
INTERNAL USE ONLY

SALES SHEET

BENEFITS VALUATION

OVERVIEW

Mercer offers a range of benefits valuation benchmarking solutions to help organizations assess the competitiveness of their benefit programs. This includes a combined Benefits Plan Valuation Comparison and Market Comparison (BPVC/MC) report that blends a description of plan features with plan values for higher-level, peer-group comparisons. For those clients seeking a more in-depth analysis of their benefit plans, Mercer's Benefits Valuation Analysis (BVA) report goes further, analyzing how a client's specific benefit plan features compare to the chosen peer group in degrees of increasing specificity — by all plans together, by plan groupings, and by individual plans.

CONTEXT / TRIGGERS

As organizations continue to look for ways to lower or shift costs and, at the same time, remain competitive and retain employees, they must manage their benefits strategy — an essential part of a complete and competitive total rewards package. While changes to benefit plans may seem like a quick fix, high turnover of valuable talent could be the price employers pay if packages fall short compared to those of the industry or their peers.

With health care reform creating greater confusion among employees who are already concerned about the erosion of their benefits, now more than ever, organizations need to benchmark their benefits to measure the value of their plans and ensure that they remain competitive.

TARGET ORGANIZATIONS / CONTACTS

The primary buyer for Mercer's benefits valuation benchmarking is the HR Director and above at the following types of organizations:

- Global companies that are establishing operations in the US, or domestic companies that are locating in new areas and want to understand benefits competitiveness.
- Organizations undergoing a merger, acquisition, or other business transaction, which drives the need for analysis and the ability to make changes to remain consistent and competitive in the market.

QUALIFYING QUESTIONS

- Do you have high turnover where dissatisfaction with benefits is an issue for employees leaving your organization?
- Are you concerned about the effects of health care reform on the value and competitiveness of your benefits?
- Are you considering changes to your benefit plans but are not sure what will yield the most desirable results?
- Are you locating in a new, unknown area or adding new-skill-set employees?
- Are you looking for ways in general to become more competitive in your industry or market?

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- Companies considering reducing or changing benefits without competitive market data on benefits value.
- Any organization that is having employee retention issues.

FEATURES

The BPVC/MC report pairs values-related data and statistics for assessing the level of benefits provided in the national market, industry, or geographic region, with a meaningful visual display that quickly and accurately compares a client's plan values to the peer group median.

The combined report assesses benefits for major types of employee plans, including retirement/savings, health/group, and time/loss. Benefit values are calculated according to the estimated dollar amount of pretax pay an employee would need in order to replace the employer-provided benefit in the open market. Clients may choose either pre-defined or customized peer groups, which are based on a hypothetical national composite workforce of more than 30,000 salaried employees representing a cross-section of industries.

As clients review the results of the BPVC/MC report and evaluate the implications of change, they may choose to commission Mercer to calculate the full value of their own benefits using a "telescopic" approach to valuing benefit plans provided in the customized BVA report. This report includes all of the comparisons provided in the BPVC/MC report, plus a more in-depth analysis showing how a client's specific benefit plan features compare against a custom peer group or industry and the positioning of plan benefits by rank and index or by "score" against the median. Starting at a high-level summary and drilling down to individual benefit comparisons among a chosen peer group, the BVA report provides a series of charts, tables, and quantifiable plan details, allowing clients to look at the data behind the analysis.

CLIENT OUTCOMES / BENEFITS

Clients can analyze benefits using either the BPVC/MC combined report or the BVA report to help strike the right balance in the richness of benefits they offer. These reports not only allow clients to gain insight into the competitive nature of their benefits, but through the BVA report's practical analysis tailored to individual needs, also can identify specific driving factors that could be changed to bring benefits into a more competitive position.

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Mercer's unique approach includes a graphical representation of true plan designs from organizations at the 25th percentile, median, and 75th percentile to help visualize the comparative level of the plan design through employee values. It also allows clients to assess the competitiveness of benefit packages by plan type for the workforce as a whole and for 11 sample employees, illustrating how plans' actuarial values compare to the median values of the peer group.

Tying all of the information together, the BVA executive summary interprets the findings of the report, alerting clients to areas where they may want to make changes in order to be more competitive (denoted symbolically according to one of five ranges). Factors such as geographic differentials, claims experience, and negotiating power, which can affect the cost of plans, are removed, thereby allowing objective comparisons of overall plan design. The BVA report executive summary includes not only rank and index comparisons, but also specific plan provisions for each member of the peer group.

KEY TOOLS AND PRODUCTS

Mercer's benefits valuation reports use data compiled directly from our proprietary database of US organizations. Information from this comprehensive collection of participants remains "evergreen," as it is continuously updated by existing organizations and grows as new organizations enter data on a daily basis. More than 1,000 data elements are collected for each participant, which provides an in-depth analysis of traditional and nontraditional benefits. Benefits are valued using a national composite workforce, which is a set of generic employee profiles that represents a typical employee population. These profiles were developed from a national cross-section of representative organizations that vary by industry, size, and geography. The database is populated and maintained by a team of Mercer colleagues with more than 50 years of experience analyzing actual plan documents to ensure consistency and accuracy.

WHY MERCER

Mercer offers a range of versatile, real-world solutions focusing on critical issues related to clients' benefits programs. Our benchmarking includes simple, strategic reporting — from a high-level overview to the most detailed analysis available in the field. Through use of Mercer's proprietary database of the benefits plans of US organizations, we provide a single, trusted resource that allows the creation of authentic scenarios and peer groups to gauge benefit competitiveness, inform plan changes, and support effective employee communication.

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