



Transforming Total Rewards into the Total Experience

Atlanta Area Compensation Association (AACA)

May 2023



Agenda

01 Welcome

02 New thinking: The future of total rewards

03 Getting creative to overcome wellbeing “disconnects”

04 Supporting financial resiliency

05 Wrap up

New thinking: The future of total rewards

The future of total rewards

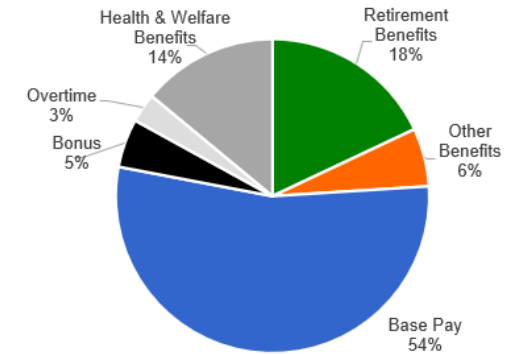


From Total Rewards to Total Experience (TX)

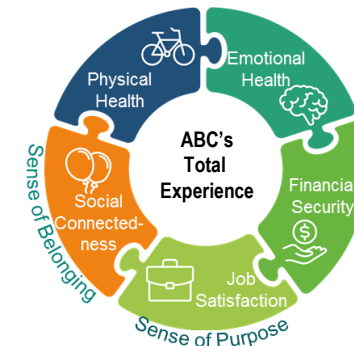
A paycheck feeds the wallet, but the total experience aligns muscles, minds, and hearts to inspire an enhanced customer experience and business performance.

Total rewards must evolve from a numerical focus on benefits and pay, to expanded measures of value reflecting the **total employee experience** – including purpose-driven work, development and growth opportunities, and an inclusive culture. To meet irrevocably changed employee expectations, your relationship must be trust-centered and hyper-personalized.

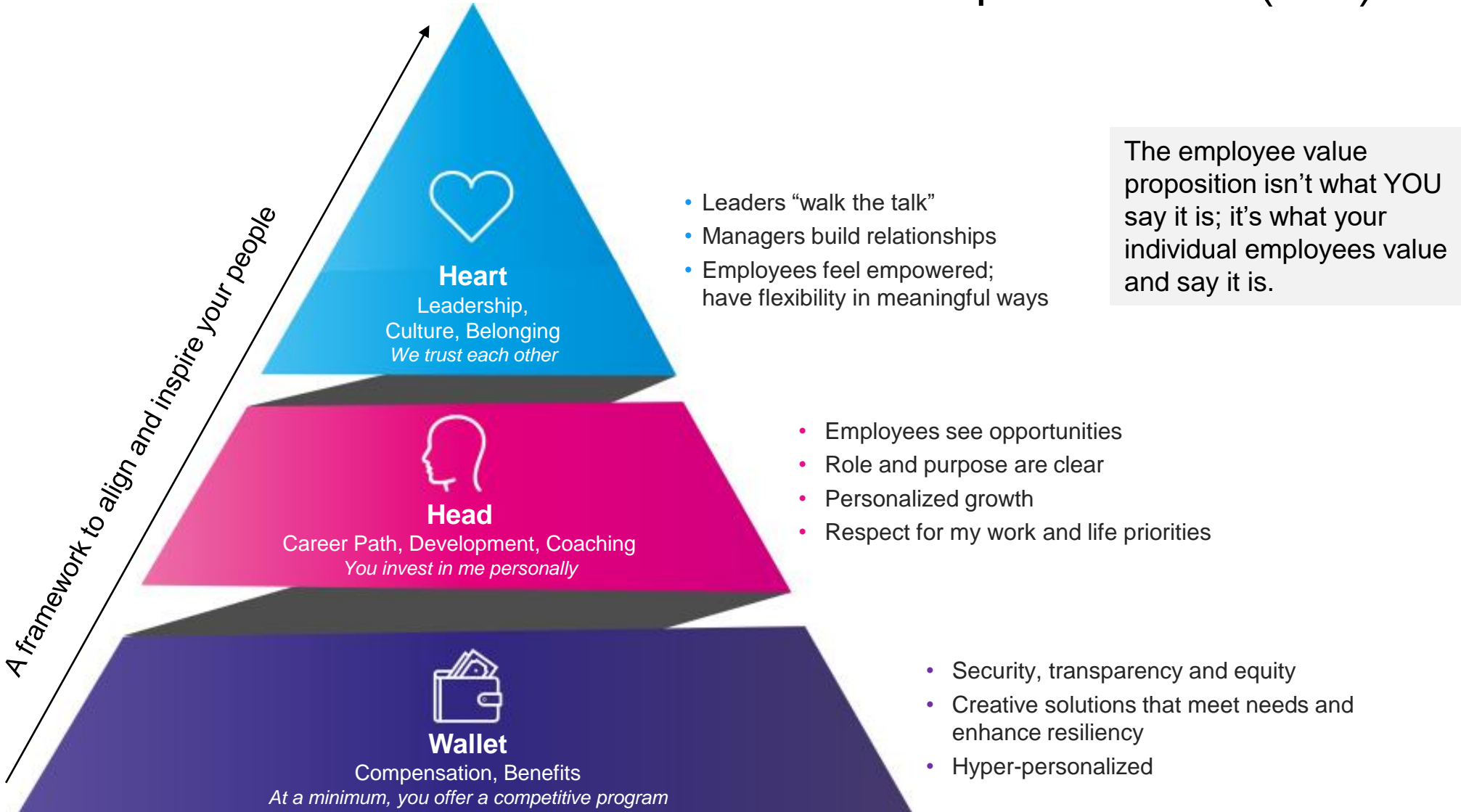
By the numbers...



AND by the experience

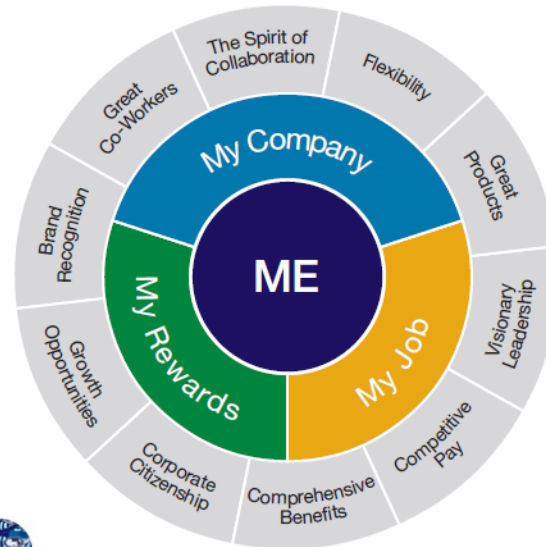


The future of Total Rewards is the Total Experience (TX)



Focusing on the holistic experience

A compelling purpose and offerings that align and inspire



why colfax

Creating better For our customers, our associates, and our shareholders—beginning with having the best team, pursuing concrete goals, operating at the highest levels, and delivering extraordinary outcomes. It's in our DNA, and it's what makes us great.	1 compelling purpose: CREATING BETTER TOGETHER Board of Directors are female or racially or ethnically diverse	Investing in people Competitive compensation packages to reward talent Exciting career growth opportunities Robust talent management program Continuous learning & professional development
\$3.1B 2020 total revenue	4 of 11 Board of Directors are female or racially or ethnically diverse	Commitment to safety One of the firms most frequently cited as a strength in associate engagement surveys. Our total recordable incident rate for our continuing business operations has decreased for 7 full years.
50 countries 15,530+ associates 263 facilities	2 powerhouse platforms Patented technology through EUSA Medical technology through DUD	Environmental stewardship During 2020, our DUD site in Vista, California partnered with its supplier for a PPE recycling program. This program resulted in the recycling of more than three tons of assets that otherwise would have been disposed of in a landfill.
Best practices The Office of the UK Health & Safety Executive was in receipt with our COVID-19 protocols and documentation during an audit that their audit firm would share our materials as an example of best practice for other companies.	Ranked by 3 Great Values Continuous legal investment in our new DUDs We follow your results, the right way. Innovative defense our future. The best teams win. We help our customers succeed.	40+ industry leading brands
		1,000+ medical devices

WE MAKE A DIFFERENCE

At DTCC, you are part of something critical to the world's financial markets. While most of us work to behind the scenes, the magnitude of what we do distinguishes us as the **backbone of the financial services industry**. You will hear stories told with pride by those who had a hand in protecting the industry from loss when the global markets depended on it. But we're more than those moments in history—we complete settlement of trillions of dollars every day.

DTCC is small enough for you to see the impact of your contributions and large enough to provide constant opportunities to learn and create solutions to new challenges. It's a **collaborative and inclusive environment** where diverse ideas and viewpoints are welcome and colleagues want you to succeed.

A job at DTCC is more than a good way to make a living. It's a chance to work at a company that is truly one of a kind. Employees take **pride in their profession** and in delivering on our promises to our clients and our communities. At DTCC, we make a difference.

What does it mean to be a DTCC employee?

Working At X
My Company My Job My Rewards

- Great Co-Workers
- The Spirit of Collaboration
- Visionary Leadership
- Flexibility
- Competitive Pay and Benefits
- Growth Opportunities
- Great Products
- Brand Recognition

THE COLFAX PURPOSE

Creating Better Together

Continuous improvement is at the heart of who we are. It's in our DNA—yours and the Company's—and it's what makes us great.

We know that the power to create better—for our customers, our shareholders, and each other—begins with having the best team, united in its pursuits, operating at the highest levels, and delivering extraordinary outcomes.

We are individuals who work together to create sustained performance to the benefit of our customers, associates, and the communities where we work.

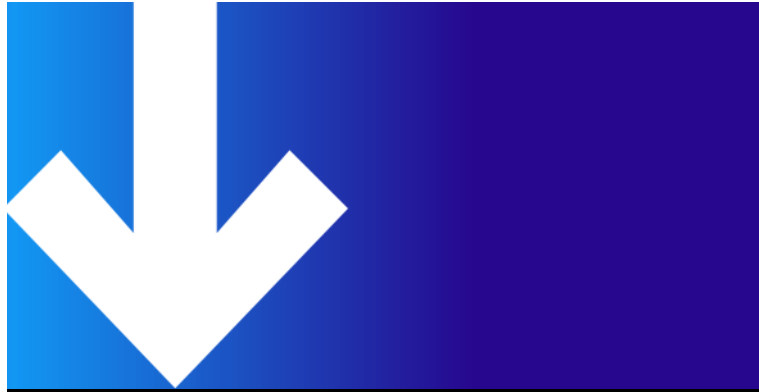
THE COLFAX PURPOSE, VALUES AND BEHAVIORS WERE CREATED TO BE MEANINGFUL FOR ASSOCIATES ACROSS OUR BUSINESSES, AROUND THE WORLD THEY REPRESENT WHAT BOUNDS US—A COMMITMENT TO CONTINUOUS IMPROVEMENT IN THE SERVICE OF OUR CUSTOMERS, STRENGTHENED BY THE VALUES AND BEHAVIORS WE ALL SHARE. THEY DO NOT REPLACE THE DOD OR LEAD PURPOSE OR VALUES—THEY COMPLEMENT AND AMPLIFY THEM.

Getting creative to
overcome wellbeing
“disconnects”

Factors impacting employee retention



Positive drivers	Correlation coefficient*
Satisfied with benefits package	0.629
Company shows it cares about wellbeing	0.583
Employer is committed to wellbeing	0.548
Benefits provide diverse offerings for a diverse workforce	0.524
Company shows it cares about wellbeing of family and dependents	0.519
Trust senior management	0.487
Employer does good job promoting benefits	0.441



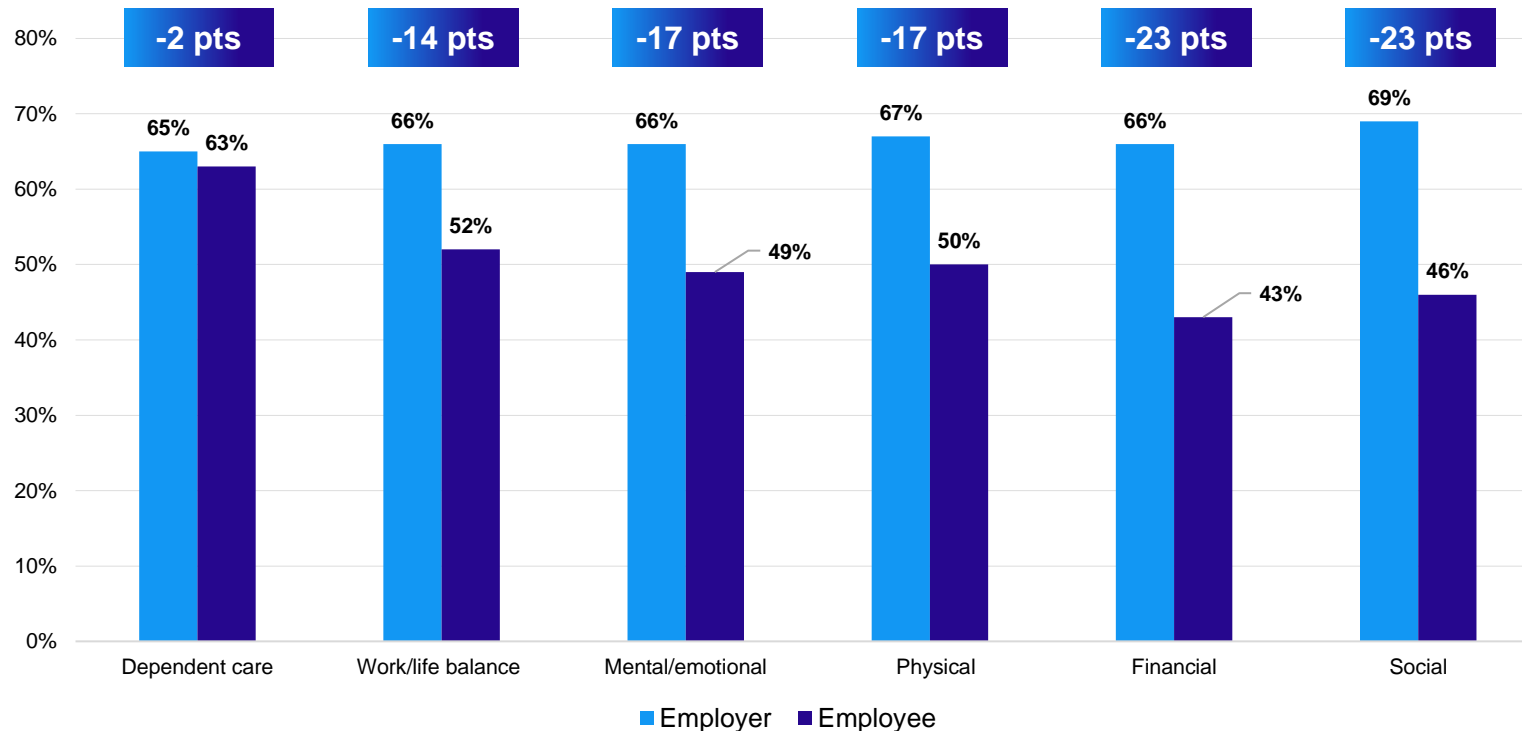
Negative drivers	Correlation coefficient*
Lower job satisfaction	-.343
Younger age	-.288
Don't feel good about my work	-.270
Don't care about the company's success	-.242
The company doesn't create environment where I can be productive	-.200
Diverse backgrounds are not respected	-.191
Company doesn't offer diverse benefits for a diverse workforce	-.184
Company is not committed to DE&I	-.121

35%
workers are considering a job change. Wellbeing, DE&I and diverse benefits are key drivers of retention.

* The correlation coefficient is a statistical measure of the strength of the relationship between the relative movements of two variables. The values range between -1.0 and 1.0. A correlation of -1.0 shows a perfect negative correlation; 1.0 shows a perfect positive correlation. The double asterisk (**) means the probability of finding that result by chance is less than 1%, or "p<.01". A p-value of .01 means there is a 99% likelihood that the effect is real and not due to chance.

Employees rate their wellbeing lower than employers estimate

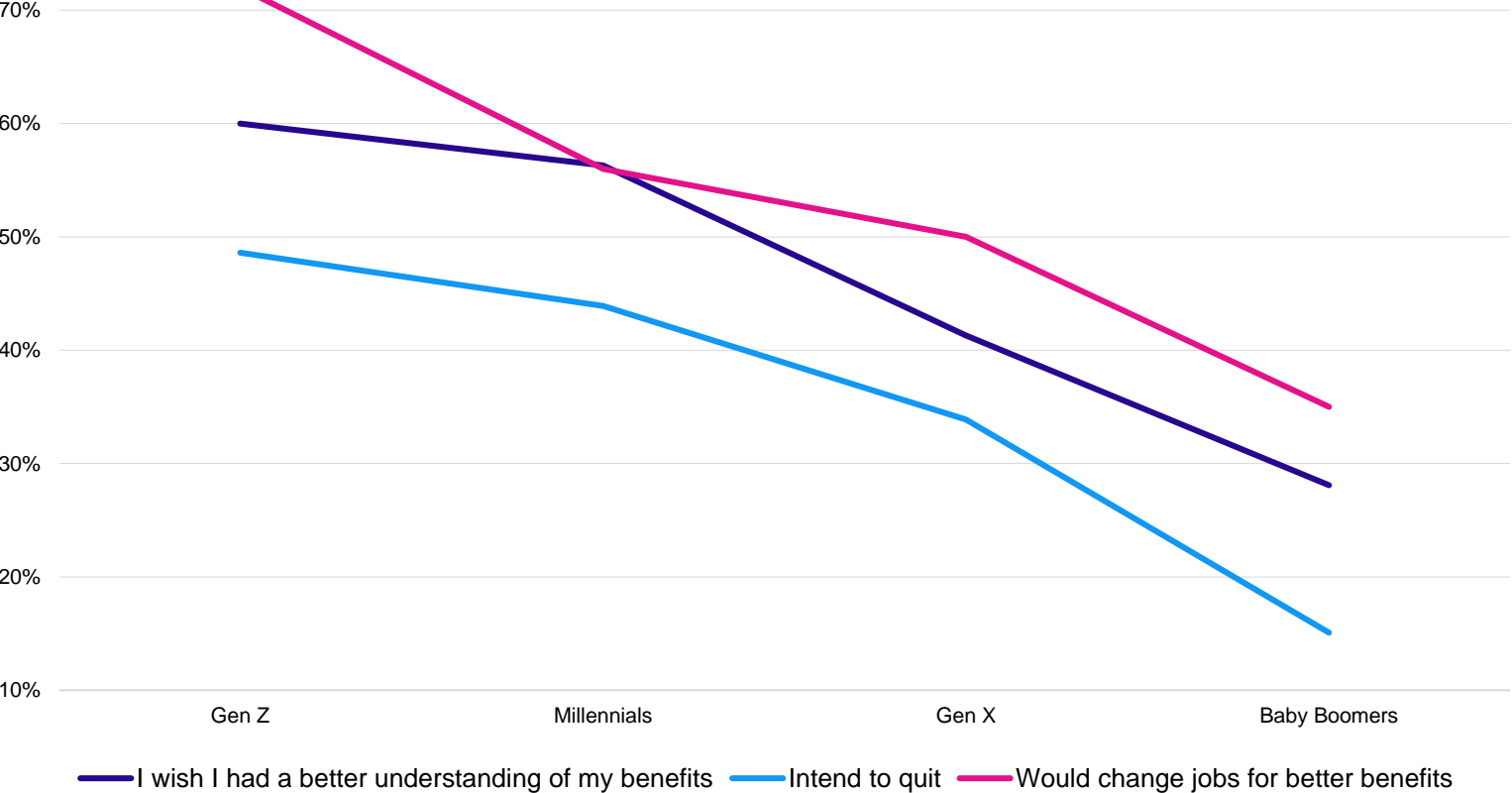
Employer estimates of wellbeing vs. employee self-ratings



Employers overestimate all aspects of wellbeing, especially financial and social; employees expect more support, especially for work/life, mental/emotional, and financial needs.

Creative strategies are vital to retain younger workers

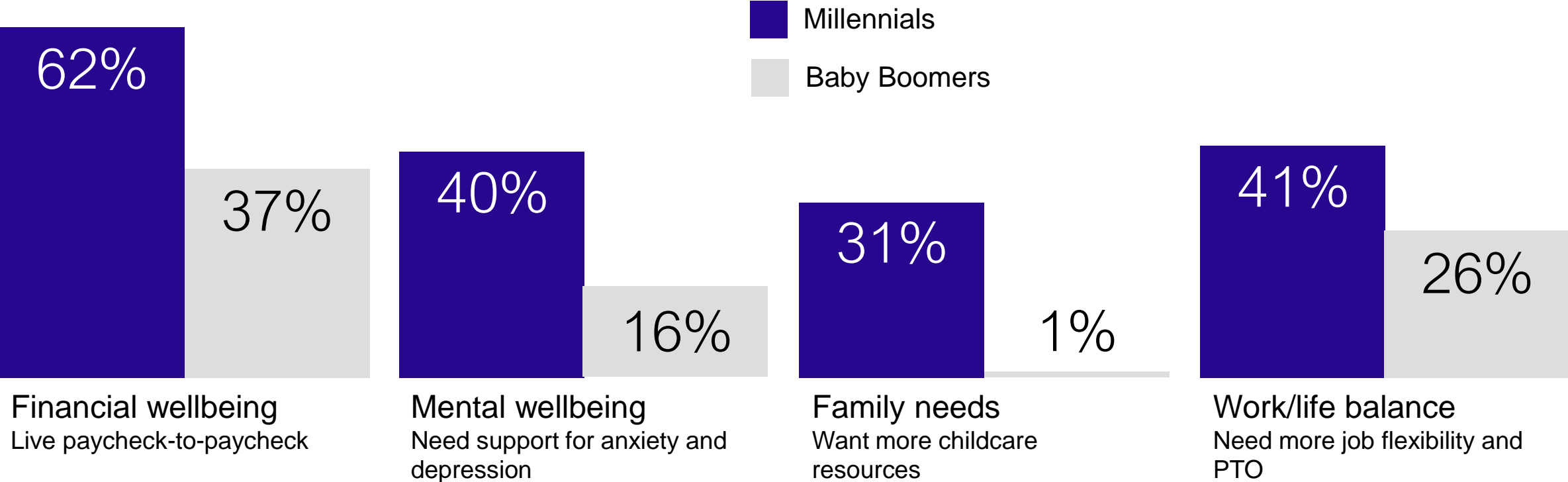
Average level of agreement by generation



1 out of 2
Millennials would change jobs for better benefits and wish they had a better understanding of their benefits.

The generational (or life stages) gap

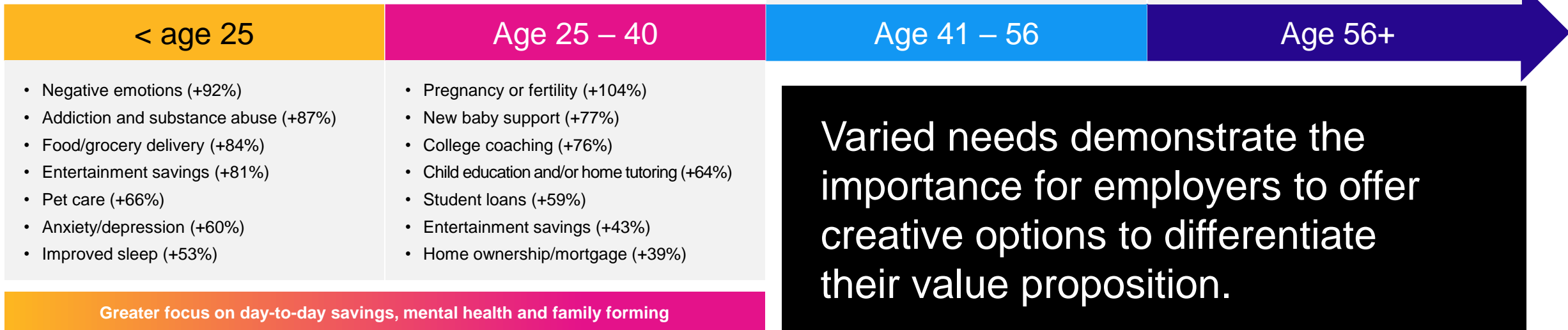
Mind the gap and then tend the gap:
Does your value proposition need to prioritize ways to address unique subgroup needs?



Diverse options are vital to recruit and retain younger employees.

Priority areas for support based on lifecycle stages

Younger employees want more support (millennials the highest) and the diversity of needs tends to decrease with age.

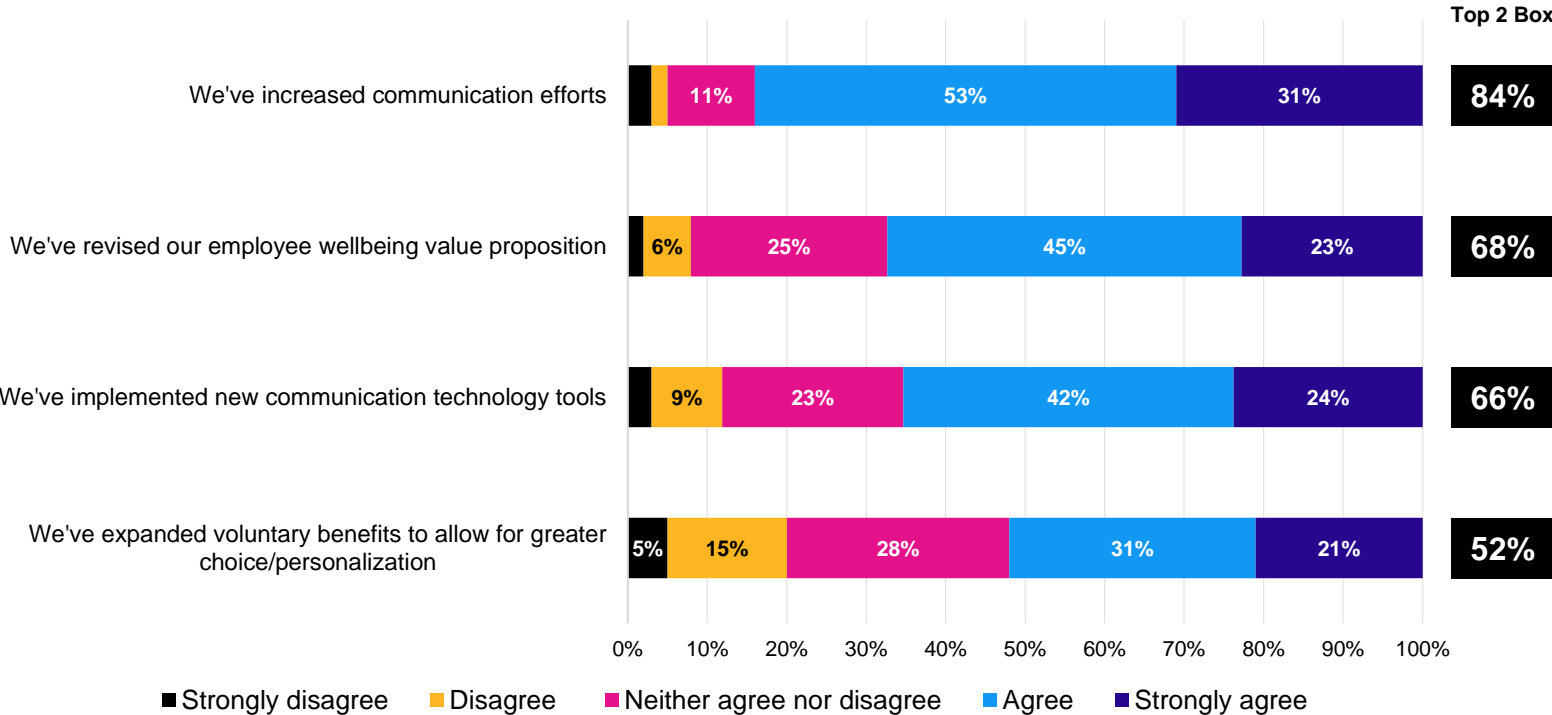


Varied needs demonstrate the importance for employers to offer creative options to differentiate their value proposition.

Note: Percentages represent extent of preference above the median response.

Employers have made changes to wellbeing initiatives

How are you evolving your wellbeing strategy to meet the diverse needs of today's workforce



More than 2 in 3 employers have revised their value proposition for total wellbeing. A majority have expanded voluntary benefits offerings and increased communication efforts.

Creative idea: Lifestyle accounts provide flexibility to meet diverse wellbeing needs of a diverse workforce

70%

Employers are considering adding an LSA; <10% offer today

66%

Employees feel better about their employer after using a wellbeing benefit

49%

Of companies are auditing employee benefits and wellbeing initiatives to assess inclusivity

\$175

Average spending on wellbeing budgets per employee for jumbo employers

Challenges targeted



- ✓ Remote workers
- ✓ Mental health
- ✓ Access to family planning benefits
- ✓ More intentional consideration of gender, generation and DEI in benefits



How LSA's can help

- ✓ Promote equity and inclusion
- ✓ Improve wellbeing
- ✓ Personalize benefits
- ✓ Enhance retention and recruitment
- ✓ Enable more equitable outcomes

Case study | Lifestyle spending account

- Wellbeing rewards was not working
- Liked LSA to provide flexibility and choice, colleagues can personalize how they choose to use the fund
- Established *Flex Fund* with **\$500 annual subsidy**
- Available to all FT (excluded executive director and above)
- Funded by discontinuing wellness incentive and some underutilized wellbeing programs
- Focus groups “tested” concept and helped refine categories
- Submit eligible expenses for reimbursement through PayFlex via payroll; taxable benefit (IRS rules)
- May apply toward voluntary benefits and other benefit “extras”

Health and Fitness

- Fitness membership
- Wellbeing or group exercise
- Personal training
- Organized sports and recreation
- Exercise equipment and apparel
- Mobile app subscription fees
- Water delivery
- Weight mgmt. program
- Massage and spa therapy
- Wellbeing tracking device
- Online fitness class

Financial and Legal

- Financial planning services
- Electric vehicle charging
- Virtual document storage
- Car maintenance and repair
- TSA pre-Check
- Trusted traveler program
- Travel agent fees
- College Planning

Family and Lifestyle

- Childcare / Eldercare
- Tutoring
- Pet adoption
- Pet training
- Pet care/walker
- Pet vet bills
- Home energy savings items
- Streaming services
- Food/meal/grocery delivery
- Fresh meal services

Work Life

- Home internet fees - work from home (WFH) colleagues
- House safety items
- Utility expenses
- Home internet/utilities (WFH)
- Office and ergonomic equipment
- WFH furniture

Our perspective: VB + Engagement supports wellbeing

Build on foundation of health

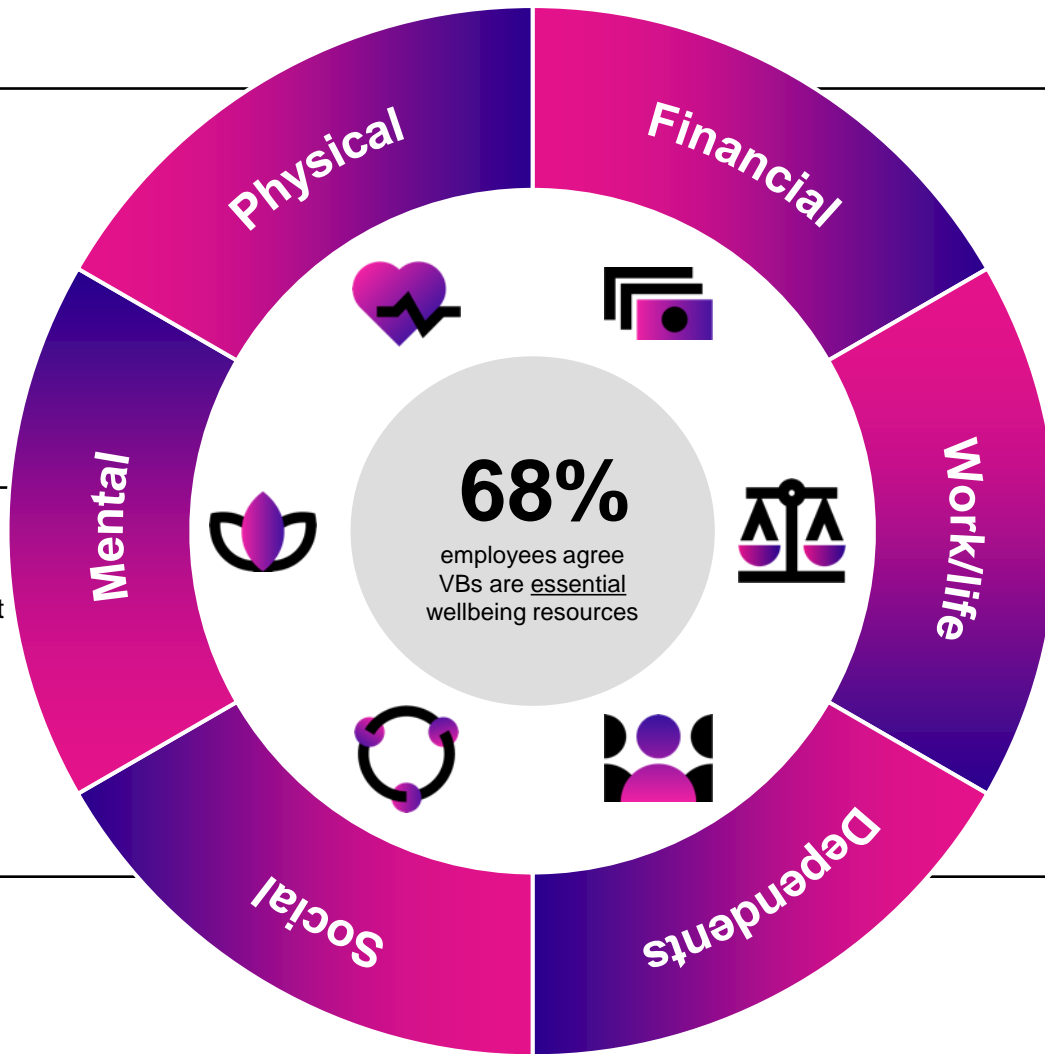
- Health accident
- Critical illness
- Chiropractic
- Medical financing
- Telehealth
- COBRA alternative
- Fitness savings
- Hospital indemnity
- DNA/genomics
- Vision/dental
- Hearing aids
- Limited medical/gap

Emotional resilience to handle life's ups and downs

- Therapy/counseling
- Medication mgmt.
- Clinical assessments
- Addiction recovery
- Meditation
- Yoga
- Sleep support
- Travel/vacation support

Sense of belonging

- Charitable giving
- Career planning
- Home buying
- Entertainment
- Hobbies
- Discounts



Reach financial goals

- 529 college savings
- Emergency savings
- Bill negotiation
- Credit counseling
- Banking
- Purchase program
- Student loan guidance
- Student loan repayment
- Paycheck-linked loans
- Financial coaching
- Early wage access
- Life/disability/other insurance

Balance work and home responsibilities

- Auto maintenance
- Utility savings
- Pet insurance
- Food delivery
- Concierges
- Auto/home insurance
- Handyman services
- Tax services
- Legal services
- Meal prep
- Identity/cyber protect.
- Roadside assist.

Fulfill duties to dependents


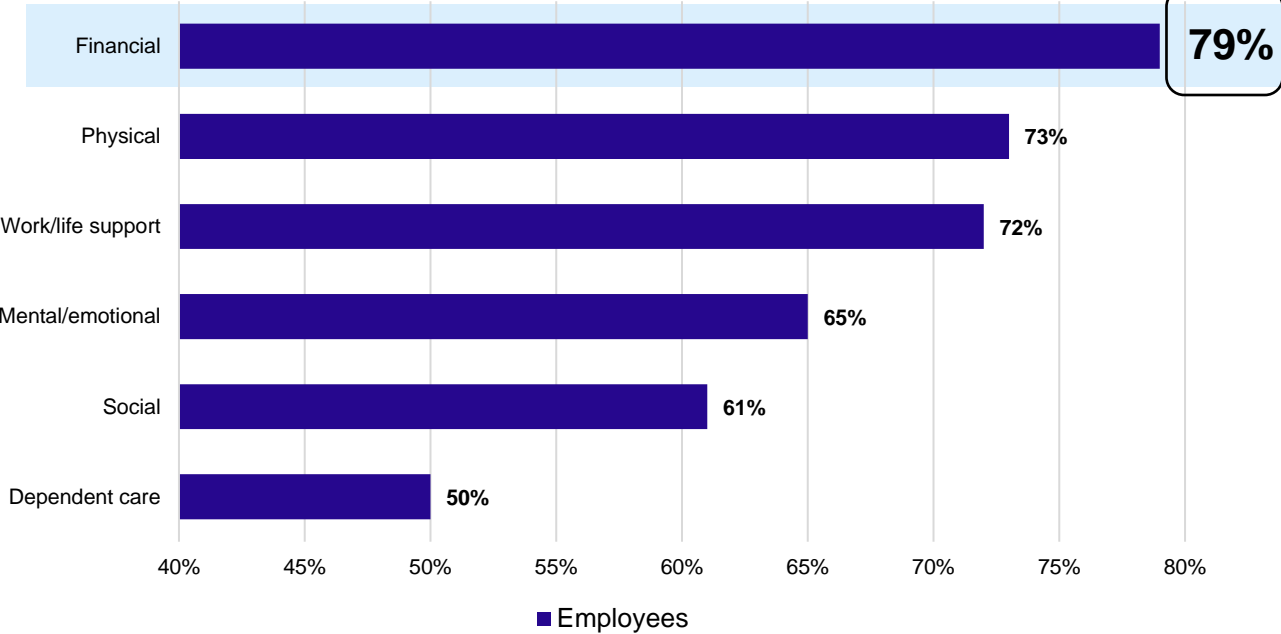
- Fertility/baby food
- Eldercare
- Long-term care
- Backup childcare
- Adoption assistance
- Virtual learning
- College coach/discounts
- Permanent life
- Child camps/entertainment

Supporting financial resiliency


Financial pain was high even before economy woes

Employees' top request: Better financial support

Employees



90% Top need for Black, Asian, Hispanic and Latino employees



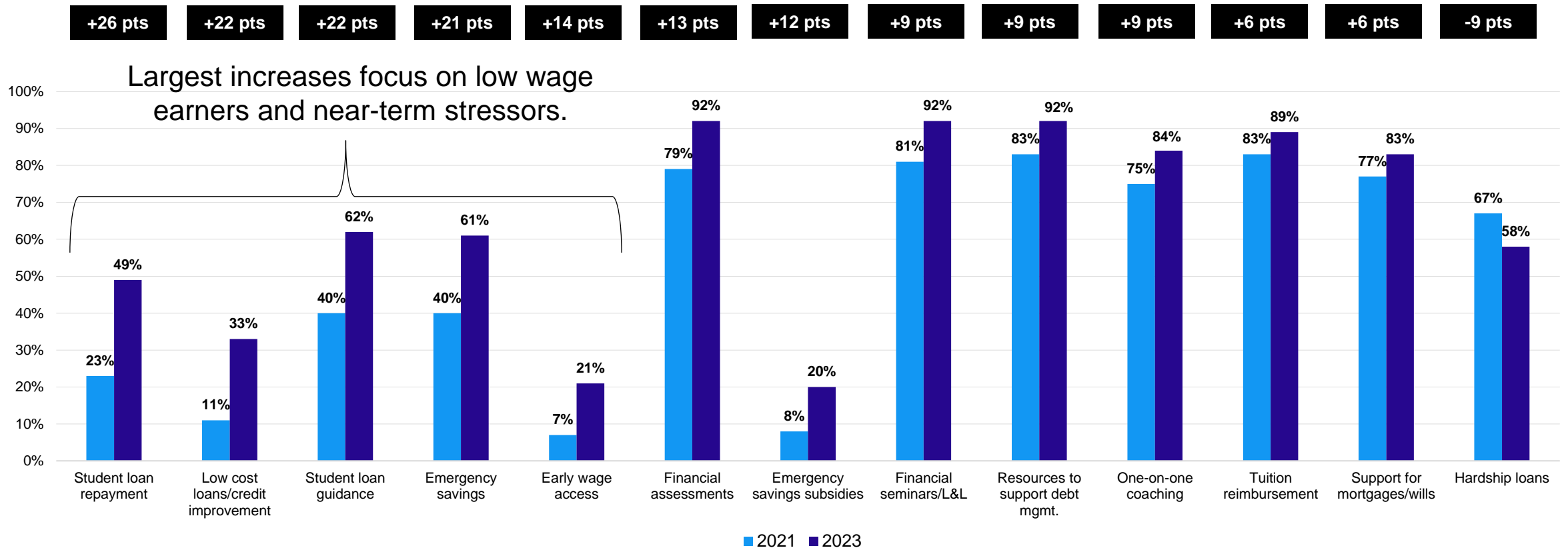
54% Live paycheck-to-paycheck vs. **66%** of Millennial, Black, Hispanic, Latino and Native American employees



32% Unsure if they manage their money well

Marketplace trends | Financial wellbeing

Employer programs to support financial well-being



Nearly all financial wellbeing programs expected to increase between 2021 and 2023.

Inflation and financial wellbeing

Emergency savings

- Nearly 1 in 4 consumers has no emergency savings
- Secure Act 2.0

Paycheck loan

- War on inflation has driven up the average credit card APR to over 19%—the biggest increase on record
- Credit card balances went up by 22-30% for Gen Zs, Millennials and low income on a Y-O-Y basis

Credit building

- 40% of US adults have a low credit score—or no score at all
- Opportunity to help with new products and targeted campaigns

Unexpected health expenses

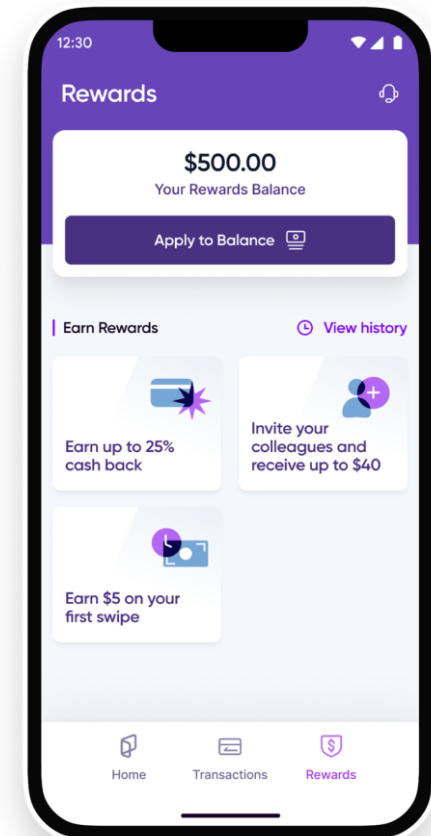
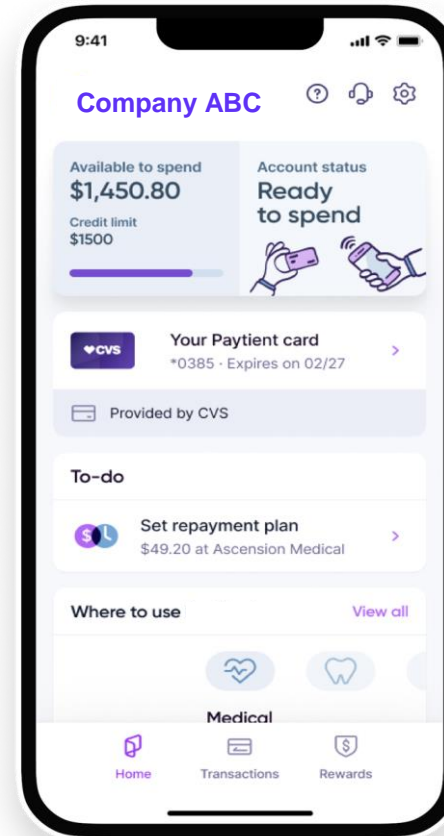
- Inflation is shrinking employees' wallet-share
- Employees earning <\$60K have ≈ \$1,700 less to spend on healthcare vs. last year
- New options like medical financing

Student loan support

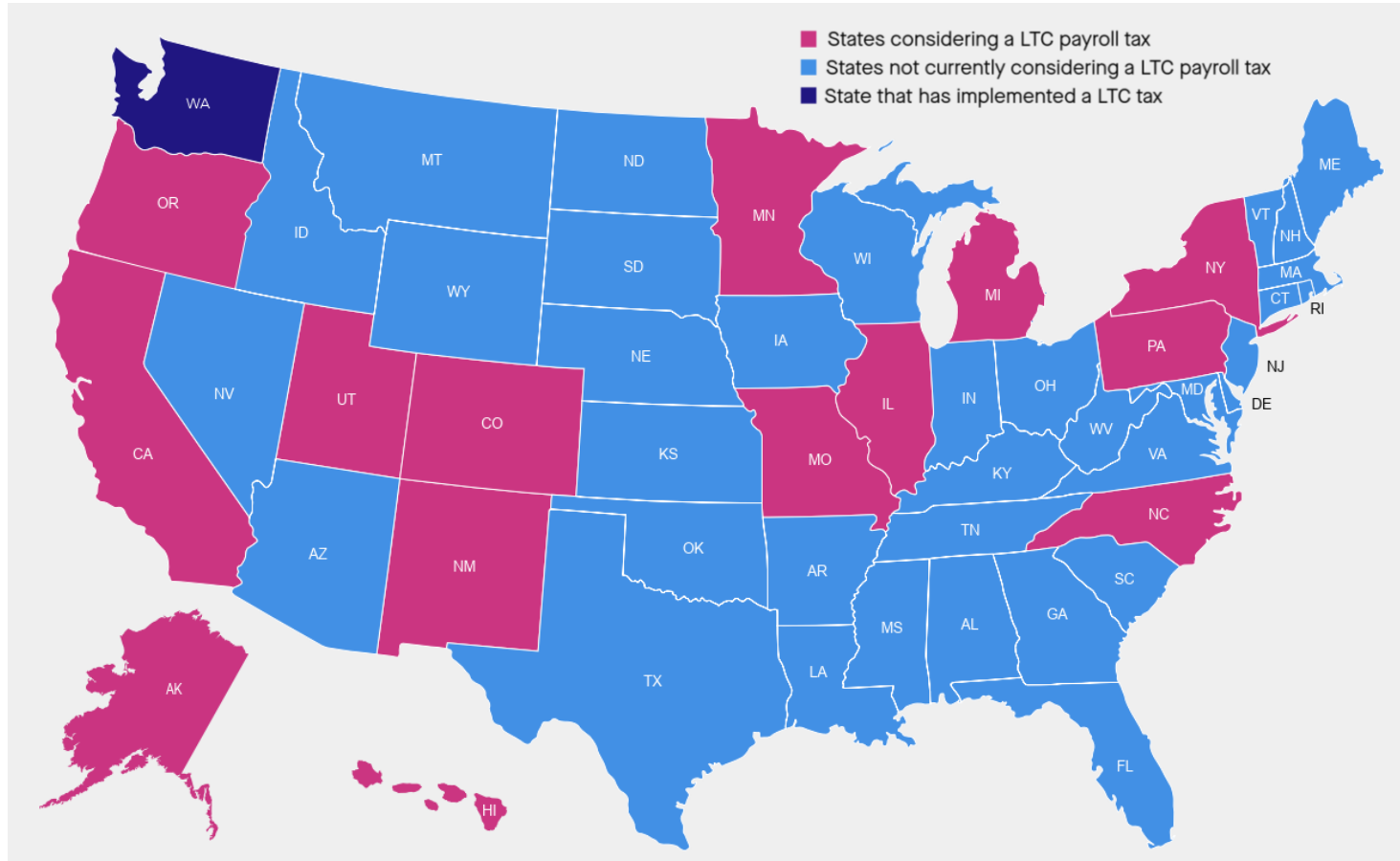
- Secure Act 2.0
- Student loan pause expiring June 30
- Supreme Court will hear arguments in February
- Income-driven repayment plan changes

New option: Health payment account (HPA)

- Give employees the power to pay out-of-pocket healthcare expenses **over time, interest free**
- The card pays for **medical, dental, vision, Rx, behavioral and/or veterinary care** with any provider that accepts Visa
- The employer sets the allowance; **typically \$500-\$5,000** to match deductible exposure
- There's **no credit check** to activate the card
- Employees **can repay over 12-36 months** via payroll deductions or a linked bank account (they can also make a payment from an HSA/FSA)
- **Employers are not responsible** for unpaid balances



Benefit spotlight: Long term care



Considering LTC legislation

AK, CA, CO, HI, IL, MI, MO, MN, NC, NM, NY, OR, PA, UT

40-year-old
\$145,000 income

Program	WA State Trust	Private LTC
LTC policy maximum	\$36,500	\$150,000
Death benefit	None	\$75,000
	Annualized 0.58% Tax	Annualized Premium
Employee cost	\$841	\$839

Why act now?

“LTC sales in Washington soared to unprecedented levels. Insurers quickly became backlogged with applications. Concerned about adverse selection, insurers discontinued sales in WA before the November 1 deadline.”¹

Wrap up

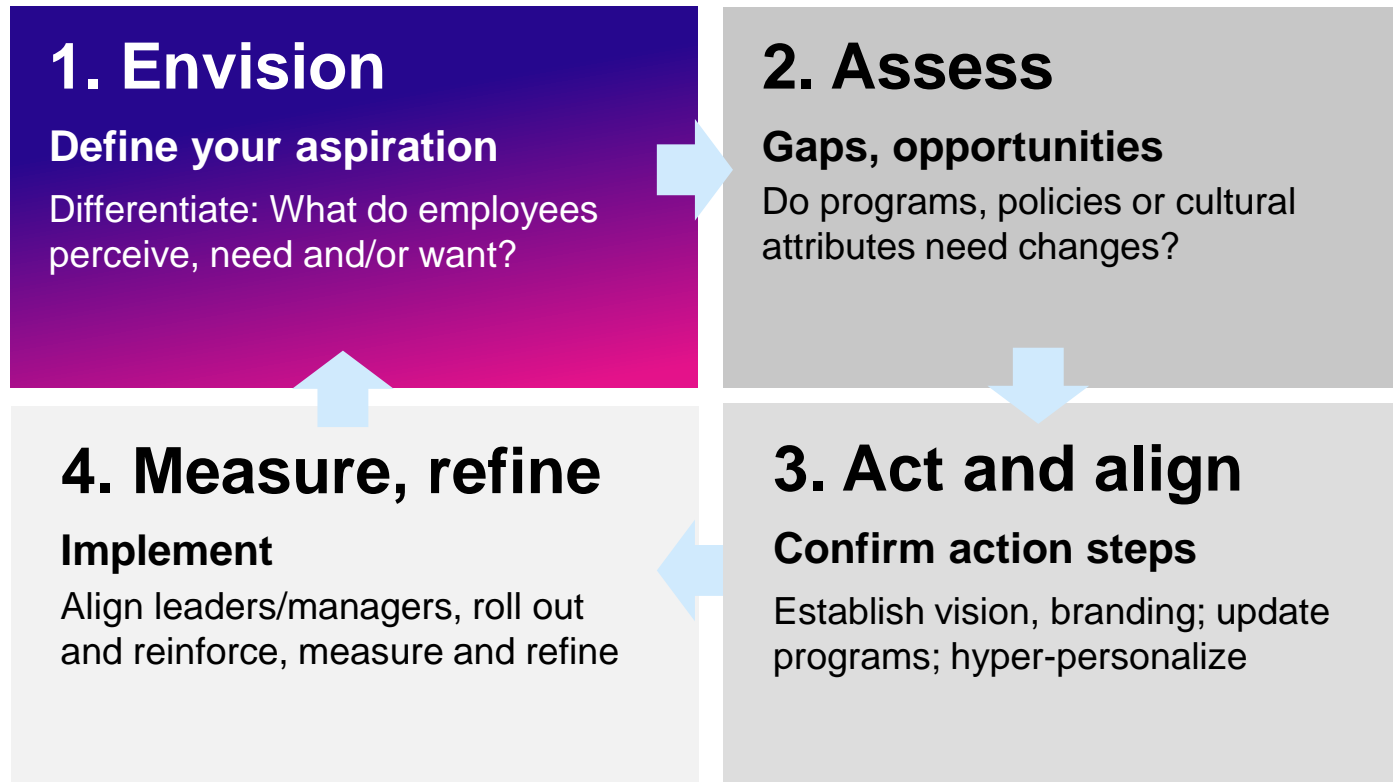
What's your TX story?

Vision	Have you outlined a vision for building talent and effectively competing, and strategic imperatives?
Challenges	How's your employee attraction and retention?
Differentiation	What stands out in competing for talent?
Measuring	How are you assessing the effectiveness of your current offerings and value proposition?
Listening	Have you assessed employee perceptions of your relationship and alignment?
Priorities	How do you prioritize where to invest your time and resources?

Next steps

- Build out the intellectual capital and proof points
- Gather HR/employee input
- Package and enable adapting for unique client situations
- Promote thought leadership via blogs, articles, videos, social media, events
- Continue to evolve the proposition

An approach to define and enhance TX



Actual client focus group example:

Current state

Good for families
Not inclusive
Great
Better elsewhere
Industry standard
Somewhat generous
Normal
Inconsistent
Limited
Not good for young people

Future state

Simple
Improves wellbeing
Regionally adapted
Inclusive
Part of DNA
Younger audience
Consistent
Flexible
Future fit
Fair
Sustainable
View of all benefits
Diverse
Unique to our company
Accessible
Competitive

Top takeaways for reflection

From total rewards to total experience

- **Total rewards must evolve** from a numerical focus on benefits and pay, to expanded measures of value reflecting the **total employee experience**
- The employee value proposition isn't what YOU say it is; it's what your **individual employees value** and say it is.
- Your relationship must be trust-centered and **hyper-personalized**
- Can follow systematic approach to define and enhance TX

Wellbeing plays key role in retention

- Employers **are 4X** more likely than employees to say they're committed to wellbeing
- Employees rate their actual wellbeing **well below** employer perceptions:
 - **Financial wellbeing** is the greatest disconnect
- **79%** of employees ranked financial support as the top area of wellbeing they wanted more resources

Creative rewards and wellbeing strategies

- Employers are getting the hint:
 - **2 in 3** employers have revised their value proposition for total wellbeing
 - **84%** have increased communication
- Lifestyle spending accounts **provide flexibility to meet diverse wellbeing needs** of a diverse workforce
 - **70%** employers are considering adding an LSA
- Voluntary benefits play a key role:
 - **68%** of employees see as essential part of benefits package
 - **72%** of employers plan to expand

Employers' imperative: Deploy proactive, creative rewards and wellbeing strategies to enhance value and the employee experience.

