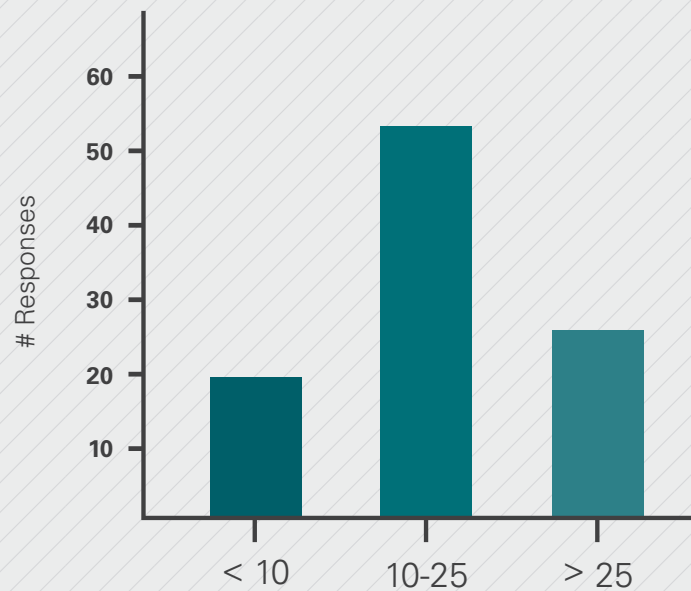
TREND ANALYSIS - NOTHING PARTICULARLY STRIKING.

**OBSERVATION:** LARGER ORGANIZATIONS INDICATED "OTHER" FAR MORE FREQUENTLY THAN SMALLER ORGANIZATIONS AND OFTEN TIMES THE "OTHER" WAS A GROUP OR COMMITTEE.

## PLAN ARCHITECTURE

### HOW MANY INVESTMENT OPTIONS DO YOU HAVE?

The trend over the last several years has been to have a more limited number of investment options with some plans even going to a menu of only index funds. Plan sponsors have come to the realization that participants can become paralyzed by too many choices and this causes increased fiduciary risk. Sponsors must achieve a delicate balance based on their employee base.



Last year at this time, the Department of Labor's Fiduciary Rule implementation date had yet again been delayed. Since then the Rule has taken a beating from current policy makers and will likely never go into effect.

Nonetheless, practitioners believe that the Rule has forever changed the way advisors interact with retirement plan sponsors and fiduciaries. The "best interest" standard should be used by all plan sponsors when evaluating their advisor and they should think twice about an advisor who is not willing to operate under this standard.

### DO YOU PROVIDE AUTO ENROLLMENT IN YOUR PLAN?

#### UNDER 100

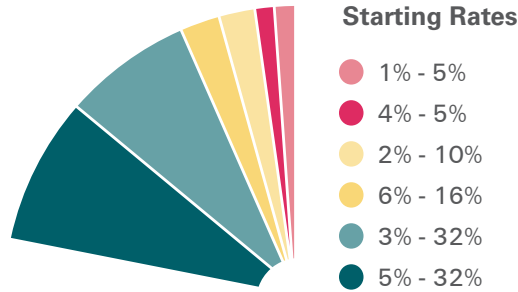


**20%**  
RESPONDED YES



**80%**  
RESPONDED NO

### MY STARTING RATE IS...



OVER 100

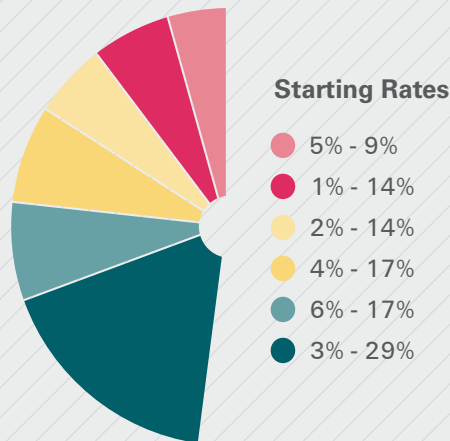


**47%**  
RESPONDED YES



**53%**  
RESPONDED NO

### MY STARTING RATE IS...



In an effort to get more workers to save for retirement, many employers provide for automatic enrollment in their retirement plans. Basic automatic enrollment features allow an employer to automatically deduct elective deferrals from an employee's wages unless the employee makes an election not to contribute or to contribute a different amount. Only 31% of total respondents indicated they have this feature for their plan, down from 34% in the prior year. The percentage of larger plans with the feature increased marginally and the number of smaller plans with the feature decreased slightly. In our practice, we have seen a few plans drop this feature because of the administrative burden.

## DOES YOUR AUTO ENROLLMENT FEATURE INCLUDE AN AUTO ESCALATION PROVISION?

## UNDER 100



## OVER 100



These results are consistent with the prior year, with only a modest increase in the number of respondents now offering the escalation. As in the prior year, the majority of reported escalation rates were

**1%**  
PER YEAR

WITH CAPS VARYING FROM  
**6%-15%**

**PROS** **To Automatic Enrollment**

Increased participation, which generates better nondiscrimination testing results. Increased number of individuals saving for retirement, as they did not need to take action to enroll.

**CONS** **To Automatic Enrollment**

Concerns that when starting rates are set too low, participants tend to contribute at these lower rates for longer than they should, thus not saving enough. This can be somewhat mitigated by adoption of the automatic escalation provisions. Increased costs to the employer, due to higher matching contributions. Increased administrative burden to administer the provisions.

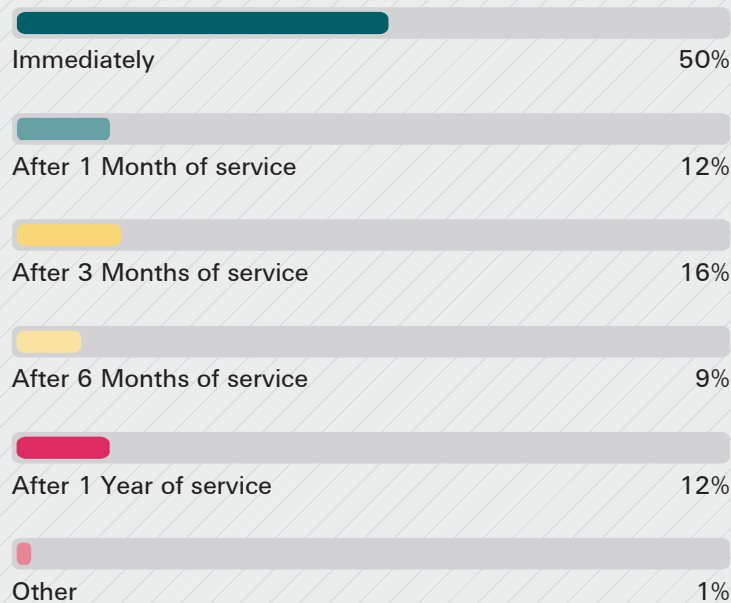
The following provisions give employers the most trouble when administering auto-enrollment provisions:

- Who should be auto-enrolled, new employees or all employees without an enrollment election? Employers often do not know who their document specifically says must be enrolled.
- When should employees be auto-enrolled? Some employers struggle to consistently enroll employees in a timely manner.
- Applying the automatic contribution increase often causes difficulties. Employers do not seem to have a good process for applying auto increases in a consistent, accurate manner.
- Employers must take care to provide a uniform application of auto-enrollment provisions.

**OBSERVATION: IT IS IMPORTANT TO UNDERSTAND THE TIMING OF THE STEP-UP (E.G. SAME DATE FOR ALL PARTICIPANTS, PARTICIPANT'S ANNIVERSARY OF AUTO-ENROLLMENT). ERRORS CAN RESULT IN MISSED DEFERRAL OPPORTUNITIES AND CAN REQUIRE CORRECTIONS THAT ARE LESS COSTLY IF CERTAIN CONDITIONS ARE MET. THE NEW OPTIONS WERE MADE AVAILABLE IN AN EFFORT TO MAKE AUTO-ENROLLMENT AS A WHOLE MORE ATTRACTIVE TO PLAN SPONSORS.**

\*\*Many of our plan sponsors rely heavily on their third party provider to administer these provisions. Be sure to implement proper oversight of the process to ensure it is functioning as expected.

### WHAT IS YOUR WAITING PERIOD OR SERVICE REQUIREMENT BEFORE EMPLOYEES ARE ELIGIBLE TO PARTICIPATE?



## EMPLOYER CONTRIBUTIONS

### IS YOUR PLAN A SAFE HARBOR 401(K) PLAN?

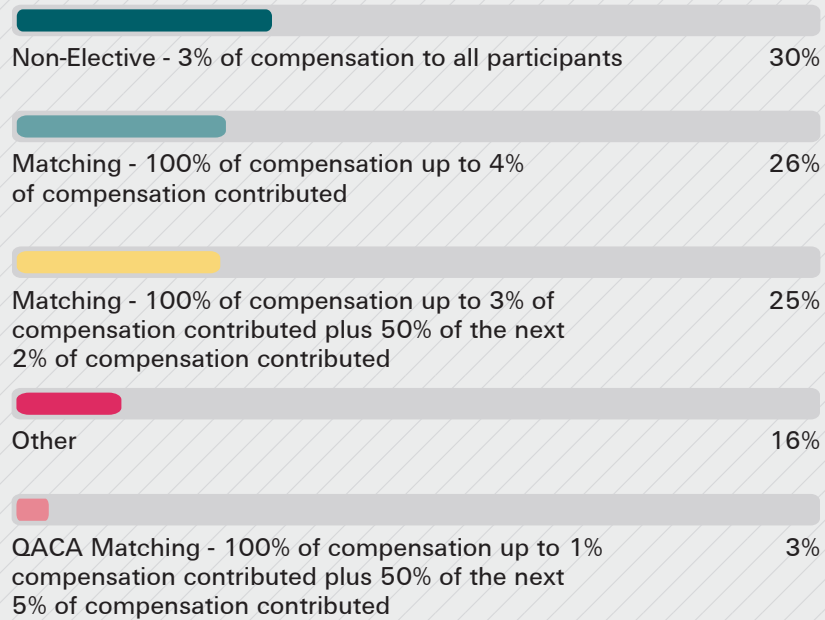


**58%**  
RESPONDED YES



**42%**  
RESPONDED NO

### THE SAFE HARBOR CONTRIBUTION FORMULA IS....



### DO YOU HAVE A NON-SAFE HARBOR MATCHING CONTRIBUTION?

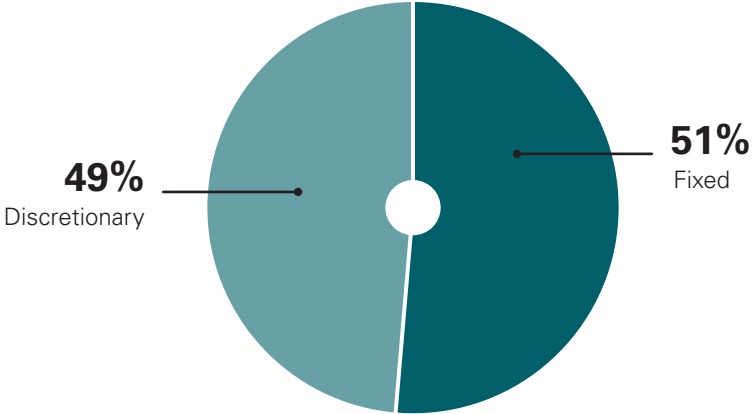


**32%**  
RESPONDED YES



**68%**  
RESPONDED NO

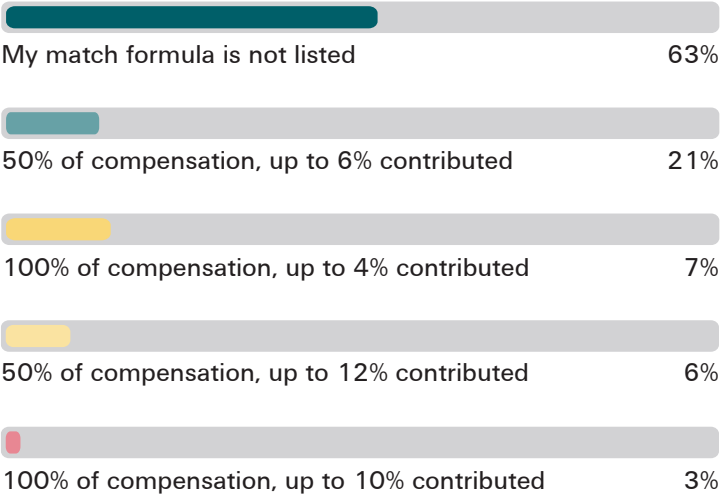
### WHAT IS YOUR NON-SAFE HARBOR MATCHING CONTRIBUTION?



### WHAT IS YOUR NON-SAFE HARBOR CONTRIBUTION FREQUENCY?



### WHAT IS YOUR NON-SAFE HARBOR MATCH FORMULA?



DO YOU HAVE A DISCRETIONARY PROFIT SHARING CONTRIBUTION  
AND IF SO, WHAT IS THE FORMULA?



**26%**  
RESPONDED YES



**74%**  
RESPONDED NO

TYPES OF CONTRIBUTIONS:

**4%** Of compensation **capped at \$5,000**

**7%** Of compensation

**2-8.75%** Of compensation based on **age and length of service**

**0-5%** Depending upon company profitability

**VARYING %** As determined by management

DOES YOUR PLAN CONTAIN PROVISIONS FOR PREVAILING WAGE FRINGE BENEFIT  
CONTRIBUTIONS TO THE PLAN (I.E. SERVICE CONTRACT LABOR STANDARDS, DAVIS BACON)?



**14%**  
RESPONDED YES



**86%**  
RESPONDED NO

TREND - NO CHANGES

IF YOU ANSWERED "YES" TO THE PREVIOUS QUESTION,  
DID YOU MAKE SUCH CONTRIBUTIONS?



**68%**  
RESPONDED YES



**32%**  
RESPONDED NO



Of those that said yes,

- 48%** Made the contribution in cash to the employees.
- 52%** Made a contribution to a bona fide benefit plan.



Construction contractors and subcontractors working on certain federal contracts must comply with the Davis-Bacon Act. This act requires these contractors to pay the laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for similar projects in the area, as set by the DOL.

Similarly, government contractors and subcontractors performing services under contracts covered by the Service Contract Labor Standards (formerly Service Contract Act (SCA)) must pay service employees in various classes no less than the wage rates and fringe rates in the area, also set by the DOL.

## PROS

For Making Prevailing Wage Contributions to the Plan

Cost savings. The bona fide fringe benefits that qualify to offset the obligation are often costs that would likely be incurred regardless of whether or not the employee is subject to a prevailing wage obligation. Therefore, the employer will not only retain and attract employees by offering these benefits, the costs assist in meeting the funding obligation for prevailing wage employees. Any excess obligation is deposited into the plan as a prevailing wage contribution. Because none of the obligation was met by paying cash to the employee, payroll taxes do not apply.

## CONS

For Making Prevailing Wage Contributions to the Plan

Burdensome administration. Significant time and effort is required to calculate and administer these contributions. The majority of our clients that make prevailing wage contributions to the retirement plan outsource the calculation of such contributions to a third party provider that specializes in prevailing wage contracts to relieve some of the burden. The typical retirement plan third party provider is not likely to have the expertise needed to perform these calculations.

As expected, the number of employees subject to these requirements often dictate whether an outside provider is used. Of the respondents to the survey who are making these contributions, 100% of those with less than 100 participants calculate the amounts internally. Of those with over 100 participants, 47% calculate the amounts internally, 47% use a third party provider at a cost to the company and 6% use a third party provider at a cost to the participant.

In our client base we are starting to see an increase in the use of health benefit trust accounts. The prevailing wage contributions are deposited to the account and medical and related costs or insurance premiums are paid from the account. Sponsors should remain cognizant that if such an arrangement is utilized, the plan will be considered a funded plan and an audit of the plan will be required if the participant count exceeds certain levels. The added cost for this audit should be considered when weighing the pros and cons of establishing such a trust.

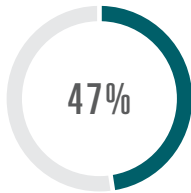
## BONA FIDE BENEFIT

Life Insurance, Health Insurance, Pension, Paid Time Off, Sick Leave

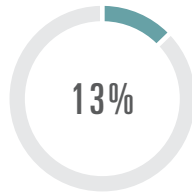
Regardless of whether employers choose to pay cash or use bona fide fringe benefits and a contribution to the retirement plan to meet the fringe obligation, it is critical to establish controls over the process to ensure the obligation is properly satisfied. Some of the errors we have seen over the years are as follows: not using the correct hours to calculate the obligation, not updating the fringe rate when the contract has been modified to incorporate a new hourly rate, not updating the cost of the fringe benefit when the insurance was renewed, and applying an inappropriate fringe benefit to offset the obligation. While it is rare for these errors to result in a material correction, given the complex nature of the calculation the opportunity for error is significant.

# VESTING

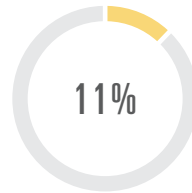
## WHAT IS YOUR VESTING SCHEDULE?



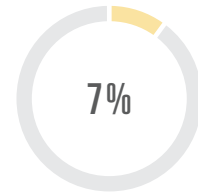
100% vested immediately



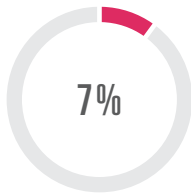
20% per year with full vesting after 5 years



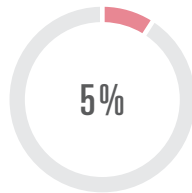
0% first year, 20% per year with full vesting after 6 years



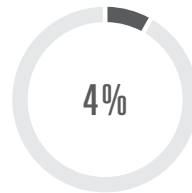
Cliff vesting reaching 100% vesting after 2 or 3 years



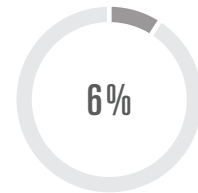
No schedule as no employer contributions allowed



25% vesting per year with full vesting after 4 years



33% vesting per year with full vesting after 3 years



Remaining respondents were other schedules with the most aggressive being 100% vesting after 1 year

## OTHER RESPONSES



100% vesting after 1 year of service



10% first year with full vesting after 6 years



30% after 1 year, 60% after 2 years and 100% after 3 years



50% after 1 year, 100% after 2 years

### PROS

Of Immediate Vesting Schedules

Assists in attracting and retaining talented employees. Helps to meet the condition of a safe harbor plan.

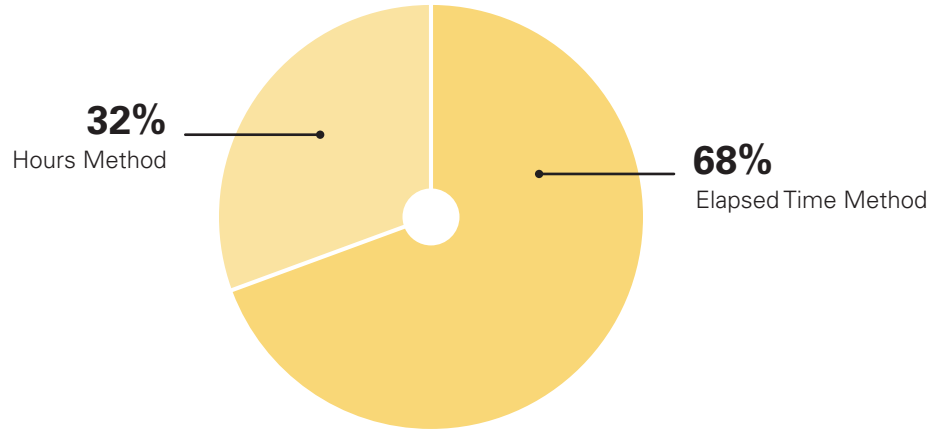
### CONS


Of Immediate Vesting Schedules

Costly to employers. No forfeitures available to offset future contributions or pay plan expenses. Removes an incentive for employees to stay until they reach full vesting.

**\*For those employers that have a vesting schedule, it is important to review the process and controls in place to ensure the proper vesting is applied to participants, even if the vested balance is being determined by a third party provider.**

### WHAT IS YOUR VESTING YEARS OF SERVICE METHOD?



**PROS**   
For Elapsed  
Time Method

Easy to administer. No requirement to track hours.

**CONS**   
For Elapsed  
Time Method

Can be costly for employers with a large part-time workforce.

**PROS**   
For Hours Method

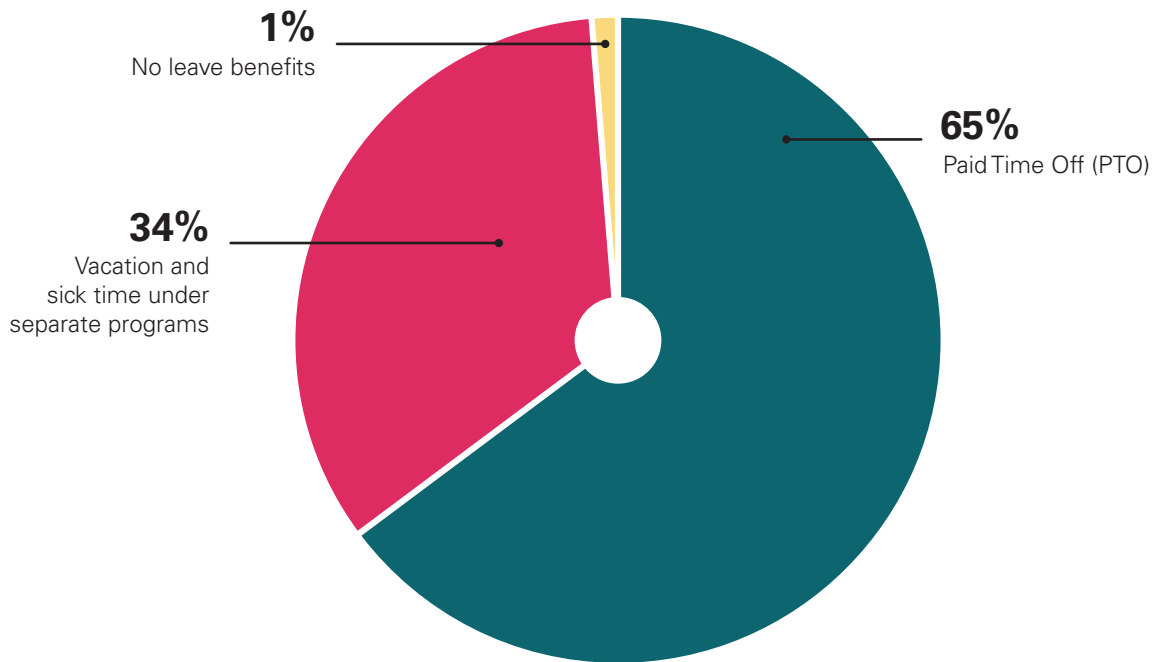
Credit is given only when employee works at least 1,000 hours.

**CONS**   
For Hours Method

Tracking hours is burdensome. Higher risk of error due to improper hours.

## OTHER BENEFITS

### WHAT TYPE OF LEAVE BENEFITS DO YOU PROVIDE YOUR EMPLOYEES?



### PTO

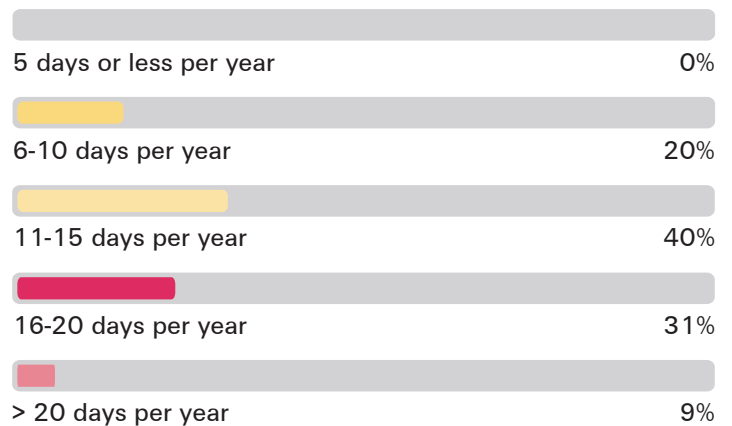
#### DO YOUR EMPLOYEES ACCRUE PTO AT THE SAME RATE?



#### HOW MANY DAYS OF PTO DO EMPLOYEES ACCRUE PER YEAR?

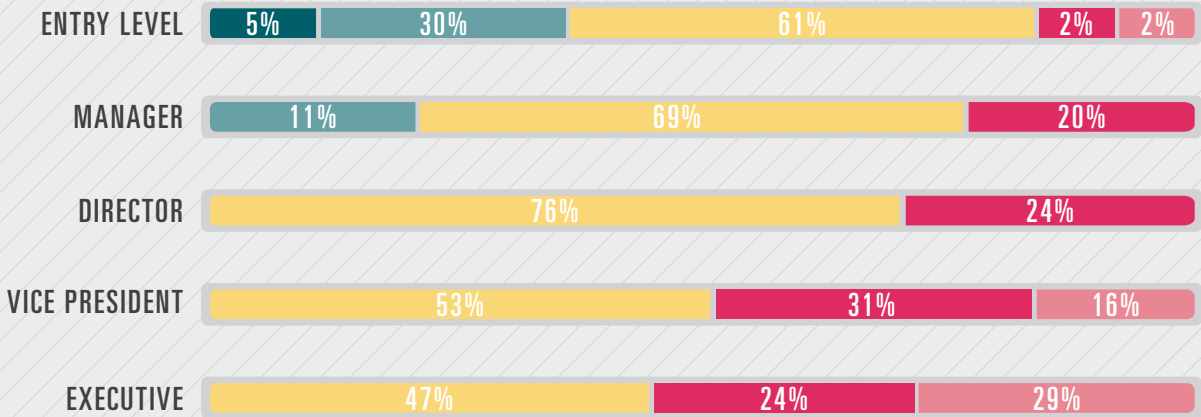


#### EMPLOYERS WHO DO NOT PROVIDE UNLIMITED PTO PROVIDE THE FOLLOWING DAYS OF PTO PER YEAR.

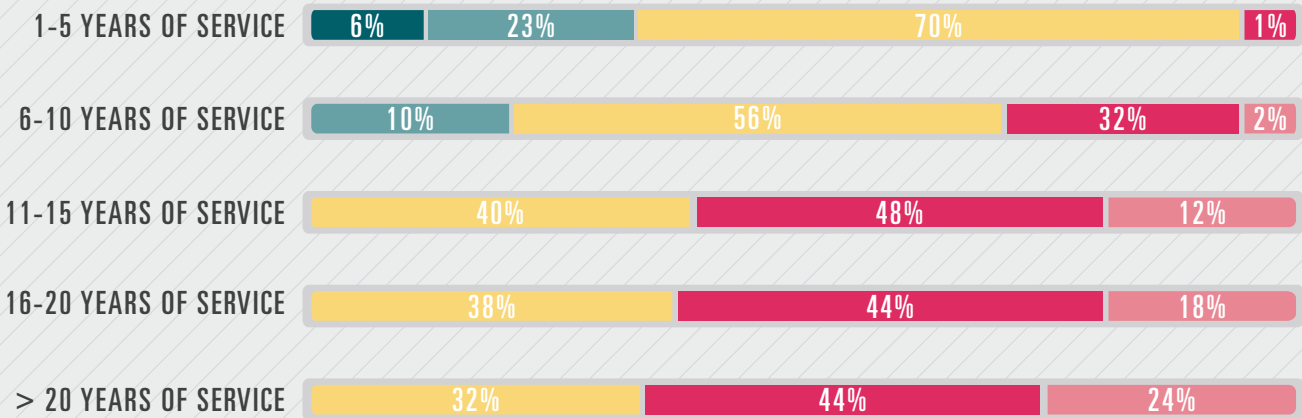


### HOW ARE YOUR PTO DAYS SEGMENTED?

#### BY POSITION

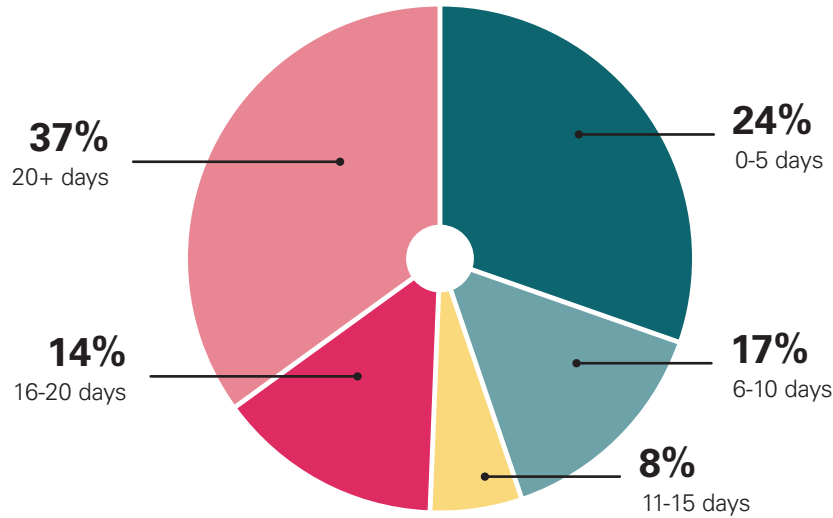


#### BY TENURE



● 1-5 days ● 6-10 days ● 11-20 days ● 21-29 days ● 30+ days

HOW MANY DAYS DO YOU ALLOW YOUR EMPLOYEES TO ROLLOVER TO THE SUBSEQUENT YEAR?



DO YOU OFFER CASH PAYOUTS FOR THOSE HOURS IN EXCESS OF THE CAP?



**21%**  
RESPONDED YES



**79%**  
EMPLOYEES LOSE HOURS  
OVER THE CAP

VACATION

DO YOUR EMPLOYEES ACCRUE VACATION, EXCLUDING SICK LEAVE, AT THE SAME RATE?



**29%**  
RESPONDED YES

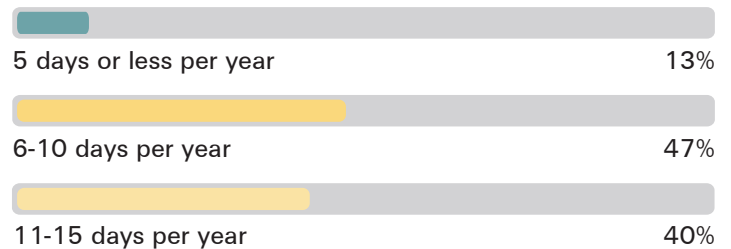


**71%**  
RESPONDED NO

HOW MANY DAYS OF VACATION DO EMPLOYEES ACCRUE PER YEAR?

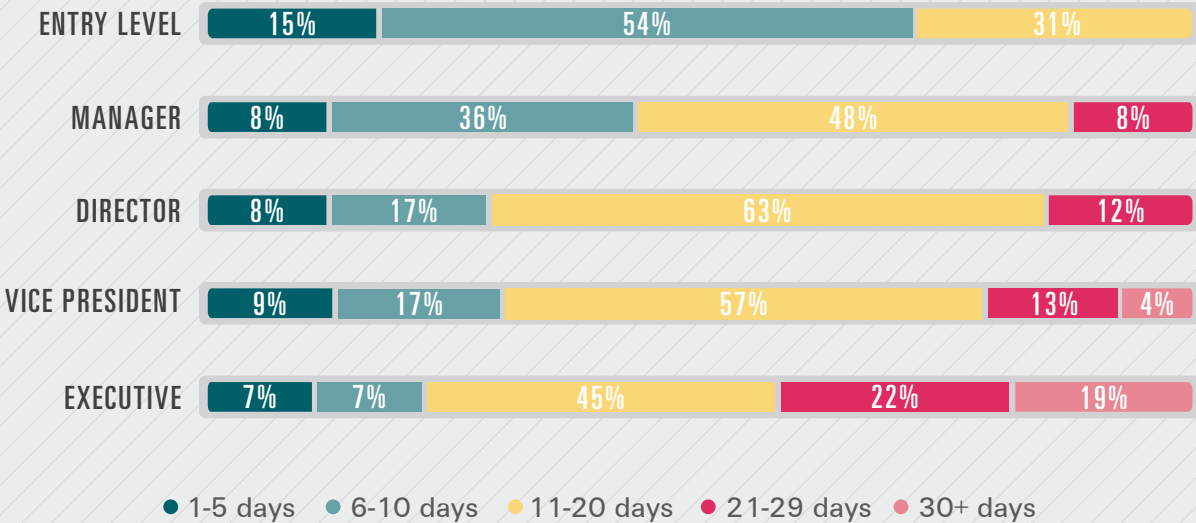


EMPLOYERS WHO DO NOT PROVIDE UNLIMITED VACATION PROVIDE THE FOLLOWING DAYS OF VACATION PER YEAR.

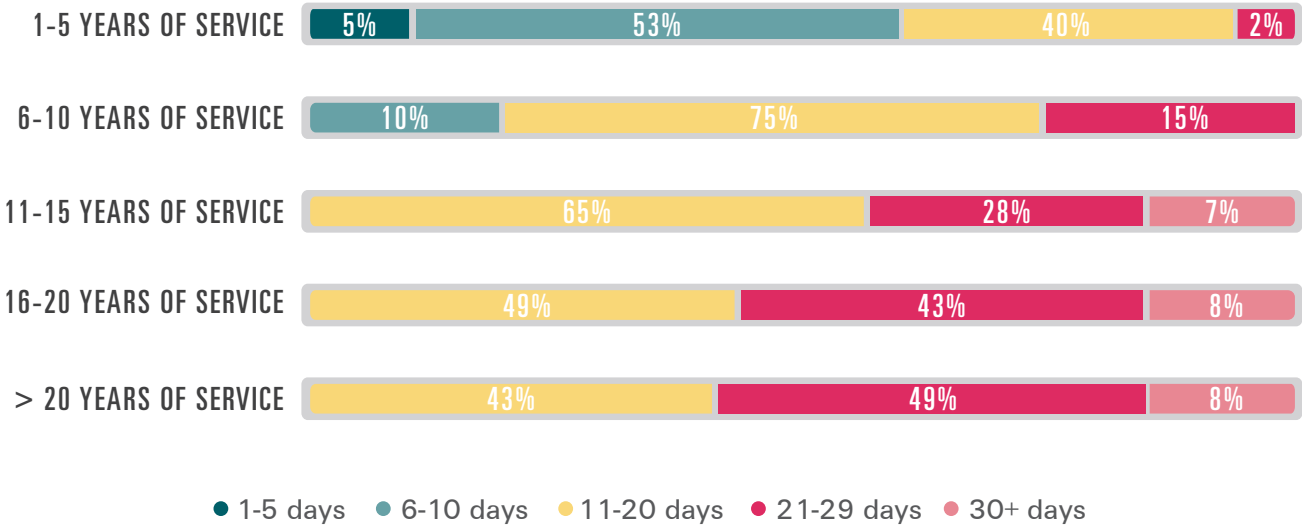


### HOW ARE YOUR VACATION DAYS SEGMENTED?

#### BY POSITION



#### BY TENURE



# SICK

DO YOUR EMPLOYEES ACCRUE SICK LEAVE AT THE SAME RATE?



**79%**  
RESPONDED YES

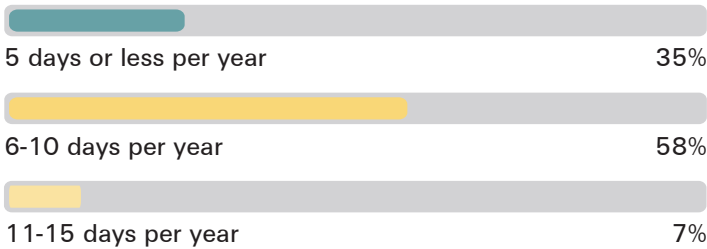


**21%**  
RESPONDED NO

HOW MANY DAYS OF SICK LEAVE DO EMPLOYEES ACCRUE PER YEAR?

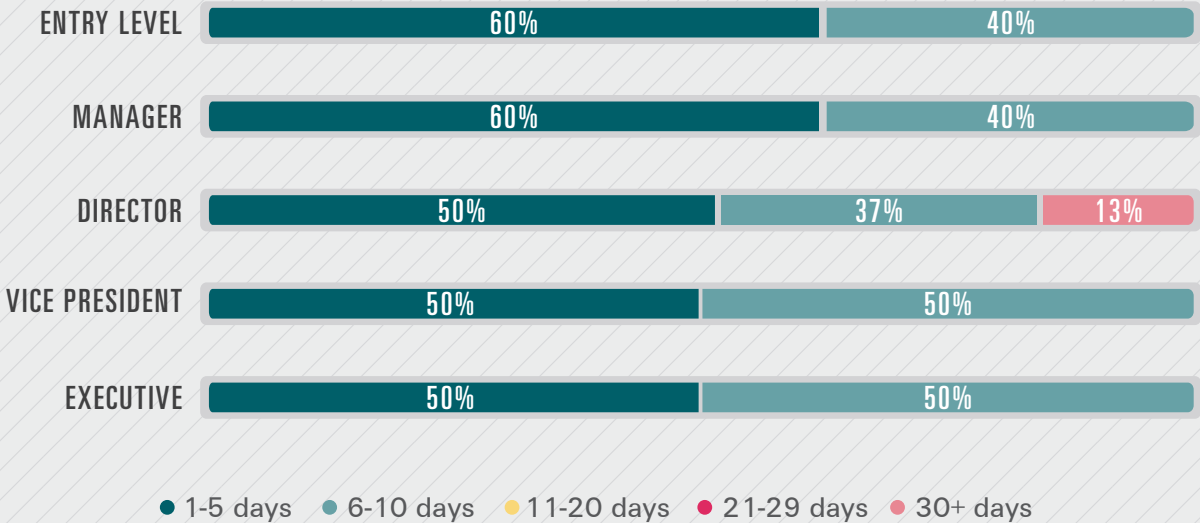


EMPLOYERS WHO DO NOT PROVIDE UNLIMITED SICK LEAVE PROVIDE THE FOLLOWING DAYS OF SICK LEAVE PER YEAR.



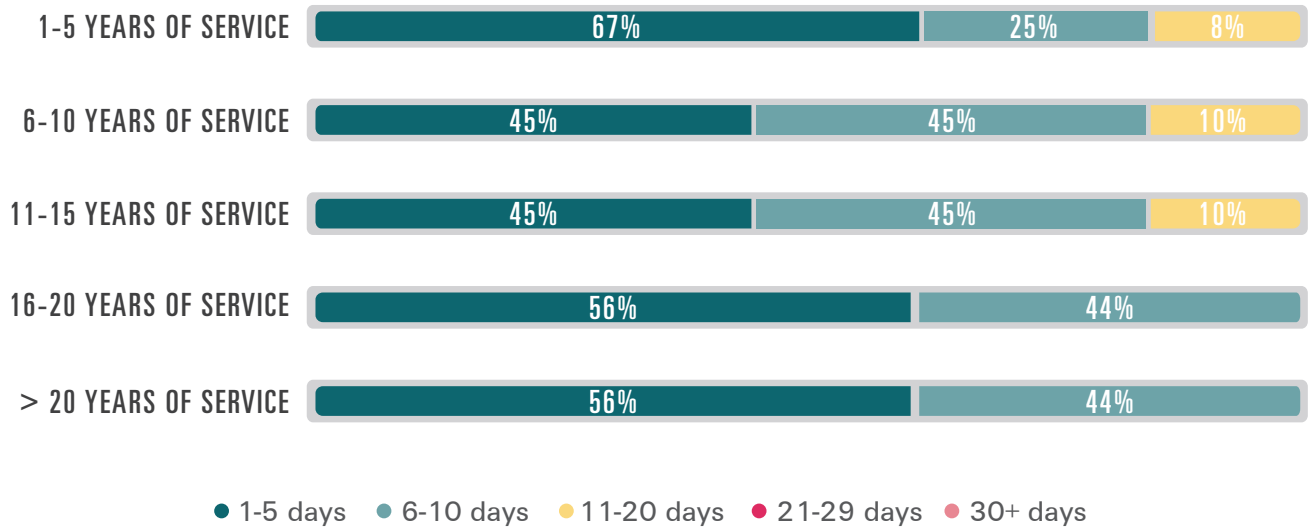
HOW ARE YOUR SICK DAYS SEGMENTED?

## BY POSITION

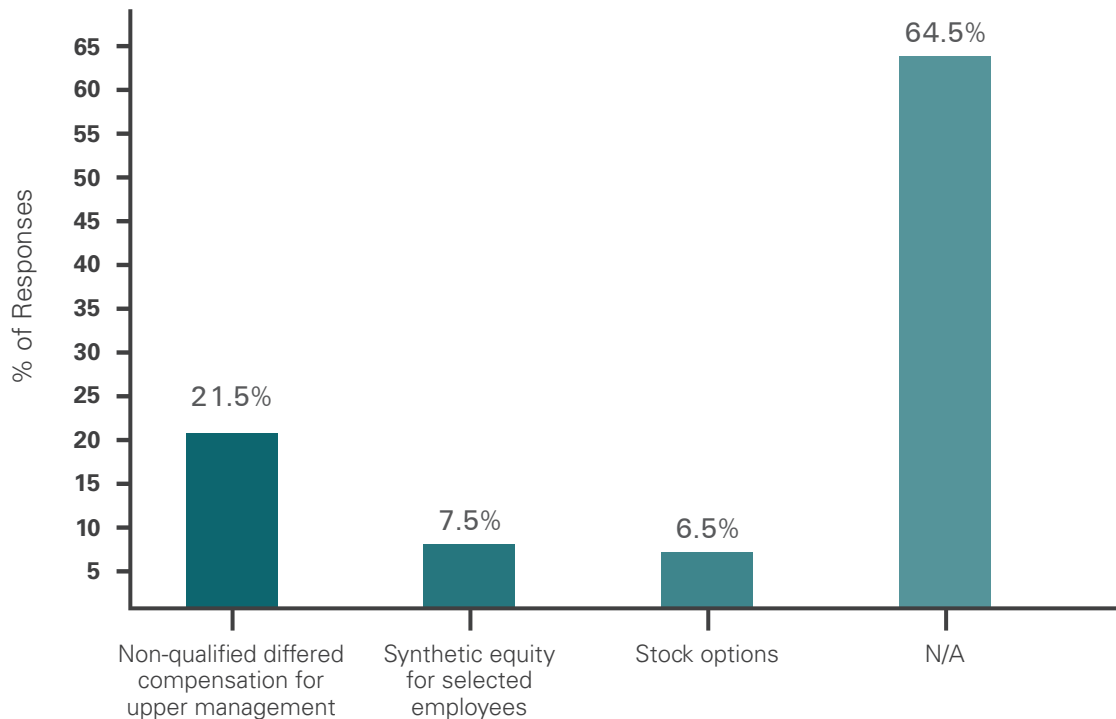




## BY TENURE



## WHAT OTHER TYPE OF SUPPLEMENTAL RETIREMENT/COMPENSATION PROGRAMS DO YOU OFFER? PLEASE NOTE ALL THAT APPLY.



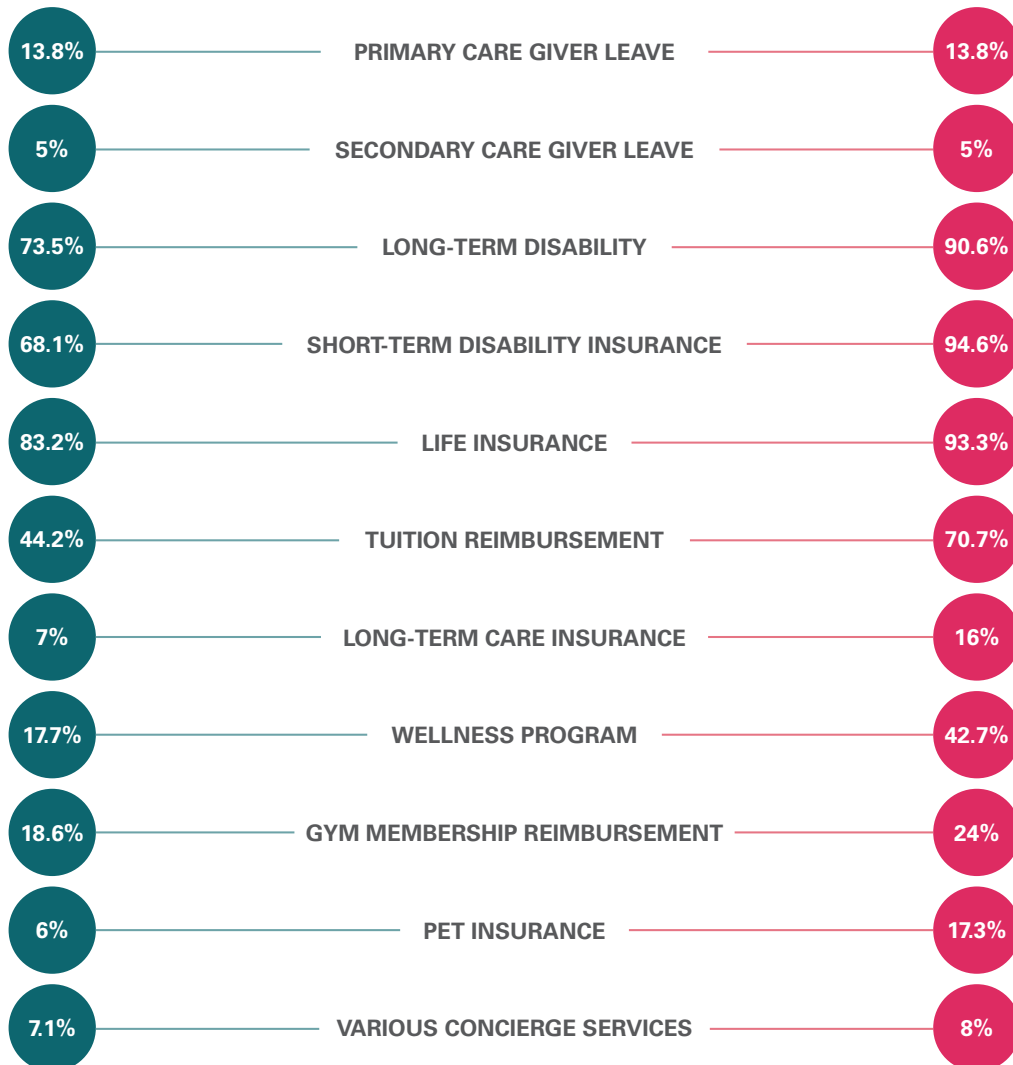
With the economy at almost full employment, virtually all employers are being challenged to keep their best people regardless of their position in the organization. Human resource departments are constantly trying to come up with creative compensation and benefits strategies that serve both themselves and their employees. Designing arrangements for non-shareholder upper management employees is particularly challenging. 2018 results reflect a significant increase in the overall usage of supplemental retirement/compensation vehicles over and above the broad based qualified plan.

These arrangements are specifically designed to compensate upper management. Non-qualified arrangements that can be designed to provide very targeted compensation to select executives increased as did the use of synthetic equity arrangements. Stock options show a downward trend which is reflective of what we have experienced in our practice. Synthetic equity arrangements can be a very powerful tool as a means to making an employee feel like they are sharing in the “upside” of the organization without giving them actual ownership. When crafting executive compensation and benefits arrangements, employers must take great care in determining their goals. Far too often employers start in the middle of the process by focusing on arrangement type, tax consequences, investment product or something similar. This ultimately leads to a solution that is not in either party’s best interest.

### WHAT OTHER TYPES OF BENEFIT PROGRAMS DO YOU OFFER, OTHER THAN HEALTH BENEFITS?

#### PLANS WITH LESS THAN 100

#### PLANS WITH MORE THAN 100



## OTHER

- LEGAL SERVICES
- IDTHEFT PROTECTION
- TRAINING REIMBURSEMENT
- MASS TRANSIT REIMBURSEMENT
- CHARITY LEAVE
- WEEKLY LEAVE
- WIRELESS PHONE REIMBURSEMENT DISCOUNT

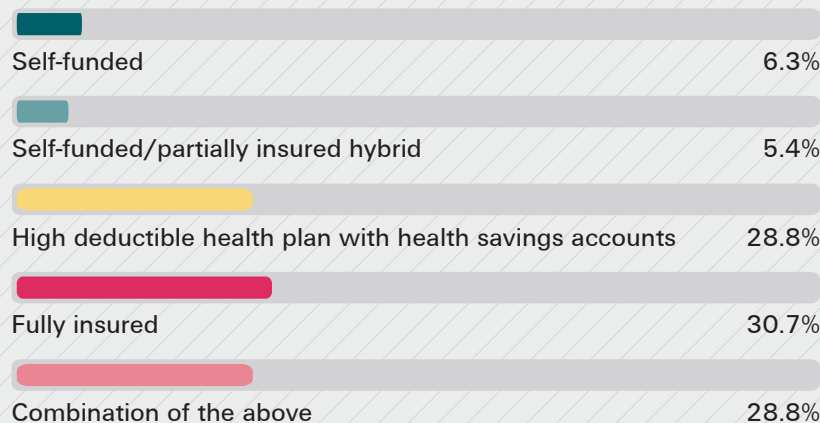
Developing benefit arrangements for all employees also keeps human resources professionals up at night. Competitive, unique packages are very important to employees and employers spend a lot of time and resources trying to meet this requirement. As you can see, most employers are providing the standard benefits. Employers continue to try and devise unique packages. This is both a function of employers trying to differentiate themselves as well as cater to the ever-growing millennial workforce.

The most common benefits are very similar to last year's survey results. However, we saw an increase in the offering of non-standard benefits such as pet insurance and gym memberships. Additionally, we saw employers continuing to add innovative perks like paid time for volunteering with a charity or the care of a family member, identity theft protection, company provided meals, unlimited leave, and enhanced insurance arrangements. Many of the new types of benefits reflect the impact of millennials on the workforce and an increase employers' need to be more accommodating than ever.

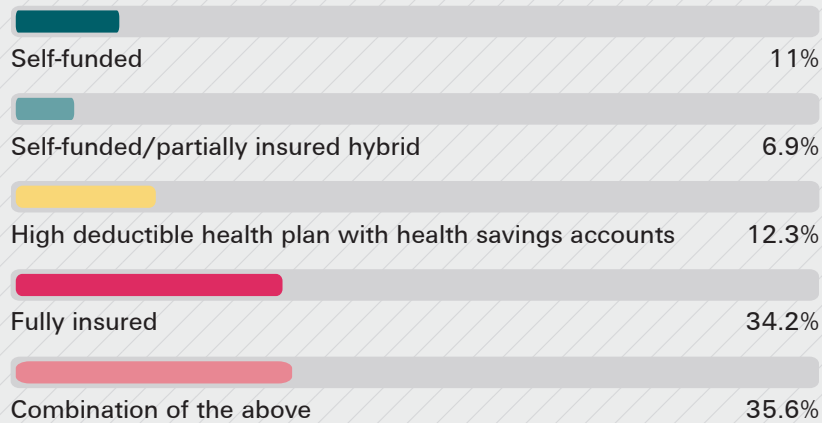
As expected, larger employers are in a better position to be creative. However, even smaller employers are providing extensive benefits to their employees. It will be interesting to see how employers approach fringe benefits given the recent changes in the new tax act taking into account the elimination of the deductibility of many benefits.

## WHAT TYPE OF HEALTH INSURANCE ARRANGEMENT(S) DO YOU OFFER?

## EMPLOYEES WITH LESS THAN 100



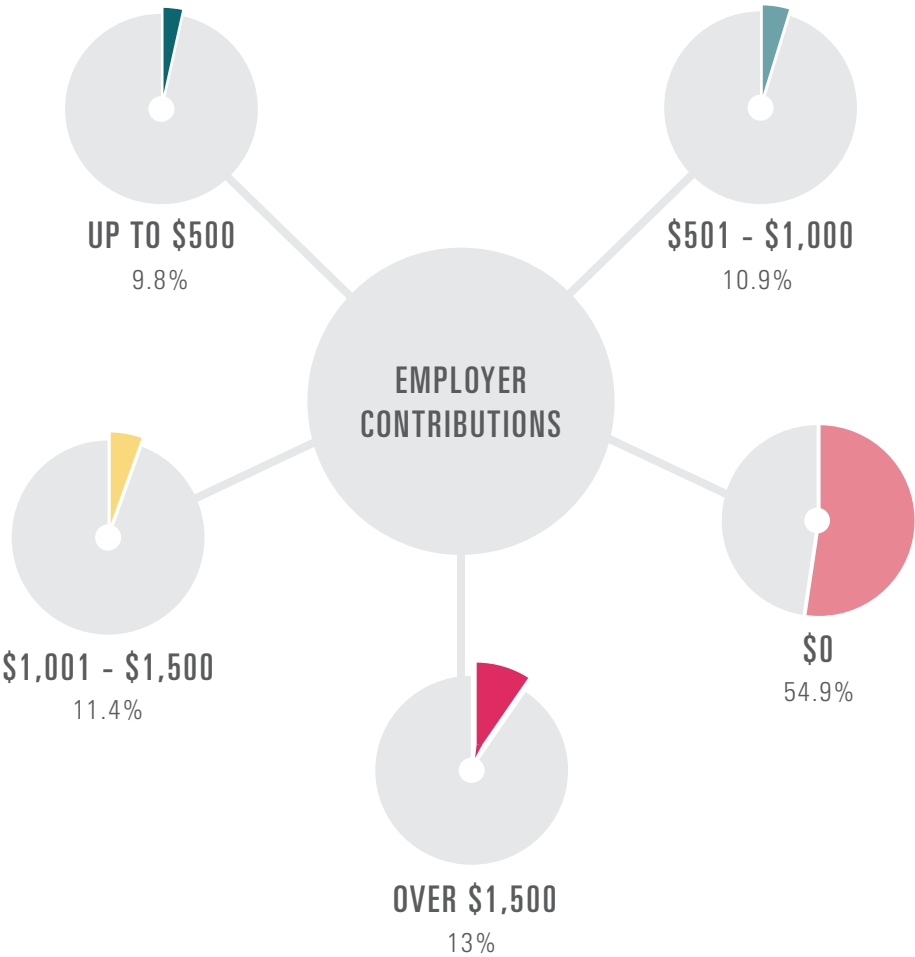
## EMPLOYEES WITH MORE THAN 100



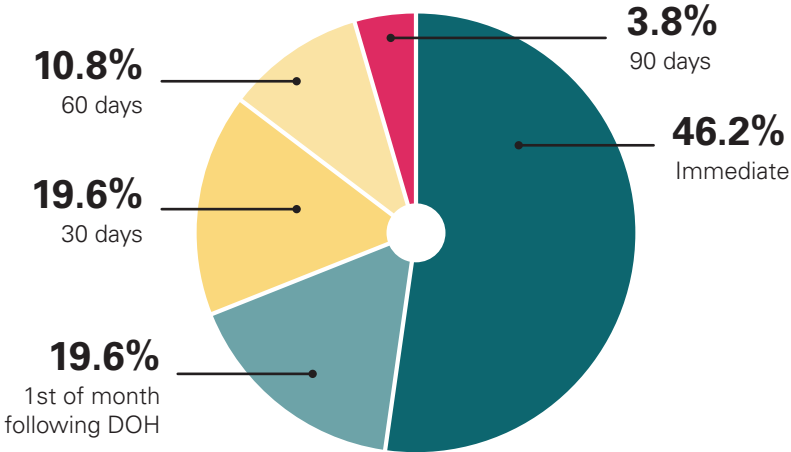
Employers continue to use a variety of health insurance structures to meet their goals. Even so, more than 90% of respondents indicated that they provide some form of fully insured benefits and 24% of those respondents do so through a high deductible health plan combined with a health savings account “HSA.” HSAs allow employees to accumulate tax-free dollars that grow tax free if used for medical expenses. They are designed as a means to facilitate reduced costs and a greater level of care management by the employee. The most successful HSAs have a robust employee education component.

### IF YOU OFFER A HIGH DEDUCTIBLE HEALTH PLAN COMBINED WITH A HEALTH SAVINGS ACCOUNT, HOW MUCH DOES THE EMPLOYER CONTRIBUTE ANNUALLY TO THE HSA PER EMPLOYEE?

As a means to pass some of the premium savings on to employees, employers will often make contributions to employees’ HSAs. This year’s results showed that roughly 13% of employers sponsoring HDHPs with an HSA feature contribute greater than \$1,500 to their employees’ account, which is a very surprising reduction from last year’s amount of 40%. Equally surprising was the number of employers that do not contribute at all.



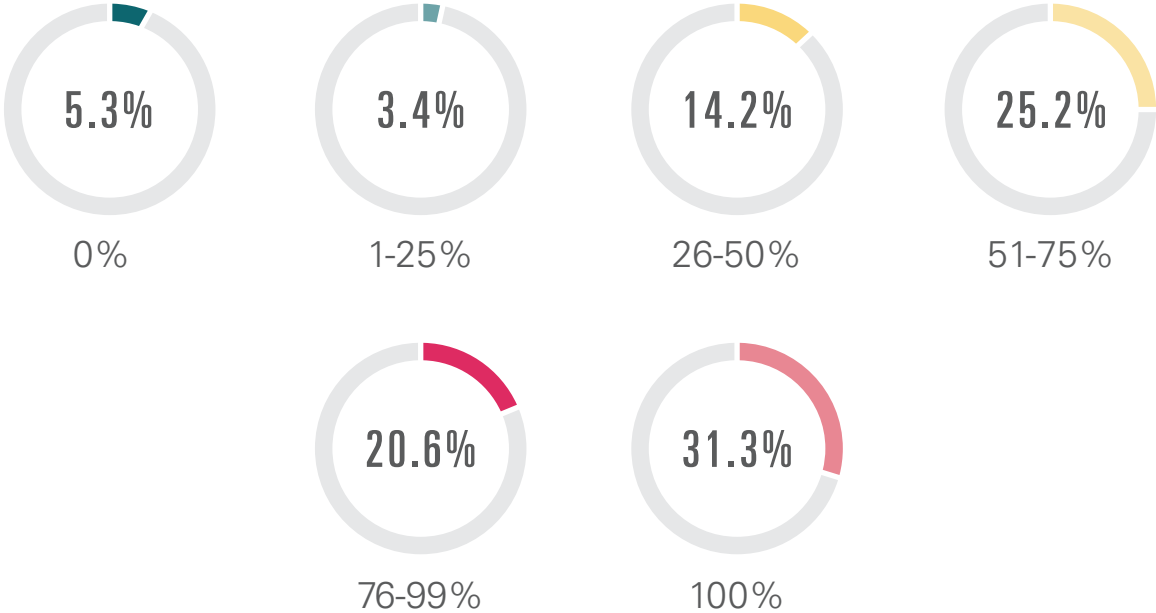
**WHAT IS YOUR WAITING PERIOD BEFORE EMPLOYEES ARE ELIGIBLE TO PARTICIPATE IN YOUR HEALTH INSURANCE PLAN?**



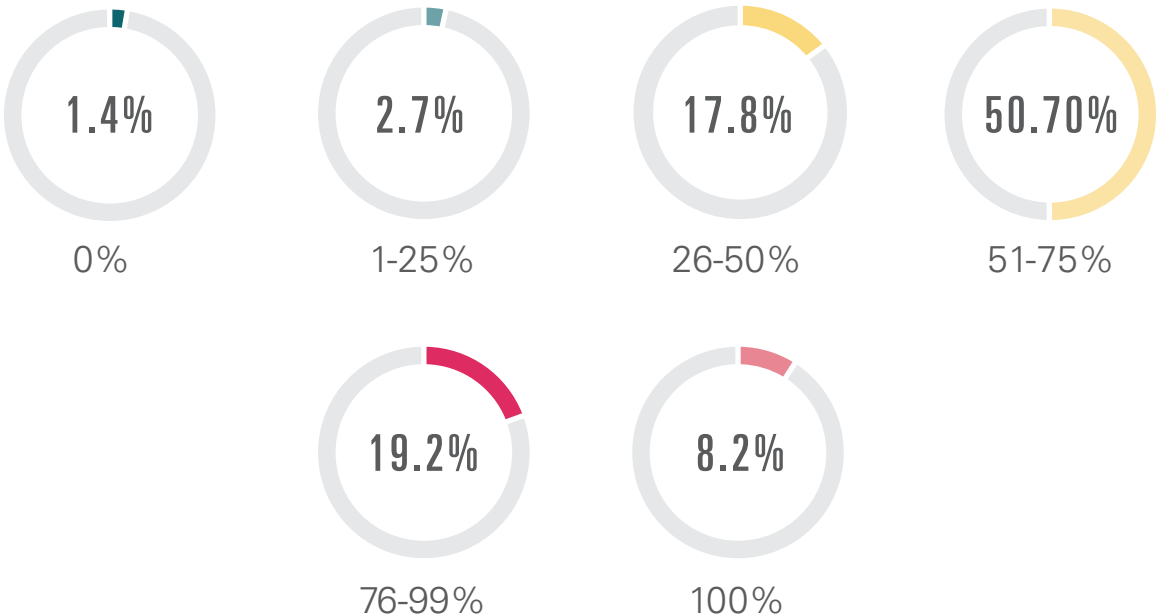
Gone are the days when employers would make employees wait 90 days, the typical “probationary period,” before becoming eligible for health insurance or benefits in general. This is clearly reflected in our survey results as more than 66% of employers do not make their employees wait past the first of the month following their date of hire to enter the health plan. None of the “other” responses indicated a waiting period longer than 60 days. This was true regardless of company size and is a clear reflection that health benefits are still **THE MOST IMPORTANT BENEFIT**.

WHAT PORTION OF YOUR EMPLOYEES' INSURANCE PREMIUMS DO YOU PAY?

EMPLOYERS WITH LESS THAN 100



EMPLOYERS WITH MORE THAN 100

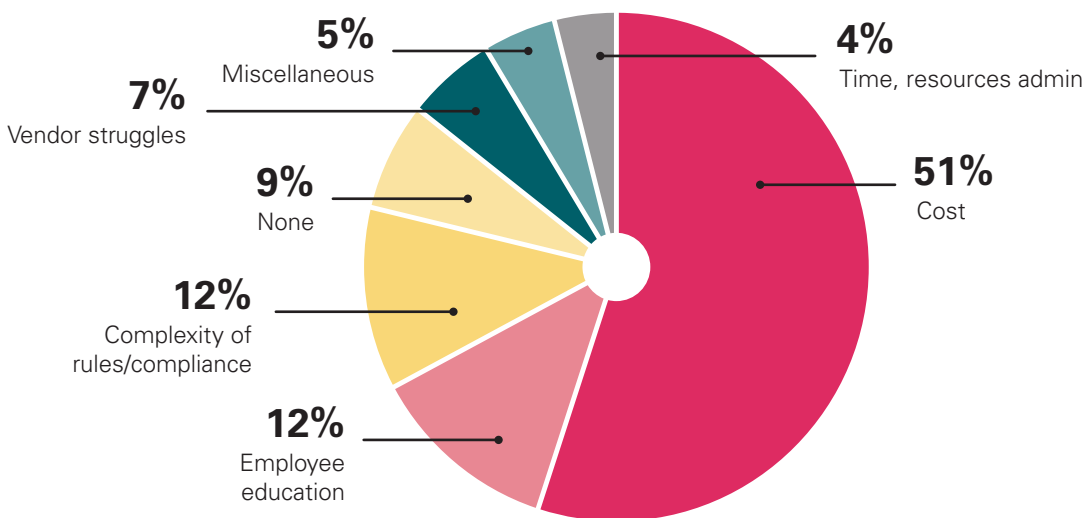


*The compliance components associated with benefits makes administering plans more difficult than ever, especially given the ACA requirements. Working with legitimate healthcare experts is key to an employer's healthcare plan success. It is important that your advisor and associated support team have the knowledge to navigate these complexities and bring solutions to the table. Additionally, employers need to be sure they are working with a provider that is the right size for their group, neither too big nor too small.*

*Plan fiduciaries must constantly be watching the investment fees their employees are paying for the funds in the retirement plan. This creates additional pressure to try and drive administrative costs down which can in turn lead to being penny wise and pound foolish. Employers almost always have to hire outside advisors to navigate the complex guidelines set-forth by the IRS and DOL. However, merely hiring outside advisors does not absolve employers of their ultimate responsibilities. The most successful plans have a strong commitment to internal procedures and making sure they have the right person in charge with the appropriate level of support.*

**OBSERVATION: IT WAS INTERESTING TO SEE SO MANY MORE EMPLOYERS WITH LESS THAN 100 EMPLOYEES PAYING 100% OF EMPLOYEES' HEALTH INSURANCE PREMIUMS**

#### WHAT IS YOUR BIGGEST STRUGGLE IN MANAGING THE PLAN(S)?



Issues related to cost were this year's top plan management concern. As employers have gotten used to the ACA requirements, compliance and administrative burden saw a reduction. We again saw fewer employers indicating that they did not have any struggles.

The results showed that employers are having increased struggles educating employees on how to best manage their care and all of the "to dos" necessary to keep costs down. This is consistent with what we see as more and more employers move to an arrangement that includes a health savings account. We also saw an increase in the frustration level employers have with their vendors.

## ABOUT ARONSON

Date Founded: 1962 | Total Employees: 250+  
Single Office: Rockville, MD

Aronson LLC provides a comprehensive platform of assurance, tax, and consulting solutions to today's most active industry sectors and successful individuals. For more than 55 years, we have purposefully expanded our service offerings and deepened our industry specialties to better serve the needs of our clients, people, and community. From startup to exit, we help our clients maximize opportunity, minimize risk, and unlock their full potential.

### WHAT WE DO

- Audit services for approximately 190 benefit plans, including:
  - 401(k) plans
  - Profit sharing plans
  - 403(b) plans
  - Defined benefit plans
  - Employee stock ownership plans (ESOPs)
  - Health and welfare plans
- Consulting services
- Trusted advisor on fiduciary matters

### ARONSON'S EMPLOYEE BENEFIT TEAM

Aronson's benefit plan practice is unique in that they have a full-time staff dedicated to employee benefit plan services, something not seen in most other firms.



**KATHRYN PETRILLO**  
PARTNER  
Experience: 29+ years



**AMANDA FULLER**  
PARTNER  
Experience: 17+ years



**MARK FLANAGAN**  
DIRECTOR  
Experience: 29+ years



**KAYLA KANIA**  
DIRECTOR  
Experience: 11+ years



**JILLIAN GOBBO**  
MANAGER  
Experience: 10+ years



**EMILY SHAPIRO**  
SR. MANAGER  
Experience: 9 years



**MINDY ANNICK**  
SR. ASSOCIATE  
Experience: 12+ years



**KATIE SCIANDRA**  
MANAGER  
Experience: 7+ years



**HO-MING FONG**  
SR. MANAGER  
Experience: 7+ years



**CAITLIN LYNCH**  
MANAGER  
Experience: 6+ years

**DEREK CASSELLS**  
MANAGER  
Experience: 4+ years

**ANDREW MAHAN**  
SR. ASSOCIATE  
Experience: 4+ years

**EMILY PRAWDE**  
SR. ASSOCIATE  
Experience: 3+ years

**BRIANA CRANSTON**  
SR. ASSOCIATE  
Experience: 3+ years

### INTERESTED IN LEARNING MORE ABOUT ARONSON LLC OR OUR SERVICES?

Call 301.231.6200 or visit us at [www.aronsonllc.com](http://www.aronsonllc.com)

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