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Forty percent of employees don't understand their benefit options

By Lisa Gillespie

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A new [ADP](#) survey shows a wide gap between the goals and reality of how employees understand their benefit plans. Eighty percent of human resources decision-makers believe it's important for employees to fully understand their benefit options, yet they estimate only about 60% of their own employees do – a finding with serious implications for how companies communicate one of the most important parts of their employees' total compensation.

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"With many employees asked to take on greater responsibility for managing their own benefits, there is room for improvement by HR departments to engage employees in the decision-making process," says Tim Clifford, president of [benefits services](#) at ADP. "With the power of Web-based and mobile technologies and decision support tools, we have new, innovative and cost-effective ways of educating employees and helping them make critical choices anytime and anywhere."

The survey on employee benefit tools was conducted by the ADP Research Institute and received responses from 501 HR decision-makers from midsized-to-large companies, ranging from 50 to over 1,000 employees.

Employee benefits communications: Budgets are squeezed

A surprising number of large employers and the majority of midsized firms do not have an employee

communications budget related to their benefit plans:

- 66% of midsize employers have no employee communications budget.
- 36% of large employers have no employee communications budget.

Of companies with a budget, HR decision-makers in about half of large and midsize companies say their budgets have remained the same in the last year.

Looking ahead, more than half of HR decision-makers in both large (57%) and midsize companies (63%) say they are likely to maintain their employee communications budget in the next one or two years and only one-in-five (21%) of both groups plan to increase their budget.

Decision support tools

The majority of HR respondents surveyed believe that decision support tools increase employee understanding of benefits and their overall engagement, yet the majority of large and midsize companies don't provide them.

Seventy-two percent of midsize employers and 51% of large employers don't provide decision support tools. Approximately half of large (53%) and midsize companies (50%) offer these tools the entire year and about one-quarter of large companies (23%) and one-third (33%) of midsize companies only provide them during open enrollment and qualified events.

Mobile applications

Mobile access to benefits information is deemed important by approximately six out of 10 HR decision-makers, regardless of company size, yet fewer than half of companies provide mobile access now (46% of large companies and 39% of midsize companies). HR/benefits decision-makers are most interested in the following mobile application features: healthcare provider information, benefits alerts and single sign-on.

HR/benefits decision-makers estimate that, on average, about two out of five employees use mobile technology in their regular workday activities and half of respondents believe that this will increase over the next two years.

Fifty-two percent of large companies and 47% of midsize firms expected that employee usage of mobile technology will increase in the workplace over the next two years.

Web-based portals

Nearly nine out of 10 large companies (86%) and seven of 10 midsize companies (71%) have a Web-based portal which hosts employee benefits information. Four out of 10 large companies and 38% of midsize businesses that offer Web-based portal access to employees have a single Web-based portal that provides access to multiple

types of information versus multiple portals for each primary task (HR, PR and benefits). Employees of companies that offer a single portal have access to a wide variety of information – including benefits, pay stubs, time and attendance, tax withholding and more.

Approximately two-thirds of large and midsized companies with a single Web-based portal (66% and 60%, respectively) allow employees to modify personal information, most commonly annual benefits enrollment and address and tax withholding information.

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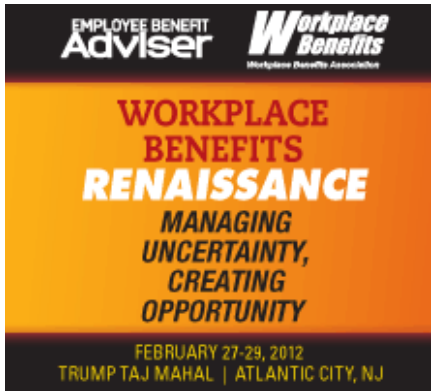
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