

Pretium Partners

博盛亚洲

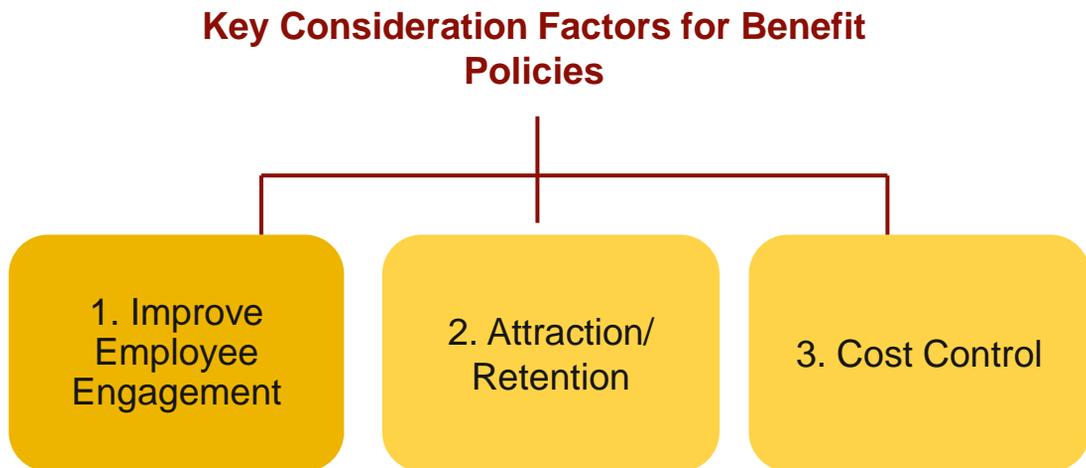


Pretium Benefits Trends Summary

December 2014

Benefits Strategies – Key Consideration Factors

As benefits strategy is an integral part in enhancing the value proposition of total remuneration, the key consideration factors in changing benefit policies and levels are:



Improving employee engagement – this is the most important consideration since increasing awareness and understanding of the benefits can improve employee perception of the value of benefits

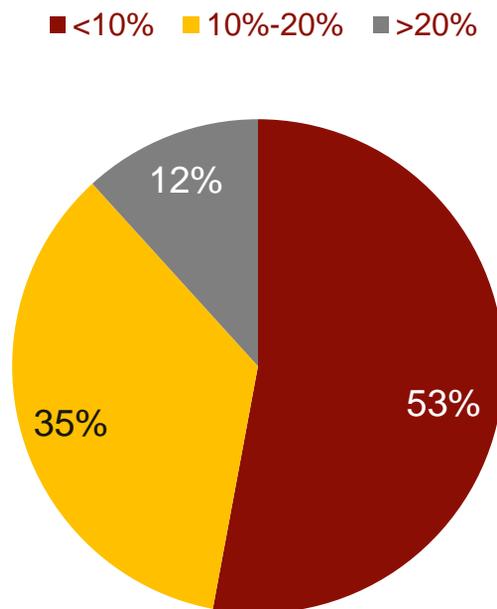
Attraction and retention – appropriate design of benefits programs to cater employees' needs at various levels could be an effective attraction and retention tool in talent competition, which is an angle that firms tend to easily overlook

Cost control - benefits are a significant investment but cost control is not the primary nor the only consideration. Firms are trying to strike a balance between optimizing benefits offering and managing costs.

Benefits Cost as a Percentage of Total Annual Payroll

As reflected from the key considerations discussed before, benefits and employment conditions are important ingredients in the engagement and attraction / retention recipe. Among the firms surveyed, 53% of them indicated benefits cost accounts for less than 10% of their total payroll and 35% of the firms said the cost ranges from 10% to 20% of the total payroll.

Benefits Cost as a Percentage of Total Annual Payroll

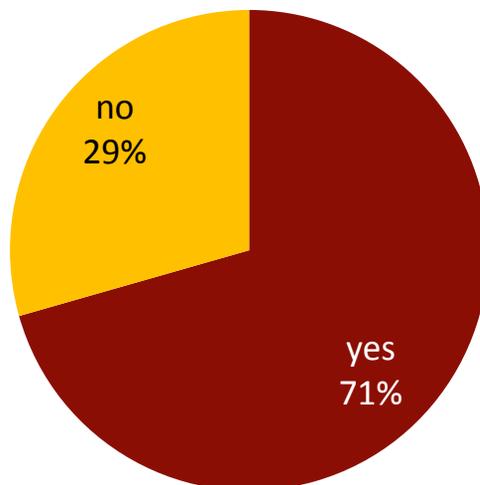


Apart from legally required benefits such as Mandatory Provident Fund or the recently passed legislation on paternity leave, how the benefits budget should be prioritized and spent among the competing benefits demands remains to be a challenging task for those firms which aspire to be the employer of choice. Some companies are assessing employees' perceived value of different benefits or employment conditions while others are benchmarking the benefits competitiveness and potential gap to identify whether the dollars should be spent. By combining the demographics of the employees population, identifying the market gap and referring to the perceived value of different benefit items, it becomes obvious whether the budget should be spent on time-off benefits, insurance benefits that protect the employees and their family members or benefits that provides future financial security, etc.

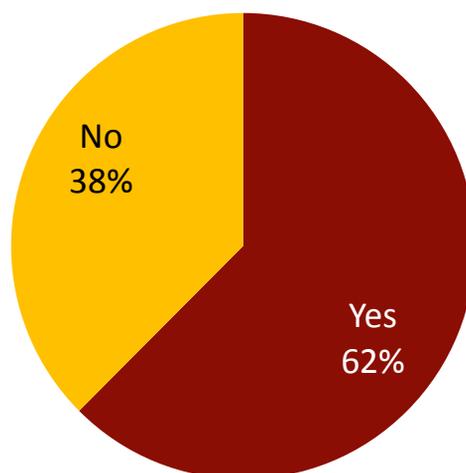
Benefits Changes

Benefits are high on the HR priorities as reflected from the survey that more than 60% of the firms have plans in changing benefit programs or employment conditions in 2015. How should HR prioritize among different benefits items and employment conditions in order to maximize the benefits dollars are critical to improving employee engagement.

Any Changes of Benefits Policies or Employee Conditions in 2014



Plans in Changing Benefits Policies or Employee Conditions in 2015



Benefits Changes – Medical Benefits



Top Agenda for both 2014 and 2015

Due to rising medical costs, medical benefits top the agenda on benefits changes in both 2014 and 2015.

- **Upgrade Outpatient and Hospitalization Benefits**
 - The changes focus on expanding the coverage of medical benefits to cover dependents. The maximum number of outpatient clinical visits has also increased to a median of 40 times.
- **Holistic approach to health management**
 - Some of the more progressive firms have adopted a more holistic approach emphasizing on illness prevention rather than cure, which has resulted in more health and well being programs for employees. For example, in many of our surveyed firms, the subsidized fees for gym and medical checkup are no longer confined by age limit and management levels. Junior staff and young employees are also entitled to a range of preventive health and well-being benefits.
- **Health Programs as a baseline for talent attraction and retention**
 - Due to the high perceived value in medical benefit, the comprehensiveness and competitiveness of medical coverage is becoming a baseline for talent attraction and retention. Therefore, health programs remain to be a high priority for change in 2015.

Benefits Changes – Leave Entitlement



Increasing Focus on Work Life balance in 2014

Over the past year, there was a wave of changes on leave programs. This was partly triggered by the increasing focus on work-life balance and the government advocacy in launching 3-day paternity leave which spillovers to a complete overhaul of the leave programs.

Wider Range of Leave Programs

Apart from annual leave and paternity leave, more firms have introduced birthday leave, elderly leave and social service leave which encourage employees to take time-off for different purposes.

Benefits Changes – Employee Education

Employee Education Vital to Company Development

Employees' professional development is important to both the company and the employees. Some companies have increased the reimbursement amount of employee education in 2014 to support job-related training and education including bachelor or master degree programs.

Training bond

Due to the substantial investment in employee education, most of the firms require employees to sign a training bond which requires employees to repay the whole or part of the education subsidies if they leave the company during the restrictive period.



Benefits Changes – MPF Voluntary Employer Contribution



Increasing Popularity of MPF Voluntary Contribution in 2015

Most of the firms provide voluntary employer contribution to Mandatory Provident Fund (MPF). Normally, employer's voluntary contribution is subject to 5 to 10 years of vesting which serves as a retention tool. Some firms plan to increase employer voluntary contribution in the coming year to provide more future financial security to the employees and increase employees' cost in job hopping.

Key Drivers in Selecting Benefits Providers

Again, cost is not the number one driver when firms are selecting benefits providers. Service is the primary consideration which includes service provided to both the HR department and the employees directly. Service excellence is reflected from the seamless delivery of the claim and administration processes, which is especially important for different types of medical and other insurances.

Growing emphasis of self service enables employees to deal directly with the vendors or insurance companies for claim reimbursement or enquiries. System capability of the vendor is more important than the brand of the benefits providers since employees can file or raise enquiries about their claims 24 hours a day and 7 days a week. Web-based platform or interactive voice response (IVR) systems enable employees to initiate and check the status of applications or claims and to verify a member's eligibility and benefits.

Key Drivers to Select Benefits Providers

