

The MetLife Study of Employee Benefits Trends

Findings from the 2004 National Survey of Employers and Employees

MetLife[®]

November
2004



Executive Summary

During the third quarter of 2004, MetLife commissioned a national study of employee benefits trends, surveying both employees and employers.

For employees, the study focused on:	For employers, the study focused on:
<ul style="list-style-type: none">● Assessing basic financial security and work/life goals for their families and themselves	<ul style="list-style-type: none">● Identifying their overall benefits objectives and strategies
<ul style="list-style-type: none">● Determining areas of financial concern, what benefits they have and how these benefits address their needs	<ul style="list-style-type: none">● Monitoring financial products and services offered at work
<ul style="list-style-type: none">● Identifying their attitudes toward benefits	<ul style="list-style-type: none">● Determining the impact of workplace diversity on benefits offerings
<ul style="list-style-type: none">● Identifying the channels that employees use—and prefer—for initially obtaining information about, enrolling in, and obtaining service related to, employee benefits	<ul style="list-style-type: none">● Assessing attitudes regarding voluntary benefits and job satisfaction issues
	<ul style="list-style-type: none">● Understanding the extent to which the Internet is being used to deliver their benefits programs

The results of this study demonstrate a number of significant trends. An unsteady job market and uncertain economy have made employees worry about having enough money to pay bills during a period of income loss, cited as the most important benefits-related concern by 71% of all full-time employees. Yet, while employees are very concerned about big issues such as income protection (71%), healthcare (59%) and outliving their retirement savings (49%), they value immediate-term benefits (e.g., paid vacation days) significantly more than protection products, such as disability insurance and life insurance. On the retirement savings front, almost one-third (28%) of employees either haven't started saving for retirement or have no retirement savings goals.

As a result, only 24% of employees feel in control of their finances. Nearly one-third (28%) report that they sometimes have trouble paying their monthly bills, and 42% live paycheck to paycheck.

Compounding the problem is insufficient benefits education at work. Only 40% of employees (and 29% of those age 21–30) understand which employee benefits offerings best meet their needs. To fill the gap, 27% of employees overall (and 40% of those age 21–30) rely on friends and relatives for financial advice, while 46% don't consult with anyone. Among older workers, 53% of those employees age 51–60, and 56% of employees age 61–69, don't consult with anyone. Almost half (43%) of all employees would like their employer to provide them with access to a financial planner to help make decisions about how to invest their 401(k) money.

As employees take on a growing share of responsibility for funding their benefits choices, better access to education and advice become all the more critical. Nearly two-thirds (60%) of employers say that they expect employees to continue paying for some or all of their employee benefits, even though the economy is improving. Currently, only 27% of companies pay the full cost of their employees' medical coverage, while roughly one-third cover the full cost of their employees' disability insurance (30%) and term life insurance (32%) coverage.

In place of employer-funded benefits, more companies are promoting voluntary products, for which employees pay some or all of the cost. One in three (34%) employers identifies “providing a wider array of voluntary offerings” as a top benefits priority. The same percentage (34%) of workers is interested in having access to a wider array of voluntary benefits, up from 28% in 2003. Young workers, in particular, are interested in purchasing savings and protection products at work. On average, employees age 21–30 buy 38% of their banking, insurance, retirement savings, legal and estate planning products at work, compared with 32% of their colleagues.

As for older workers, the “graying” of the U.S. workforce is causing many companies—especially large employers—to change the way they do business. One third (33%) of all employers—and 51% of those with 25,000 or more employees—believe that the aging population will have a big impact on their company. Currently, 19% of all employers offer products and services geared specifically to an aging workforce, such as long-term care referral services, caregiver guides and eldercare support groups. In the future, only approximately 5% of companies expect to accommodate older workers by putting new programs in place, such as flexible work arrangements, ergonomic workstations, job sharing and reengineered jobs.

Methodology

The MetLife Employee Benefits Trends Study was conducted during the third quarter of 2004 and consists of two distinct surveys, one of which polls employees, and the other, employers. The employee survey, fielded by NOP World in September, polled 903 full-time employees, age 21 and older, at companies with at least two employees, and 1,542 voting-age consumers. In addition to this base sample, the survey was completed by 1,542 adult consumers, 59% of whom held full-time jobs. A total of 1,528 HR/Benefits executives from companies with at least two employees participated in the employer survey, which was fielded in September by TNS NFO.

Demographic Profile of the Employee Sample

The employees and employers polled for the MetLife study represent a broad cross-section of respondents. Employees include an even mix of men and women, ranging from 21–69 years in age and drawn from a diverse pool of ethnic backgrounds.

<p>Gender</p> <p>Male 55%</p> <p>Female 45%</p>	<p>Family Status</p> <p>Have Children Under 18 40%</p> <p>Don't Have Children Under 18 60%</p>
<p>Marital Status</p> <p>Married 52%</p> <p>Single 24%</p> <p>Divorced/Separated 14%</p> <p>Domestic Partner 10%</p> <p>Widowed 1%</p>	<p>Size of Employer (Staff Size)</p> <p>2–9 6%</p> <p>10–99 19%</p> <p>100–499 13%</p> <p>500–999 9%</p> <p>1,000–4,999 15%</p> <p>5,000–9,999 8%</p> <p>10,000+ 29%</p>
<p>Ethnic Background</p> <p>Caucasian 54%</p> <p>African American 18%</p> <p>Hispanic 17%</p> <p>Asian 5%</p> <p>Other/No Response 6%</p>	<p>Age</p> <p>21–30 27%</p> <p>31–40 28%</p> <p>41–50 25%</p> <p>51–60 16%</p> <p>61–69 3%</p>
<p>Household Income</p> <p>Less than \$40,000 28%</p> <p>\$40,000–\$74,999 29%</p> <p>\$75,000 or more 42%</p>	<p>Geography</p> <p>Northeast 20%</p> <p>Midwest 19%</p> <p>South 37%</p> <p>West 24%</p>

Demographic Profile of the Employer Sample

Employers span an equally broad range of industries and geographic locations. In keeping with the general composition of U.S. businesses, the majority (63%) of employers surveyed are small to mid-sized companies with fewer than 500 employees. One in five (20%) has 5,000 or more employees.

<p>Industry</p> <table border="0"> <tr> <td>Services</td> <td>44%</td> </tr> <tr> <td>Heavy Industry</td> <td>21%</td> </tr> <tr> <td>Finance, Insurance, Real Estate</td> <td>12%</td> </tr> <tr> <td>Sales/Trade</td> <td>11%</td> </tr> <tr> <td>Public Administration</td> <td>6%</td> </tr> <tr> <td>Transportation, Communications & Utilities</td> <td>5%</td> </tr> </table>	Services	44%	Heavy Industry	21%	Finance, Insurance, Real Estate	12%	Sales/Trade	11%	Public Administration	6%	Transportation, Communications & Utilities	5%	<p>Geography</p> <table border="0"> <tr> <td>Northeast</td> <td>21%</td> </tr> <tr> <td>Midwest</td> <td>23%</td> </tr> <tr> <td>South</td> <td>32%</td> </tr> <tr> <td>West</td> <td>23%</td> </tr> </table>	Northeast	21%	Midwest	23%	South	32%	West	23%						
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Major Findings

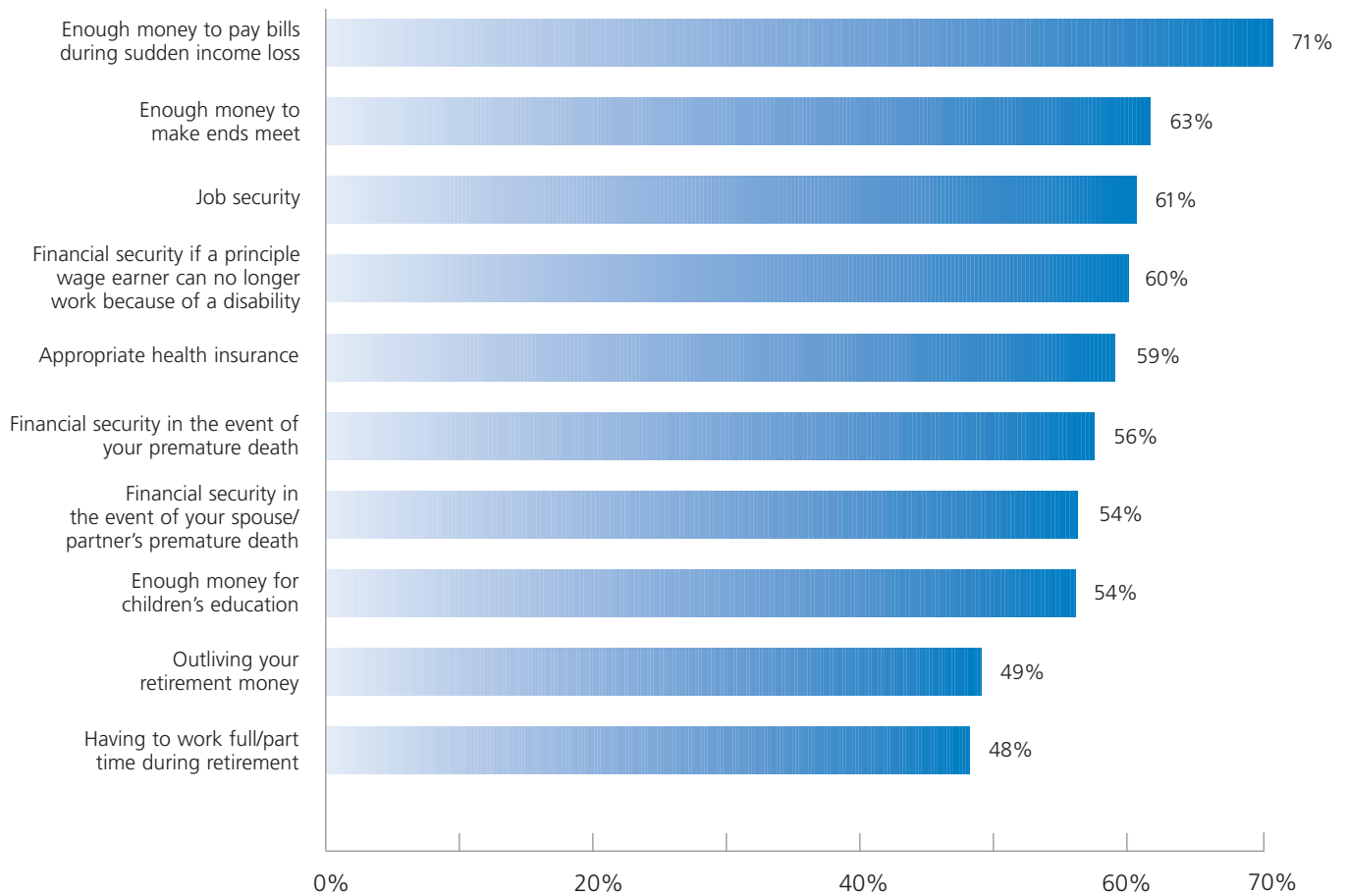
- 1 ● Workers Sweat the Big Stuff—Healthcare, Disability, Retirement—But Value Vacation Time More Than Savings and Income Protection Products
- 2 ● Burdened With Credit Card Debt and Short-Term Planning Horizons, Workers Struggle to Save and Meet Financial Goals
- 3 ● Employees Underestimate Retirement Income Needs and Fall Far Behind in Long-Term Savings
- 4 ● Voluntary Benefits Continue to Grow in Popularity, Especially Among Young Workers
- 5 ● With Workplace Diversity on the Rise, Employee Savings and Benefits Goals Vary Widely and Defy Traditional Stereotypes
- 6 ● Dissatisfied and Confused, Workers Voice Strong Need for Benefits Education and Advice
- 7 ● Small Businesses Report Higher-Than-Average Job Satisfaction and Loyalty Rates but Leave Many Workers Vulnerable on Retirement Front
- 8 ● Large Companies Expect to Be Hardest Hit by Aging Workforce
- 9 ● Employers Cite Healthcare and Work-Life Balance as Top Benefits Priorities but Remain on the Fence About Wellness and Flex Hours
- 10 ● Benefits Funding: Employee Cost Sharing is Here to Stay, Even as Company Profits Rebound
- 11 ● Employers Expect a Huge Surge in eBenefits, With Online Enrollment Increases of Up to 50% Projected Over Next 18 Months
- 12 ● No Growth Forecast in Executive and/or Retiree Benefits

1. Workers Sweat the Big Stuff—Healthcare, Disability, Retirement—But Value Vacation Time More Than Savings and Income Protection Products

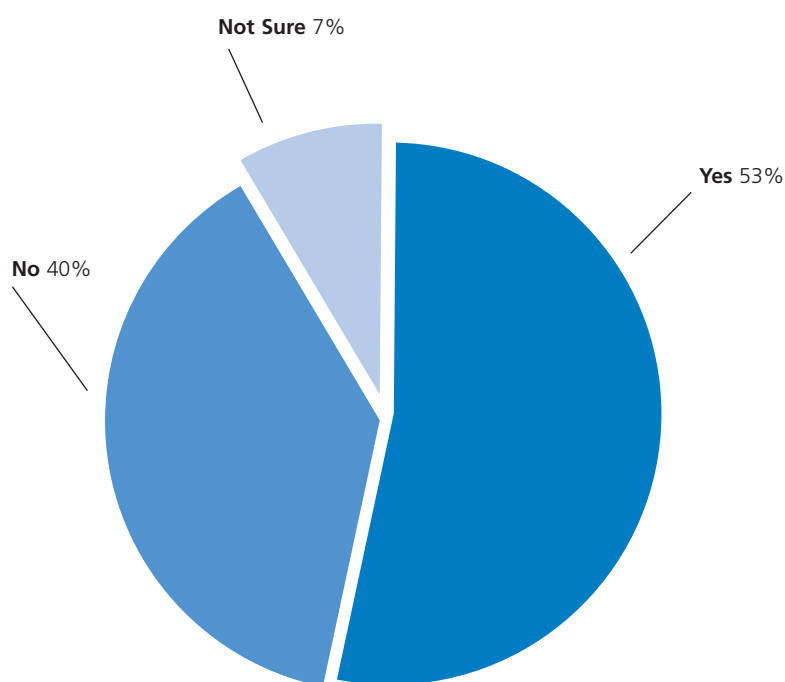
The number one concern of today’s employees is having enough money to pay bills during a period of income loss, an issue about which 71% of all employees and 82% of female employees surveyed in the MetLife Employee Benefits Trends Study are “extremely concerned.” Yet, only 60% of full-time employees (and 47% of consumers overall) have disability insurance. Even among those full-time employees who have disability insurance, nearly half (44%) do not know how much coverage they have.

Top Financial Concerns for Full-Time Employees

“Extremely concerned” (“7” & “6” on 7-point scale)

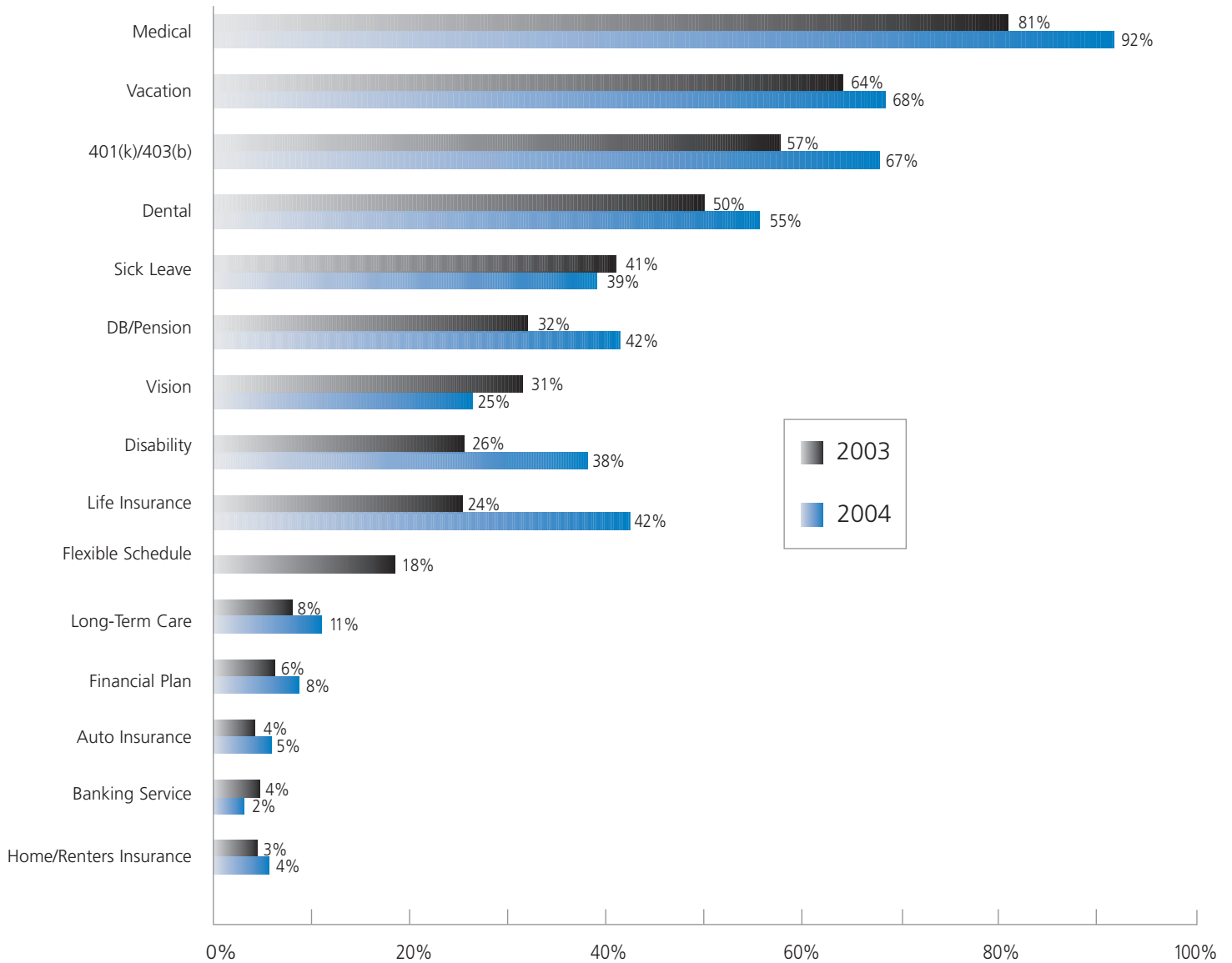


Is this amount of disability insurance adequate?



Compounding the problem is the lure of lifestyle benefits, such as paid vacation time and flexible work schedules. While nearly three-quarters of full-time employees are concerned about income protection, they value paid vacation days (cited as an important employee benefit by 64% of workers) and sick leave (41%) significantly more than disability insurance (26%) and life insurance (24%). Among young employees (age 21–30), flexible work schedules (29%) also take precedence over disability insurance (19%) and life insurance (21%).

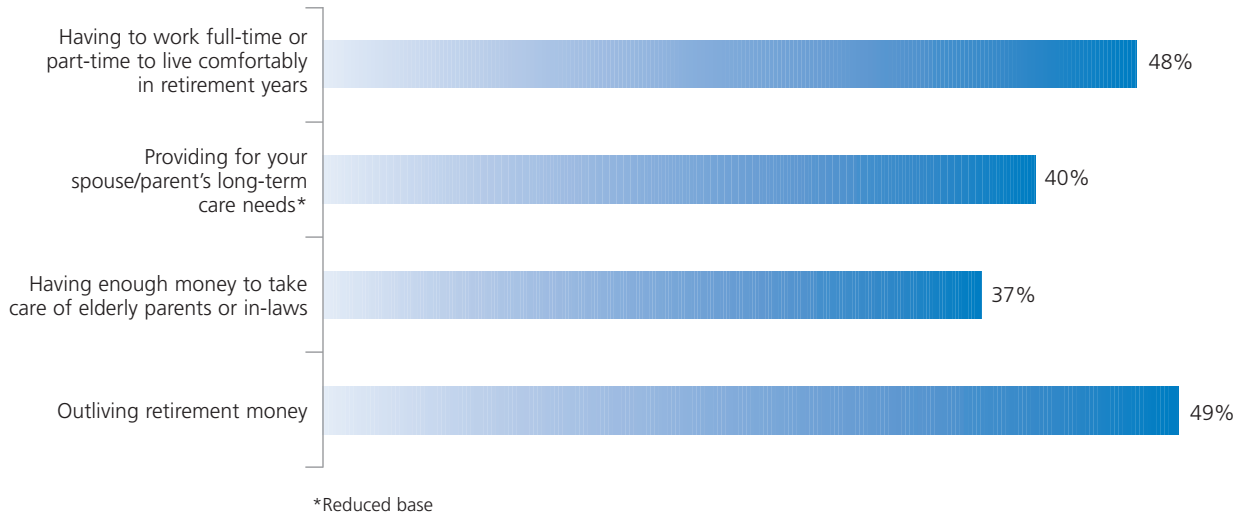
Percentage Choosing As “Most Important Benefits”*



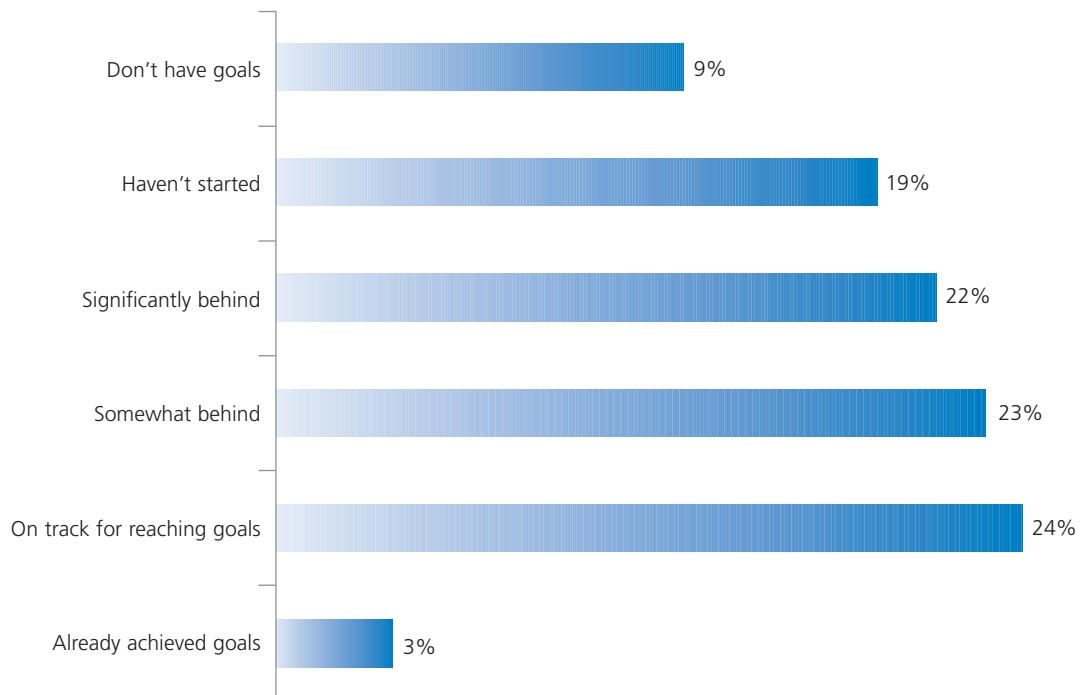
*Multiple Responses—5 of 14 items selected by each respondent

When it comes to retirement savings, a similar pattern emerges. More than half (57%) of full-time employees value their 401(k) plans and, despite the shift away from companies offering defined benefits plans, 32% of full-time employees value their employer-funded defined contribution plan. Almost half of full-time employees (49%) say that they worry a great deal about outliving their retirement money, yet almost one-third (28%) either haven't started saving for retirement or have no retirement savings goals. Perhaps not surprisingly, the younger the employee, the less likely he or she is to have started saving for retirement. Three in ten workers age 21–30 haven't yet started to save, and an additional 10% do not have savings goals.

"Extremely Concerned" ("7" & "6" on 7-point scale)

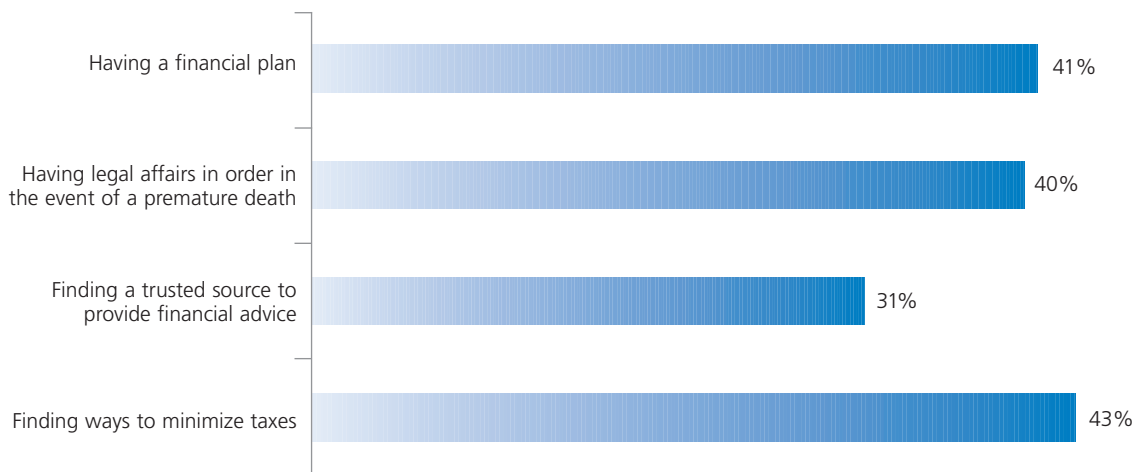


Employee Perceptions of Progress Toward Retirement Savings Goals



As a result, only 24% of full-time employees feel in control of their finances, and nearly three-quarters (70%) do not have a financial plan. When asked to rank their financial planning priorities, 43% of full-time employees placed “minimizing taxes” ahead of longer-term goals such as “having [their] legal affairs in order” (40%) and “finding a trusted source of financial advice” (31%).

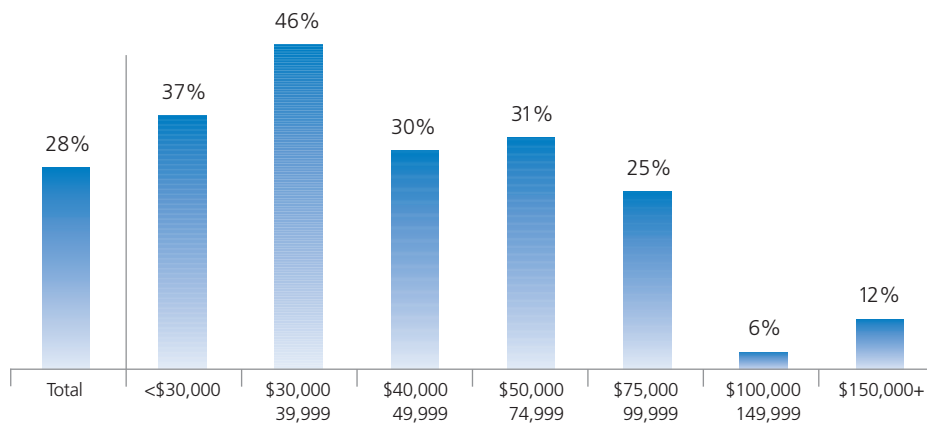
“Extremely Concerned” (“7” & “6” on 7-point scale)



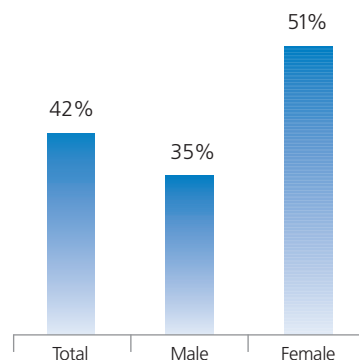
2. Burdened With Credit Card Debt and Short-Term Plans, Workers Struggle to Save and Meet Financial Goals

Approximately one-third (28%) of all full-time employees (and 37% of female employees) report that they sometimes have trouble paying their monthly bills. Four in 10 full-time employees (42%) reported that they are living paycheck to paycheck, down from 52% in 2003. Among women, 51% of full-time employees currently live paycheck to paycheck. Also, 70% of widows who work full-time live paycheck to paycheck.

% of Employees Who “Sometimes Have Trouble Paying Bills” (“7” & “6” on 7-point scale) by Annual Household Income

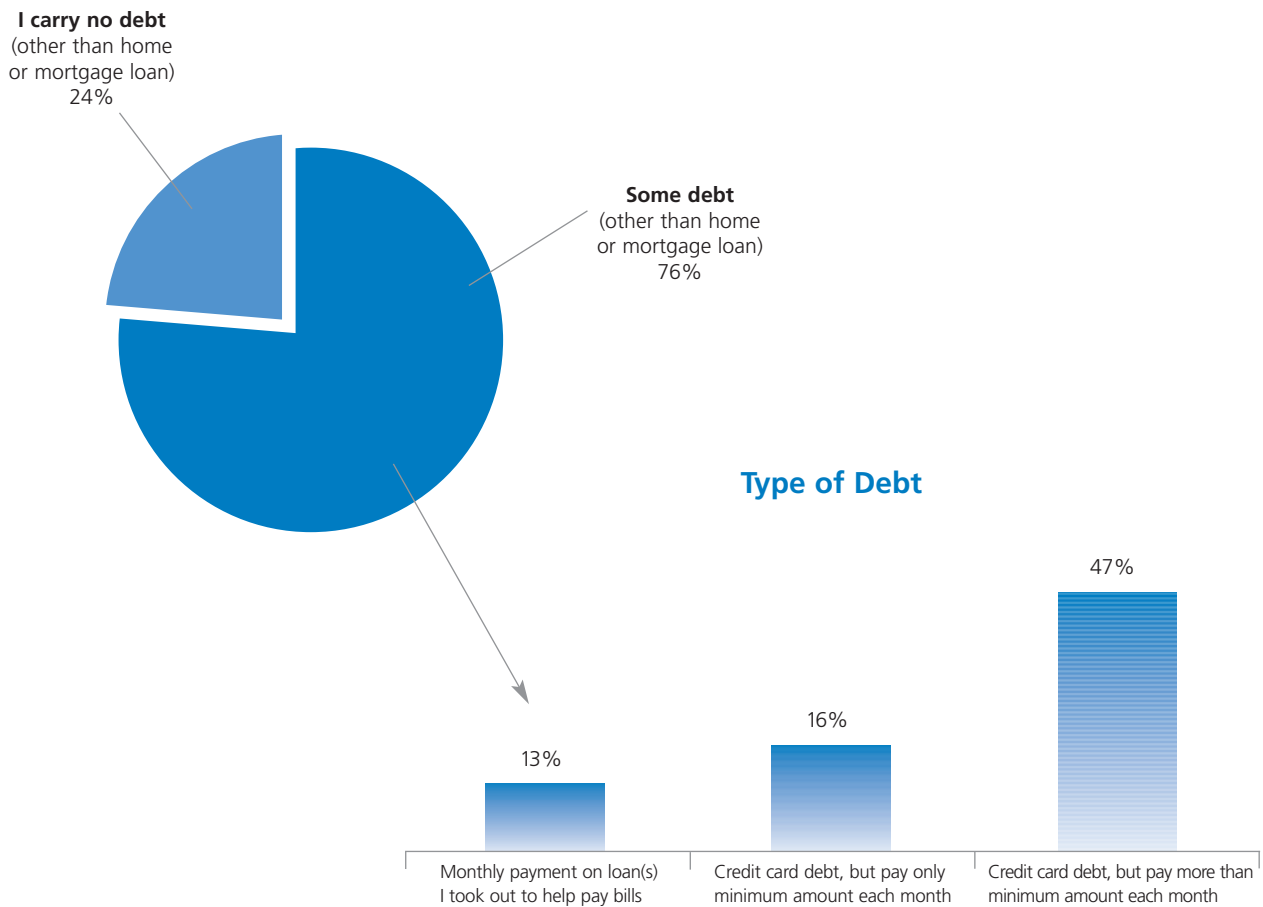


% of Employees Who “Live Paycheck to Paycheck” (“7” & “6” on 7-point scale) by Gender



Compounding cash-flow worries, more than three-quarters of full-time employees (76%) are carrying debt other than home mortgages and auto loans. Overall, 63% of full-time employees carry credit card debt. Surprisingly, the debt level is fairly consistent across all age groups, with 16% of employees making the minimum monthly payment on their credit cards, and 47% paying off somewhat more than the minimum most months.

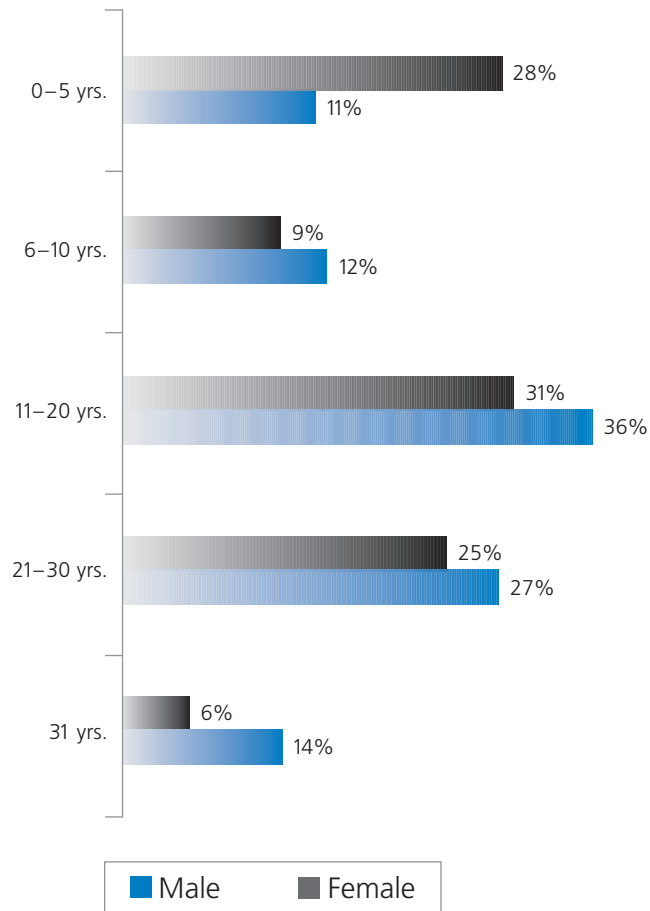
% of Employees Carrying Some Debt



3. Employees Underestimate Retirement Income Needs and Fall Far Behind in Long-Term Savings

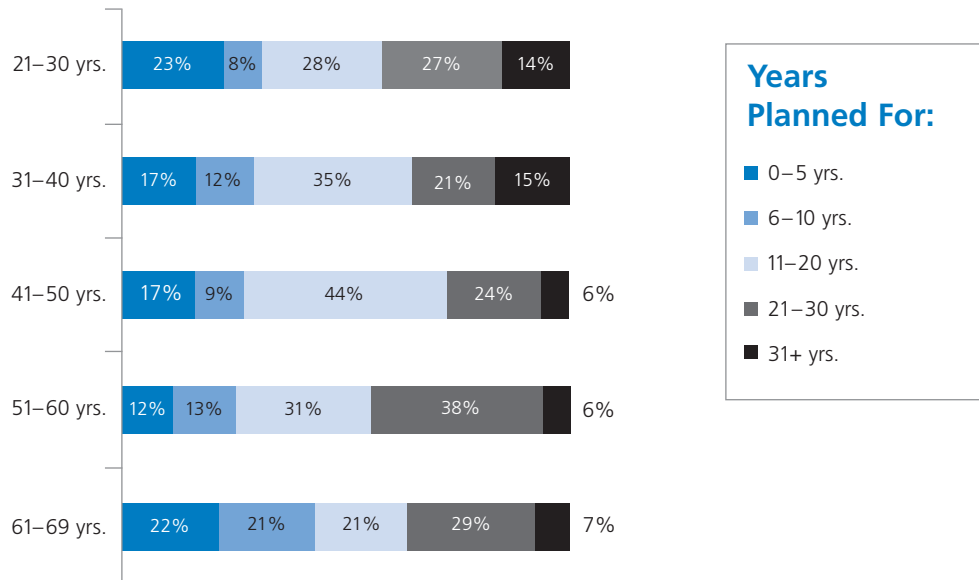
Almost half (45%) of full-time employees have not factored their longevity into their retirement savings plans. Among those who have, many underestimate the number of years that they will live in retirement. Women, for example, expect to need only 17 years of post-retirement savings, while workers age 21–30 anticipate needing 20 years of retirement income, despite one-third (36%) planning to retire between the ages of 51–60.

Number of Years Full-Time Employees Have Planned for Retirement by Gender



Number of Years Full-Time Employees Have Planned for Retirement by Current Age

Current Age:

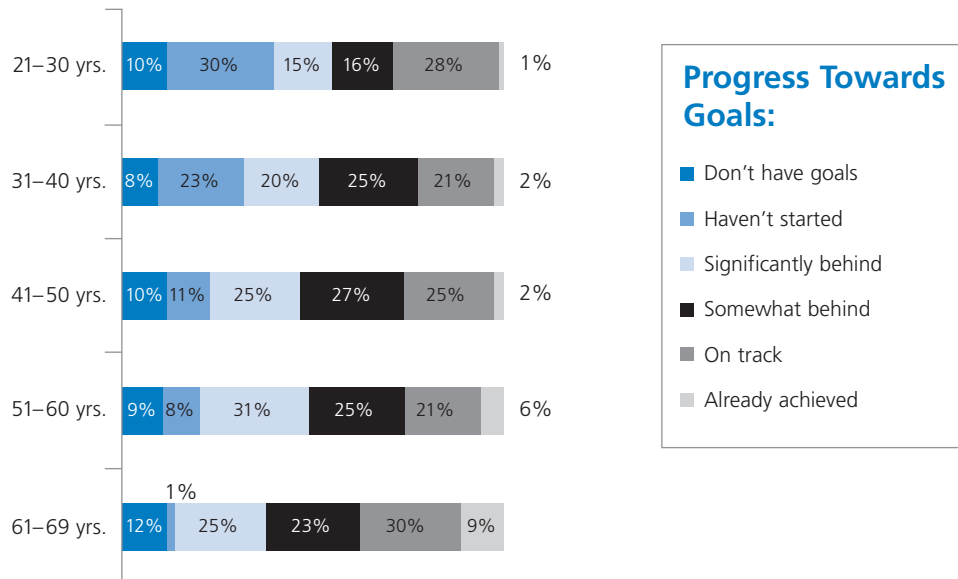


Overall, women trail men in their retirement savings goals. Whereas 45% of all full-time employees report being behind schedule in their retirement savings, 25% of women describe their savings shortfall as significant, compared with 19% of men. More than half of Baby Boomer employees age 41-60 describe themselves as “behind schedule,” with 28% reporting that they are “significantly behind” and an additional 27% describing themselves as “somewhat behind.” Only 3% of Baby Boomer employees have already achieved their retirement savings goals, down slightly from 4% in 2003.

Full-time employees in a domestic partnership also trail their peers in retirement savings. While more than half (56%) of these employees worry about outliving their retirement income (compared with 49% of employees overall), they are less likely than their colleagues to own a 401(k) plan (60% vs. 70% for all employees) or a traditional pension plan (36% vs. 44%). Perhaps because of this, 40% of domestic partners report that they either haven't yet started saving for retirement or don't have retirement savings goals, compared with 28% of employees overall.

Employee Perceptions of Progress Toward Retirement Savings Goals by Current Age

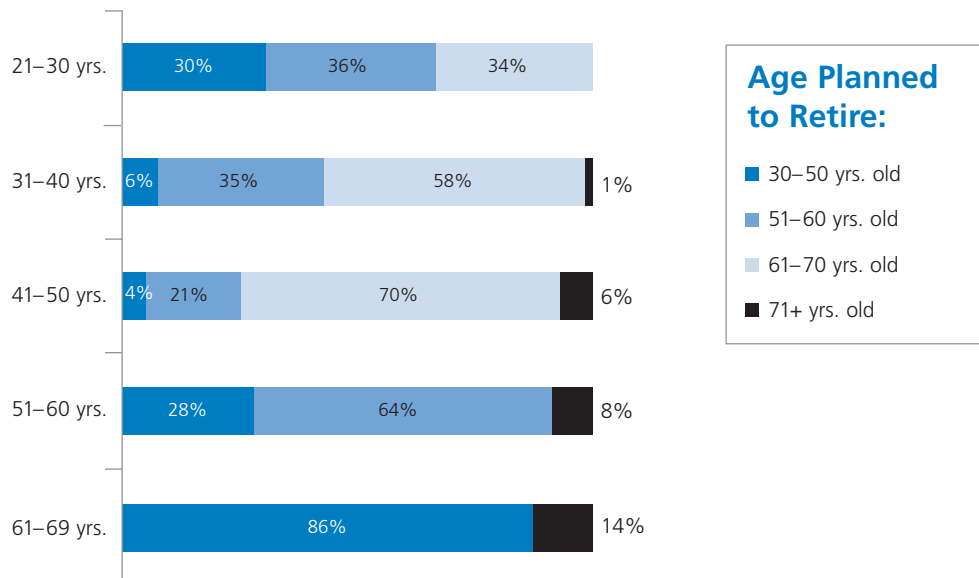
Current Age:



Among the youngest full-time employees surveyed (ages 21–30), nearly one-third (30%) have not yet started to save for retirement, and an additional 10% do not have savings goals. Employees age 31–40 fare only slightly better. Nearly one-quarter (23%) of these employees have not yet started to save, and an additional 8% do not have savings goals. Despite these savings shortfalls, the average full-time employee expects to retire at the age of 62.

Age at Which Employees Plan to Retire from Full-Time Work by Current Age

Current Age:



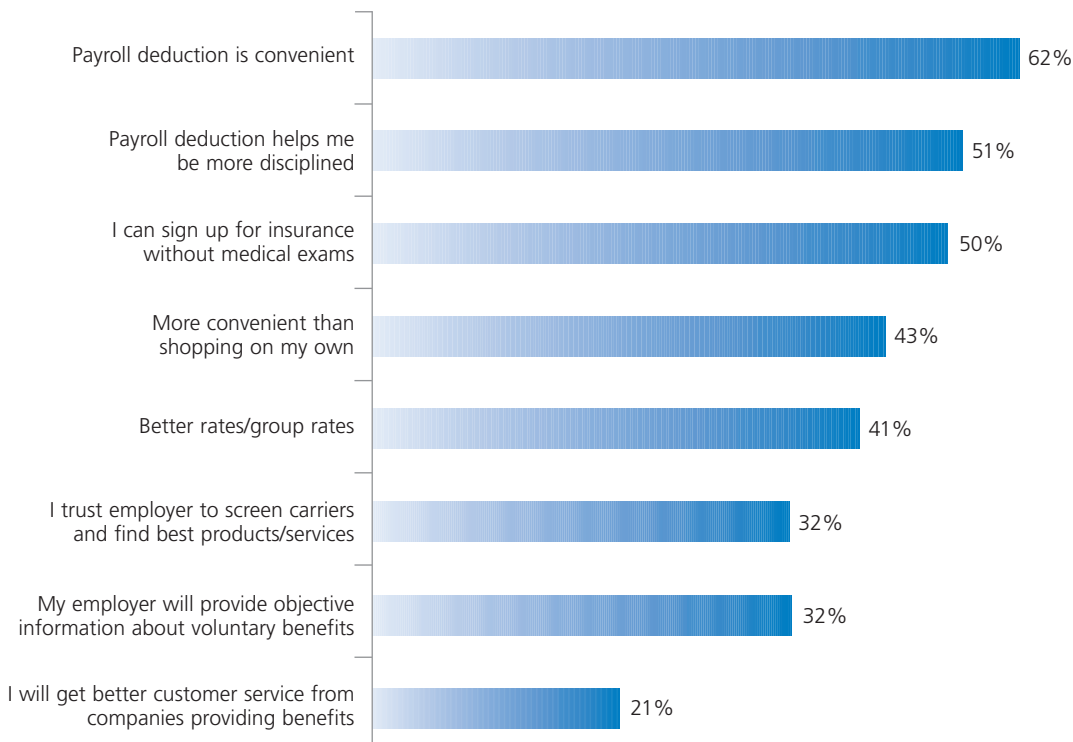
4. Voluntary Benefits Continue to Grow in Popularity, Especially Among Young Workers

More than one-third (34%) of the full-time employees surveyed say they are interested in having their employer provide a wider array of voluntary (i.e., employee-paid) benefits, up from 28% in 2003. Employees view the payroll deduction associated with voluntary benefits as a “convenient way to make payments” (62%) and as a means for becoming “more disciplined about saving” (51%). The ability to “sign up for insurance without going through a medical exam” is also a strong selling point for 50% of employees.

Among African American (42%), Asian (39%) and Hispanic (38%) employees, the demand for more voluntary offerings is even greater. African American and Hispanic employees, in particular, are also more likely than their peers to want access to financial planners at work to help them make decisions about all their financial needs (46% vs. 38% for all employees).

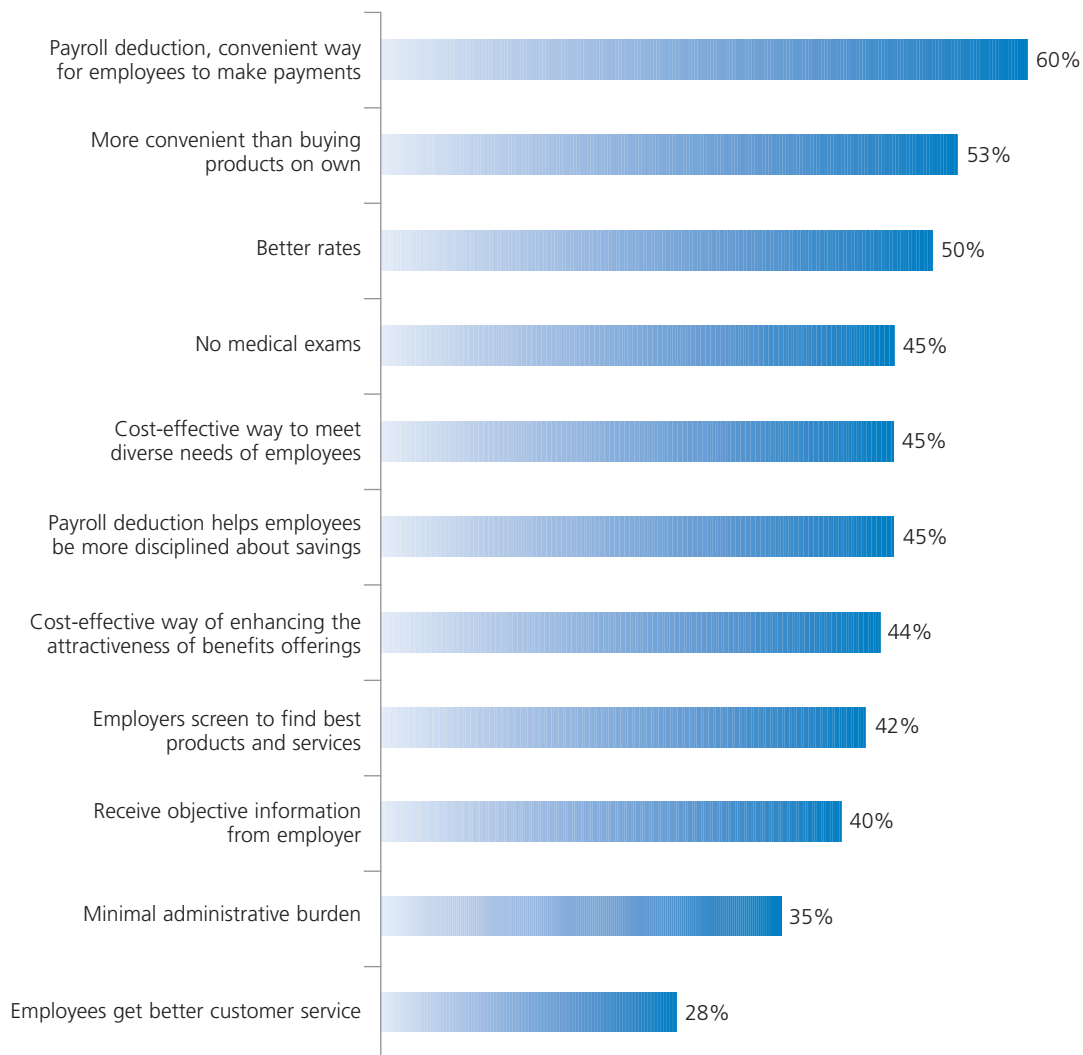
In terms of buying patterns, young workers—in addition to African American, Hispanic and Asian employees—are more likely than their peers to purchase their financial and protection products at work. While only 18% of employees currently identify the workplace as their primary channel for purchasing insurance, retirement savings and financial/legal planning products, the percentage rises to more than one in five for African American (28%), Hispanic (25%) and Asian (20%) employees. Among young workers age 21–30, one in four (25%) buys more of his or her financial and protection products at work.

Employee Reasons for Purchasing Voluntary Benefits “Strongly Agree” (“7” & “6” on 7-point scale)



Among employers, there is also a growing appetite for voluntary offerings, with 20% of employers stating that their most important benefits strategy was to “provide a wider array of voluntary benefits.” For many (45%), voluntary benefits provide an economical solution to a critical challenge—meeting the diverse needs of employees. For an almost equal percentage (44%) of employers, voluntary offerings are a cost-effective way to enhance the attractiveness of their overall benefits program. Nearly two-thirds of employers (60%) believe that payroll deductions make voluntary benefits convenient for their employees, while one-half (50%) note that voluntary benefits offer employees better rates.

Employer Attitudes Towards Voluntary Benefits “Strongly Agree” (“7” & “6” on 7-point scale)



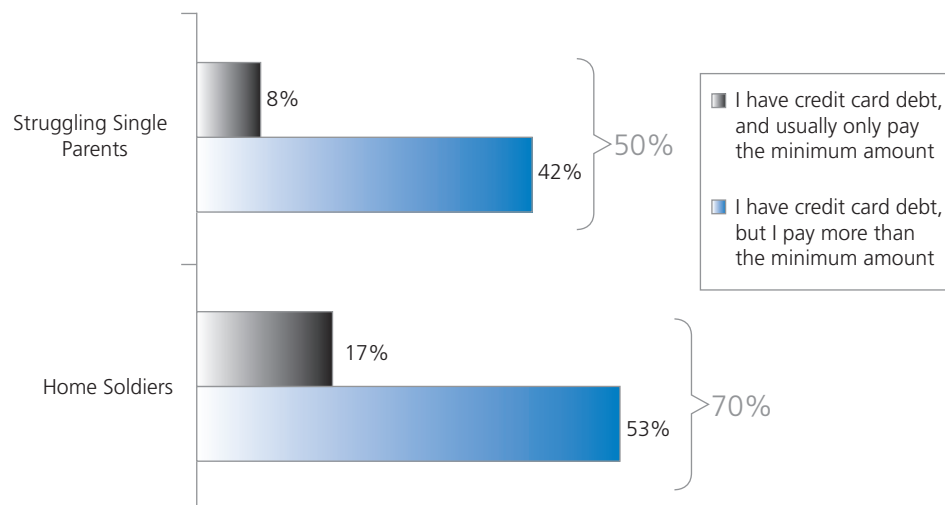
5. With Workplace Diversity on the Rise, Employee Savings and Benefits Goals Vary Widely and Defy Traditional Stereotypes

Today’s workforce is made up of a diverse group of individuals from multiple generations, lifestyles and ethnic backgrounds. Therefore, these individuals have a broad range of benefits needs and work-life priorities. As a result, today’s benefits managers need to deliver more than traditional benefits-to-employees (B2E); they need to provide B2“Me”—customized benefits and employee communications, tailored to the specific lifestage needs of employees.

Take, for instance, the issue of retirement. While all employees surveyed by MetLife express a range of retirement goals and concerns, the most pressing issue for active seniors is providing for their spouse’s/partner’s long-term care needs, cited by 38% of these employees. Among all other employee groups—young workers, affluent moms, working parents, blue-collar male traditionalists, dual-career couples and sedentary seniors—retirement income and having to work during retirement top the list of key retirement concerns.

On the subject of personal finance, the MetLife study reveals several generational surprises. Home-centric, family-oriented professionals (70%) are more likely to carry credit card debt than struggling single parents (50%). And, affluent moms (19%) and active seniors (18%) are among the least likely to own long-term care insurance—less likely even than recent graduates (28%).

Perception of Debt Situation

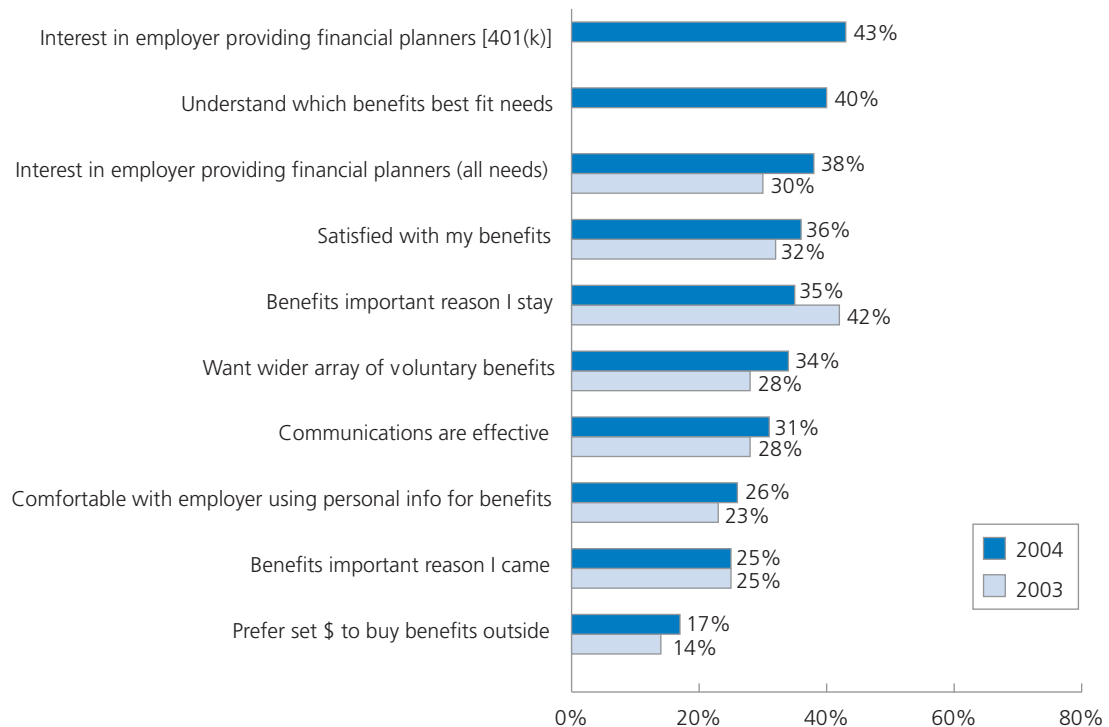


Of all the employee groups surveyed by MetLife, affluent working moms report the highest level of job satisfaction: 65% vs. 47% for all lifestage groups surveyed. They also report the greatest approval for their companies’ benefits communications programs (39%). Blue-collar male traditionalists (15%), active seniors (7%) and struggling single parents (12%), on the other hand, register the lowest levels of appreciation for such programs.

6. Dissatisfied and Confused, Workers Voice Strong Need for Benefits Education and Advice

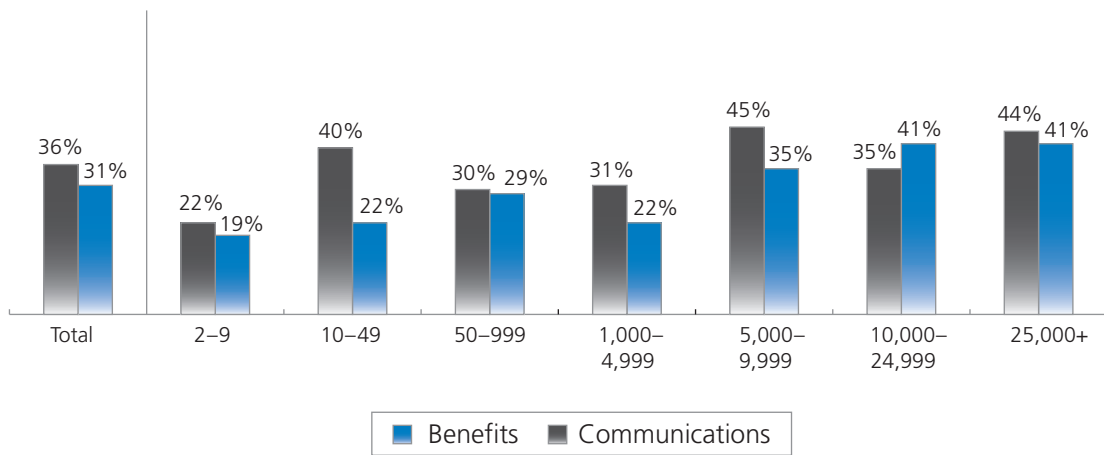
Only 40% of full-time employees (and 29% of those age 21–30) understand which benefits options best meet their needs. To fill the gap, 27% of full-time employees overall (and 40% of those age 21–30) rely on friends and relatives for financial advice, while 46% “don’t consult with anyone.” Among older workers, 53% of those employees age 51–60, and 56% of employees age 61–69, don’t consult with anyone. Almost half (43%) of all employees would like their employer to provide them with access to a financial planner to help make decisions about how to invest their 401(k) money.

Employee Attitudes Toward Benefits Based on Percent “Agree Completely” (“7” & “6” on 7-point scale)



Not surprisingly, then, only 31% of full-time employees give their companies’ current benefits communications program high marks. Roughly the same percentage (36%) give high marks to their companies’ benefits package, up only slightly from last year (32%).

Employee Satisfaction with Benefits and Benefits Communications Strongly Agree ("7" & "6" on 7-point scale) by Company Size

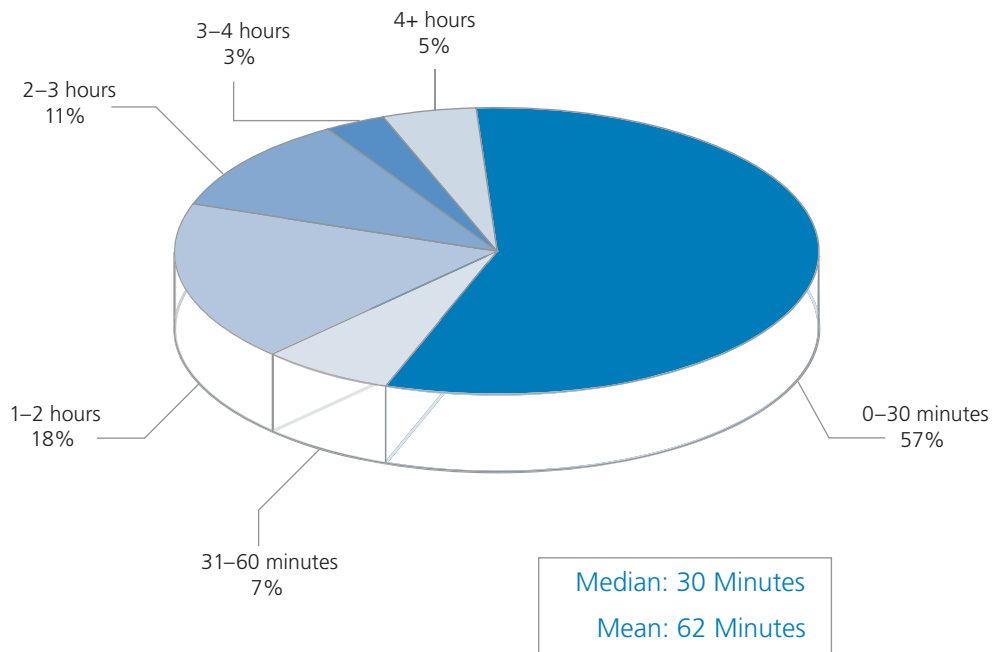


One reason for the dissatisfaction may lie in employers' inability to communicate the large investment they are making in company-funded benefits. More than one-third (39%) of employees age 21–30, for example—and 28% of workers overall—believe that their company spends less than \$1,000 per employee annually on medical insurance. Nearly half (49%) believe their company spends less than \$2,000.

Nationally, companies spend an average of \$7,289 per employee annually for family coverage and \$3,137 for single coverage, according to the Kaiser Family Foundation and Health Research and Educational Trust.

As a result of this communications gap, many employees undervalue their employer-funded benefits. More than half of the employees (57%) surveyed, for example, report that they spend 30 minutes or less making benefits decisions during open enrollment. On average, employees spend 62 minutes making their enrollment decisions. The median is 30 minutes.

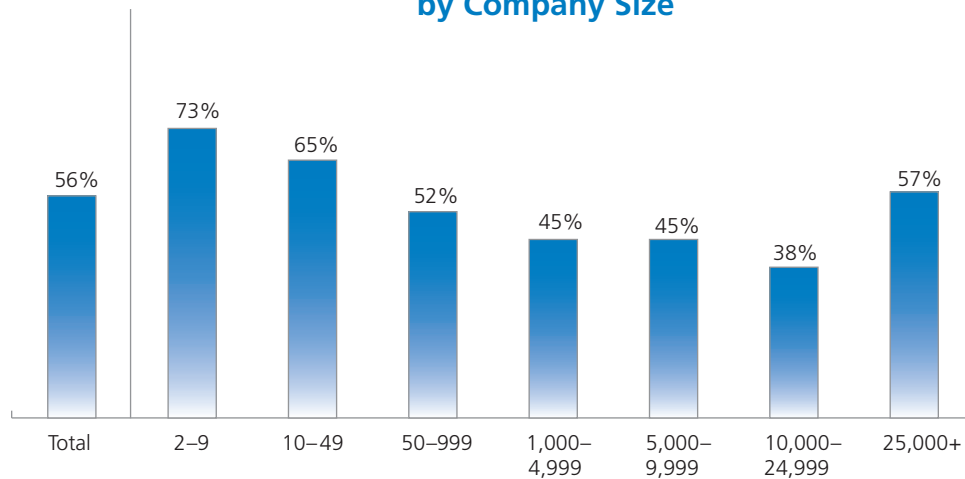
Average Amount of Time Employees Spent Thinking About and Making Benefits Decisions at Last Open Enrollment



7. Small Businesses Report Higher-Than-Average Job Satisfaction and Loyalty Rates, but Leave Many Workers Vulnerable on Retirement Front

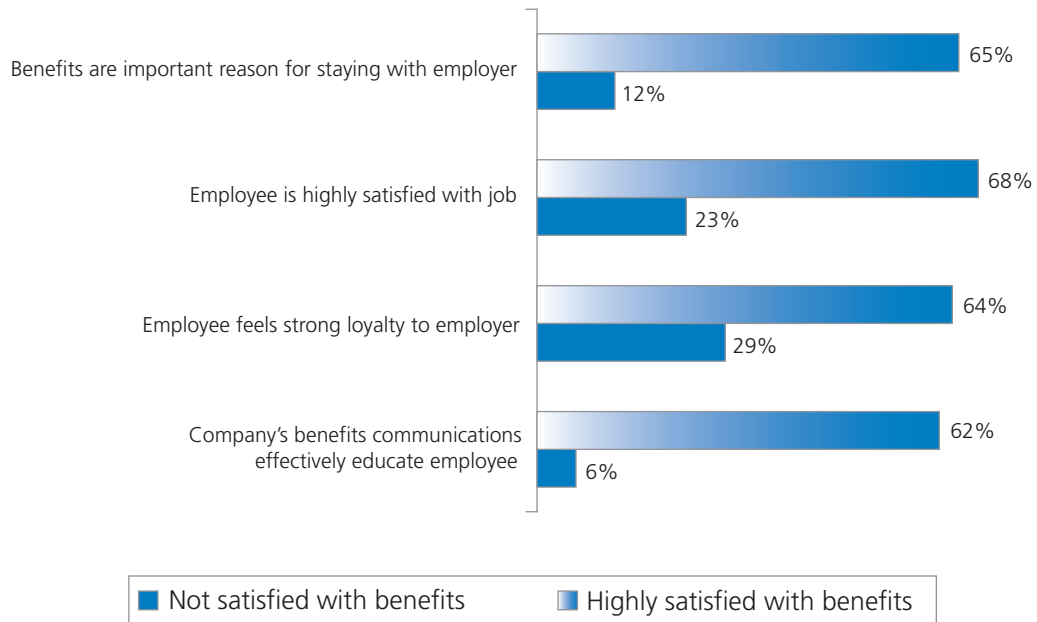
While more than half (56%) of the employers surveyed describe themselves as “loyal” to their employees, the percentage jumps to 69% for companies with fewer than 50 employees. With the exception of the largest companies surveyed (i.e., those with 25,000 or more employees), self-reported loyalty declines as company size increases. Nearly three-quarters (73%) of companies with 2–9 employees, for example, identify themselves as loyal, compared with 38% of companies with 10,000–24,999 employees.

**Employer Loyalty to Employees
“Strongly Agree” (“7” & “6” on 7-point scale)
by Company Size**



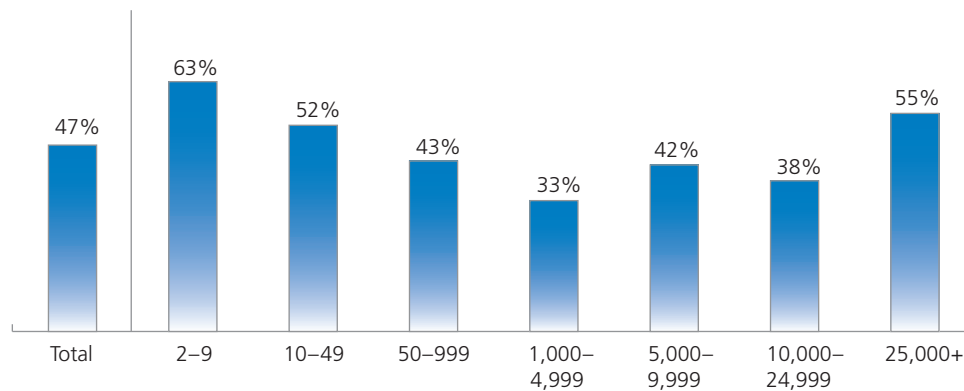
Among the 36% of full-time employees who are highly satisfied with their companies' employee benefits, overall job satisfaction is nearly three times as high as it is for employees who are not satisfied. In fact, benefits satisfaction is strongly correlated with both employee loyalty and job satisfaction.

Employee Benefits Satisfaction and Loyalty Based on Percent "Strongly Agree" ("7" & "6" on 7-point scale)



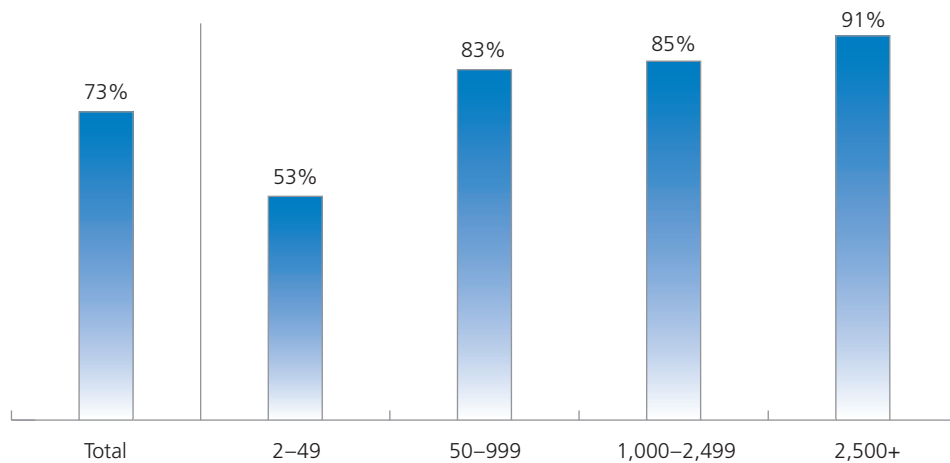
The same pattern holds for workplace satisfaction. While nearly half (47%) of all employers believe workplace satisfaction is high at their company, perceived satisfaction is highest among the smallest companies surveyed. Nearly two-thirds (63%) of companies with 2–9 employees—and 58% of those with fewer than 50—believe their workforce is satisfied, compared with 38% of companies with 10,000–24,999 employees.

Workplace Satisfaction is High “Strongly Agree” (“7” & “6” on 7-point scale) by Company Size



A very different pattern emerges in the area of retirement benefits. While nearly three-quarters (73%) of all businesses—and nine out of ten (91%) companies with 2,500 or more employees—offer 401(k) or other qualified retirement plans, the percentage drops to 53% among small businesses (2–49 employees). With small employers now generating 60–80% of all new jobs, according to the U.S. Small Business Administration, a growing number of workers lack access to qualified retirement plans.

% of Employers Offering 401(k) or Other Qualified Retirement Plans by Company Size



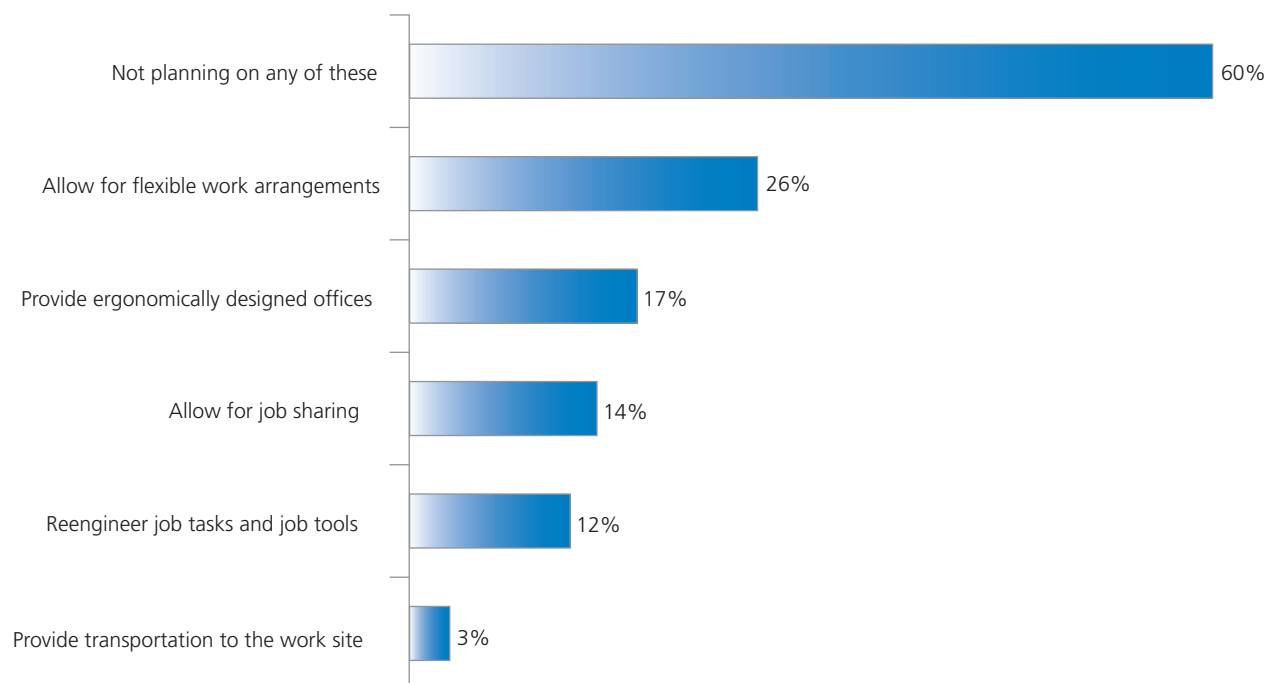
8. Large Companies Expect to Be Hardest Hit by Aging Workforce

One-third (33%) of all employers—and 51% of the largest companies (25,000 or more employees)—believe that the aging population will have a big impact on their company.

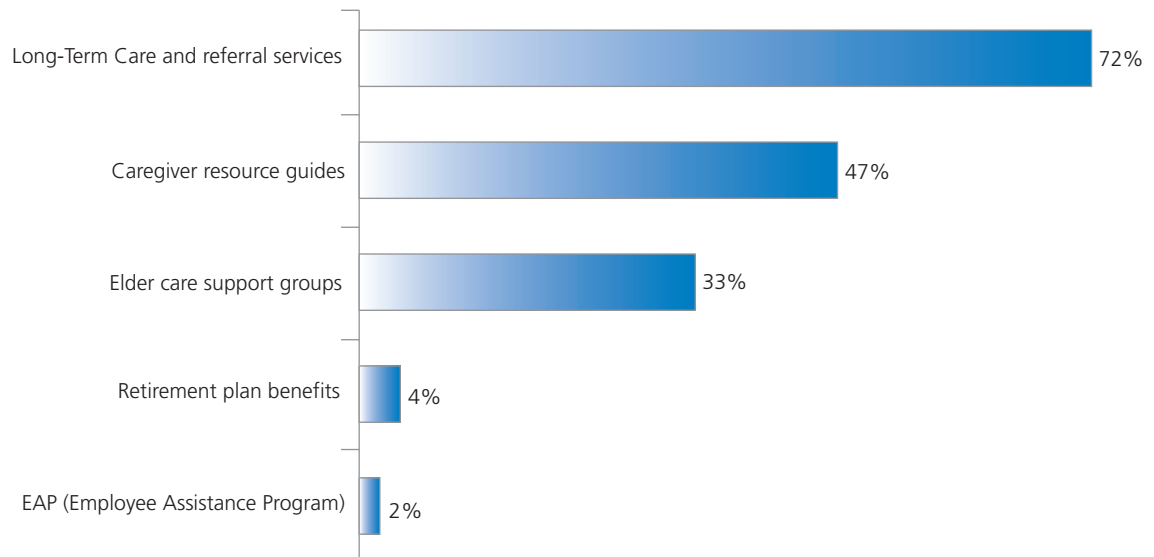
Consequently, these employers predict that the demand for certain employee benefits products will rise. More than one-third (35%) of all employers (and 51% of companies with 25,000 or more employees) expect worker participation in long-term care insurance programs to increase over the next 18 months. One in four (25%) foresees an uptick in both disability and life insurance enrollment.

Currently, 19% of all employers (and 57% of those with 25,000 or more employees) offer products and services geared specifically to an aging workforce such as long-term care referral services, caregiver guides and eldercare support groups. In the future, approximately 5% of companies expect to accommodate older workers by putting new policies in place such as flexible work arrangements (26%), ergonomic workstations (17%), job sharing (14%) and reengineered jobs (12%).

Plans for Accommodating an Aging Workforce

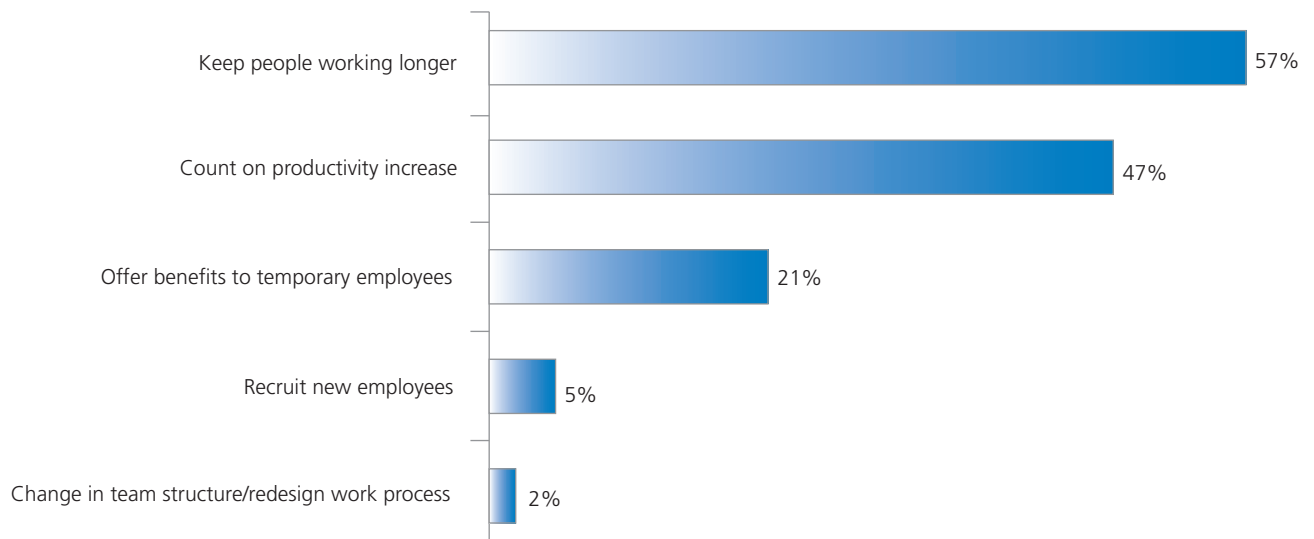


Types of Resources/Programs Among Employers Who Offer Them



Only 14% of employers expect to be affected by a workforce shortage. Of those who do, most expect to minimize the impact of such a shortage by keeping people working longer (57%) and boosting productivity levels (47%). A smaller percentage plans to offer benefits to temporary employees (21%) and recruit new employees (5%).

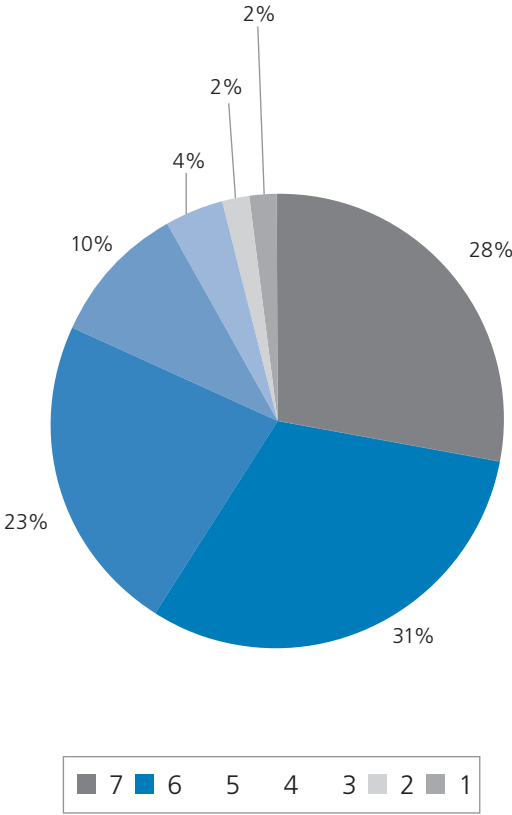
Steps Employers Will Take to Minimize Impact of Workforce Shortage



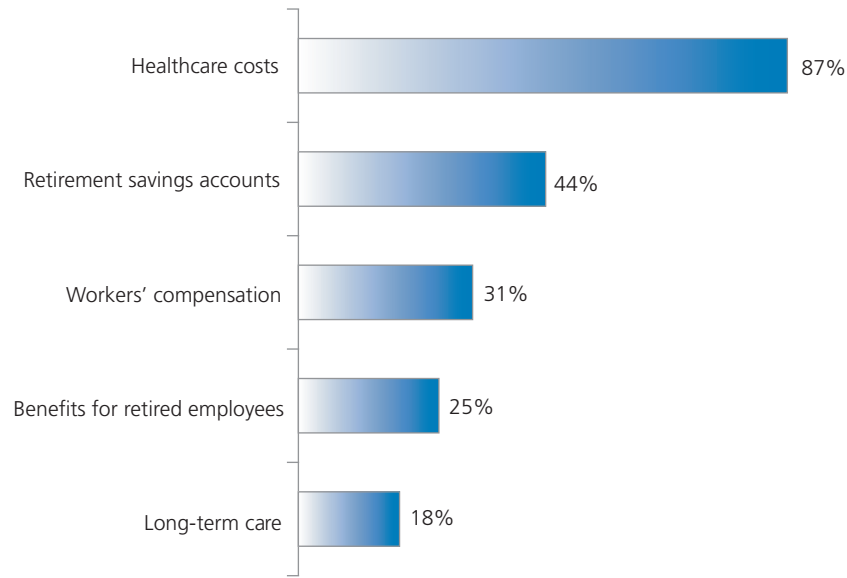
9. Employers Cite Healthcare and Work-Life Balance as Top Benefits Priorities, But Remain on the Fence About Wellness Programs

Most employers (87%) believe that healthcare costs are the benefits-related issue of greatest concern to senior management. Other issues of concern for senior management include retirement savings programs (44%), workers' compensation (31%), retired employee benefits (25%) and long-term care (18%). Among the largest companies surveyed, healthcare costs (80%), retirement savings programs (45%) and benefits for retired employees are of particular concern (39%).

Importance of Employee Benefits Issues to Senior Management (7 point scale where 7 = "extremely important")



Employee Benefits Issues Concerning Senior-Level Management Most



Employee Benefits Issues Concerning Senior-Level Management Most Rank Order by Company Size

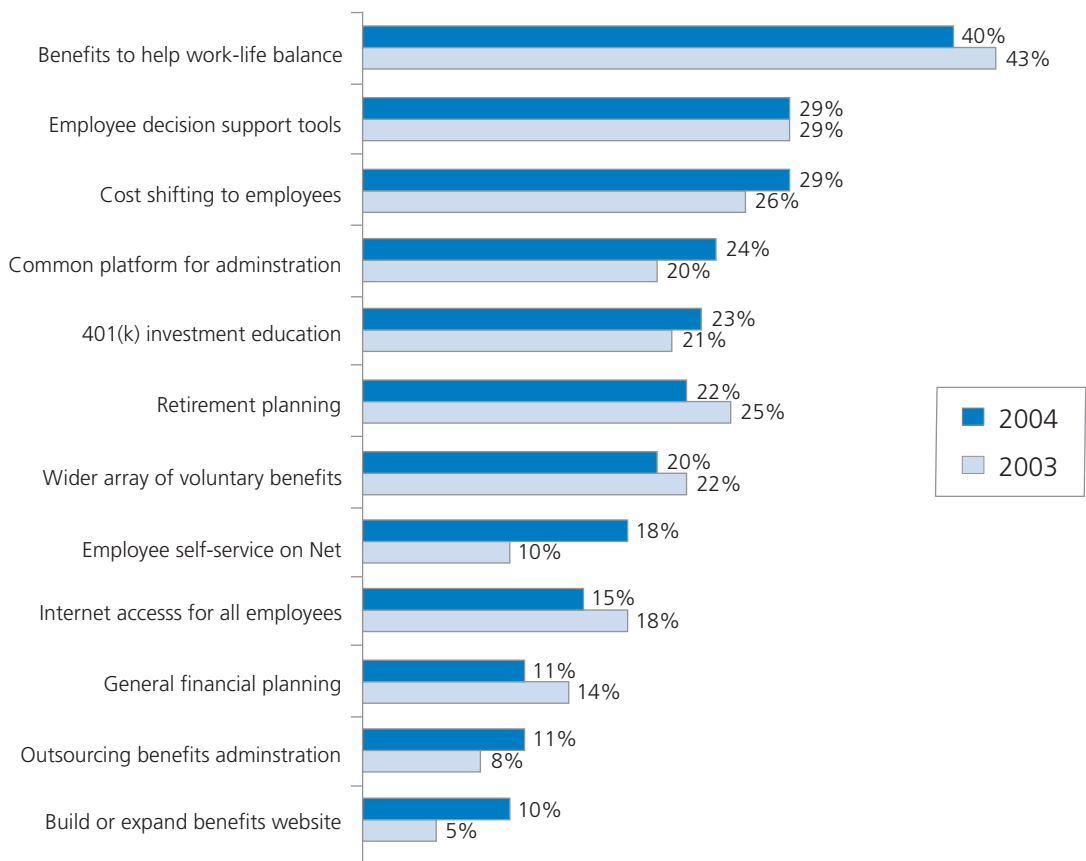
Rank: ■ Most Important ■ 2nd Most Important ■ 3rd Most Important

	2-9	10-49	50-999	1,000-4,999	5,000-9,999	10,000-24,000	25,000+
Healthcare costs	87%	90%	88%	86%	86%	85%	80%
Retirement savings account	39%	49%	45%	43%	43%	49%	45%
Workers' compensation	24%	33%	37%	33%	29%	25%	37%
Benefits for retired EE's	14%	15%	26%	33%	38%	37%	39%
Long-Term Care	17%	14%	19%	16%	21%	20%	24%

Despite employers' focus on healthcare costs, relatively few companies currently offer wellness programs for smoking cessation, exercise, weight management and/or cancer screening. Only 11% of employers (and 20% of those with 1,000 or more employees) currently offer a wellness dividend to their employees. Approximately three-quarters (74%) have no plans to introduce wellness programs over the next 18 months, while one-quarter (24%) are uncertain about whether or not they will do so.

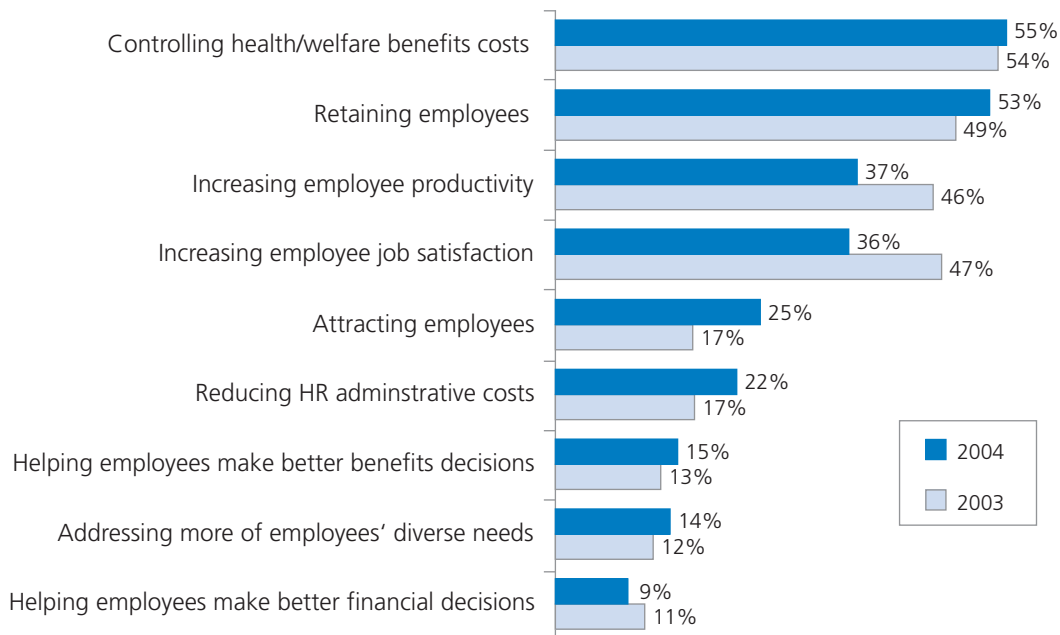
In terms of benefits strategies, the single most important priority for employers is work-life balance, cited by 40% of the survey respondents. Other key strategies are providing better decision support tools (29%), increased 401(k) investment education (23%) and retirement planning services (22%). Among companies with 1,000–24,999 employees, providing better decision support was cited by 63% of employers and outpace work-life balance as the number one benefits strategy.

Most Important Employee Benefits Strategies



As in 2003, employers identify the single most important benefits objective as controlling health and welfare benefits costs (55%), followed closely by retaining employees (53%). Other key objectives are increasing employee productivity (37%), increasing employee job satisfaction (36%), attracting employees (25%) and helping employees make better benefits decisions (15%).

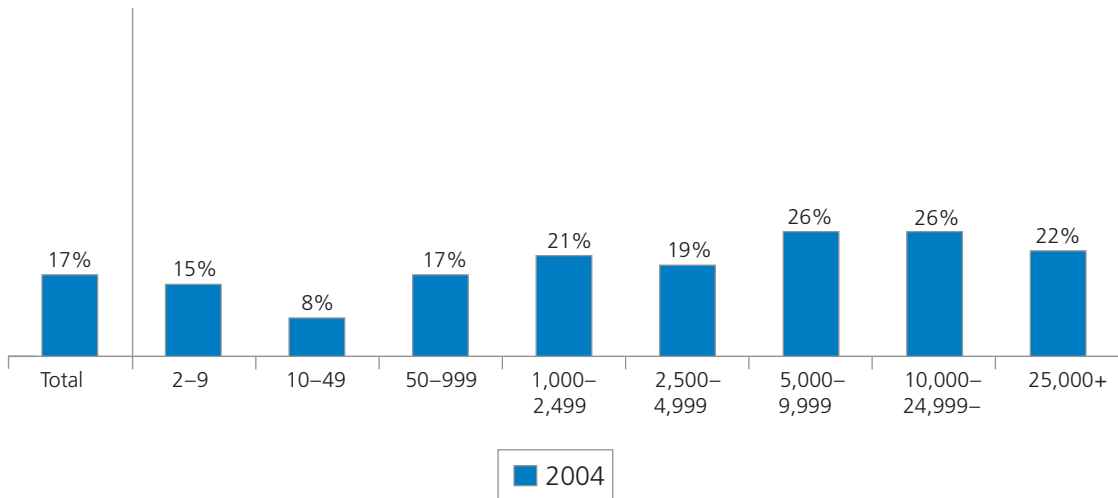
Most Important Employee Benefits Objectives



10. Benefits Funding: Employee Cost Sharing is Here to Stay, Even as Company Profits Rebound

Fewer employers are paying the full cost of their employees' insurance—and this trend is unlikely to reverse itself any time soon. Nearly two-thirds (60%) of employers say that they expect employees to continue paying for some or all of their benefits costs, even though the economy is improving.

% of Employers Expecting to Take On Additional Benefits Costs by Company Size



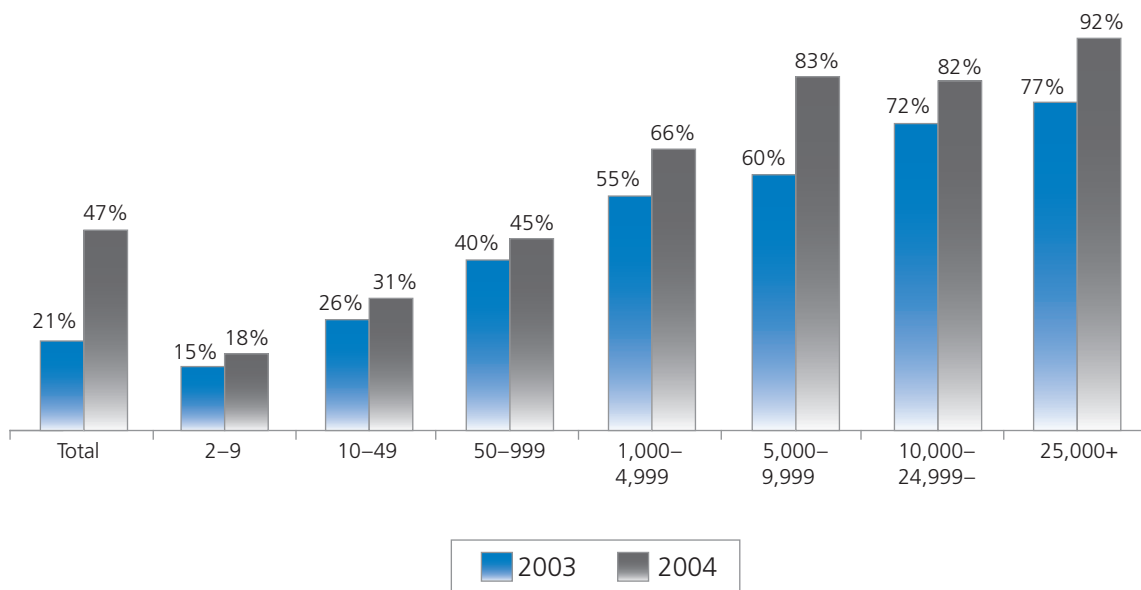
Currently, only 27% of companies pay the full cost of their employees' medical insurance, while even fewer fully subsidize dental coverage (19%) and vision care (16%). A relatively high percentage of employers pay the full cost of their employees' disability insurance (30%) and term life insurance (32%) coverage.

Among companies that offer less-traditional benefits on a voluntary basis, a significant percentage provide a company-paid subsidy for 401(k) or other qualified plans (63%), critical illness insurance (48%), long-term care insurance (47%), estate planning (45%), term life insurance for spouse or dependents (38%), financial planning (39%), annuities (39%), 529 plans (32%) and legal services plans (29%).

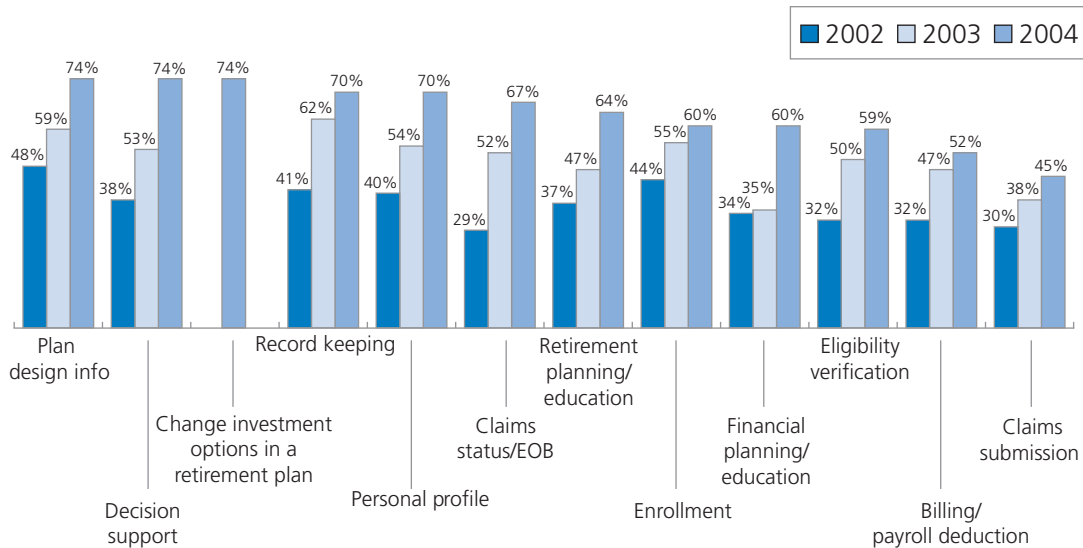
11. Employers Expect a Huge Surge in eBenefits, with Online Enrollment Increases of Up to 50% Projected Over Next 18 Months

Almost half (47%) of today’s employers offer benefits websites, which give employees online access to their benefits information and/or enrollment options, up from 21% in 2003. Currently, the most common eBenefits applications offered by employers are for “plan design information” (74%), “changing investment options within a retirement plan” (74%) and “benefits decision support tools” (74%). Employers and employees alike are least likely to use online channels for “claims submission” (45%).

Utilize an Employee Benefits Website by Company Size

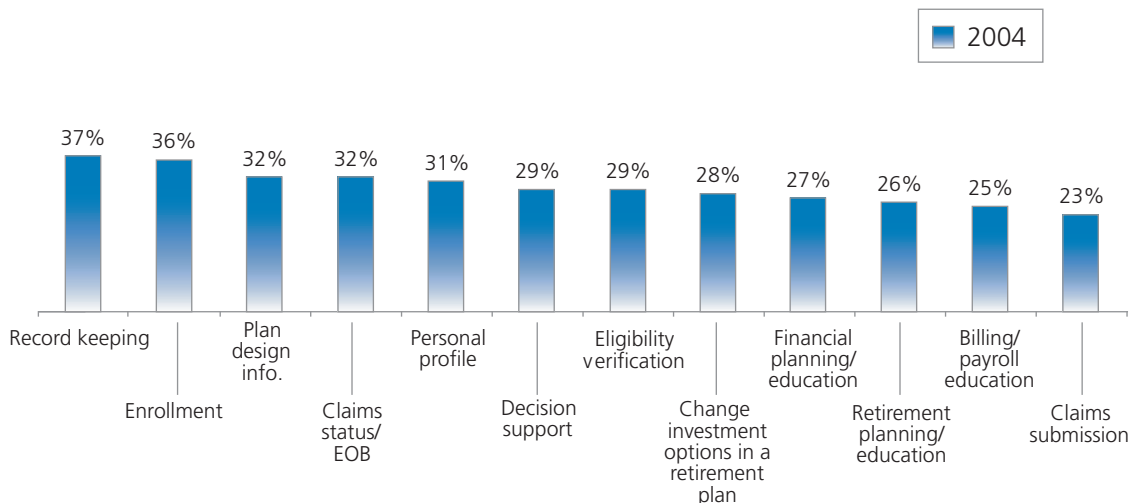


Among Employers Providing Internet/Intranet Access to Employees

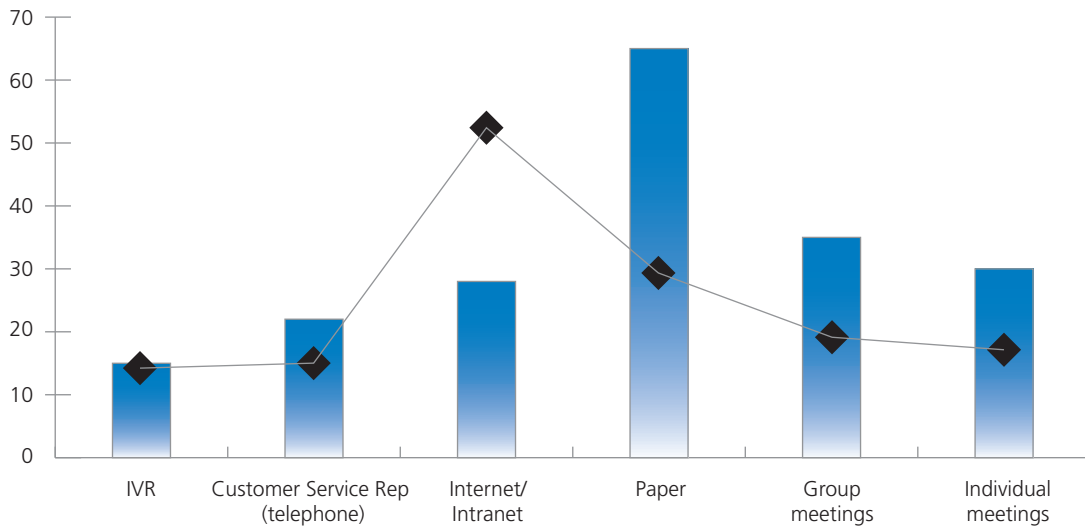


Employers expect online benefits enrollment to grow rapidly over the next two years. Among companies who do not currently offer online enrollment capabilities, for example, more than one-third (36%) of employers (and more than 50% of those with 1,000+ employees), expect to add such capabilities over the next 18 months. Roughly half (52%) of all employers (and more than 70% of those with more than 1,000 employees) identify the Internet and intranet as their preferred channel for benefits enrollment.

% of Employers Planning to Add Internet/Intranet Service Over Next 18 Months (Base: Not Currently Offering)



Employer's Current/Preferred Methods of Enrollment

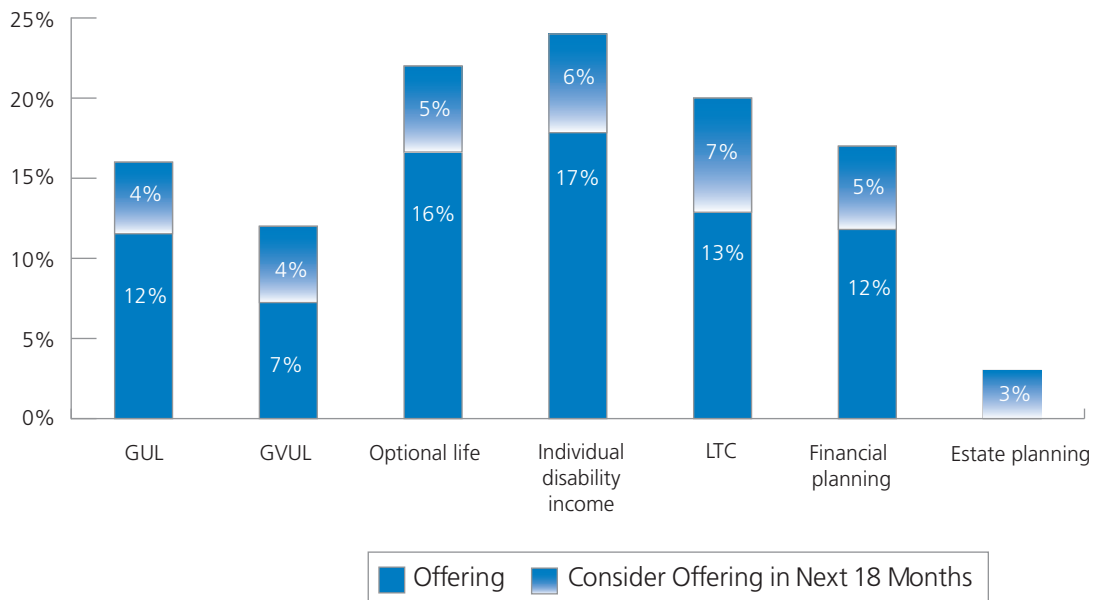


Other online applications expected to grow in popularity over the next 18 months include “benefits record keeping” (37%), “claims status/explanation of benefits” (32%) and “personal information profiles” (31%).

12. No Growth Forecast in Executive and/or Retiree Benefits

Most employers (61%) do not currently offer executive benefits—i.e., benefits that address the special needs of highly compensated employees. The most popular executive benefits are individual disability insurance (offered by 17% of employers and by 29% of companies with 25,000 or more employees), optional/supplemental life insurance (16%) and long-term care insurance (13%). Over the next 18 months, fewer than 10% of companies are considering adding new executive benefits for highly compensated employees.

% of Employers Offering/Considering Adding Each Executive Benefit (in the Next 18 Months)



In terms of benefits provided to retirees, 28% of the companies surveyed currently offer coverage. Among companies with 5,000 or more employees, the percentage increases to more than half. Over the next five years, half (50%) of companies surveyed expect retiree benefits to remain the same. Approximately one-quarter of employers expect retiree benefits to increase (27%), while roughly the same percentage (23%) expect them to decrease.

About MetLife

MetLife®, a subsidiary of MetLife, Inc. (NYSE: MET), is a leading provider of insurance and other financial services to individual and institutional customers. The MetLife companies serve individuals in approximately 13 million households in the U.S. and provide benefits to 37 million employees and family members through their plan sponsors. Outside the U.S., the MetLife companies serve approximately 8 million customers through direct insurance

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For additional information about the MetLife Employee Benefits Trend Study, please contact Gene Lanzoni at (908) 253-1775 or glanzoni@metlife.com.

