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US Benefits Benchmarking Group

# Benefits Assessment Report

ABC Company

May 2024

A business of Marsh McLennan



# Introduction

- As part of the broader compensation and benefits assessment, ABC Company partnered with Mercer to benchmark its benefits compared to market practice
- Market data reflects a comparison group of X companies from Mercer's US Benefits Benchmarking Database
- Mercer assessed both the design and prevalence of individual benefit programs, including:
  - Retirement
  - Retiree Medical
  - Health (Medical/Dental/Vision)
  - Life and Disability
  - Paid Leave
- Benefit comparisons focus on both plan provisions and employee cost-share of total benefit premiums
  - The assessment assumes that all employees participate in the primary plans offered and take full advantage of the maximum employer-provided benefit provisions, even if they are voluntary
  - The assessment reflects active employer-provided benefits (i.e., legacy benefits provided to a closed group of employees are not included in this analysis)

# Market Comparison Summary

**Your benefits are:**

-  Above market
-  Aligned with market
-  Below market

Executive Summary		
<b>Retirement</b>	=	<ul style="list-style-type: none"> <li>• ABC Company is aligned with market in offering a Defined Benefit and Defined Contribution plan for Retirement benefits.</li> <li>• ABC Company's total employer 401(k) contributions fall between the market 50<sup>th</sup> and 25<sup>th</sup> percentiles.</li> </ul>
<b>Medical</b>	↑	<ul style="list-style-type: none"> <li>• ABC Company offers multiple plan types, which is consistent with market practice</li> <li>• The lower employee cost-share and out-of-pocket maximums, along with the market-equivalent deductibles, place both plan types above the market median</li> </ul>
<b>Dental</b>	↑	<ul style="list-style-type: none"> <li>• ABC Company is above market practice, with a lower deductible and employee cost-share for single coverage.</li> </ul>
<b>Vision</b>	↑	<ul style="list-style-type: none"> <li>• ABC Company is above market practice in offering an employer-subsidized plan.</li> </ul>
<b>Life</b>	=	<ul style="list-style-type: none"> <li>• ABC Company is aligned with market in offering coverage of 1.5x base pay up to \$250,000.</li> </ul>
<b>Short-Term Disability</b>	↓	<ul style="list-style-type: none"> <li>• ABC Company is below market practice for Short-Term Disability in requiring employees to pay the full cost of coverage.</li> </ul>
<b>Long-Term Disability</b>	=	<ul style="list-style-type: none"> <li>• ABC Company's 60% pay replacement up to \$10,000 is aligned with market median.</li> </ul>
<b>Total Leave</b>	↑	<ul style="list-style-type: none"> <li>• When considering all elements of leave combined (Vacation, PTO, Holidays, Personal Leave, and Sick Leave) ABC Company is above market practice by providing more days at all service levels.</li> </ul>
<b>Parental Leave</b>	=	<ul style="list-style-type: none"> <li>• ABC Company is consistent with peers in not offering Parental Leave</li> </ul>

# Retirement/Savings

## ABC Company

### Defined Contribution (DC)

- Employer matching contributions of 100% of pay up to 5%
- “Pay” includes base pay only

## Market Practice

- 100% of market peers provide a Defined Contribution plan and 77% provide employer contributions:
  - 55% offer an employer match only
  - 33% offer an employer non-match only
  - 12% offer both an employer match and non-match
- 62% define pay as base pay only
- Distribution of total employer contributions (of those that offer):

%ile	Total Contribution	Matching Contribution	Non-Matching Contribution
75 <sup>th</sup>	10%	5%	6%
50 <sup>th</sup>	8%	4%	5%
25 <sup>th</sup>	4%	3%	4%

## Observations

- ABC Company’s 5% maximum total employer contribution is below the market median, falling between the market 50<sup>th</sup> and 25<sup>th</sup> percentiles.
- ABC Company is aligned with market in excluding bonus in the calculation of benefits.

# Retirement/Savings

	ABC Company	Market Practice
<b>Defined Benefit (DB) Plan</b>	<ul style="list-style-type: none"><li>• Not offered</li></ul>	<ul style="list-style-type: none"><li>• 10% of the market peers provide an active DB plan to newly hired employees</li><li>• Of those, 100% provide a Final Average Pay plan</li><li>• 100% require employee contributions</li></ul>

## Observations

- ABC Company is aligned with market in not offering a Defined Benefit plan.

# Medical

## ABC Company

## Market Practice

### Plan Prevalence

- Choice between HMO and three-tiered PPO

- The majority of market peers offer at least 2 plan options

Plan Type	Prevalence
PPO	69%
HMO	46%
HDHP	73%

### Employee Cost-Sharing

Plan	Single	Family
HMO	0%	17%
PPO	10%	17%

- Median employee cost-share:

Plan Type	Single	Family
PPO	16%	20%
HMO	16%	26%
HDHP	8%	16%

### Deductibles\*

Plan	Single	Family
HMO	\$0	\$0
PPO	\$400	\$1,200

- Median deductibles:

Plan Type	Single	Family
PPO	\$400	\$1,200
HMO	\$0	\$0
HDHP	\$1,500	\$3,000

\*In-network provisions displayed above

# Medical

## ABC Company

## Market Practice

### Out-of-Pocket Maximums\*

Plan	Single	Family
HMO	\$2,000	\$4,500
PPO	\$2,000	\$4,500

- Median out-of-pocket limits:

Plan Type	Single	Family
PPO	\$3,000	\$6,000
HMO	\$2,500	\$6,000
HDHP	\$3,000	\$6,000

### Coinsurance/Copayments\*

Plan	Inpatient	Office Visits
HMO	\$750	\$25
PPO	\$750	\$25

- Median coverage:

Plan Type	Inpatient	Office Visits
PPO	20%	\$25
HMO	20%	\$25
HDHP	20%	20%

### Total HDHP HSA Employer Contributions

- Not applicable

- 79% of organizations offering HDHP plans provide employer contributions
- Median contributions:

Plan Type	Single	Family
HDHP	\$500	\$900

\*In-network provisions displayed above

# Medical

## Observations

- ABC Company is aligned with market in providing multiple Medical plan options.
- ABC Company's lower employer cost-share and out-of-pocket maximums provide greater employee value than the market median.



# Retiree Medical

## ABC Company

### Post-Retirement Medical (PRM) Coverage

- Not offered

## Market Practice

- 58% of organizations offer post-retirement medical coverage. Of those:
  - 87% of organizations provide employer-subsidized PRM coverage
  - 13% offer access-only plans where retirees pay 100% of plan costs

## Observations

- Not providing an employer subsidy for PRM coverage is inconsistent with market practice.

# Dental

	ABC Company	Market Practice								
<b>Plan Type</b>	<ul style="list-style-type: none"> <li>Silent PPO</li> </ul>	<ul style="list-style-type: none"> <li>65% of the market peers provide a Silent PPO</li> <li>42% provide a PPO</li> <li>38% provide a DHMO</li> <li>4% provide an Indemnity</li> </ul>								
<b>Employee Cost-Sharing</b>	<table border="1"> <thead> <tr> <th>Single</th> <th>Family</th> </tr> </thead> <tbody> <tr> <td>16%</td> <td>36%</td> </tr> </tbody> </table>	Single	Family	16%	36%	<ul style="list-style-type: none"> <li>Median employee cost-share:</li> </ul> <table border="1"> <thead> <tr> <th>Single</th> <th>Family</th> </tr> </thead> <tbody> <tr> <td>27%</td> <td>42%</td> </tr> </tbody> </table>	Single	Family	27%	42%
Single	Family									
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<b>Deductibles (Basic/Major/Orthodontia)</b>	<ul style="list-style-type: none"> <li>\$25 deductible per family member</li> </ul>	<ul style="list-style-type: none"> <li>Median deductible:</li> </ul> <table border="1"> <thead> <tr> <th>Single</th> <th>Family</th> </tr> </thead> <tbody> <tr> <td>\$50</td> <td>\$150</td> </tr> </tbody> </table>	Single	Family	\$50	\$150				
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<b>Plan Maximums</b>	<table border="1"> <thead> <tr> <th>Annual Basic/Major</th> <th>Lifetime Orthodontia</th> </tr> </thead> <tbody> <tr> <td>\$1,500</td> <td>\$1,500</td> </tr> </tbody> </table>	Annual Basic/Major	Lifetime Orthodontia	\$1,500	\$1,500	<ul style="list-style-type: none"> <li>Median maximums:</li> </ul> <table border="1"> <thead> <tr> <th>Annual Basic/Major</th> <th>Lifetime Orthodontia</th> </tr> </thead> <tbody> <tr> <td>\$1,500</td> <td>\$1,500</td> </tr> </tbody> </table>	Annual Basic/Major	Lifetime Orthodontia	\$1,500	\$1,500
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# Dental

## ABC Company

## Market Practice

### Coinsurance

Preventive	100%
Basic	80%
Major	50%
Orthodontia	50%

- Median coinsurance:

Preventive	100%
Basic	80%
Major	50%
Orthodontia	50%

### Observations

- ABC Company's lower employee cost-share is above market practice
- Plan maximums and coinsurance are aligned with the median.

# Vision

## ABC Company

### Vision

- Choice between two plans: Exam Only and Exam Plus Materials
- Employee cost-share:

Plan	Single	Family
Exam Only	10%	50%
Exam Plus Materials	67%	92%

### Vision Benefits

- Coverage:

Benefit	Frequency	Coverage
Exams	Once per year	\$0 copay
Frames	Once per year	100% up to \$150
Lenses	Once per year	\$0 copay
Elective Contacts	Once per year	100% up to \$150

## Market Practice

- Only 4% provide fully employer-paid coverage
- 62% require the employee to pay the full cost
- 35% provide partially subsidized coverage
- The median cost-share for partially-subsidized coverage:

Single	Family
33%	38%

- Median coverage:

Benefit	Frequency	Coverage
Exams	Once per year	\$10 copay
Frames	Every other year	\$25 copay, then 100% up to \$150
Lenses	Once per year	\$25 copay
Elective Contacts	Once per year	100% up to \$150

## Observations

- ABC Company is above market practice in providing an employer-subsidized plan; however, among peers that provide an employer-subsidized plan, ABC Company's higher employee cost-share requires employees to absorb more of the cost of coverage.
- ABC Company's plan provisions are above market practice due to the \$0 copayments and more frequent frames benefit.

# Life and Disability

	ABC Company	Market Practice								
<b>Life Insurance</b>	<ul style="list-style-type: none"> <li>Employer-paid group coverage:</li> </ul> <table border="1"> <thead> <tr> <th>Coverage</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>1.5x</td> <td>\$250,000</td> </tr> </tbody> </table>	Coverage	Maximum	1.5x	\$250,000	<ul style="list-style-type: none"> <li>92% provide employer-paid coverage</li> <li>Median coverage:</li> </ul> <table border="1"> <thead> <tr> <th>Coverage</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>1.5x</td> <td>\$250,000</td> </tr> </tbody> </table>	Coverage	Maximum	1.5x	\$250,000
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<b>Short-Term Disability</b>	<ul style="list-style-type: none"> <li>Employee-paid coverage</li> </ul>	<ul style="list-style-type: none"> <li>82% offer a Short Term Disability plan                             <ul style="list-style-type: none"> <li>For those that offer, 72% provide fully employer-paid coverage</li> </ul> </li> <li>Of these, one peer offers 100% pay replacement for 12 weeks</li> <li>The remaining 92% offer disability at less than 100% pay replacement; of these, the median pay replacement is 60%</li> <li>Median elimination period is 7 days</li> <li>Median maximum weekly benefit payment is \$1,500</li> </ul>								
<b>Long-Term Disability</b>	<ul style="list-style-type: none"> <li>Employer-paid coverage</li> <li>Elimination period of 90 days</li> </ul> <table border="1"> <thead> <tr> <th>Coverage</th> <th>Monthly Maximum</th> </tr> </thead> <tbody> <tr> <td>60%</td> <td>\$10,000</td> </tr> </tbody> </table>	Coverage	Monthly Maximum	60%	\$10,000	<ul style="list-style-type: none"> <li>62% of peer organizations provide fully employer-paid coverage</li> <li>Median elimination period is 180 days</li> <li>Median coverage:</li> </ul> <table border="1"> <thead> <tr> <th>Coverage</th> <th>Monthly Maximum</th> </tr> </thead> <tbody> <tr> <td>60%</td> <td>\$10,000</td> </tr> </tbody> </table>	Coverage	Monthly Maximum	60%	\$10,000
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## Observations

- ABC Company's 1.5x base pay Life Insurance coverage up to a maximum of \$250,000 is aligned with market practice.
- ABC Company's employee-paid Short-Term Disability plan is below market.
- ABC Company is consistent with market practice for Long-Term Disability in offering 60% pay replacement up to a maximum of \$10,000.

# Paid Leave

	ABC Company	Market Practice																								
<b>Vacation / Paid Time Off (PTO)</b>	<ul style="list-style-type: none"> <li>ABC Company offers a traditional Vacation plan:</li> </ul> <table border="1"> <thead> <tr> <th>Service</th> <th>Vacation</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>12</td> </tr> <tr> <td>5</td> <td>15</td> </tr> <tr> <td>10</td> <td>18</td> </tr> <tr> <td>15</td> <td>21</td> </tr> <tr> <td>20</td> <td>21</td> </tr> </tbody> </table>	Service	Vacation	0	12	5	15	10	18	15	21	20	21	<ul style="list-style-type: none"> <li>62% provide a traditional Vacation plan with separate Holidays, Personal and/or Sick Leave; 38% provide a PTO plan that combines elements of Paid Leave into one bank of days:</li> </ul> <table border="1"> <thead> <tr> <th>Service</th> <th>Median Vacation</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>12</td> </tr> <tr> <td>5</td> <td>16</td> </tr> <tr> <td>10</td> <td>20</td> </tr> <tr> <td>15</td> <td>21</td> </tr> <tr> <td>20</td> <td>22</td> </tr> </tbody> </table>	Service	Median Vacation	0	12	5	16	10	20	15	21	20	22
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<b>Personal Days</b>	<ul style="list-style-type: none"> <li>Not offered</li> </ul>	<ul style="list-style-type: none"> <li>Only 19% of the market provide a separate set of personal days                             <ul style="list-style-type: none"> <li>For those that provide, the median is 1 day</li> </ul> </li> </ul>																								
<b>Holidays*</b>	<ul style="list-style-type: none"> <li>12 total days per year (11 fixed plus 1 floating)</li> </ul>	<ul style="list-style-type: none"> <li>Median combined fixed and floating holidays is 10 days per year</li> <li>23% provide floating holidays                             <ul style="list-style-type: none"> <li>Median is 2 days</li> </ul> </li> </ul>																								
<b>Sick Leave*</b>	<ul style="list-style-type: none"> <li>12 days per year</li> <li>Unlimited carryover</li> </ul>	<ul style="list-style-type: none"> <li>Median is 12 days</li> <li>82% allow carryover                             <ul style="list-style-type: none"> <li>Of these, 64% allow unlimited carryover</li> <li>The remainder cap carryover (median is 95 days)</li> </ul> </li> </ul>																								

# Paid Leave

## ABC Company

**Total Days Off**  
(includes PTO, Vacation, Holidays, Sick and Personal Days combined)

- Includes Vacation, 12 Holidays, and 12 Sick Leave days:

Service	Total Leave
0	36
5	39
10	42
15	45
20	45

## Market Practice

Service	Median Days
0	32
5	36
10	39
15	42
20	44

## Observations

- Total Days Off are ~3 days above market median at most levels of service and this is primarily due to 12 Holidays which is above market median.
- Vacation and sick leave is generally aligned with market practice

# Parental Leave

## ABC Company

### Parental Leave (Bonding / Maternity / Paternity Leave)

- ABC Company provides 12 weeks of Parental Bonding Leave at 100% pay replacement

## Market Practice

- 92% offer paid Bonding, Maternity, or Paternity Leave, or some combination thereof
- Median offering:

Leave Type	Prevalence	Weeks	Pay Replacement
Bonding	75%	12	100%
Maternity	25%	12	100%
Paternity	8%	8	100%

- Among those offering Bonding Leave:
  - 80% apply the benefit to birthing and non-birthing parents
  - 100% apply the benefit for adoptive parents

## Observations

- ABC Company is aligned with market practice in offering 12 weeks of Parental Bonding Leave.



# Educational Assistance

	ABC Company	Market Practice
<b>Educational Assistance</b>	<ul style="list-style-type: none"><li>• 100% reimbursement up to \$2,000 for both undergraduate and graduate level courses</li></ul>	<ul style="list-style-type: none"><li>• 69% offer for undergraduate and graduate level courses<ul style="list-style-type: none"><li>– Of those that offer, the median reimbursement is 100% up to an annual maximum of \$5,250 (IRS maximum)</li></ul></li></ul>

<ul style="list-style-type: none"><li>• ABC Company's maximum annual tuition reimbursement of \$2,000 is below the market median of \$5,250</li></ul>
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# Market Comparators

- Participant A
- Participant B
- Participant C

- Participant D
- Participant E
- Participant F

