



2009 Top Five Total Rewards Priorities Survey

Conducted in partnership with the ISCEBS
Results released January, 2009

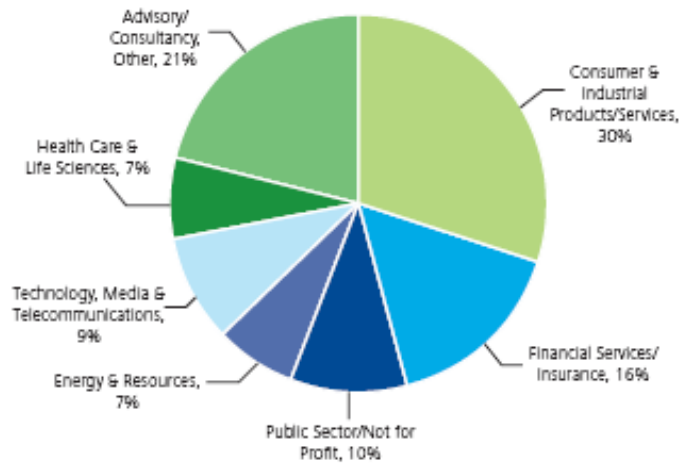


An Overview

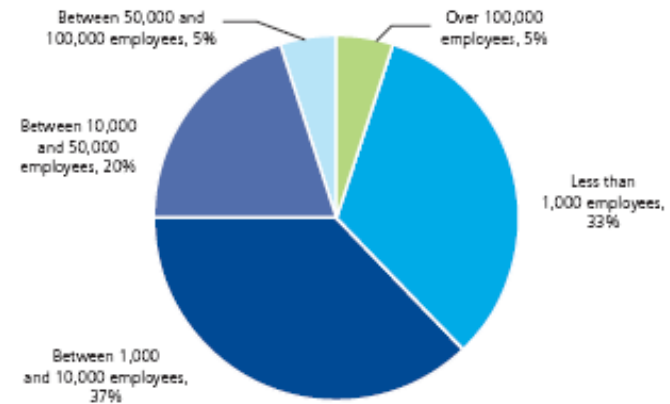
- Top Five Total Rewards Priorities survey completed annually for the past 15 years
- 2009 survey includes responses from 426 people
- Asked to rank concerns from both an employee and employer perspective

Survey Demographics

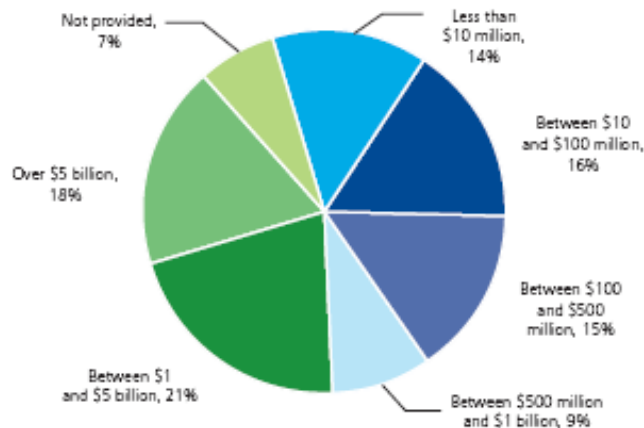
Participants by industry



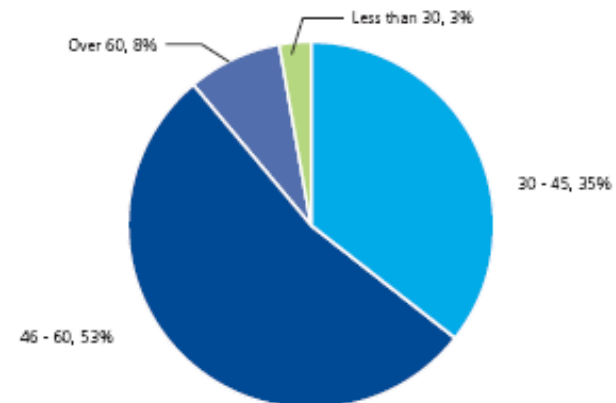
Participants by number of employees



Participants by revenue



Participants by age



Most significant organizational challenges

The anticipated shortage of qualified workers, retaining today's workforce, as well as declining economic conditions are at the top of the chart.

Challenge	Percent*
Shortage, motivation, and retention of qualified talent	32%
Declining economic conditions, and the impact on employee retirement and savings plans (NEW choice for 2009)	25%
Rising cost of total rewards	20%
Changing workforce demographics (e.g., age, gender and culture)	9%
Managing rewards risks (e.g., regulatory compliance, funding requirements and investor scrutiny)	6%
Requirements and complexity associated with global workforce and rewards programs	4%
Other	4%

* Percentage of survey respondents identifying each challenge as their most significant over the next three years.

Top 5 Total Rewards challenges today

Employers are thinking strategically about Total Rewards given that the Top 5 Total Rewards challenges are consistent with a focus on the big picture.

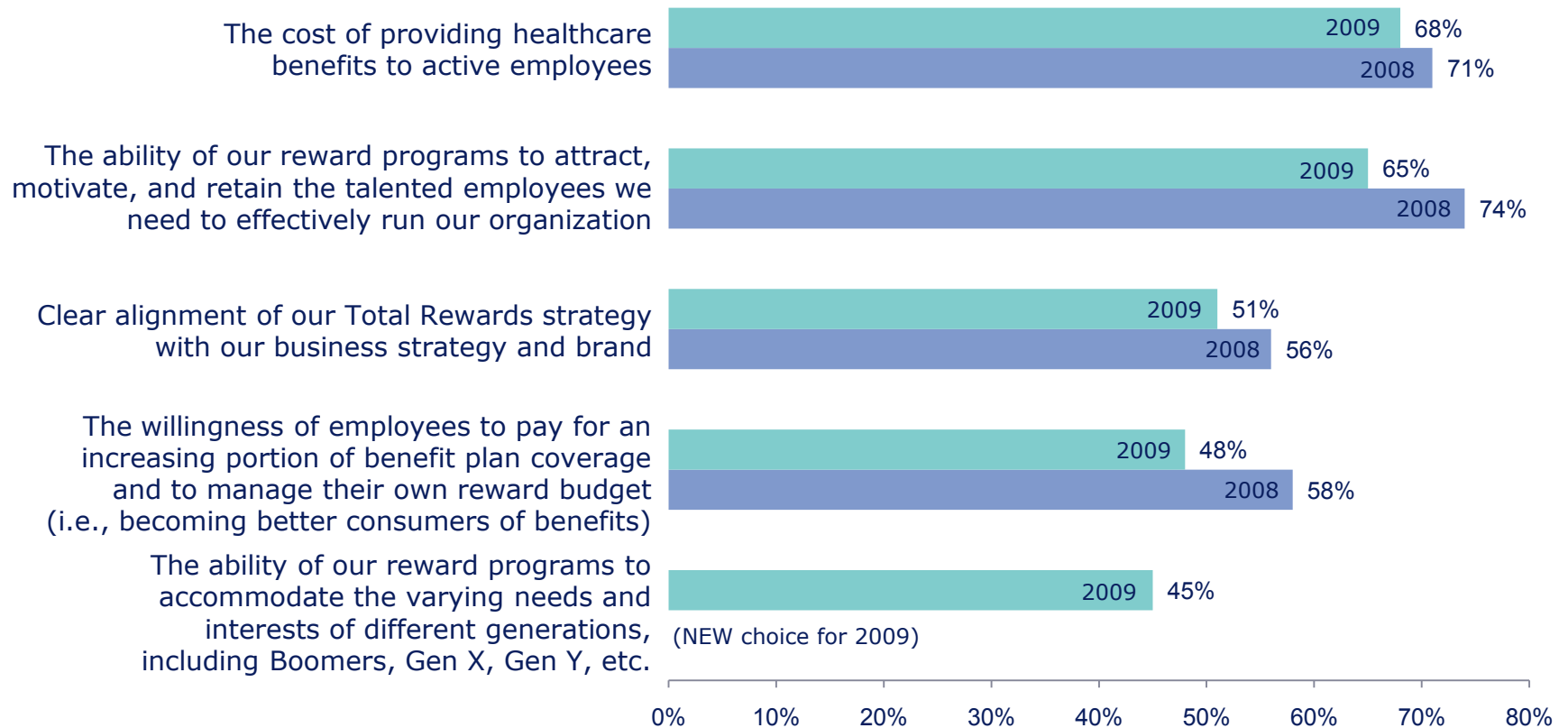


Figure represents the percentage of respondents ranking each challenge within their top five priorities.

Planned rewards redesign to focus on communication

Despite the concerns of employees and organizations, the number of organizations planning a redesign in their Total Rewards programs is trending downward for 2009. Of those organizations planning to make a change, employee communications is the most commonly-cited modification.



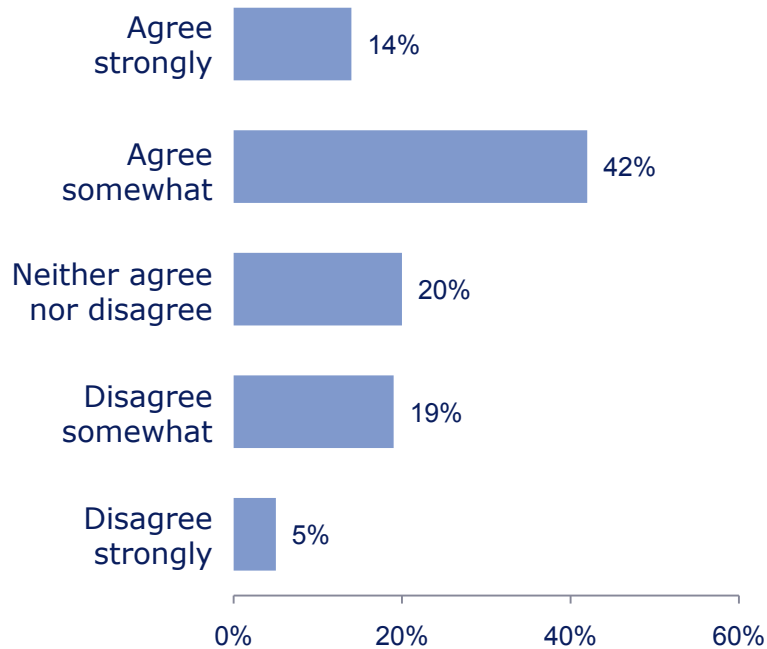
Specific Areas for Redesign

- 62% of respondents plan to redesign their compensation programs during 2009
 - 65% will consider increased use of performance-based pay
 - 41% want to improve performance management tracking and administration
- Respondents also will focus on retirement plans in 2009
 - 34% will consider redesign of their defined contribution plans
 - 15% will focus on defined benefit plans
- 70% of respondents will consider health coverage changes in 2009
 - Increased cost sharing remains the most-used cost savings vehicle at 58%
 - 46% will consider increase in consumerism
 - 43% want to include greater usage of wellness/disease management initiatives

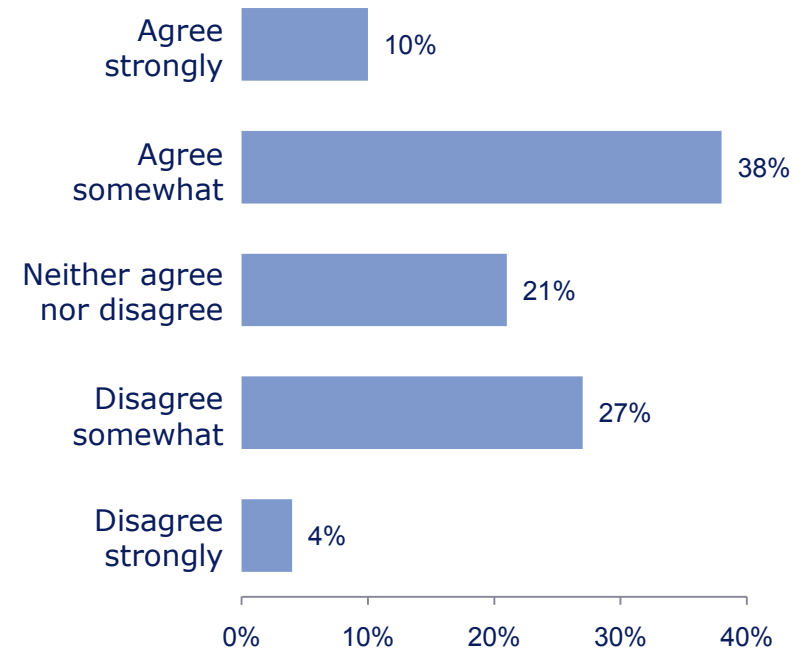
Generations factored into Total Rewards plans

The number of employers planning generation-based changes in Total Rewards is likely to rise sharply in the future as they link their worries about future talent management with a greater appreciation for the profoundly different attitudes about work and career expectations.

My organization's leadership team understands the Total Rewards perspectives and values of the different generations in our workforce

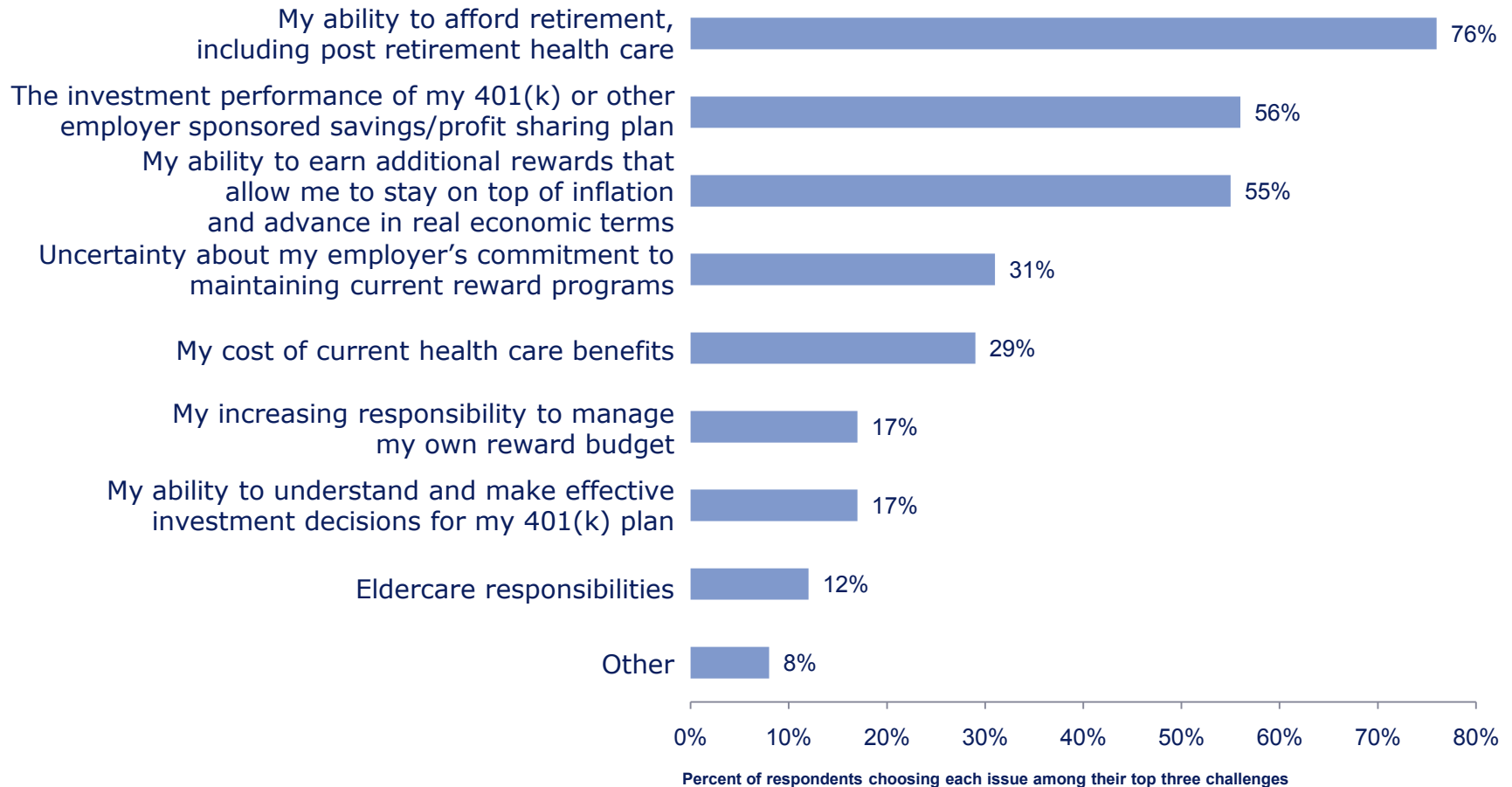


My organization has the correct Total Rewards strategy in place to recruit and retain the age groups we need in our workforce



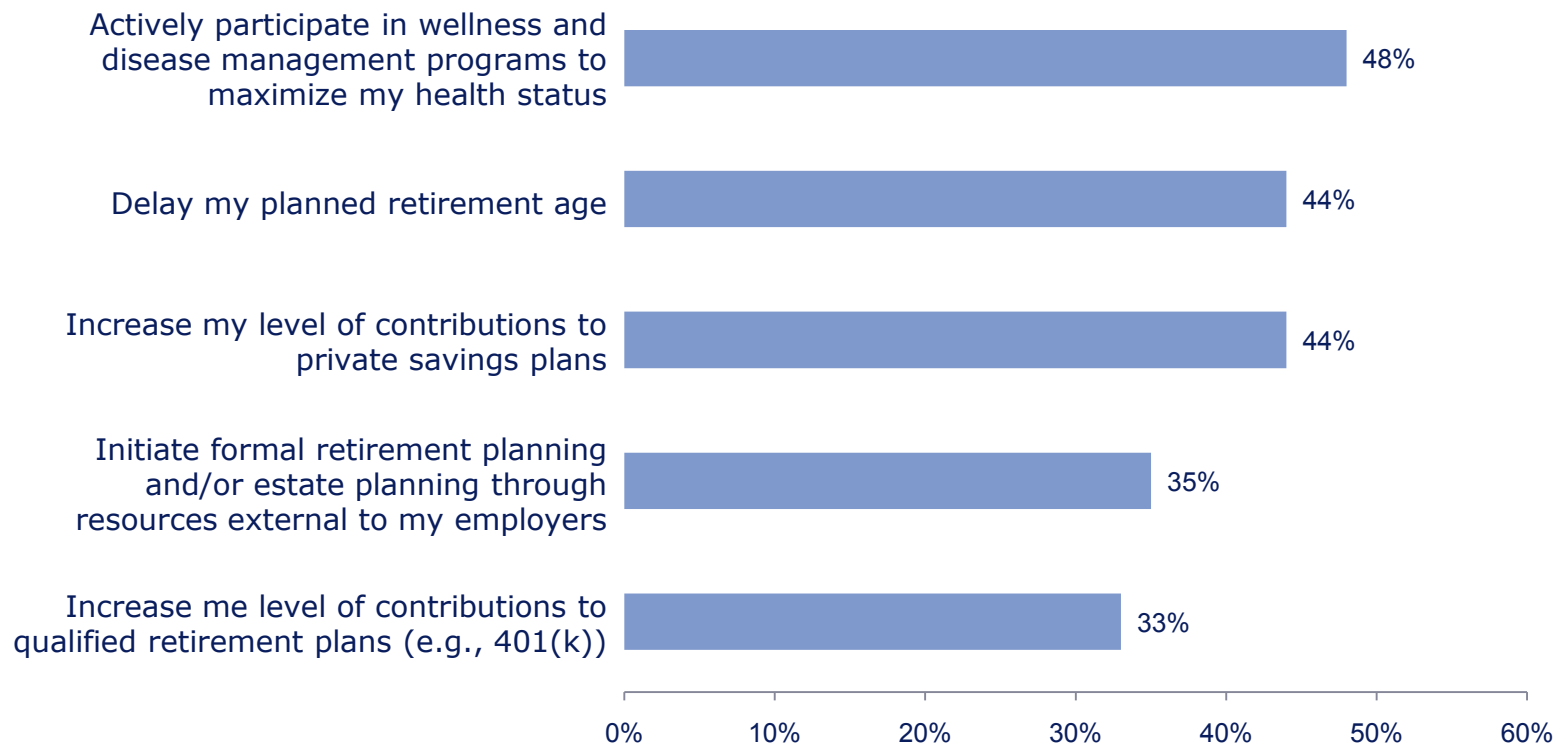
Top personal challenges of survey respondents

A pattern of growing personal concern over “big ticket” economic items is replacing angst about cost of healthcare benefits. The figures below represent the challenges that are most important to the respondent as an employee or individual.



Employee responses to personal challenges

In response to the personal challenges faced by today's employees, many indicate that they plan to take actions focused on increased personal responsibility and forward planning. The figures below represent how employees plan to respond to these personal challenges over the next three years.



What They're Saying...

Survey respondents were asked to share what changes to the Total Rewards programs their organizations are contemplating or have already implemented for 2009. Here's what they're saying about:

Total Rewards

"Although we operate and make decisions with a view of Total Rewards, it is not 'packaged' or communicated as 'Total Rewards' to our employees. We want employees to understand that the company provides much more beyond just compensation and benefits. We will be adding a wellness program, so that may be the start of our repackaging."

"My company's Total Rewards program remains committed to its current level and mix of employee benefits."

Compensation

"The uncertain economic environment has prompted management to rethink the year-end bonus structure which would communicate lower bonus targets for a potential decrease in earnings for the near term."

"The adjustment to our compensation program will be a mix between the elements of salary, short-term incentives and long-term incentives."

Retirement

"We intend to continue discretionary contributions to the defined contribution plan, but levels will be based on company profitability."

"We entered 2008 launching a study to move us from a defined benefit pension plan to a defined contribution savings plan, but given the recent market activity, have delayed the implementation from Q1 2009 to a date yet to be determined. We felt it was not the right time to shift accountability to the employee to manage their retirement monies in the declining financial markets."

Health and Welfare

"We have launched a wellness campaign to drive awareness and hopefully behavior, with the expectation of reducing sick pay and health care expenses of our employees."

"We are looking at all options for our health care plan, from including tobacco/non-tobacco rates to limiting dependent coverage if spouse has coverage available; from requiring participation in health risk assessments to self-funding approaches."

Other Rewards Programs

"The high price of commutes plus the emphasis on reducing air emissions has prompted the company to consider more flexible work arrangements."

"We will explore career-life fit alternatives in 2009, grounded in an understanding of generational differences."

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

Copyright © 2009 Deloitte Development LLC. All rights reserved.

Member of
Deloitte Touche Tohmatsu