



AMERICAN BENEFITS
COUNCIL

August 1, 2016
NR 2016-17

NEWS RELEASE

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American Benefits Institute, AonHewitt survey shows multinational companies increasing control of global benefits programs

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LINCOLNSHIRE, Ill. and WASHINGTON, D.C. – Multinational companies face increasing cost pressures and rising risk when it comes to managing their employer-sponsored benefits programs around the world. A new report from the American Benefits Institute (the research affiliate of the American Benefits Council), in partnership with Aon Hewitt (the global talent, retirement and health solutions business of Aon plc and a benefits policy advocacy organization) reveals these mounting challenges are continuing to drive the centralization of global benefits management.

Aon Hewitt and American Benefits Institute surveyed more than 200 multinational corporations around the world to determine their current and expected approach to global benefits management. The study found that while 70 percent of organizations have some form of corporate guidelines and controls in place, they still struggle to effectively manage their global benefits centrally.

“Globalization has made the world smaller in many ways, but the risks associated with plan sponsorship continue to grow,” said **James A. Klein**, president of the American Benefits Institute. “The results of this study, especially when compared to the results of four years ago, gives us valuable insight about how multinational benefit plan sponsors are trying to manage those risks while recruiting and retaining a world-class workforce.”

“Market volatility, rising costs, competitive pressures and regulatory changes are driving the desire to manage benefits more centrally by multinationals,” explained **Amol Mhatre**, senior

partner at Aon Hewitt. “Without information to make good decisions, and operational infrastructure and the governance discipline to execute decisions on the ground, companies will continue to struggle to mitigate risks posed by their benefit programs.”

Aon Hewitt and American Benefits Institute discovered that only 20 percent of firms are leading the way as “best practice” organizations, excelling in five key areas:

1. HR and finance have central access to data and market information on their global benefits programs
2. Understand benefits costs, risks and opportunities
3. Have well-defined risk management policies
4. Have an operating model with roles and responsibilities defined at the local, regional and corporate level
5. Monitor and report risks on an ongoing basis

Key differentiators between these “best practice” companies and “other” organizations included:

- The best practice organizations generally have the information they need to make risk management decisions. By comparison only 20 percent of “other” organizations have access to necessary data to understand their risks, and monitor risks and opportunities on an ongoing basis.
- 93 percent of best practice companies have established global centers of expertise (COE) to manage benefit programs, while 51 percent of other organizations use a global COE model.
- 87 percent of best practice organizations conduct formal audits to ensure that local benefits are aligned with global policies, compared to just one quarter of other organizations.
- 56 percent of best practice companies say, with a high degree of confidence, their benefit programs are in line with their workforce strategy; by comparison only 6 percent of other companies are confident that their benefits are in line with their workforce strategy.

“The financial cost of plan sponsorship is significant. In some ways the management of these programs across multiple continents represents an even more daunting challenge,” Klein said. “Compliance with myriad regulations may always be difficult, but this study shows how the world’s ‘best practice’ plan sponsors thrive in a competitive global business environment.”

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The American Benefits Institute is the education and research affiliate of the American Benefits Council. The Institute conducts research on both domestic and international employee benefits policy matters to enable public policy officials and other stakeholders to make informed decisions. The Institute also serves as a conduit for global companies to share information about retirement, health, and compensation plan issues.

The American Benefits Council is the national trade association for companies concerned about federal legislation and regulations affecting all aspects of the employee benefits system. The Council's members represent the entire spectrum of the private employee benefits community and either sponsor directly or administer retirement and health plans covering more than 100 million Americans.

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