

NJBankers
Employee Benefits Survey
11th Annual Edition 2021

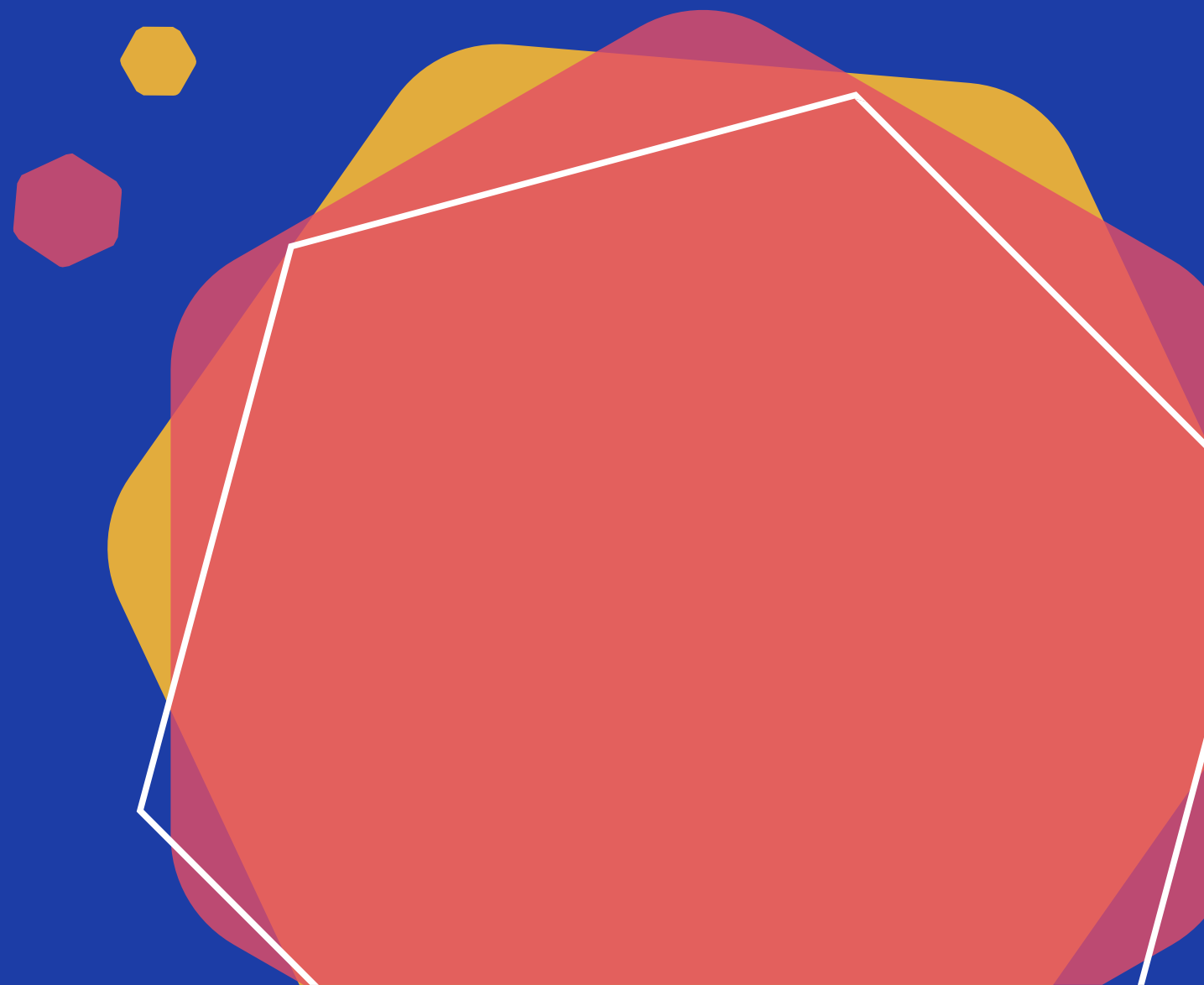


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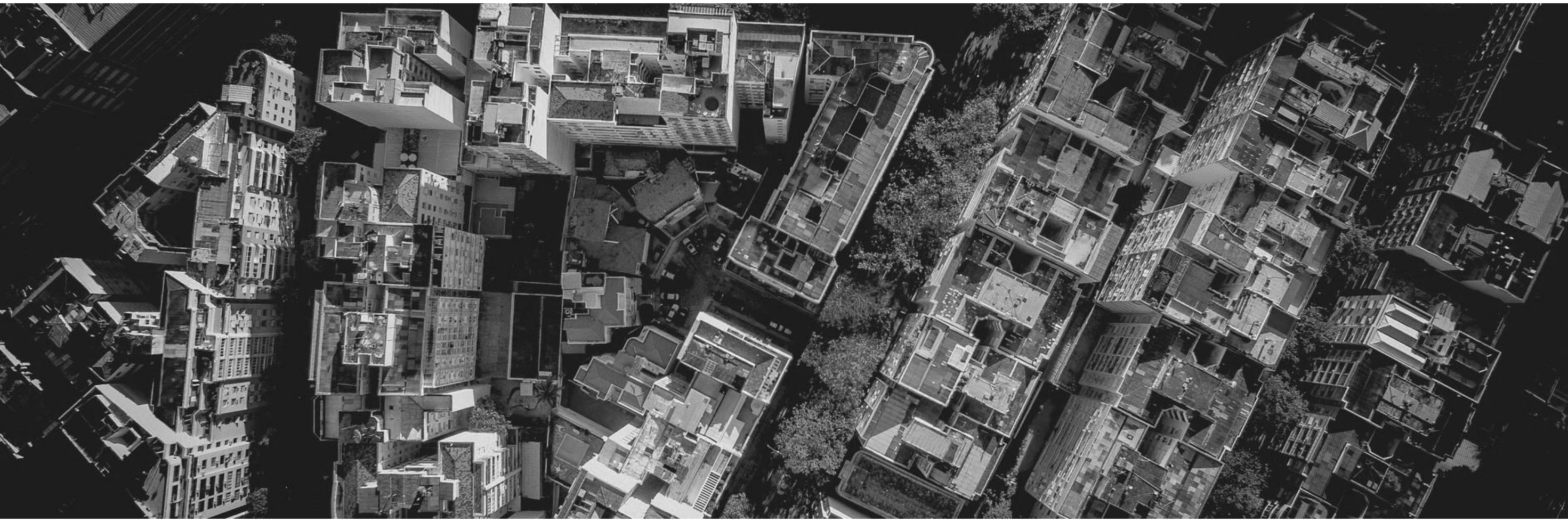
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Introduction



The past two years have presented unprecedented challenges brought on by COVID-19. The pandemic highlighted the importance of our healthcare system and just how critical it is to keeping our world moving forward.

In Spring 2020, we experienced lockdowns and limited movement as we battled back against a fast-moving virus. This led to individuals being unable or unwilling to obtain certain elements of healthcare. Those employers with access to claims data saw their claims utilization move sharply downward due to suppressed access to care. Many elective procedures saw delays that were pushed into the summer months or beyond. The priority through 2020 was to bring COVID-19 under control.

After a second wave in late 2020, transmission rates of the virus began to move back downward and coincided with the release of multiple vaccine options. Moving into 2021, a majority of individuals became fully vaccinated and restrictions both in the workplace and in our communities have slowly scaled back.

During this time, technology stepped in to take an even greater role in our everyday lives. In the workplace, in person meetings were replaced with video conferencing. Visits to healthcare providers were supplemented with new communication apps and an embracing of telehealth solutions.

The data within this year's report reflects how this unprecedented time impacted healthcare and how insurance carriers and employers responded during this time. As uncertainty was at its highest, insurance carriers and employers were reluctant to introduce disruption to the status quo. With claims activity being suppressed by certain access limitations, insurance carriers were more inclined to release renewal rate actions that were below prior year trends. Employers were seeking to maintain existing plan strategies in an effort to provide some form of continuity in a time of great unknown.

As we move into the later parts of 2021 and look ahead into 2022, stability is beginning to take hold again. With that comes claims experience that is shifting back upward after a period of suppressed activity. Many of the challenges that employers faced in prior years will come back to the forefront as they look to contain costs, deliver comprehensive solutions, and attract and retain talent.

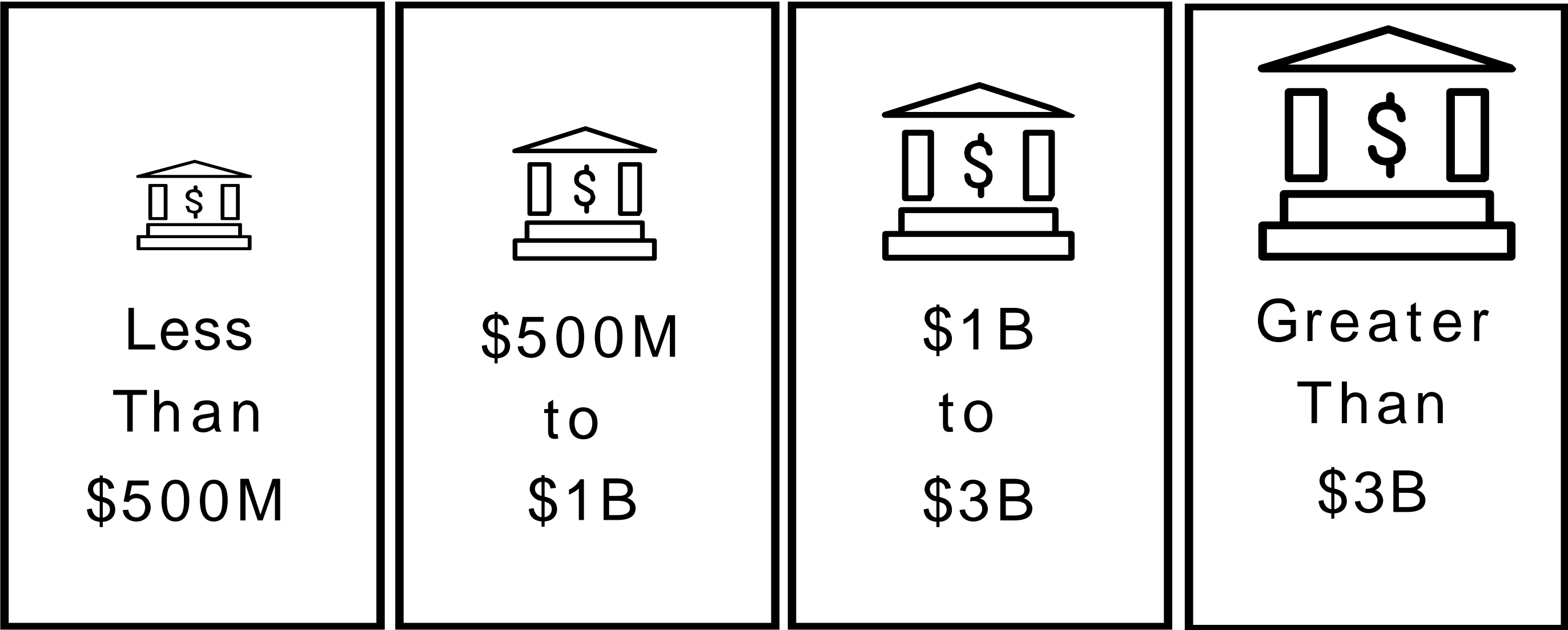
— *Matthew Cooney, President & CEO Bankers Cooperative Group, Inc.*

About TheSurvey

NJBankers and Bankers Cooperative Group are proud to present the 11th annual edition of the NJBankers Employee Benefits Survey. This report is put together using survey responses from NJBankers member banks to serve as the premier resource for employee benefits insight and benchmarking data.



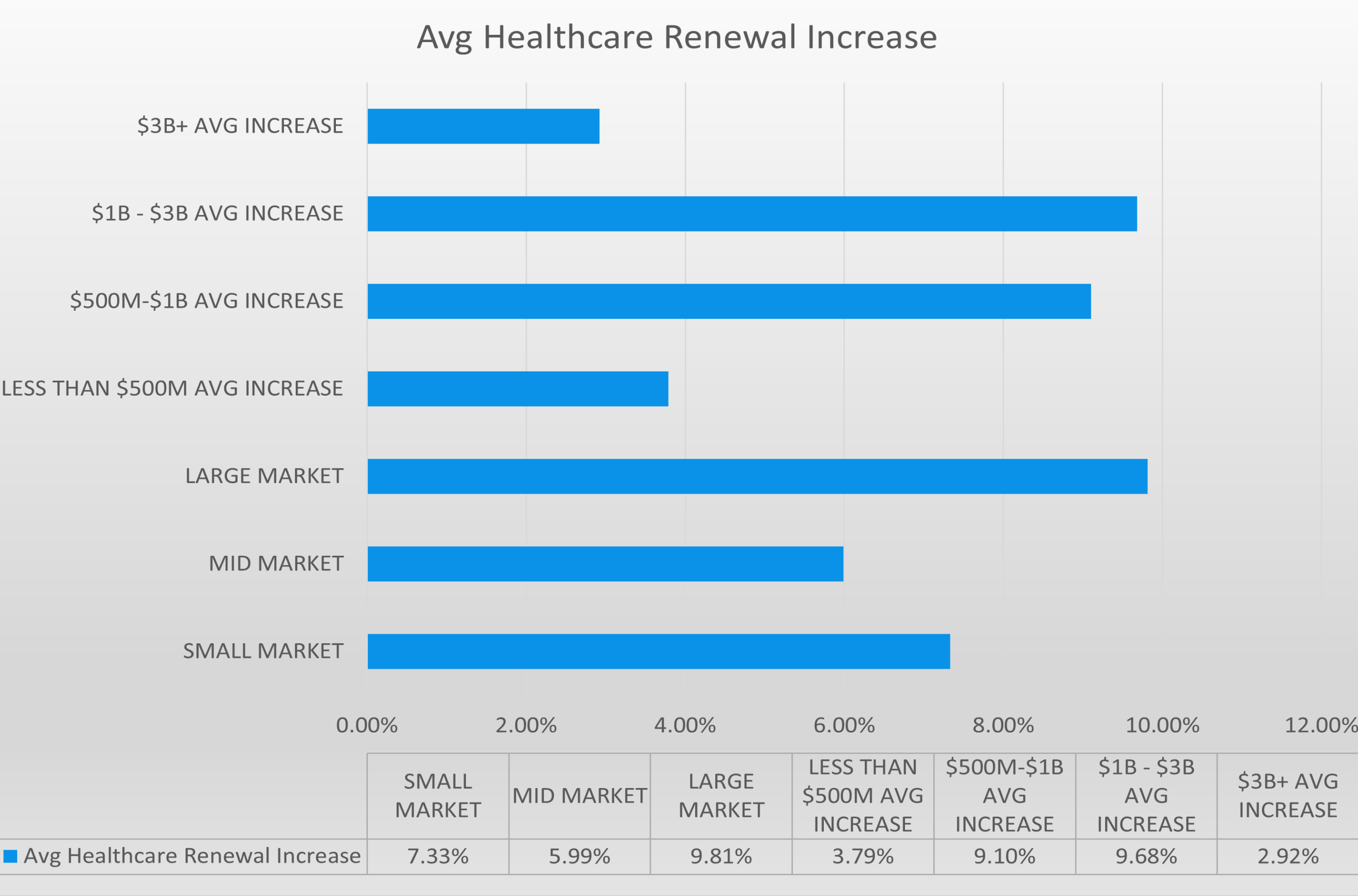
This year's survey saw 40 respondents across four asset class segments. Those four asset class segments were as follows:



Healthcare

As the pandemic took hold in the second quarter of 2020, healthcare utilization saw a period of decline. The result of lower utilization and reduction in claims activity was that the majority of NJBankers members' renewals for 2021 saw lower healthcare renewal increases than prior years.

Despite the majority of banks seeing lower than average healthcare renewal increases, the collective average healthcare renewal increase for all NJBankers members was 8.14%. This figure takes into account all employer size market segments which includes the 2-50 employee small group market, 51-99 employee mid-market, and the 100+ employee markets. Each market contains their own nuances, but the impact of lower claims experience held true across all markets.



25%of banks saw healthcare renewal increase greater than 10%.

45% of banks saw healthcare renewal increase less than 5%.

Healthcare

During the 2021 renewal cycle, member banks were less inclined to make plan design changes. During a time of uncertainty, many member banks chose to not make plan design changes in 2021. With a majority of banks keeping plan designs in place from prior year, the average member plan design in 2021 saw little change to last year's survey results.

Average "Base Plan" Medical Offering in 2021

	Individuals	Family
Deductible	\$1,153	\$2,340
Max out of Pocket	\$4,032	\$8,013
PCP	\$20	N/A
Specialist	\$35	N/A

Specialist Visit \$35 copay

Across all member banks, the average plan sees employees having access to an Exclusive Provider Organization, or EPO. In this setting, enrolled employees have access to providers without the need for referrals but must stay within a defined network of providers for coverage.

Additional plan options include Preferred Provider Organization (PPO), and Qualified High Deductible Health Plan (QHDHP), that provides the ability to fund a tax advantaged health savings account. Expanded plan options include varied network access plans that allow for tiered network access to incentivize members towards utilizing a specific subset of a network or by limiting the size of network via “narrow” network strategy.

Healthcare

While many banks continue to remain in a fully insured environment, the national trend towards self funding is likely to take greater hold within NJBankers membership over the coming years. Today 70% of banks are fully insured, while the remaining 30% participate in an alternate funding vehicle that includes level funding, minimum premium, and traditional self insured. Aside from addressing each bank's tolerance towards the sharing of risk, the size of a bank's enrolled population is a clear distinction in its probability of being fully insured versus an alternate funding arrangement.

Fully Insured

Fixed dollar amount in exchange for insurance carrier taking full risk of claims.

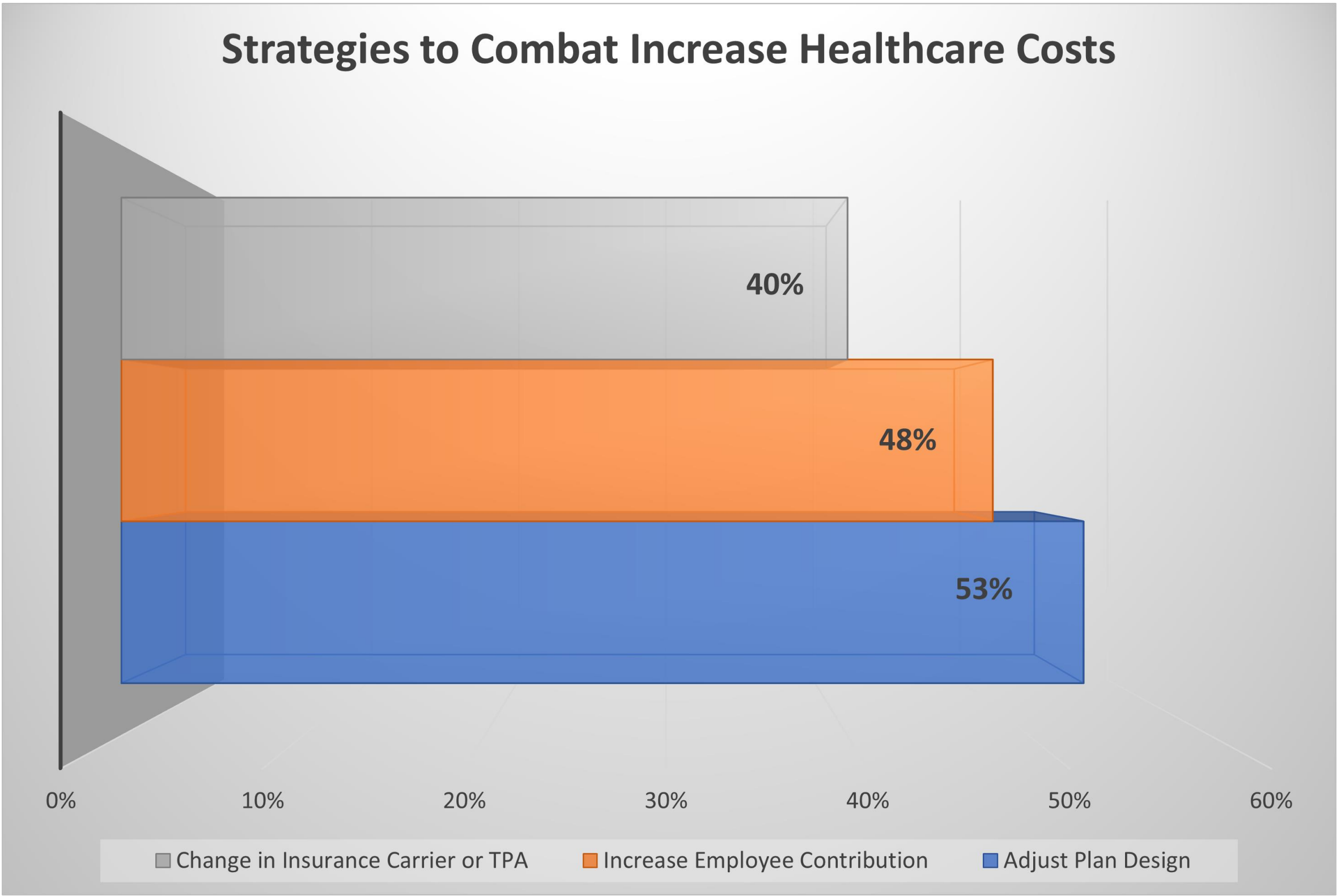
Level Funded

Mirrors fixed costs of fully insured while providing surplus opportunity via partially self insured arrangement.

Self Insured

Pay claims and protect against large claims via specific and aggregate stop loss coverage.

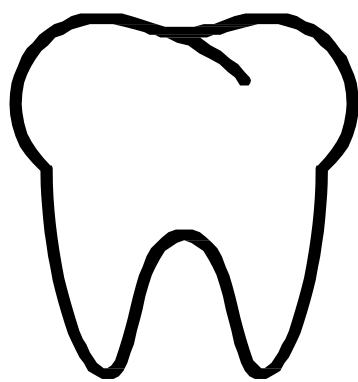
Recognizing that the trend of more favorable renewal healthcare increases is unlikely to continue year over year, member banks are strategizing to combat increased healthcare costs. This year's approach to healthcare renewals will see banks prioritize the following strategies to mitigate rising costs:



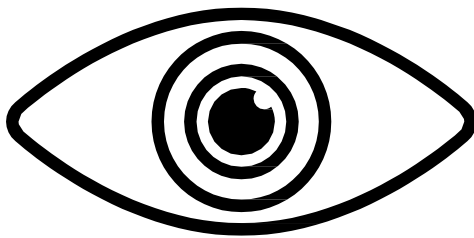
Additional Benefits

100% of NJBankers members provide "core benefits" to their employees.

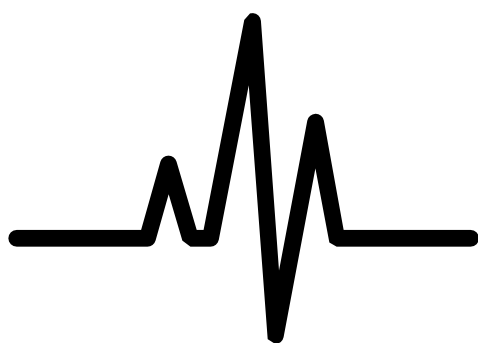
While healthcare takes up considerable amounts of attention in the employee benefits arena, additional benefits are seeing increased attention as employees are seeking more robust offerings from their employers to accommodate their needs. A well-rounded employee benefits offering will increase the probability to attract and retain talent. NJBankers member banks recognize this as 100% of all survey respondents offer group dental, vision, basic life, and disability coverage. Often referred to as the “core benefits”, these lines of coverage lay the foundation for an employee benefits program and are rounded out with voluntary offerings that are made available by the employer and selected by employees.



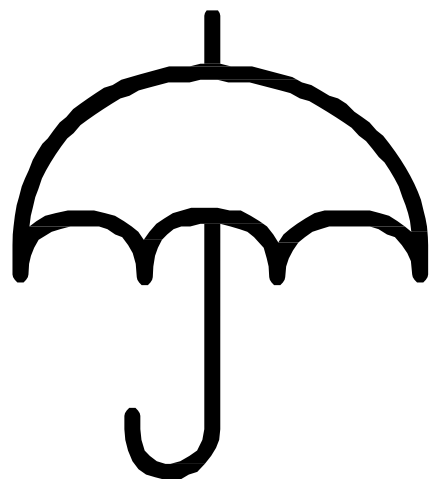
DENTAL



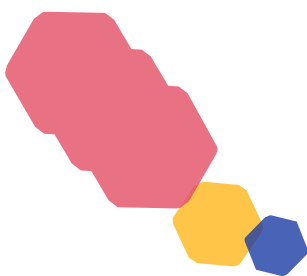
VISION



LIFE



DISABILITY



Additional Benefits

All respondents to this year's survey offer the aforementioned "core benefits" to their employees. Looking closer at these plans we do see varying levels of benefits being offered:

Dental

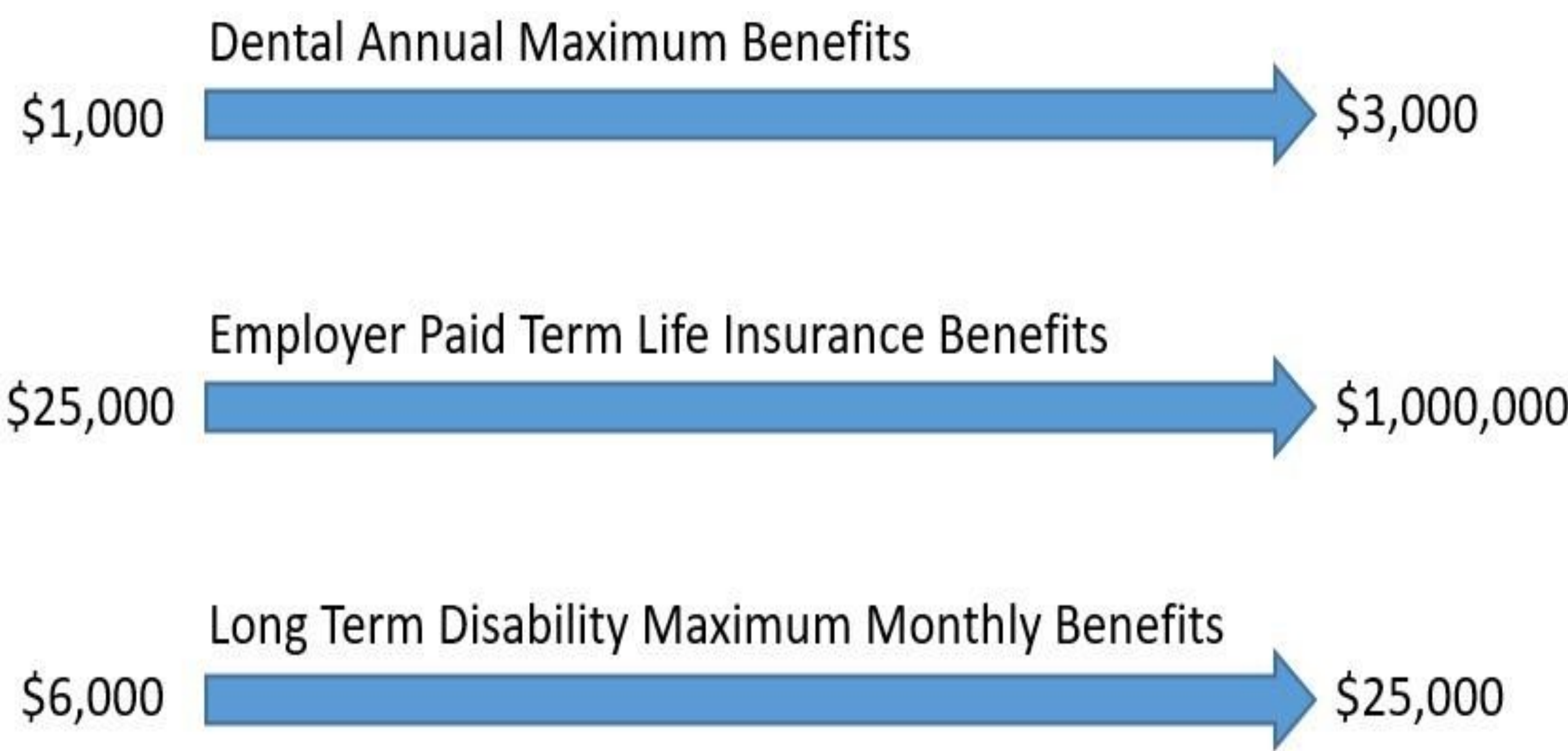
The range of the annual maximums for NJBankers' dental plan ranges between \$1,000 to \$3,000, with \$1,000 and \$2,000 annual maximums being the most popular plan selections.

Life

The range of benefit maximums range from \$25,000 to \$1,000,000. Many NJBankers' banks provide this benefit as a multiple of salary.

Long Term Disability

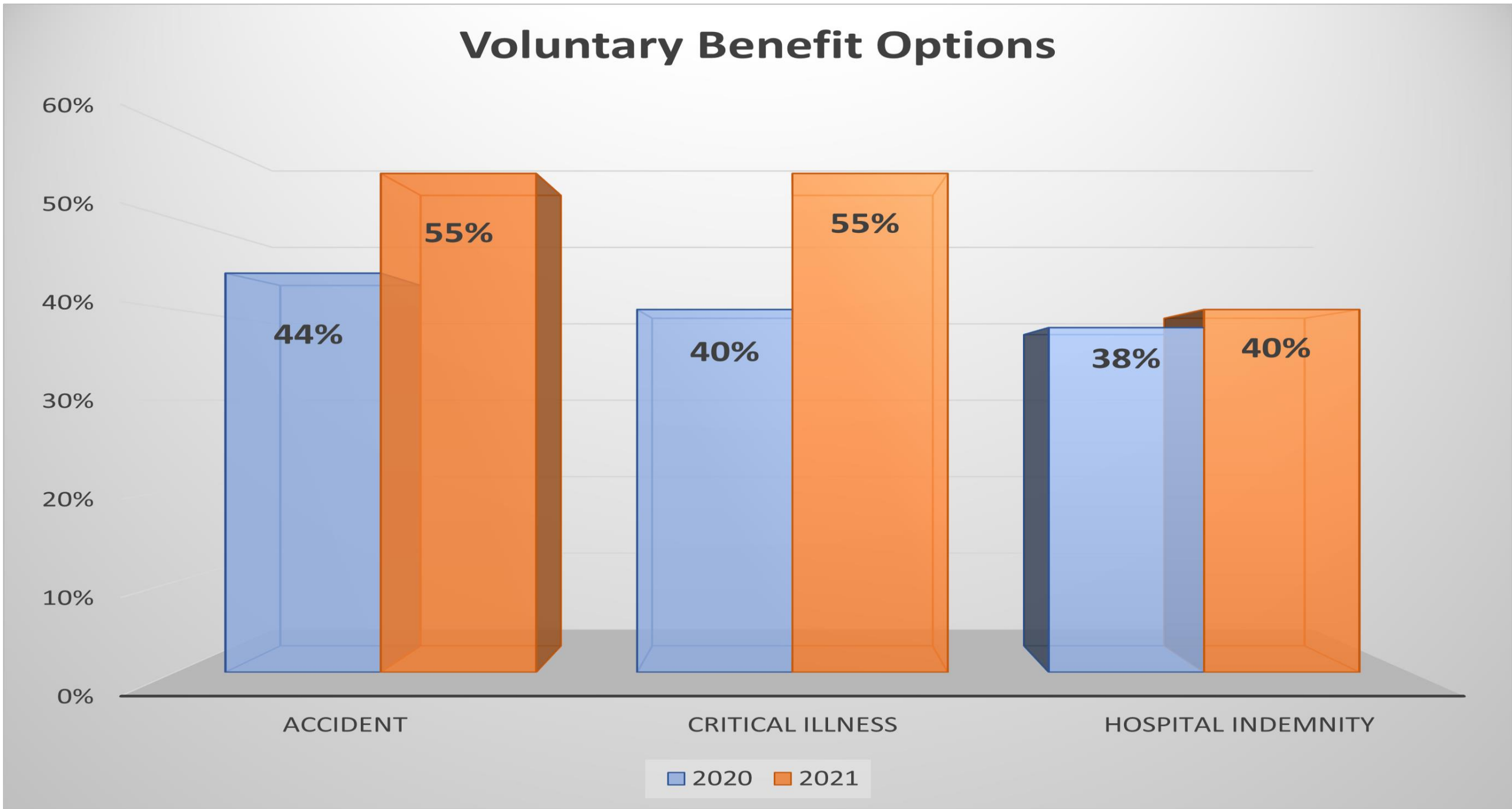
The range of the annual maximums for NJBankers' long term disability ranges between \$6,000 to \$25,000 monthly maximum benefit. These amounts are tied to a percentage of employee's earnings.



Additional Benefits

Banks are enhancing the value of the employee benefits programs by implementing “voluntary benefits”. Enhancing their programs through voluntary benefits is a cost effective strategy for member banks as it allows them to add a more robust benefits offering without increasing direct expenses to the bank.

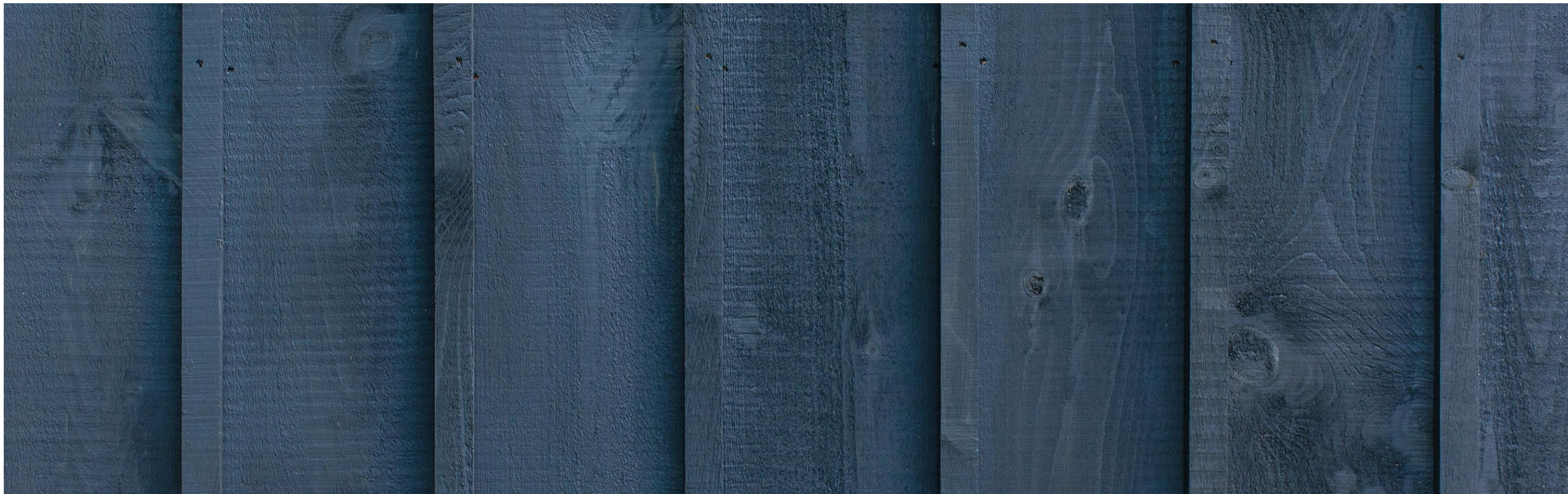
The growing popularity of voluntary benefit options continues and is reflected in this year's survey respondents. The most significant rise is reflected in products that supplement the underlying medical plan and provide additional financial protection for employees and their families. Those three products are Accident, Critical Illness, and Hospital Indemnity.



Supplemental life continues to be the most popular voluntary offering as employees recognize the need to provide adequate financial protection for their loved ones. 60% of member banks are currently offering supplement life insurance as part of the employee benefits program.

Voluntary benefits to watch over the coming years are likely to center around financial well being. Addressing student loan debt and providing tuition reimbursement are two areas that are seeing increased attention from member banks. New products and services entering the market, along with an evolving regulatory approach to the tax treatment of these offerings will lead to continued adaptation as to how these programs are offered.

Administration



The past year put tremendous strain on the human resources teams of member banks. Taking a lead role in keeping their employees safe and how to navigate the pandemic pulled HR teams in directions that they would not have expected to encounter. With HR's focus pulled towards workplace safety, integrating new technology, and managing hybrid and remote workforces for the first time, it added new priorities onto an already long list of initiatives to manage for the HR teams of member banks.

NJBankers members banks see a wide range in the size of the HR teams managing their respective organizations. HR teams range from one dedicated individual to large teams with dozens of specialized roles within the HR department.

Much like many other areas of everydaylife, and in business, technology'srole in HRand benefits administration continues to expand. Fewer member banks are administering their employee benefits without technology-based solutions. With technology's ability to simplify processes and integrate multiple platforms, member banks will see the embrace of technology continue. The expanding technology will enable HR teams to focus on more strategic efforts and help minimize some of the day-to-day tasks that consume valuable time.

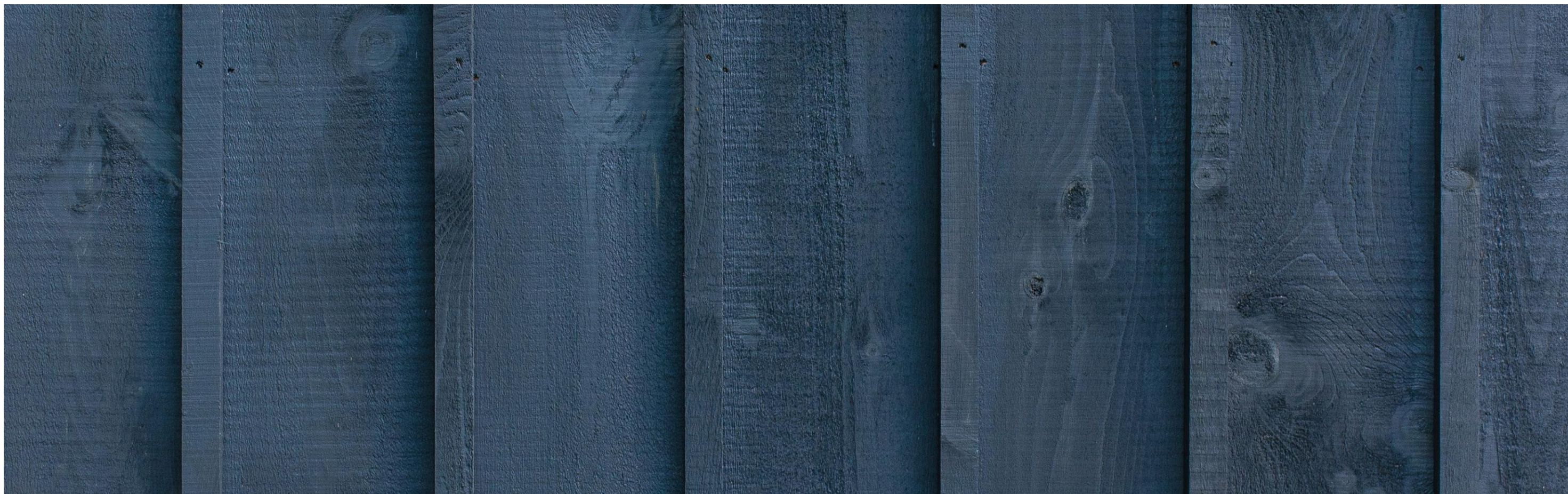
KEY INITIATIVES

Diversity, Equity, & Inclusion

Commitment to Community

Employee Well Being

Integrating Technology Solutions



Workplace Dynamics

Change was thrust upon everyone in 2020 and the traditional workplace environment saw significant disruption. While it is too early to project the lasting impacts of seeing changes to how and where we work, it is unquestionable that 2020 showed a path towards alternate modes of work. In office meetings were replaced with video conferences. Within months, employees were conditioned to adapt to new modes of communication and interactions with co-workers, vendors, and customers.

A majority of member banks plan to implement significant changes to where their workforce operates from in 2022 as compared to 2019 (pre-COVID environment).

As banks adjust to new approaches to where and how their employees work, the leading approach is trending toward a “hybrid” approach where employees will see flexible work arrangements both in and out of the office. Although there are instances of employees moving to full time remote work, a much higher percentage of banks and their employees are migrating to flexible arrangements that see part of their time in the office and part of their time in a remote setting.

- **65%** of banks anticipate **recruiting** new talent to their bank to be **harder** than in previous years.

- **43%** of banks anticipate **retaining** current talent to their bank to be **harder** than in previous years.

- Only **5%** of banks responded that **retaining** talent will be **easier** in 2022.

93%

Banks that operated with **100% in office** workforce in **2019**.

40%

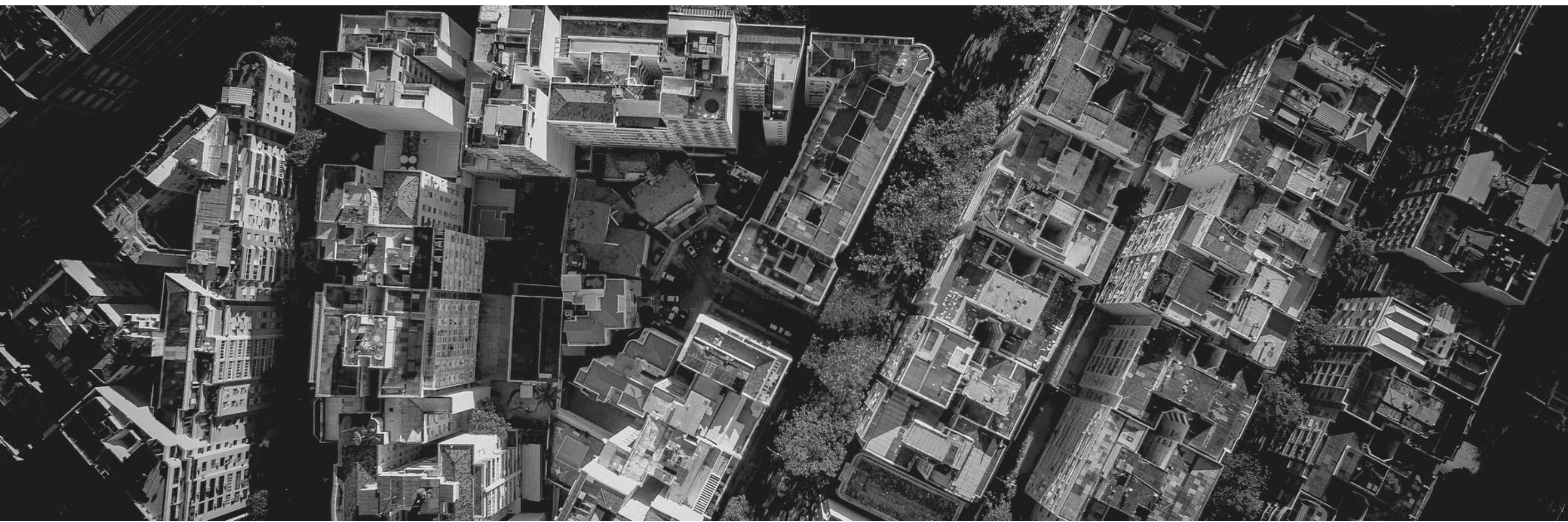
Banks that plan to operate with **100% in office** workforce in **2022**.

More changes to the workplace are likely as banks navigate an increasingly competitive environment and adjust to changing demands of their customers. Rapid adoption of technology took place with banks and their employees in 2020. An ever-expanding embrace of technology is unlikely to slow down and will continue to shape how member banks position themselves for the future of work.

Coupled with a change in where and how employees work, is the increased challenge for banks to attract and retain a talented workforce. The current climate has increased the competitive pursuit of talent and is putting more pressure on banks to address their human capital efforts.

One certainty is that banks will need to adjust strategies to attract and retain talent in 2022. Time will determine if current demands by talent represent a short-term shift or perhaps a more long-term change to how talent approaches current and potential employers.

Closing



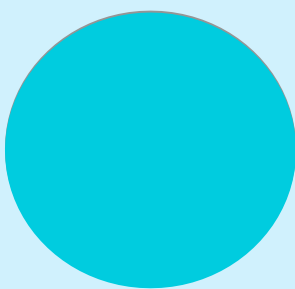
The past two years have shown the resilience of NJBankers member banks. The ability of member banks to quickly respond to the urgent needs of their employees, their customers, and their communities helped to navigate through an unprecedented challenge.

As we look ahead into 2022, there will be a renewed emphasis on providing employee benefits solutions that enhance the well being of employees and their families. Everyone's individual health and the collective health of our family, friends, and neighbors has been put into focus like never before.

At Bankers Cooperative Group, we are embracing the challenge to enable a greater overall well being for the organizations and the individuals that we serve through NJBankers. On behalf of Bankers Cooperative Group, Inc. and NJBankers, we look forward to serving the needs of your organization, your employees, and their families.

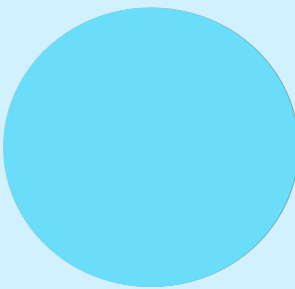
*Matthew Cooney, President &
CEO Bankers Cooperative
Group, Inc.*

BCG Value Proposition



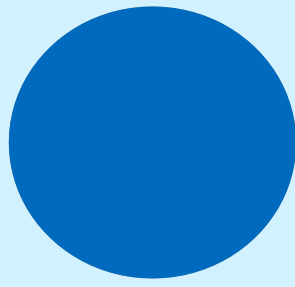
PRODUCT

Provide offerings that incorporate the scale of NJBankers membership.



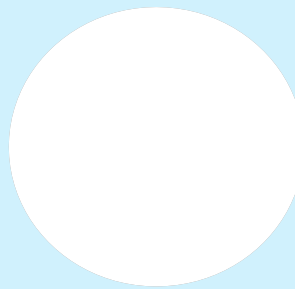
TECHNOLOGY

Enable solutions with a seamless experience.



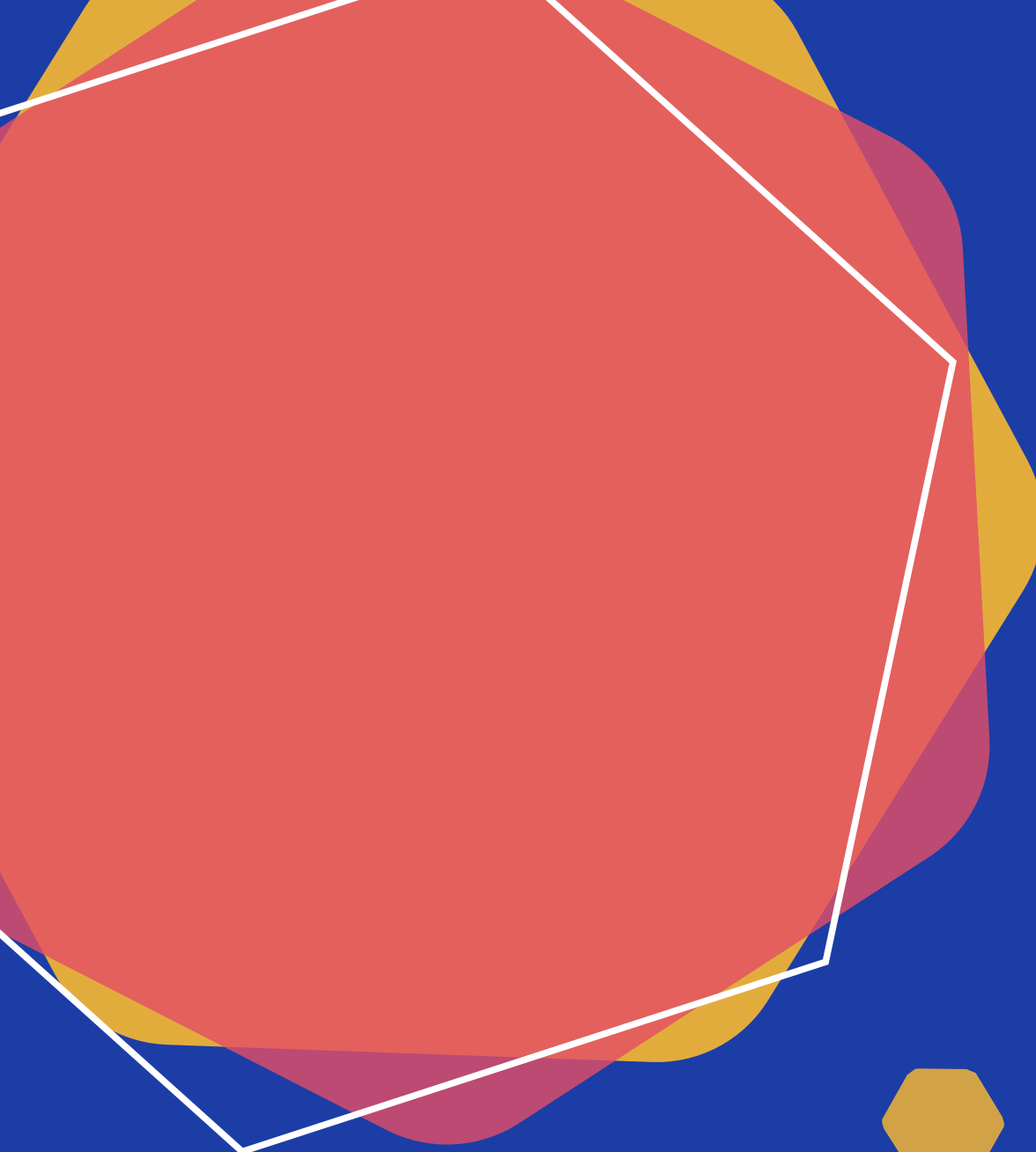
COMPLIANCE

Navigate through an ever changing landscape.



COMMUNICATION

Better inform and better educate with regards to employee benefits.



www.bcg-nj.com

To request additional information and a detailed presentation of available data from the 2021 NJBankers' Employee Benefits Survey, please contact Bankers Cooperative Group at mcooney@bcg-nj.com.