



Benefits Optimization

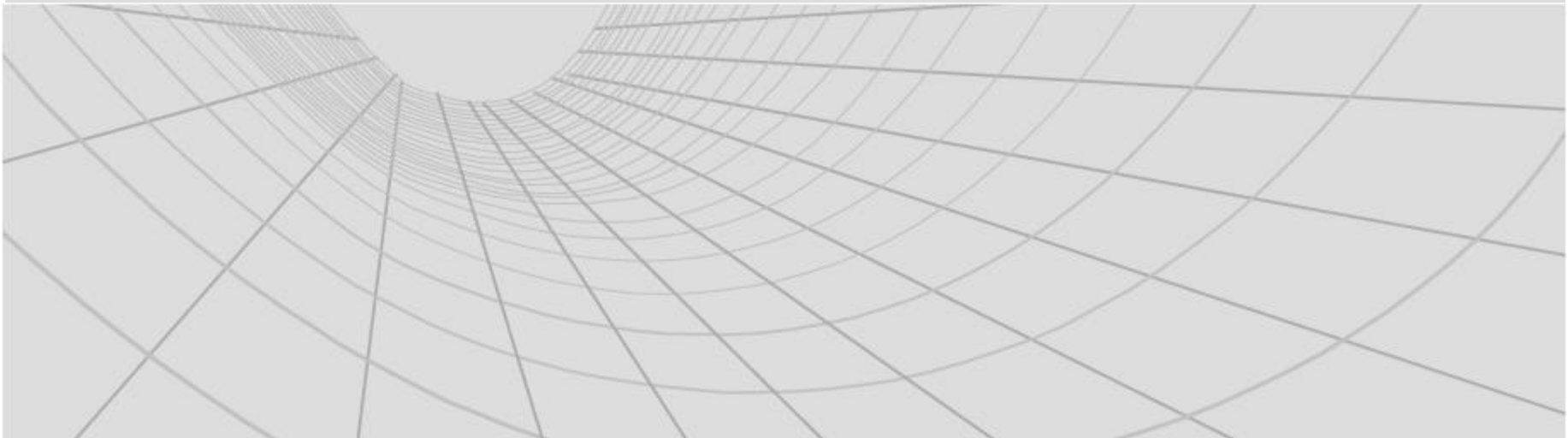
Maximize Benefits Spend

Joseph Yip

Feb 23, 2012

TOWERS WATSON 

About Towers Watson



Clarity through perspective

Towers Watson is a leading global professional services company that **helps organizations improve performance through effective people, risk and financial management**. With 14,000 associates around the world, we offer solutions in the areas of employee benefits, talent management, rewards, and risk and capital management.

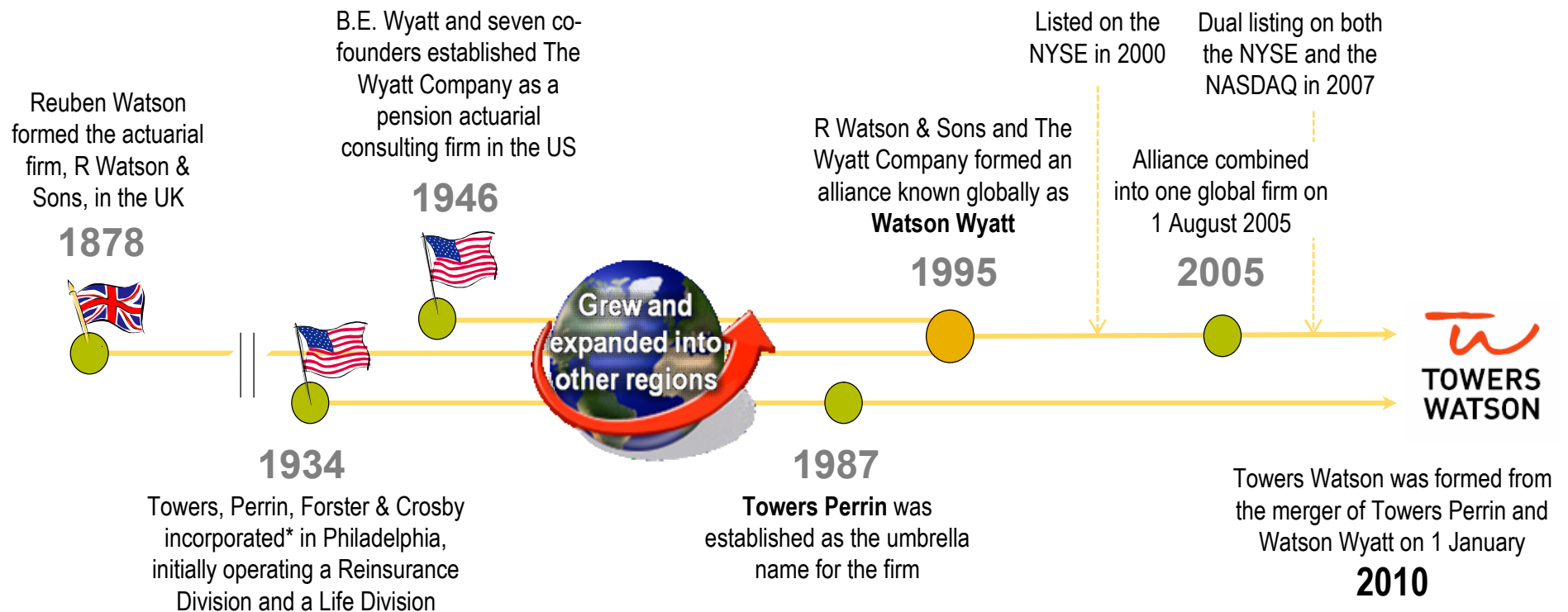
At Towers Watson, our focus is on **giving you the clarity to make the right decisions and take the right actions**. And our approach is grounded in perspective — the kind that comes from our deep experience working on a wide range of **people, financial and risk issues**.

But more important, our perspective begins at eye level — with a clear understanding of your organisation, the way you work, your goals and your challenges.

By connecting the big picture and your picture, we help you achieve **real-world results**.

Towers Watson History

Towers Watson is forged from the decades of experience, innovation and clients-first philosophy that have been hallmarks of both firms. And although our roots go back 130 years, our vision is fixed firmly on the future. Yours and ours.



* Before incorporating, We can trace our history back to 1871 when John Towers, Charles Perrin, H. Walter Forster, Arthur Crosby, H. Pratt Weaver and Walter J. Chase founded our predecessor firm, Henry W. Brown & Co.

Our expertise

Helping organisations improve performance through effective people, risk and financial management

Benefits

- Retirement
- Health and Group Benefits
- Technology and Administration Solutions

Talent and Rewards

- Executive Compensation
- Talent Management
- Rewards
- Communication and Change
- Employee Surveys
- Global Data Services

Risk and Financial Services

- Insurance Consulting
- Investment Services
- Reinsurance Brokerage
- Financial Modeling Software
- Risk Management

Mergers and Acquisitions: From target evaluation to integration implementation

Towers Watson Locations

Global

Our 14,000 associates in 37 countries work together to deliver the perspectives that give your organization a clear path forward.

NORTH AMERICA

Ann Arbor	Miami
Atlanta	Milwaukee
Austin	Minneapolis
Berwyn	Montreal
Bloomington	New York
Boston	Parsippany
Calgary	Philadelphia
Charlotte	Phoenix
Chicago	Pittsburgh
Cincinnati	Portland
Cleveland	San Antonio
Columbus	San Diego
Dallas	San Francisco
Denver	Santa Clara
Detroit	Seattle
Grand Rapids	St. Louis
Hamilton	Stamford
Hartford	Tampa
Herndon	Toronto
Honolulu	Vancouver
Houston	Washington, D.C.
Irvine	White Plains
Los Angeles	Woodbridge
Memphis	

LATIN AMERICA

Bogota
Buenos Aires
Mexico City
Montevideo
Rio de Janeiro
Santiago
Sao Paulo

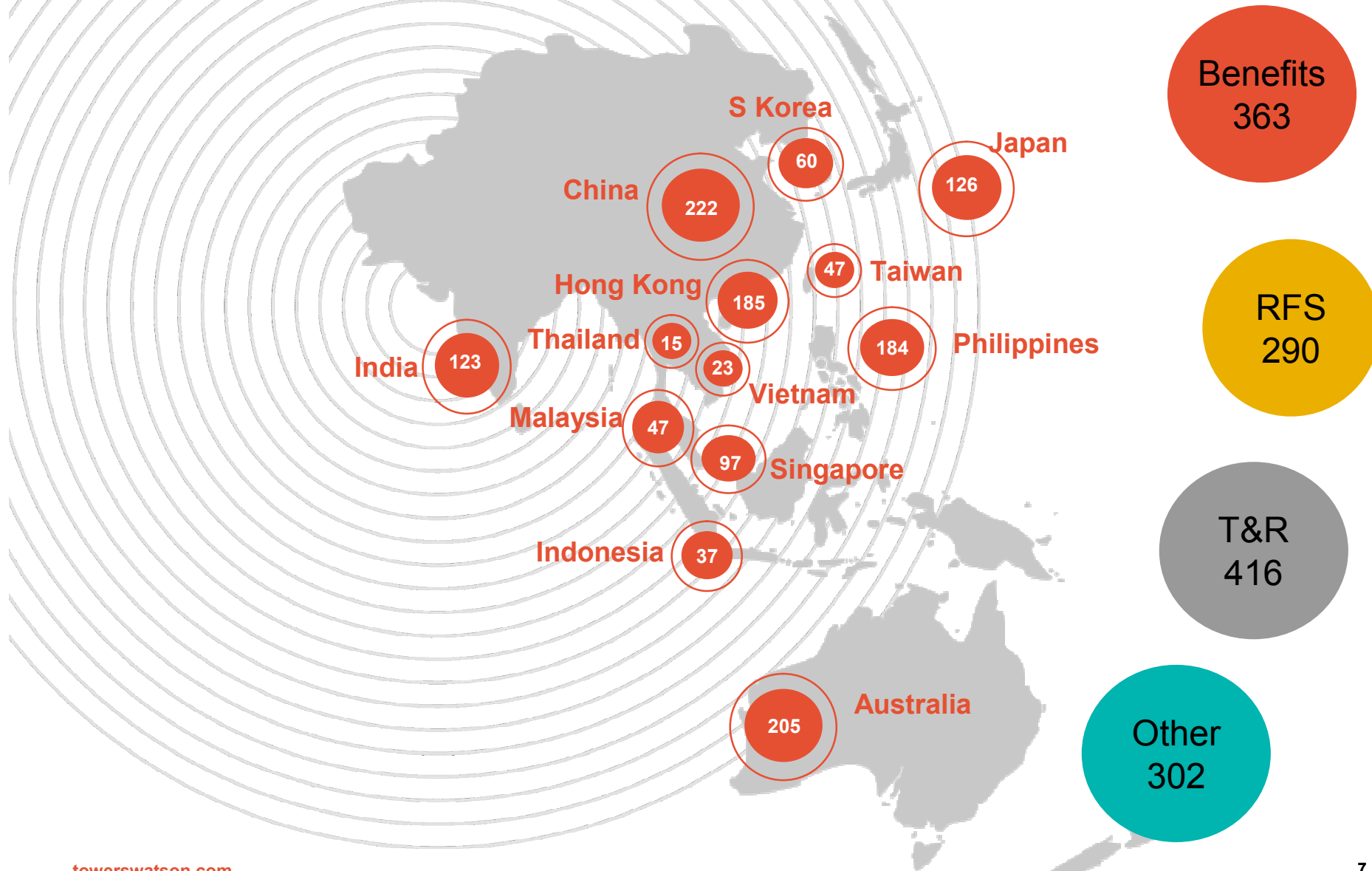
EUROPE, MIDDLE EAST and AFRICA

Amsterdam	Madrid
Apeldoorn	Manchester
Birmingham	Milan
Bristol	Moscow
Brussels	Munich
Cambridge	Newbury
Cologne	Nieuwegein
Dubai	Paris
Dublin	Purmerend
Dusseldorf	Redhill
Edinburgh	Reigate
Eindhoven	Reutlingen
Epsom	Rome
Frankfurt	Rotterdam
Johannesburg	Stockholm
Istanbul	Vienna
Lausanne	Welwyn
Leeds	Wiesbaden
Lisbon	Zurich
London	

ASIA PACIFIC

Bangalore
Bangkok
Beijing
Delhi
Guangzhou
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Kolkata
Kuala Lumpur
Manila
Melbourne
Mumbai
Seoul
Shanghai
Shenzhen
Singapore
Sydney
Taipei
Tokyo
Wuhan

We have 1,371 associates in Asia Pacific



Asia Pacific Reward Research

Socioeconomic drivers

The economic outlook is good

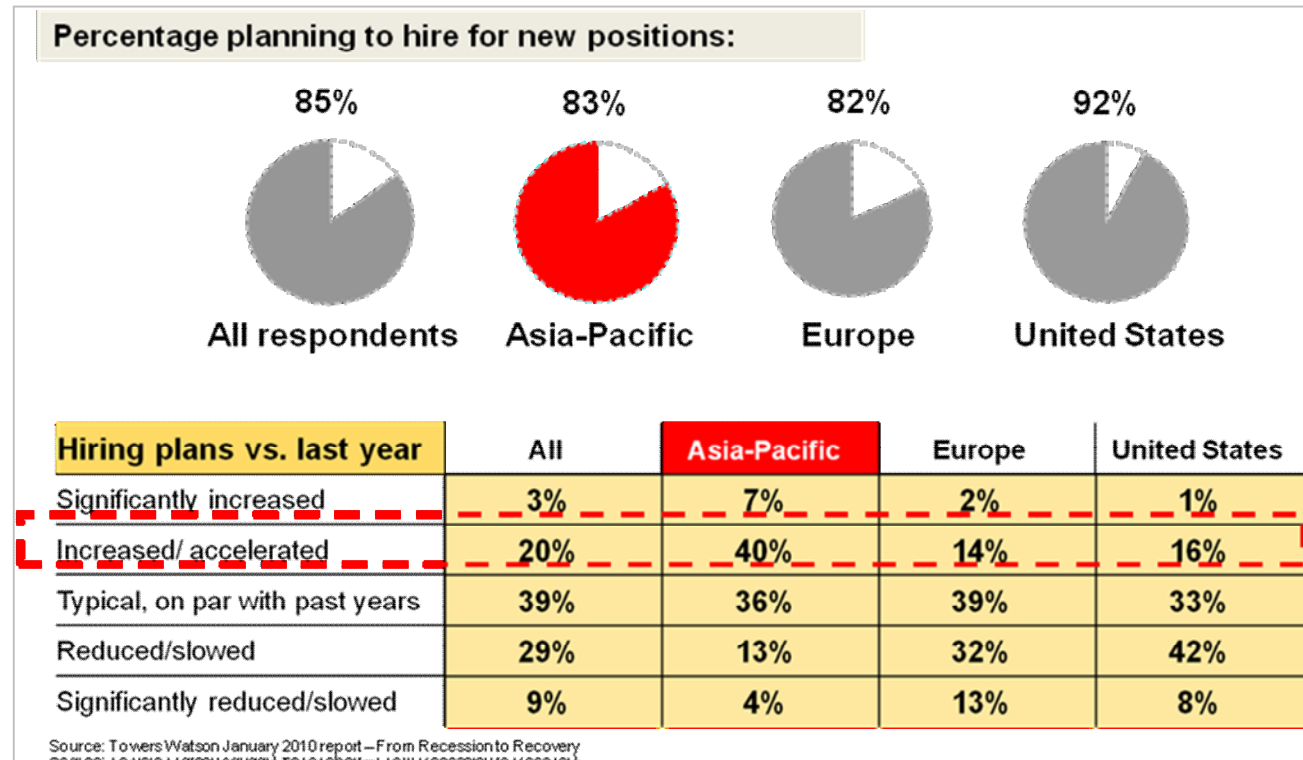
Country	Annual Economic Growth		Unemployment Rate
	2010P	2011F	
China	9.9%	8.3%	9.6%
India	7.9%	8.1%	10.7%
Japan	3.1%	1.7%	5.2%
Singapore	8.4%	4.5%	2.2%
Thailand	6.7%	6.5%	1.2%
Malaysia	7.2%	4.8%	3.5%
Indonesia	6.1%	6.4%	7.1%
Philippines	5.0%	5.4%	7.3%
Vietnam	6.8%	6.3%	2.9%
UK	1.2%	1.8%	7.9%
Germany	1.9%	1.6%	7.7%
Ireland	-0.4%	1.2%	13.7%
Spain	-0.5%	0.4%	19.9%
Brazil	6.3%	4.5%	7.5%
Canada	3.5%	2.9%	8.1%
USA	3.1%	2.9%	9.5%

Source : The Economist

P = Projected

F = Forecast

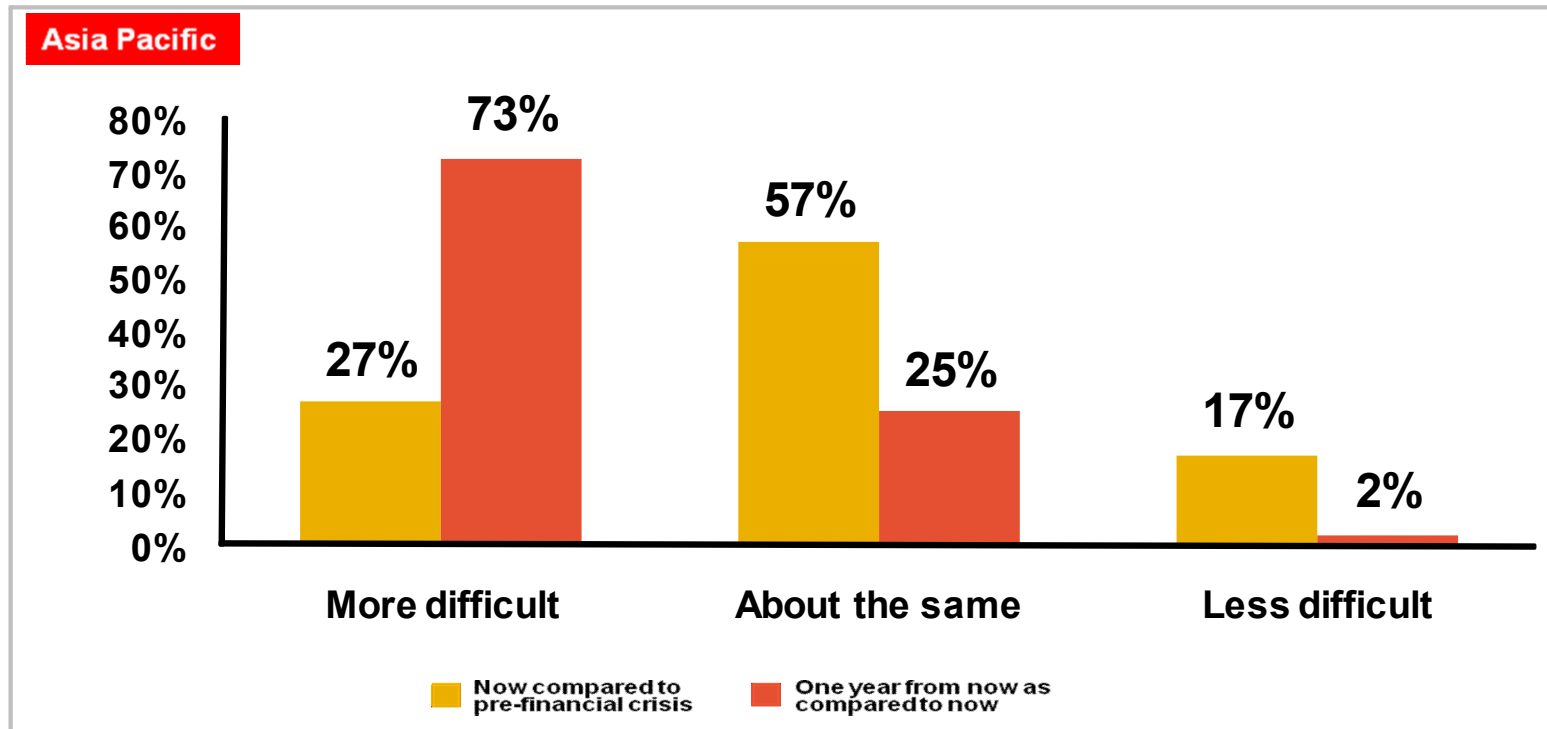
AP companies are recruiting



There is a talent shortage

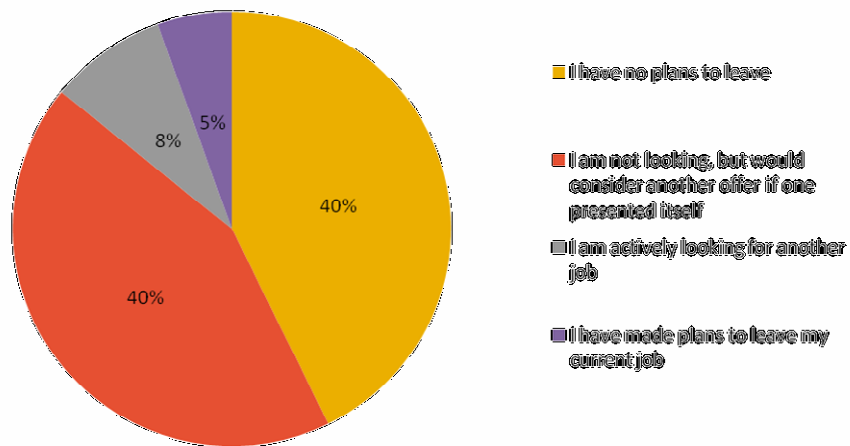
	Asia Pacific
Critical-skill employees	
- <i>problems attracting</i>	81%
- <i>problems retaining</i>	75%
Top-performing employees	
- <i>problems attracting</i>	74%
- <i>problems retaining</i>	70%
High potential employees	
- <i>problems attracting</i>	69%
- <i>problems retaining</i>	67%
All employees	
- <i>problems attracting</i>	39%
- <i>problems retaining</i>	42%

Retention is expected to get tougher

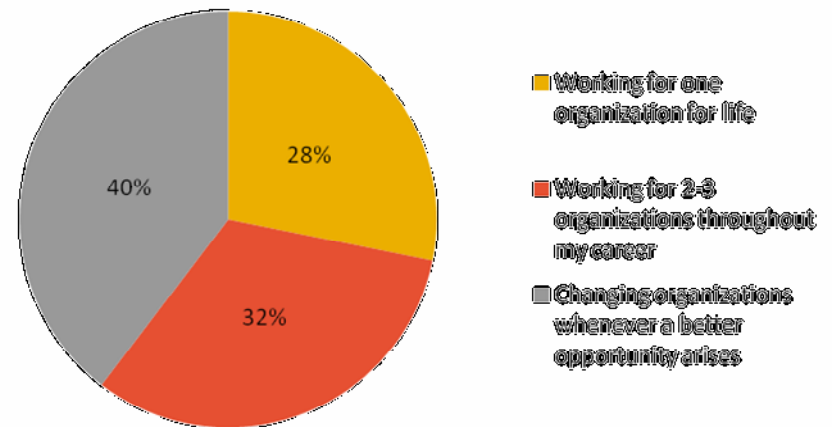


AP Employees are 'Open to Offers'

Describe your career plans



Describe your preferred career approach



Employers and employees are not aligned on attraction drivers

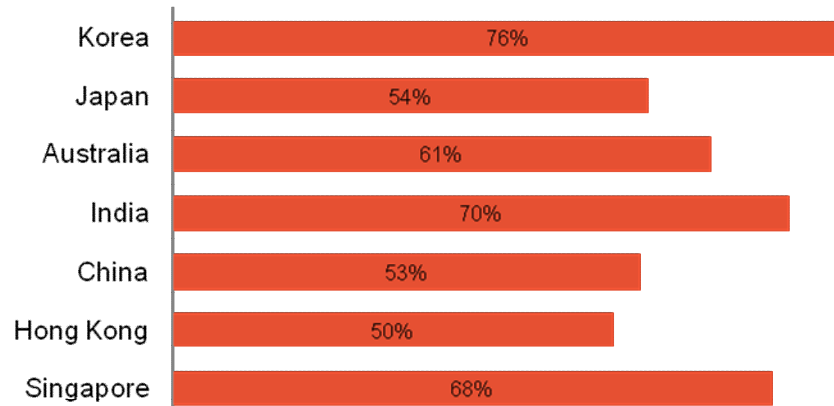
Ranking	Employer View	Employee View
1	Competitive base pay (56%)	Competitive base pay (41%)
2	Opportunities for career advancement, The business/industry of the organization (37%)	Challenging work (39%)
3	Opportunities to learn new skills (34%)	Convenient work location (33%)
4	Reputation of the organization as a great place to work (32%)	Opportunities for career advancement, Reputation of the organization as a great place to work (32%)
5	Challenging work, Organization's financial health (28%)	Opportunities to learn new skills, Competitive benefits (other than retirement or health care) (28%)

Employers and employees are not aligned retention factors

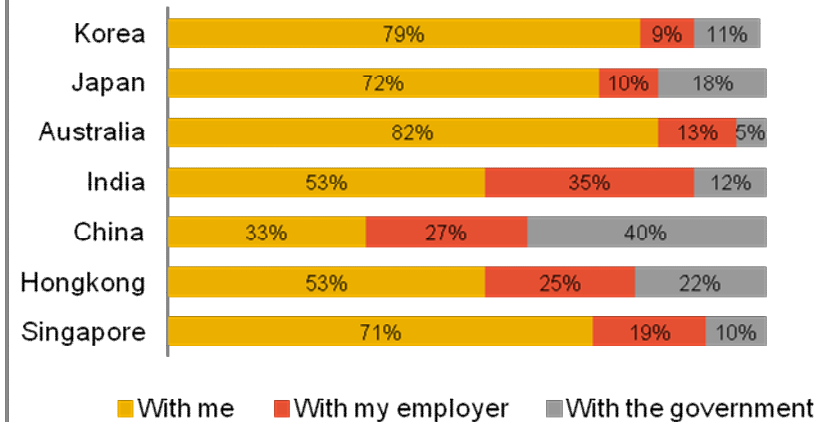
Ranking	Employer View	Employee View
1	Increased compensation (94%)	Increased compensation (91%)
2	Greater career advancement opportunity (90%)	Greater job security (90%)
3	Improved work-life balance (61%)	Availability of/better pension (89%)
4	Greater job security (47%)	Improved work-life balance, Greater career advancement opportunity (88%)
5	More flexible work hours, More flexible work location (43%)	Better financial planning resources (87%)

Employee are concerned about their finances

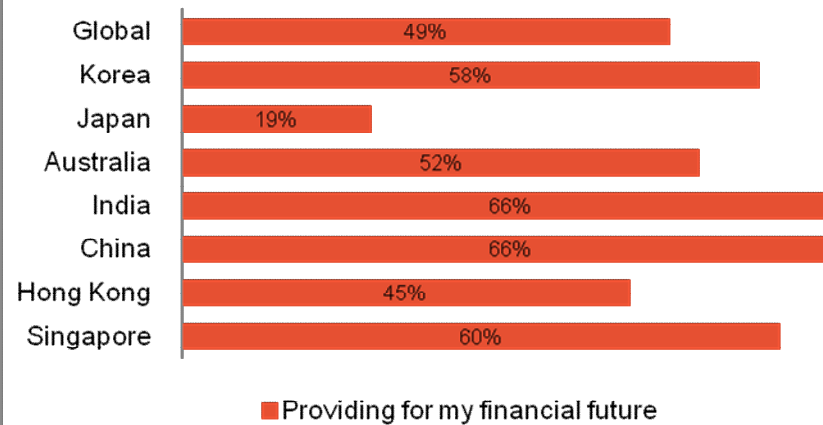
Employees worried about their future finances



Responsibility for financial future lies...



Confident to manage my future finances



Asia Pacific Reward Research

The Business Drivers

Benefit challenges faced in Asia-Pacific

Employee Demographics

- Evolving employee demographics
- Differing lifestyles and family patterns
- Ageing workforce and new generations

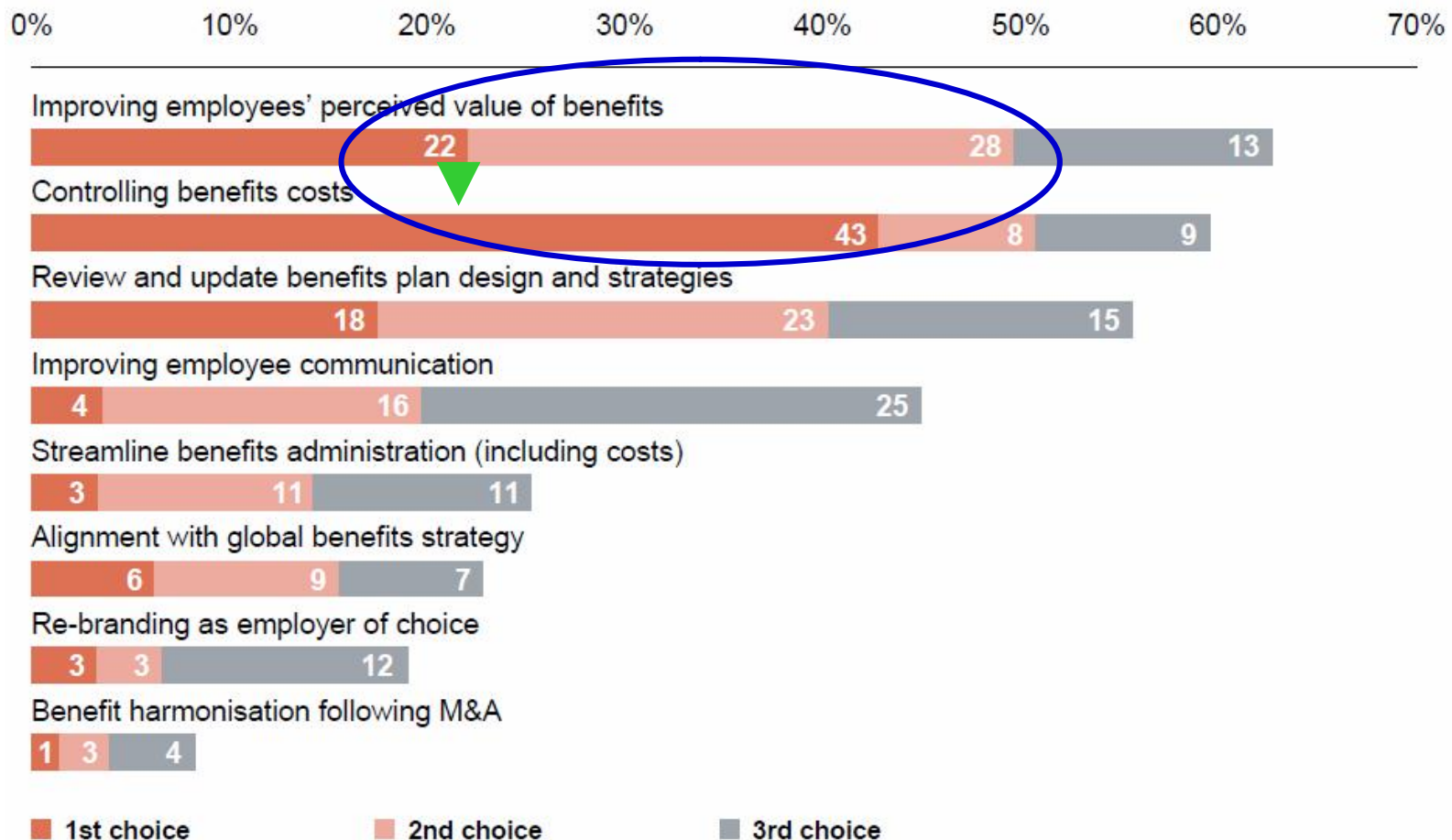
Human Capital

- Increasing war for talent and companies looking to be seen as the “Employer of Choice”
- Reinforcing cultural changes within the organisation
- Harmonisation of benefits across entities
- Regional/global benefit plan initiatives

Financial Drivers

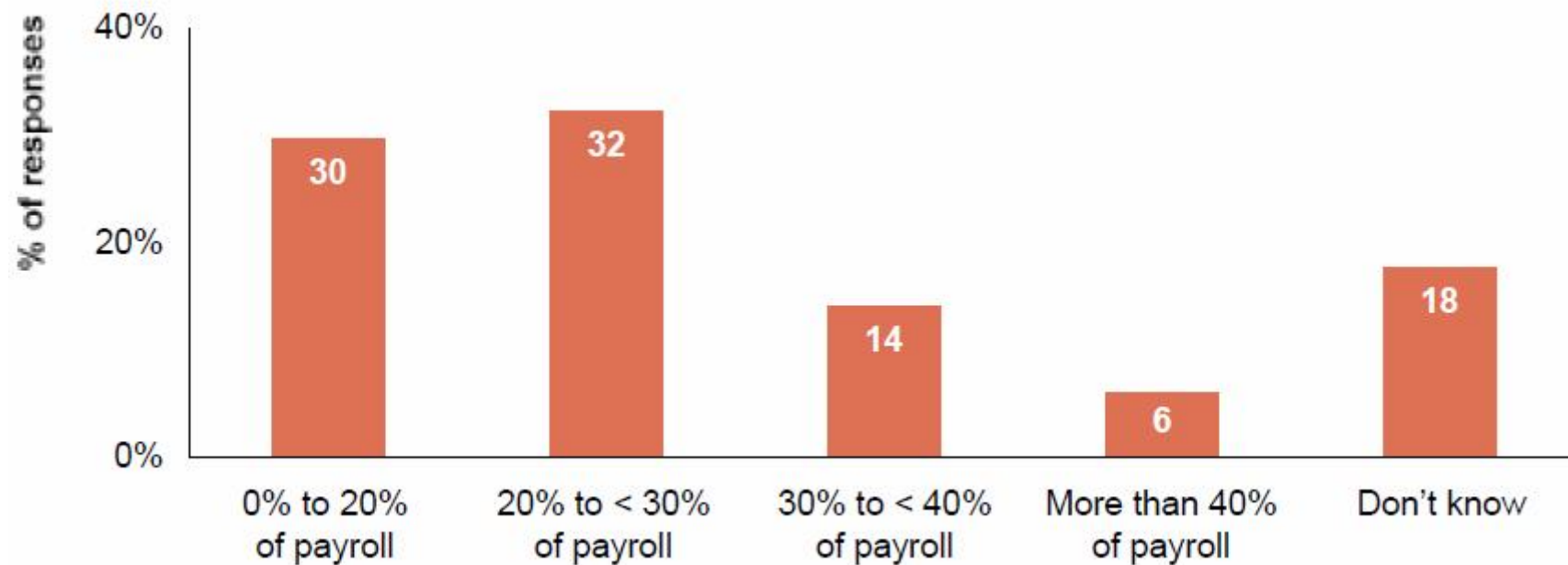
- Cost management strategies
- Reducing benefit administration costs through increased efficiency
- Maximising return on investment

Benefit challenges faced in Asia-Pacific



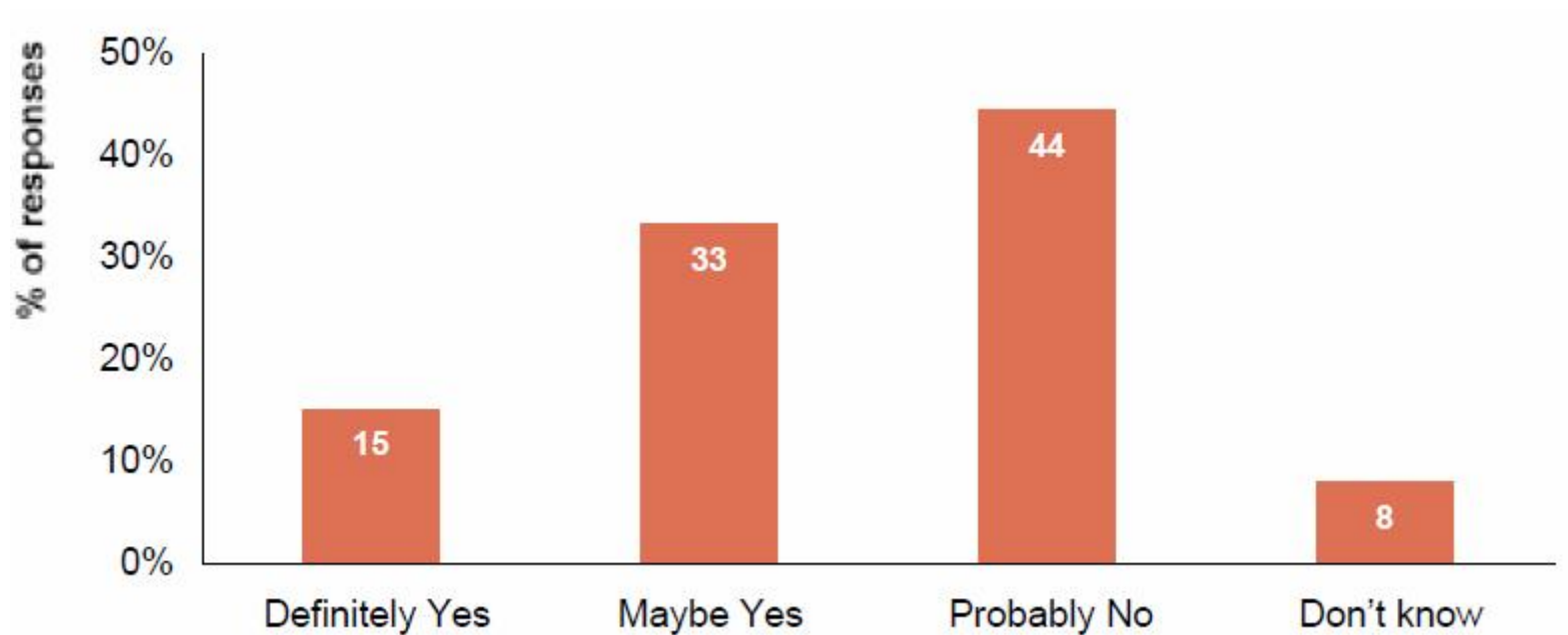
Expenditure on benefits

Over 50% of companies spend more than 20% of payroll on benefits



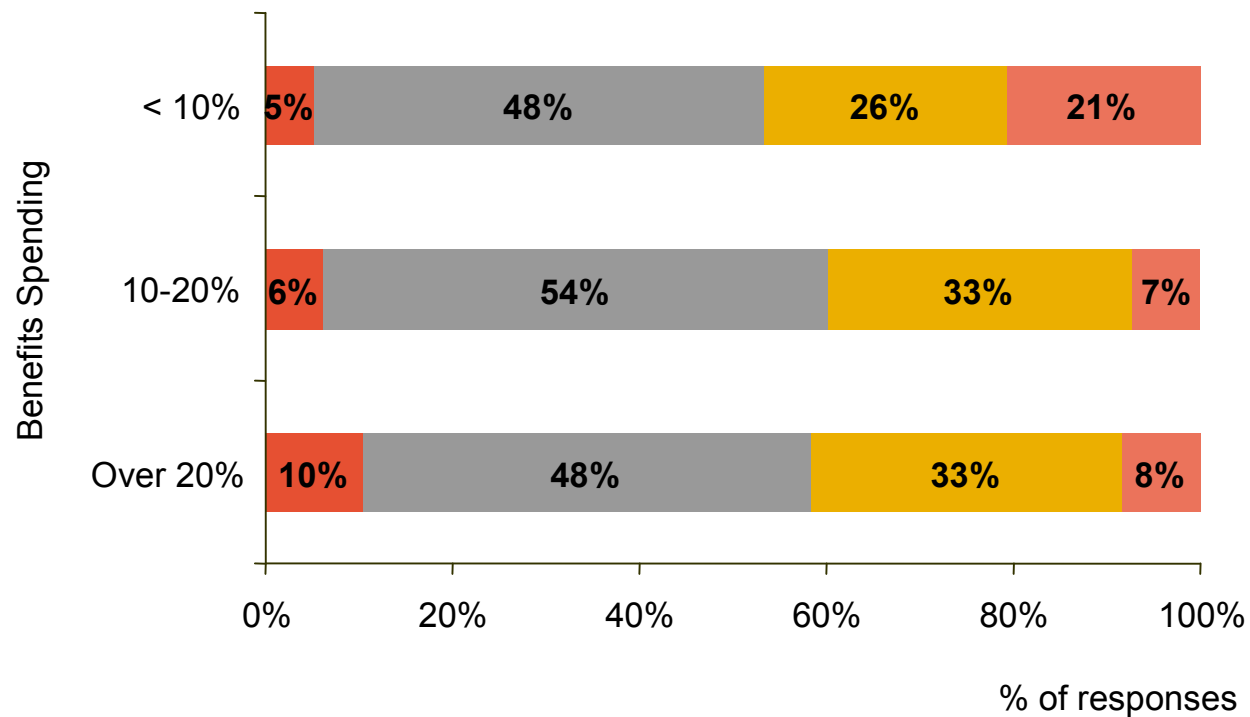
Employee understanding of benefit costs

Few could be sure that the value of benefits are well understood



Benefit spending and the value attached by employees

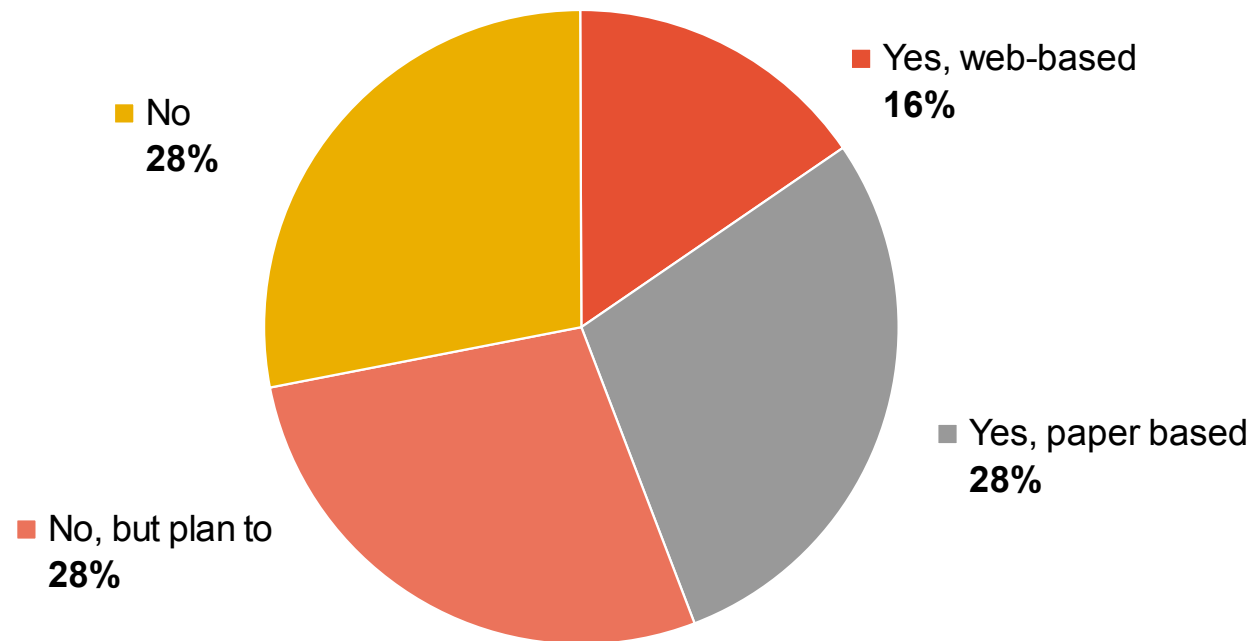
Irrespective of how much employers spend, some 40% of employees still don't really value benefits



■ Highly value ■ Value them quite a lot ■ Value them a bit ■ Don't value them enough/at all

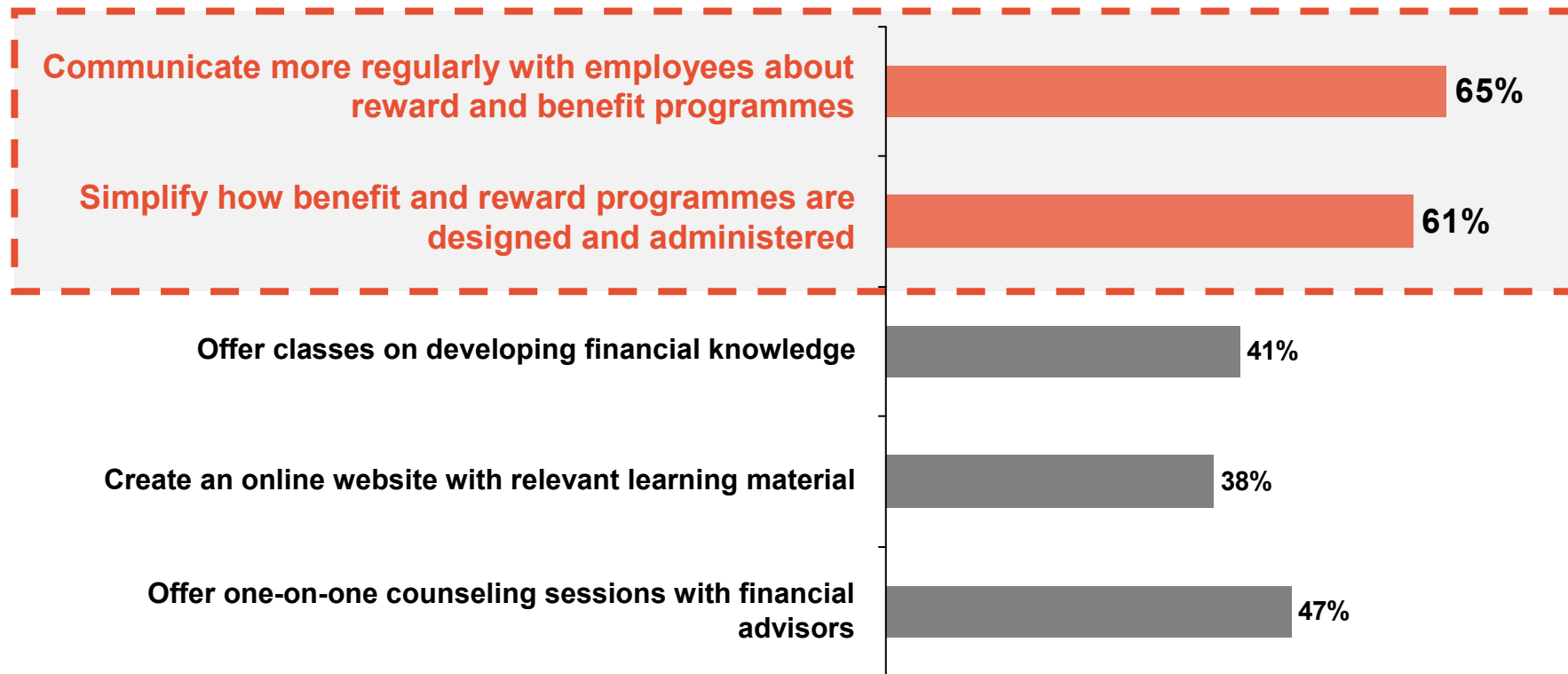
Benefits communication to employees

More than half of companies have not been regularly communicating their benefit offering

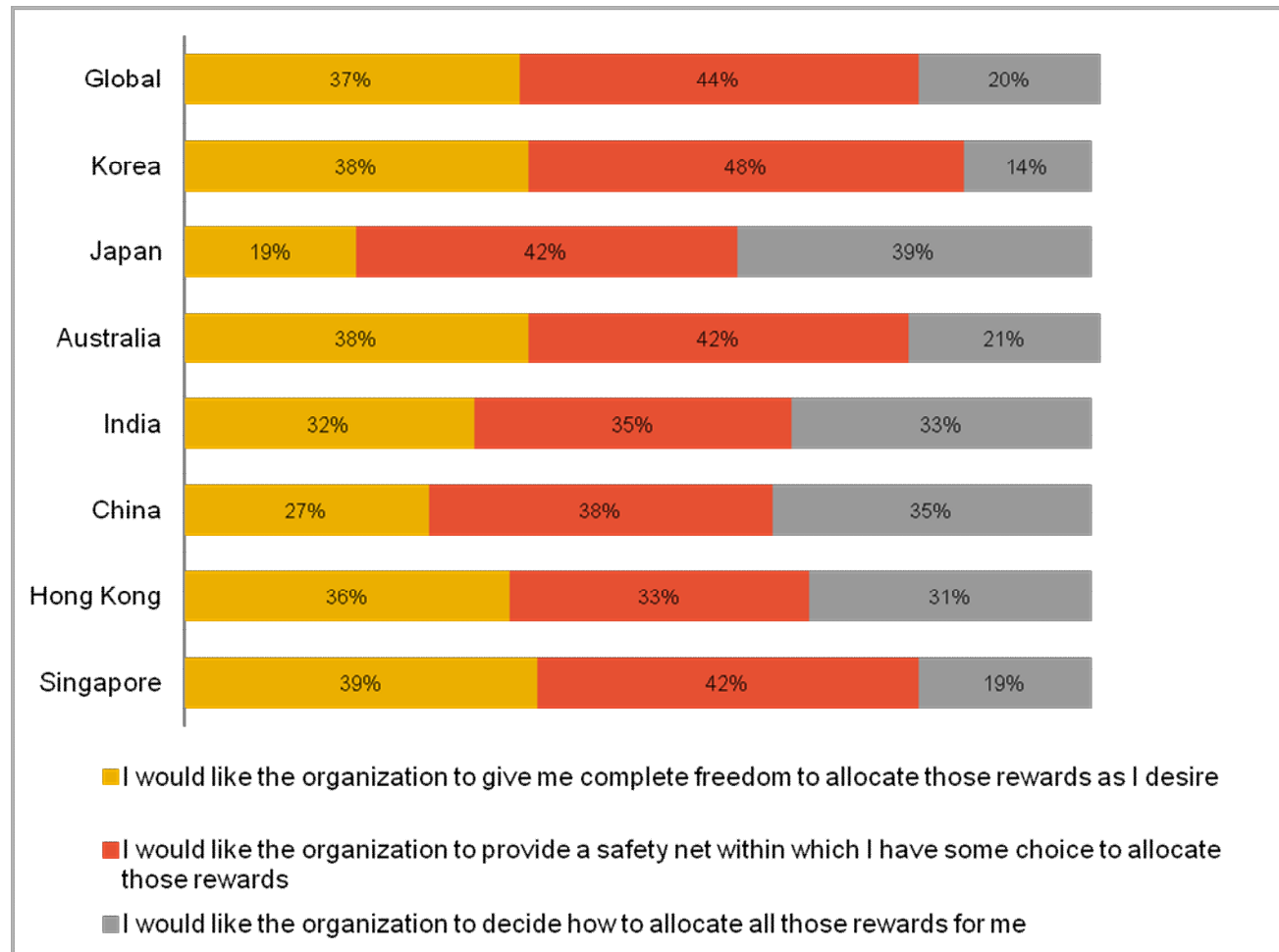


Employees have difficulty understanding their current reward and benefits.

Types of support employees would most like to receive in order to improve their ability to understand and manage rewards and benefits.....



Employees want some control over their benefit choices



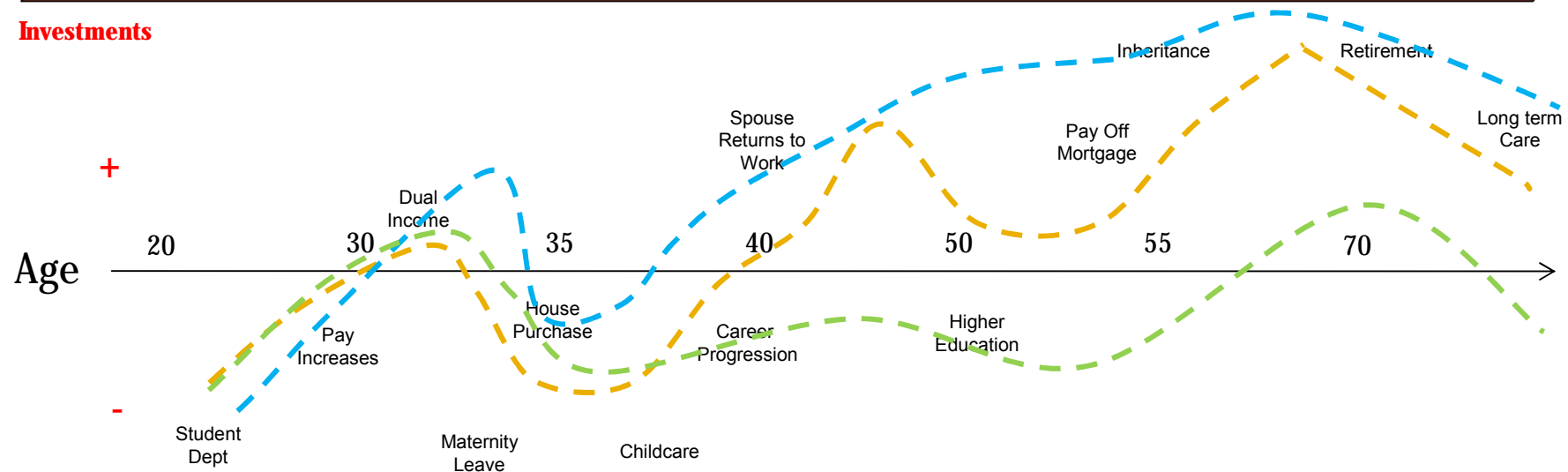
Employee's benefit needs evolve

Diverse generations and demographic groups have different values, cultures, preferences...and expectations

Help employees to accumulate

Savings, mutual funds, bonds, pensions, annuities, mortgages, equity release

Investments



Debt

Help employees to protect themselves and their families

Student debt repayment, healthcare, life assurance, long term investments, Childcare, Wellness

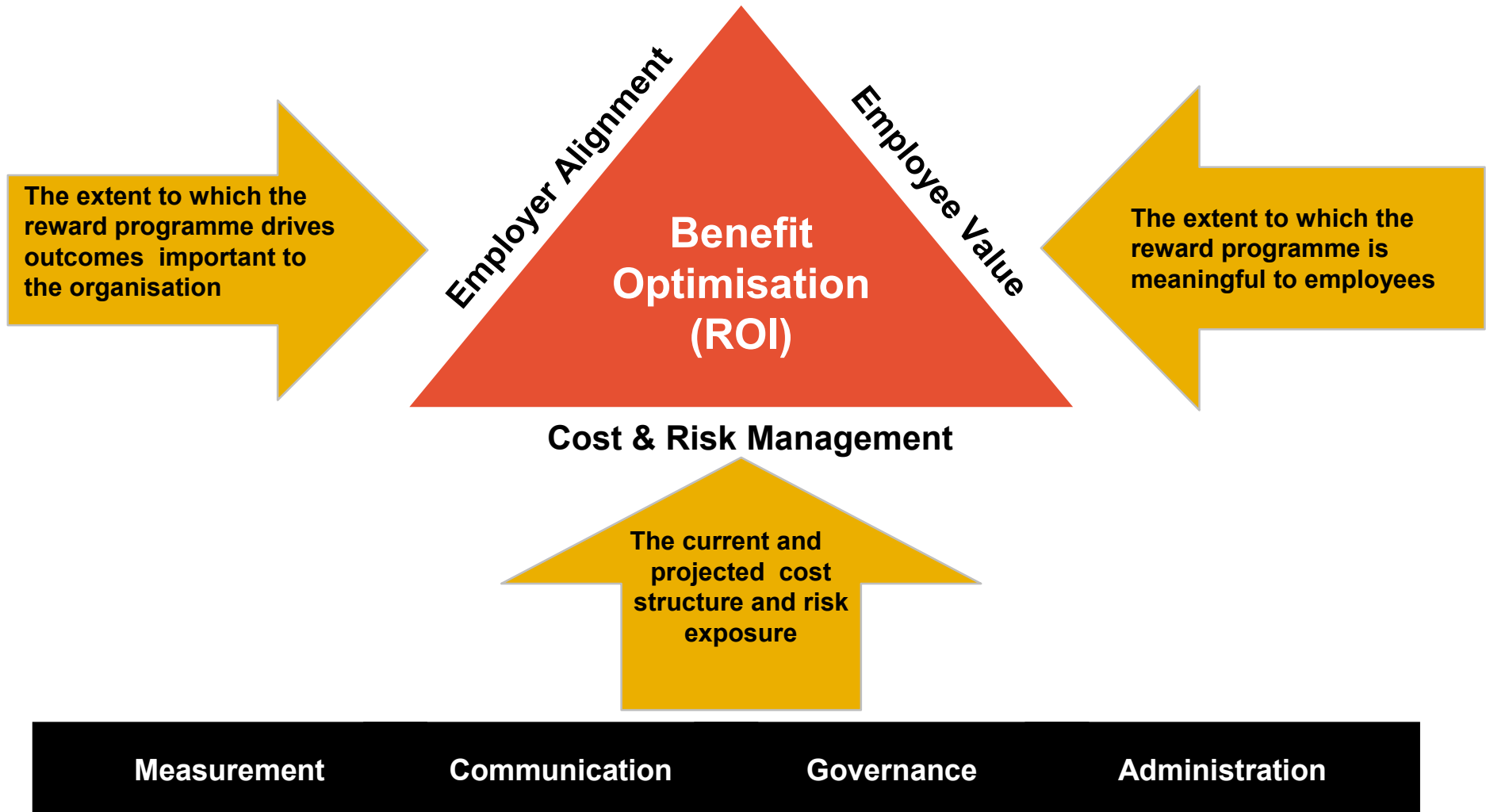
What is Benefit Optimisation?

Benefits Optimisation

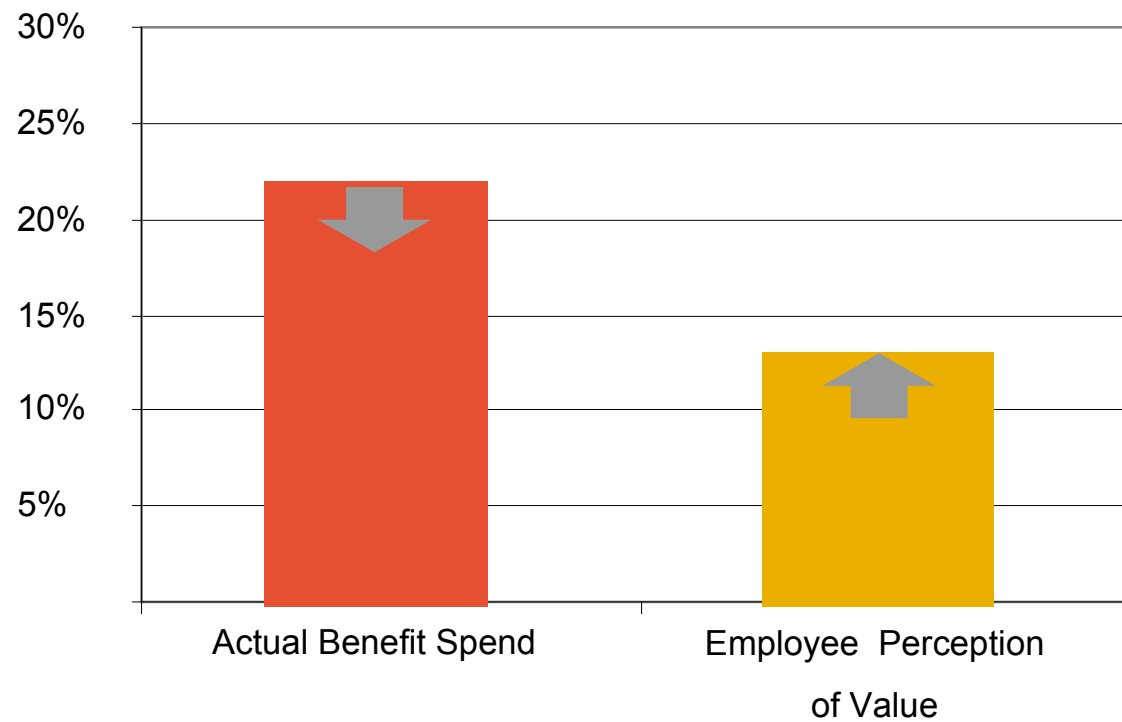
- It's a strategy to maximise the effectiveness of your benefit spend
 - An engaging benefit programme, relevant and accessible to all
 - Health & Wellbeing strategy intertwined
 - Effective communications
 - Real-time MI to support decision making
 - Competitive insurance terms
 - Commitment to ongoing review, enhancement and communication
 - Effective use of technology

Benefits optimisation

Approach to analyze and recommend



Objectives of Benefits Optimisation



Towers Watson Benefit Optimisation Services

	Employer Alignment	Employee Alignment	Cost & Risk Management
Benchmarking	✓	✓	✓
Feasibility Studies	✓	✓	✓
Plan Design	✓	✓	✓
Communication Strategy	✓	✓	✓
Total Reward Solutions	✓	✓	✓
Online Benefit Platforms		✓	✓
HRIS & Payroll Systems Interfacing			✓
Workforce Wellness Consulting	✓	✓	✓
Outsourced Administration			✓
Vendor Management			✓

Examples

Games?

Imagine if you could teach your employees 30 things about their health in a way which they found fun....



Towers Watson Flex Plan Home Page

Fix&Flex® | Home - Windows Internet Explorer

https://uat.fixnflex.com/FixFlexWeb/ng/asn4s34n.sgp4s34n/?wicket:interface=:4:::

File Edit View Favorites Tools Help

Fix&Flex® | Home

Home Details MyCafé Benefits FSA About Password Help Feedback Disclaimer Logout

Home

Employee's password has been successfully changed

Help Centre

Please contact your local Human Resources representative during office hours Mondays to Fridays (except public holidays). Alternatively, you may send an email to: mycafe@towerswatson.com

Enrolment Countdown

You now have **21 days** to make your benefit choices.

Flex Allowance

Benefit	Option	Cost
Outpatient	EOS - Outpatient - Employee	4,514.00
Hospital	Level 2 - Hospital - Employee	2,964.00
Life Insurance	36 x Monthly Base Salary	208.50
Total		7,686.50

Welcome to MyCafé!

Designed to provide you with core medical and life insurance cover, through *MyCafé* you can also select your level of cover and other optional benefits that best suit your needs and lifestyle.

How to make your choices

It's easy to make your benefit choices. Simply click on the 'MyCafé Benefits' link and then click on the 'Change' button next to each benefit. This will let you find out more about each benefit and allow you to make your selection.

You can also elect to 'Save' your selections until you are ready to confirm on your final choices. You will need to 'Submit' your final choices by 5pm local time on Wednesday, 22 December, 2010.

Should you have any questions about your benefits, please contact your local Human Resources representative.

Benefits Page

Fix&Flex® | Benefits - Windows Internet Explorer

https://uat.fixnflex.com/FixFlexWeb/ng/asn4s34n.sgp4s34n/benefits

File Edit View Favorites Tools Help

Fix&Flex® | Benefits

MyCafé
Make it yours

Home Details MyCafé Benefits FSA About Password Help Feedback Disclaimer Logout

Benefits

Print

Benefit	Funded Entitlement	Options Selected	Cost - HKD (Annual)	Actions
Life Insurance	36 x Monthly Base Salary	36 x Monthly Base Salary	208.50	Change
Outpatient	EOS - Outpatient - Employee & Spouse & Child/ren	EOS - Outpatient - Employee & Spouse & Child/ren	28,444.00	Change
Hospital	Level 2 - Hospital - Employee & Spouse & Child/ren	Level 2 - Hospital - Employee & Spouse & Child/ren	13,377.00	Change
Total			42,029.50	
Flex points			42,029.50	
Transfer to FSA			0.00	
				Save Submit

Flex Allowance

Benefit	Option	Cost
Outpatient	EOS - Outpatient - Employee & Spouse & Child/ren	28,444.00
Hospital	Level 2 - Hospital - Employee & Spouse & Child/ren	13,377.00
Life Insurance	36 x Monthly Base Salary	208.50
Total		42,029.50

General Details

Name: Tai Keung Cheung

Done

Internet 100%

Thank you