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Total Reward Statements and Online Total Rewards from Mercer

Clive Wright, 01753 848192

Total Reward Statements

What are they?

Total Reward Statements (TRS) provide employees with a personalised document that communicates the true value of employment by including all elements of their benefits package.

Such statements typically show the value of their financial rewards such as base pay, health and pension benefits plus share related perks, but Online Total Rewards (OTR) can also be used to reinforce the value of generic benefits such as learning and development and flexible work arrangements. And it can also be linked to other sites such as HR policies and made more interactive by having aspects such as pension modellers.

In addition, with the specialised software from Mercer, the OTR can be tailored to deliver specific messages for groups of employees.

Total Reward Statements

Why produce them?

The need for issuing Total Reward Statements (online or offline) typically arises if one of the following is true:

- Lack of awareness with employees as to the true value of the benefits being provided
- Difficulty in recruiting and retaining top talent
- Existing workforce with little or no motivation or desire to succeed
- The organisation has a weak profile within the marketplace
- Little or no choice of benefits offered to existing employees
- Part of a new corporate reward strategy
- Forerunner to implementing a Salary Sacrifice or Flexible Benefits scheme
- A need for improved communication around reward and benefits

Total Reward Statements

What do employees really think?

A recent survey of UK employees found:-

- Only **37%*** of employees are aware of how much money their company spends on their benefits
- More than a **third*** of employees say it is difficult to find out answers to questions about their benefits as this information isn't communicated well
- Only **40%*** of employees think their company offers benefits which are as good as, or better, than their competitors

*Mercer 'What's Working™ UK', 2005. Results are based on the Mercer What's Working™ UK research, a survey conducted with over 4,000 employees from over 300 organisations. What's Working™ studies have been conducted in over 22 countries.

Mercer technology for paper statements

More than just statements

Investment in technology

- We don't just produce total reward or pension statements
- All communication can be **targeted** and made more effective and meaningful
- We have the flexibility to **customize the look and feel** of all communication to individuals, including the use of variable images based on demographics
- We can provide a **targeted multi-touch campaign** that includes personalized HTML email, pdf, booklets, newsletters, total reward statements etc
- Variable print production and greater choice with the look & feel of the finished product

Targeted communication

Our view

- Targeted communication is more effective than delivering generic messages
- Targeting can be based on life events, age, sex, role in company, division, etc
- Effective targeted communication increases employee understanding & appreciation
- Greater understanding & appreciation leads to increased employee engagement and involvement
- Increased employee engagement leads to better productivity and retention

Ultimately, effective targeted communication improves the return on investment in both the benefit provision and the communication being delivered to employees

Different generations have different priorities

One size does not fit all

Groups	Matures/ Traditionalists	Baby Boomers	Generation X	Generation Y/ Millennials
Age	60+	43 to 60	30 to 42	18 to 29
Characteristics	<ul style="list-style-type: none"> ▪ Values security ▪ Company loyalty ▪ Inclusive 	<ul style="list-style-type: none"> ▪ Indulged ▪ Socially-conscious ▪ Works hard 	<ul style="list-style-type: none"> ▪ Distrust institutions ▪ Entrepreneurial ▪ Risk takers ▪ Needs work/life balance 	<ul style="list-style-type: none"> ▪ Balances work with family ▪ Technology-experts ▪ Team-oriented ▪ Socially-conscious
Value of Work	<ul style="list-style-type: none"> ▪ Wants expertise and experience to be valued 	<ul style="list-style-type: none"> ▪ Wants hard work to be valued 	<ul style="list-style-type: none"> ▪ Wants company to value individual contributions 	<ul style="list-style-type: none"> ▪ Wants to value own contributions
Drivers in Work	<ul style="list-style-type: none"> ▪ To build a life 	<ul style="list-style-type: none"> ▪ To build a better life 	<ul style="list-style-type: none"> ▪ To live better 	<ul style="list-style-type: none"> ▪ To live a purposeful life

Sources: Employee Benefits of the future, Employee Benefit Plan Review, Jan 2007

The Next 20 Years: How Customer and Workforce Attitudes will Evolve, N. Howe, W. Strauss 2007

Millenials Rising – The Next Great Generation, Howe and Strauss, Vintage Books 2000

Total Reward Statements

The benefits of issuing Total Reward Statements using Mercer

For you:

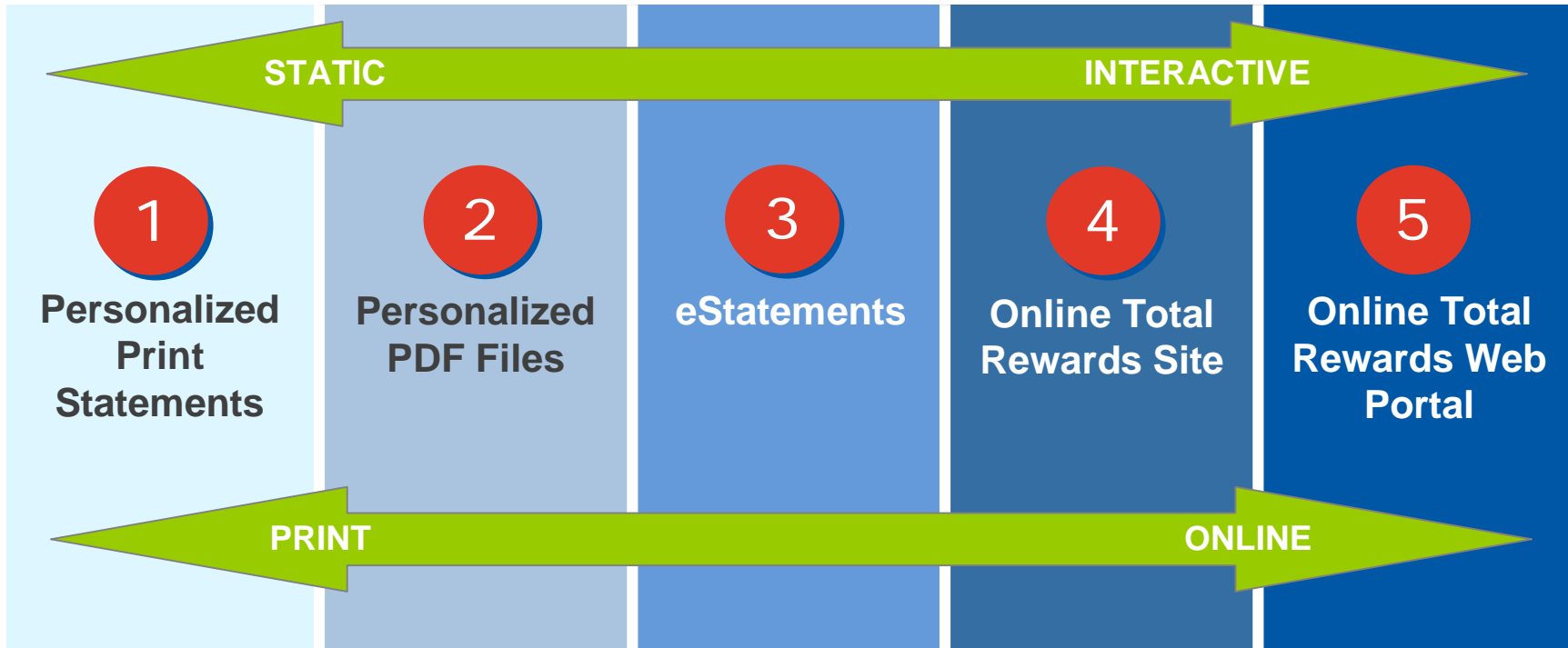
- Increases the perceived value of the benefit package provided
- Assists in employee engagement and retention
- Improves the return on investment in benefits and communication
- Provides a targeted, relevant employee communication tool which can be used as a platform to launch other initiatives (flexible benefits)
- Values additional benefits such as restaurants, subscriptions, staff discounts, parking
- Allows you the opportunity of segmenting the audience and targeting the messages to increase relevance

For your employees:

- Explains clearly the full range and value of the benefits they receive
- It becomes a valued and informative piece of communication
- Easily understandable, quoting values which are directly relevant to each individual
- Personalised forecasts enable informed choice for retirement planning
- Develops appreciation of the wealth that can be accrued through long-term employment

Total Reward Statements

Options for delivery



Options for delivery

Print Statements

The simplest form of communicating total rewards is an easy-to-read, informative statement that shows employees at a glance the true value of their pay and benefits. We have **simple templates** available to tailor to your needs, or we can **custom design** a statement to meet your individual needs. Our communication professionals will help you shape the messages you want to convey to your employees.

We'll work with you to design a distinct statement that fits into your organization's pay and benefits branding and emphasizes the benefits you wish to highlight. Our programmers will accurately commit the data to paper and our whole team will review the finished product to ensure it delivers against objectives. **Typically, print statements are produced annually.**

Your Total Reward Statement 20XX

Your Basic Salary
The Annual Basic Salary you received in the year to 0th April 20XX was: £34,600

Your Bonus Plan
In recognition of your contribution towards the company's success over the last year, you received a bonus of: £2,850

Your Health
Private Medical Insurance
SampleCo's standard benefits package entitles you and your partner to medical cover at an annual cost to SampleCo of: £570
Private Medical Examinations¹
You are entitled to annual, voluntary examinations that may lead to the early detection of treatable conditions. SampleCo will contribute to the cost of private medical examinations up to the value of: £120
Income Protection
You are a member of the SampleCo Income Protection plan. The total annual cost of providing you with your contractual entitlement to this benefit is: £70

Your Shares
Stock Purchase Plan²
You currently participate in the stock purchase plan and this is the annualized value to you of being a member of this scheme: £

Your Additional Benefits
Company Car / Car Allowance
You have chosen to receive the money cash allowance giving you an annual sum of: £
Staff discount
You benefit from a 10% discount on most SampleCo purchases. Your personal saving for the year was: £
Professional Subscription
SampleCo supports your professional affiliation with RICS & pays your annual membership subscription which was: £
Holidays
Your standard benefits package entitles you to 25 days holiday a year.

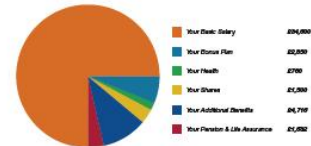
Your Pension & Life Assurance
Money Purchase Pension Plan³
You are a member of the SampleCo Money Purchase Pension Plan to which you and SampleCo contribute. The year SampleCo's annual contribution to your account for the period of 0th April 20XX to 0th April 20XX was: £
Life Assurance Cover
As a member of the Pension Plan you are entitled to Life Assurance at 3 x basic salary cover. Based on your current salary this is £103,800. The annual cost to SampleCo for providing the cover was: £

All benefits can be included, individual and generic

Your Total Reward for 20XX

Your Basic Salary is just one of the elements that make up your Total Reward Package from SampleCo.

The pie chart below shows the value of the different elements of your package in the year to 0th April 20XX.



Your notes

The following information provides a little more detail about the value of the benefits shown opposite.

- The annual cost to SampleCo of providing you with your core Private Medical Insurance cover.
- The annualized value of your Stock Purchase Plan (contracted) based on the share price as at 1st April 20XX.
- The annual contribution SampleCo has made to your Money Purchase Pension Plan account over the year.

Provide further detail on how annual benefit values are derived

Your Total Reward for 20XX is:


£46,058



Options for delivery PDF files

To provide employees with easier access and greater flexibility, we can turn the printed statement file into a **secure, password-protected PDF file** that can then be e-mailed to the individuals and/or kept in a secure repository on a Web portal. This helps negate the risk of the employee misplacing the statement and losing touch with the value of his or her total rewards.

PDFs can be a helpful tool in moving employees toward pay and benefits self-service. They feature the same user-friendly design as the printed statements, but offer **better availability**.



My Total Rewards

"Total Rewards" at Global Express includes more than just your base pay. In return for your individual contribution to our success, Global Express rewards you with a comprehensive package that also includes variable compensation and a broad array of benefit plans. All these components added together make up your Pay & Benefits.

This statement summarizes the scope and value of your pay and benefits package at Global Express. It was prepared with data current as of December 31, 2006, and it includes your 2007 benefit elections. We encourage you to review this statement carefully and to share it with your family.

Your 2007 Total Rewards

■	Base Compensation	xx%
■	Variable Compensation	xx%
■	Benefits	xx%
■	Retirement	xx%
■	Government Benefits	xx%

	Global Express Pays	You Pay
Base Compensation	xx,xxx	-
Variable Compensation	xx,xxx	-
• Long-term incentive plan	xxx	-
• Other bonus/incentive plan	x,xxx	-
Benefits	x,xxx	x,xxx
• Health and dental plans	x,xxx	xxx
• Flexible spending account	-	xxx
• Long-term disability plan	xxx	-
• Basic life/AD&D insurance	xxx	-
• Optional life/AD&D insurance	-	xxx
• Optional dependent life insurance	-	xxx
• Other benefits	xxx	-
Retirement	x,xxx	xxx
• Pension Plan	x,xxx	-
• 401(k) Plan	xxx	xxx
Government Benefits	x,xxx	x,xxx
Your 2007 Total Rewards	xx,xxx	

This chart shows the various components of your 2007 Total Rewards package.

contribute to the Pension Plan. As of December 31, 2006, you had earned an annual pension benefit of \$xx,xxx payable from age 65. As of January 1, 2007, you elected to contribute xx% of your base salary to the 401(k) Plan. Global Express matches 50 cents of every dollar you contribute up to 6% of your base salary. Your total 401(k) Plan account balance was \$xxx,xxx.

Other Benefits

Your overall compensation package at Global Express extends beyond the traditional quantifiable benefits described above. At Global Express, you also have access to many other programs.

• Team Member Assistance Plan	• Leaves of Absence Policies
• Team Member Referral Plan	• Parking & Transit Subsidies
• Education Assistance Plan	• Service & Recognition Awards
• Matching Charitable Donations	

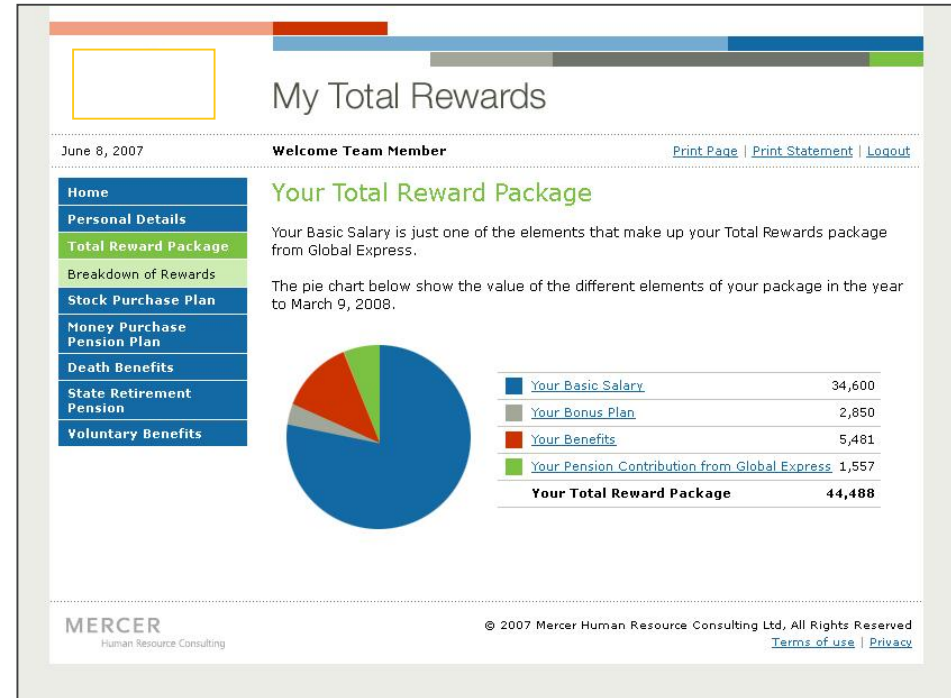
Important Note

This statement is meant to show the estimated value of your 2007 pay and benefits and summarize your 2007 benefit choices. Every effort was made to report your information accurately; however, the possibility for errors does exist. If you notice any discrepancy, please contact Human Resources. Details about the benefits described here can be found in the documents that govern the operation of the Plans -- the Plan documents. If there is any conflict between the information presented here and the information in the Plan documents, the Plan documents always govern and are the controlling legal documents. Benefits descriptions are not terms of employment, nor are they intended to establish a contract between Global Express and its team members.

Options for delivery e-Statements

eStatements deliver an HTML-based, user-friendly Web experience, including a **simple navigation menu**. This Web site includes a secure authentication/login and can incorporate **links to other sites**.

eStatements are designed to leverage the same data integration process as used to generate print statements or PDFs as well as the same documentation, programming and testing. **The data is typically refreshed on an annual basis.**



Options for delivery

Online total rewards site

This offers all of the detail of a print statement in HTML format and is **accessible through a Mercer-hosted Web portal**. We'll develop up to 20 pages of Web content designed to meet your needs and fit your corporate branding. You'll get all of the same consulting that comes with the development of print statements with the added expertise of Web designers and portal content professionals.

Our flexible model assumes a **monthly data refresh**, so employees have continual access to up to date information. This solution offers the added advantage of **easy-to-interpret utilization statistics**. You'll know how often the site is used and what content employees are accessing most frequently.

This solution will be tailored to meet your needs and objectives.

My Total Rewards

Welcome Team Member [Print Page](#) | [Print Statement](#) | [Logout](#)

Home

- Annual Compensation
 - Base Pay
 - Variable Pay
 - Stock Options
 - Company Contributions
- Accumulated Wealth
 - Retirement
 - Savings Plan
 - Team Member Stock Purchase
 - Stock Option History
 - Deferred Compensation
- Health and Income Protection
 - Health Coverage
 - Spending Accounts
 - Life and Accident Insurance
 - Sick Pay and Disability
- Survivor Benefits
- Work/Life Programs

My Profile

Related Links

Forms and Documents

Message Box
You have [1 unread statement](#) in your message box.

Welcome

The rewards of doing well at Global Express go far beyond the dollars you see in your pay – they include the total value of your compensation, benefits, learning and development programs, and work environment. This site gives you a personalized summary of your total rewards at Global Express.

Total Compensation	\$127,694
Base Pay	\$75,000
Variable Pay	\$9,600
Stock Options	\$25,000
Company Contributions	\$18,094

Visit [Total Compensation](#) for more information, including a pie chart of the amounts listed above.

Accumulated Wealth	\$242,663
Retirement	\$30,000
Savings Plan	\$51,013
Team Member Stock Purchase	\$17,500
Stock Option History	\$125,000
Deferred Compensation	\$19,150

Visit [Accumulated Wealth](#) for more information, including a pie chart of the amounts listed above.

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Options for delivery

Online total rewards web portal

This all-encompassing solution offers a **comprehensive way of thinking about total rewards**. It is not confined to a single time of year, nor is it simply an online version of a paper total rewards statement. It is a dynamic, personalized web site available to your employees **24/7—when and where they want it**.

The site is more than a data library—it's interactive. We offer **modeling tools** and the **ability to change benefit options** such as savings plan allocations, enrolment options and other plan events. The convenience of this single-sign-on technology helps increase employee participation in benefit programmes.

The screenshot shows the 'My Total Rewards' web portal. At the top, there's a navigation bar with 'Home', 'My Total Compensation', 'Team Member Profile', 'Compensation', 'Equity', 'Retirement and Savings', 'Health and Income Protection', 'Life/Work Programs', and 'Site Tools'. A 'Stock Watch' section displays market data for GLX, DOW, S&P 500, and NASDAQ. The main content area features a 'Welcome' message and a table of compensation details for 2007. A sidebar on the right contains a 'My Total Rewards is a valuable tool...' message and a list of features. At the bottom, there's a 'MERCER' logo and copyright information.

My Total Rewards

Welcome Team Member

Print Page | Print Statement | Contacts | Logout

Home

My Total Compensation

Team Member Profile

Compensation

Equity

Retirement and Savings

Health and Income Protection

Life/Work Programs

Site Tools

Stock Watch

GLX	60.73	▲ 0.56
DOW	9924.15	▲ 32.73
S&P 500	0.00	▲ 0.00
NASDAQ	2000.91	▼ 10.17

20-minute delayed stock quote provided by Data Transmission Network

Welcome

We recognize that compensation plays an important role in your satisfaction and motivation for further success. At Global Express we work hard to offer you a total compensation package that rewards outstanding performance, helps safeguard your health and well being and provides you options for saving for the future. The combination of what you earn, the contributions that the Company makes on your behalf to your benefits, and the life/work programs we provide make up what we call your 'pay and benefits'.

This personalized statement reflects your pay and benefits at Global Express, and provides links to valuable information about your benefits, and the resources that we offer. Use the left hand navigation, or click on the links in the summary tables to see the details of what is included in your pay and benefits at Global Express.

In 2006, your total rewards was **\$432,300.00**

My 2007 Year-to-Date Compensation (as of Oct 31, 2007)	\$393,000.00
Pay	\$185,000.00
Bonus	\$146,900.00
Paid Time Away	\$23,200.00
Global Express Contribution to Benefits	\$37,900.00
My Equity (as of Oct 31, 2007)	
Team Member Stock Purchase Plan	\$10,000.00
Equity Awards	\$25,150.00
My Retirement and Savings (as of Oct 31, 2007)	\$110,000.00
401(k) Plan & Profit Sharing	\$50,000.00
Executive Deferred Compensation Plan	\$60,000.00
My Life/Work Programs (as of Oct 31, 2007)	\$7,500.00
Merchandise Discounts	\$7,500.00

My Total Rewards is a valuable tool right at your fingertips. It's available anytime you need it. On this site, you can:

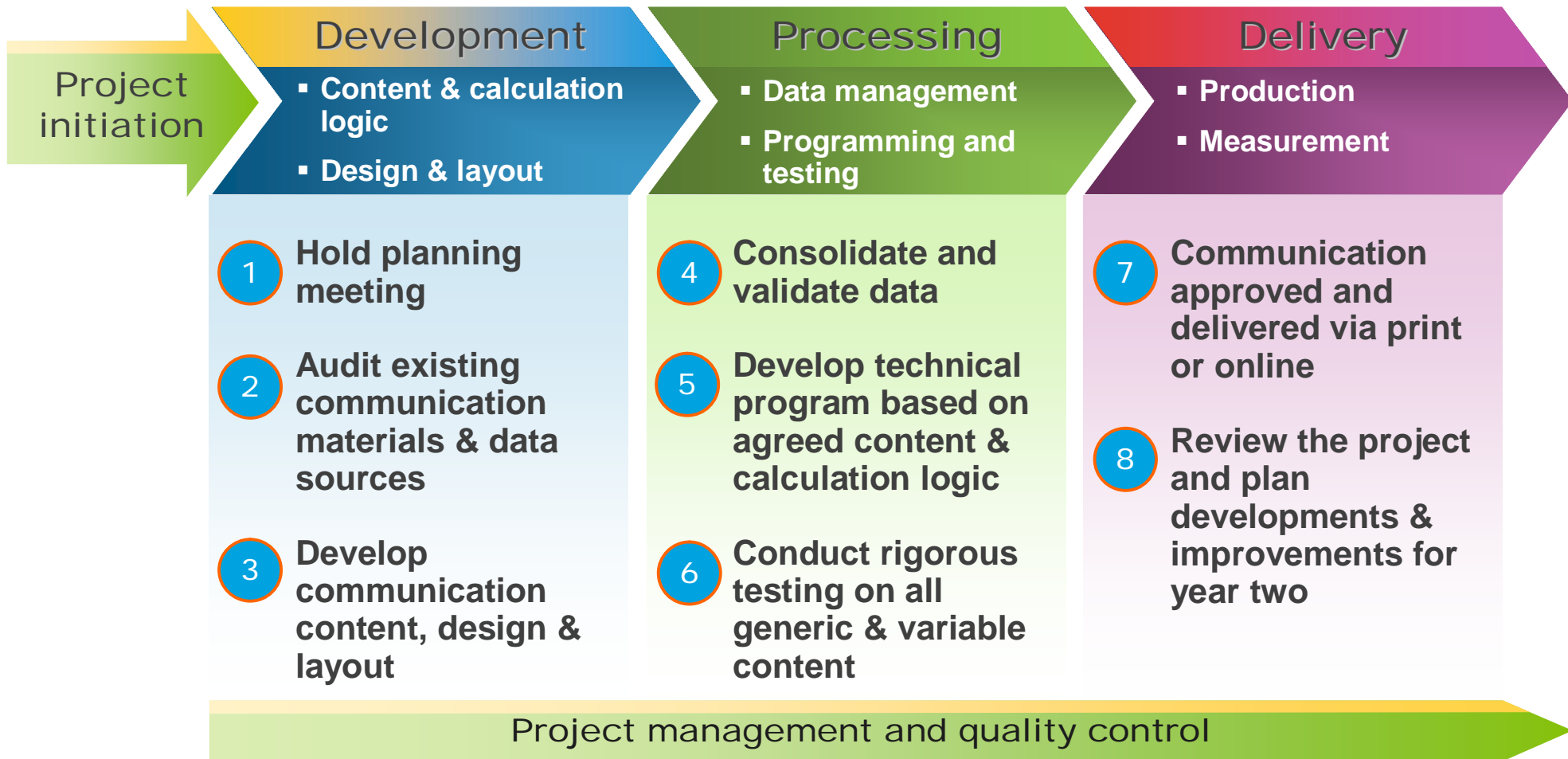
- View your personalized year-to-date compensation and savings information
- View your total compensation from last year
- Review your current health and income protection benefit elections
- Link out to other helpful sites, including the Global Express Team Member Benefit Summary Plan Description (SPD), and service provider Web sites

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Total Reward Statements

Production stages – 8 Step Process



Total Reward Statements

Mercer credentials – key facts

- **Choice of delivery media** – benefit information may be presented via personalized hard-copy statements, through an online environment or both
- **Detailed project management** – rigorous project methodology ensures statements are produced on time and in accordance with your objectives
- **Appealing design** – all statements are designed to create impact and improve understanding
- **Effective communication** – statements are written with the end user in mind, capturing the reader’s attention and effectively communicating the total reward value
- **Accurate data management** – advanced data collation and validation tools filter your data to ensure accurate reporting of information to employees
- **Digital print** – our technology enables a unique statement to be created for each individual employee including variable graphics, imagery and content
- **Support communication** – our technology enables us to support the launch of the communication with personalized messages via SMS, HTML email or pdf
- **Global implementation** – Mercer has experience of producing multilingual statements as well as project roll-out across a number of regions

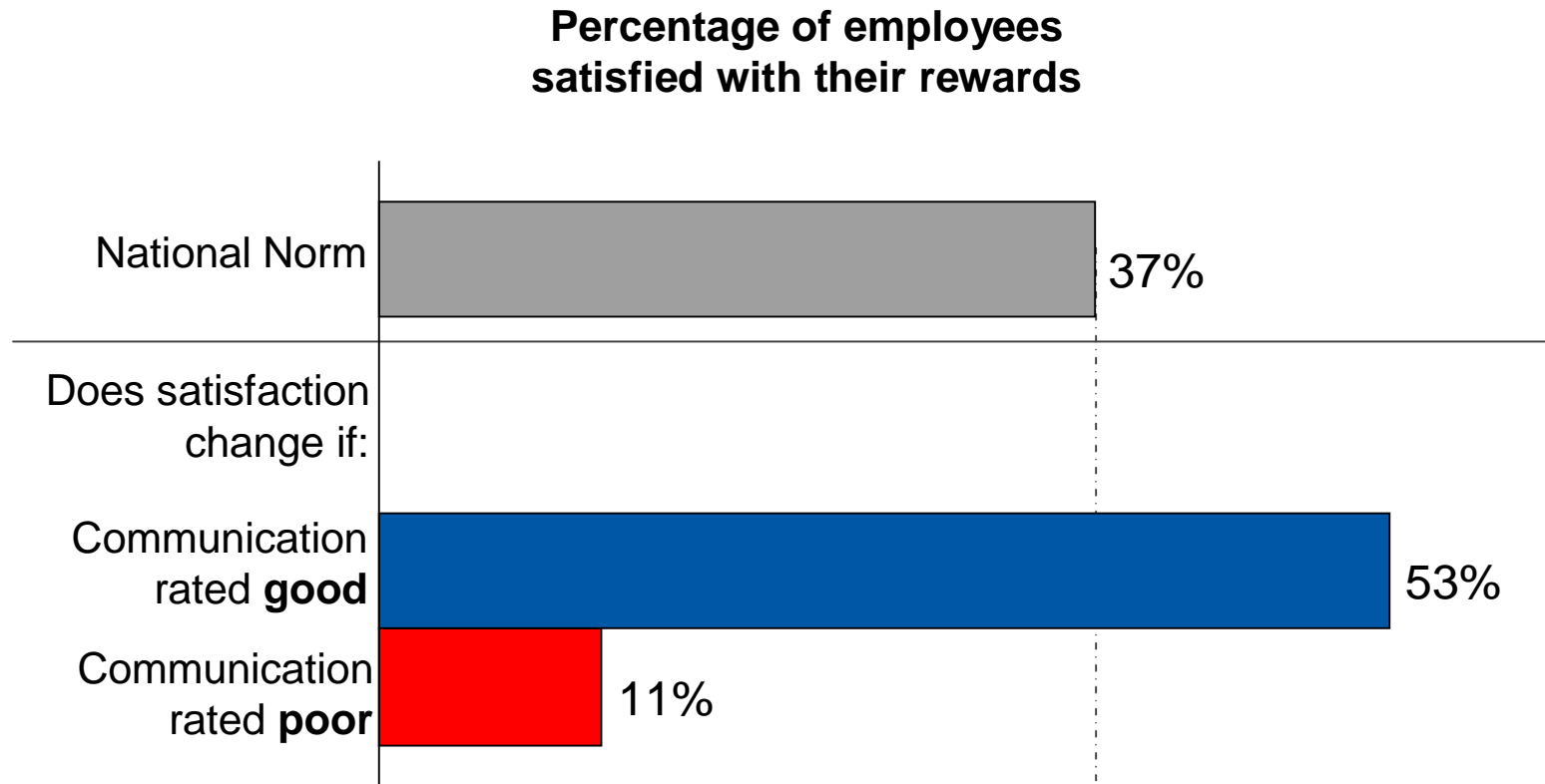
Total Reward Statements

Why Mercer?

- Over **20 years of experience** in this form of communication
- We have recently produced personalised total reward and pension statements for over **80** organisations, both in the UK and abroad, ranging from **150** employees to over **250,000**
- We have managed total reward statement projects across the **United States**, various countries within **Europe** (Germany, France, Austria) and also **Asia** (China, Hong Kong, Singapore, Japan). Statements have also been produced for countries in the **Middle East**
- **Established team** with experience of managing complex projects
- Our online & offline products can be **tailored** to meet both your individual and business needs, future requirements and budgets
- **Advanced digital print technology** can target individual employees and ensure tailored statements are produced for all employees. This includes variable imagery, content and design depending on individual employee circumstances

Total Reward Statements

Research shows a correlation between communication and employees' satisfaction with reward

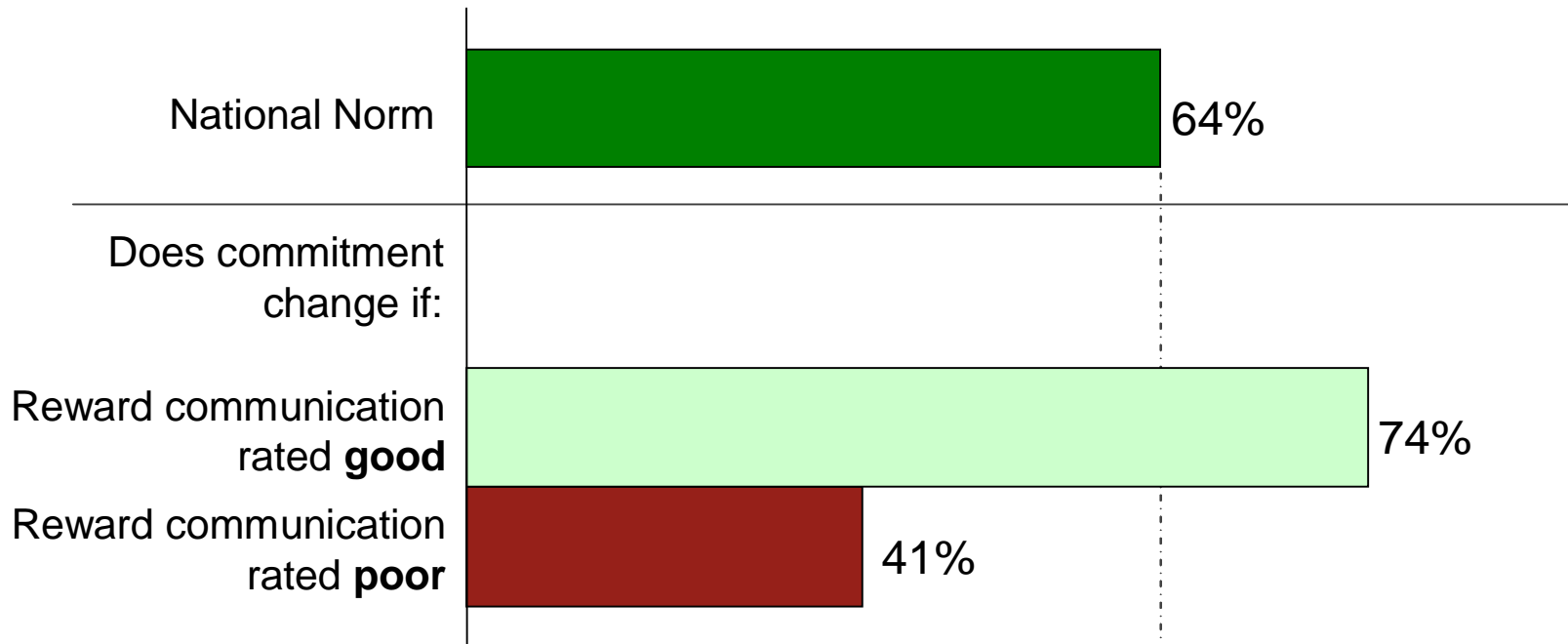


Source: Mercer's 'What's Working' study 2005/6. European data cut (Czech Republic, France, Germany, Hungary, Ireland, Poland, Portugal, Spain, Sweden, United Kingdom).

Total Reward Statements

There is a similar correlation between communication and employee commitment

Percentage of employees committed to their organisation



Source: Mercer's 'What's Working' study 2005/6. European data cut (Czech Republic, France, Germany, Hungary, Ireland, Poland, Portugal, Spain, Sweden, United Kingdom).

Total Reward Statements – Samples Paper - Mercer

Mr S Statement
Address1
Address2
Address3
Address4
Address5
PostCode

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

YOUR pay and benefits

– A personal summary

Below is a summary of your pay and benefits as at 01-Apr-09

We have included last year's values for comparison to show year on year changes.

	2008	2009
Your base Salary	£100,000	£100,000
Your bonus Plan	£22,000	£6,230
Your benefits	£12,000	£12,000
Your healthcare	£510	£540
Your pension	£13,933*	£17,825
Your total reward package	£148,443	£136,595

*The 2008 pension figure has been re-calculated to exclude your own personal contributor those made by the Company on your behalf via PaySmart.

How your package is made up..



The following pages provide further details of those items that comprise your reward package.

YOUR healthcare

Private medical plan

Your Standard Benefits Package entitles you to **Employee only** cover at an annual cost to the Company of £390. Your Allocatable Allowance includes an amount that is sufficient to maintain this level of cover.

You had the option to choose an alternative level of cover through Options. You currently benefit from **Employee & spouse/partner** cover. For more information please see **You & Mercer Benefits on Mercer Link**.

Personal accident insurance

The Core Level of basic cover is a lump sum of up to three times Base Salary in the event of death and up to six times your Base Salary in the event of disablement. Through Options, you had the opportunity to extend your cover to include your dependants and/or to improve the level of cover you receive.

Medical screenings

You are entitled to annual, voluntary examinations. The Company will pay up to £150 a year towards the cost of private medical examinations which may lead to early detection of treatable conditions. This allowance may be carried forward for a maximum of three years subject to the spend not exceeding £450.

Short term sickness

Our short term sickness arrangement covers a period of up to six months of absence, with payments subject to Company agreement and medical advice. The level of payment will vary depending on your length of service at the point you commence sickness absence.

Income protection plan

If you are absent from work through illness or injury continuous months, you may both the State and the Company's standard cover is income from this maximum of 67% base salary. If you either pension arrangement or disability base salary be varied under C are not already at

Life assurance

The Standard Ben non-contributing arrangements cot Contributing men Base Salary. Thro choose an altern current cover is 4 For more informa You & Mercer Ben

YOUR Options confirmation

A Personal summary 1 April 2009 to 31 March 2010.

Everyone has different needs at different stages of their working life and the Company recognises that there is a need for a flexible approach to the benefits package it provides in addition to salary. That is why the Company has Options - a comprehensive flexible benefits plan.

Options allows you to select the benefits that are most appropriate to your individual circumstances from a range of choices. Set out below is a summary of the total compensation package chosen by you in relation to Options for the year commencing 1 April 2009.

Option benefit	Your 2008 choice
Bicycle	No voucher
Childcare	No childcare
Critical illness insurance	No cover
Dental insurance	No cover
Holidays	26 days
Life assurance	4x Base Salary
Income protection plan*	67% of Base Salary **
Personal accident insurance	Employee plus spouse/partner - Level B**
Private medical cover	Employee & spouse/partner
Retail vouchers	Selected:
- Argos	
- ASDA	
- Debenhams	
- House of Fraser	
- John Lewis/Waitrose	
- Love2Shop	
- Marks & Spencer	Vouchers selected £390
- Sainsbury's	Vouchers selected £300
Spouse/Partner life assurance	No cover
Pension accrual rate	1/45th
Pension payment method	PaySmart

*See the Employment and Support Allowance.
 **Any dependent children may be covered under the terms of this insurance

