BENEFIT
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Americans Lack Confidence in Ability to Save for Retirement

While a majority of Americans continue to lack confidence in their ability to save enough for retirement, those who have access to a retirement plan at work are somewhat more confident about their financial future, and are considerably more likely to have set retirement savings goals than those who do not have a workplace plan, the results of a survey conducted by Plan Sponsor indicated.

The survey of 1,035 employed adults ages 23 and older was conducted in March 2016. The survey is designed to examine the retirement planning attitudes and behaviors of American workers, regardless of whether they participate in an employer-sponsored retirement plan.

Just 29.8% of respondents said they are either confident or very confident that they will achieve their retirement goals—a share that researchers noted was the lowest in the survey's three-year history. The results also showed that just 28.1% of the adults surveyed said they have a retirement goal, 24.1% said they use a financial adviser, 34.2% indicated they have a family budget, and 53.7% said they have at least $5,000 in an emergency fund. When asked about the amount they have saved for retirement, 41% of respondents reported that they have less than $50,000 in savings, 31.5% said they have between $50,000 and $250,000, and 21% said they have more than $250,000.

Compared to the respondents who reported saving less than $50,000, the respondents who said they had saved more than $250,000 were three times more likely to indicate they have a retirement savings goal, and more than four times as likely to say they work with a financial adviser. The survey also showed that the respondents with access to a defined contribution plan at work were twice as likely to have established retirement goals as those without access (30.8% vs. 15.3%)

When the respondents with access to an employer-provided retirement plan were asked about their deferral rate, just 17.4% said they are deferring more than 10%,

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while 42.8% said they are deferring less than 6%. Not surprisingly, younger people are saving less than older people: only slightly more than 30% of respondents ages 50 and younger reported having a deferral rate of more than 6%, compared with 48.6% over age 50.

The survey also indicated that while 44.6% of respondents under age 30 said they would like to receive more financial education at work, only 34.9% of this group said they always read plan communications, compared with 54.2% over age 50.

The findings further showed that 87.4% of respondents who said they are usually or always living paycheck to paycheck have little or no confidence that they will have a secure retirement. Moreover, even among the respondents who said they are confident or very confident that they will be able to achieve their retirement goals, 58.8% estimate that they will need to replace less than 70% of their current income—a figure that researchers pointed out is considerably lower than the 85% often cited in the industry.

Companies Are Increasingly Responsive to Shareholders

Large U.S. companies are becoming more transparent about their compensation practices in response to shareholder activism, but continue to struggle to meet demands that they improve their corporate governance practices and increase gender diversity at the board and C-suite levels, according to a report recently released by international law firm Shearman & Sterling.

The findings of the report are based on a review of the annual proxy statements and other documents relating to corporate governance and compensation practices of 100 U.S. public companies available as of June 1, 2015. These companies, which were selected based on a combination of their annual revenues and market capitalizations, are referred to in the report as the "top 100 companies."

Researchers observed that shareholder activism continued in 2015, with well-funded activist hedge funds setting their sights on bigger targets to generate the outsized returns they and their investors expect. The analysis showed that eight of the top 100 companies were subject to an activist campaign in 2015, up from six in 2014.

The report's authors also predicted that proxy access will remain at the forefront of corporate governance debates in 2016 and beyond: the findings indicated there was a dramatic increase in the number of U.S. public companies that received shareholder proxy access proposals in the 2015 proxy season, from 20 in 2014 to 112 in 2015.

In addition, the analysis showed that shareholders are increasingly calling for a separation of the offices of CEO and chair of the board, as the demand for an independent chair of the board was the most frequently submitted governance-related shareholder proposal at the top 100 companies in 2015. However, the review indicated that at 63 of the top 100 companies the CEO was also serving as the chair of the board in 2015.

The report also noted that in response to increased demands for say-on-pay and other forms of shareholder activism companies are incorporating increasingly large and graphically complex compensation disclosures into their proxies. For example, the analysis showed that 74 companies produced an upfront proxy summary that included key points of the compensation disclosure in 2015, up from 59 in 2014.

The findings further indicated that achieving gender equality on boards and in the C-suite is still a long way off: in 2015, women held 22% of the total number of board seats at the top 100 companies, and only two of these companies had a board in which women held 40% or more of the seats. Moreover, women were serving as the chief executive officer at only 11 of the top 100 companies, and as both the CEO and the chair of the board at just seven of the companies.

Global Employment Levels Show Signs of Slowing

More than half of companies worldwide are either cutting or freezing employment amid declining confidence in business conditions, but firms in the U.S. are more confident than companies in most other countries, according to the results of a quarterly survey conducted by the Association of Chartered Certified Accountants (ACCA) and the Institute of Management Accountants (IMA).

The "Global Economic Conditions Survey" for the first quarter of 2016 was conducted February 26-March 15, and included more than 1,200 responses from ACCA and IMA members around the world. Nearly half the respondents are from small and medium enterprises, with the rest working for large firms of more than 250 employees.

The results showed that in Q1 businesses were less optimistic about their prospects than at any other time in the past four years: almost half of the firms surveyed said that they are more pessimistic about their prospects than they were three months earlier, and less than one-quarter of respondents said they have become more optimistic.

The survey also found that more than half of firms are either cutting or freezing employment, while only 14% are increasing investment in staff. The findings further indicated that 42% of firms are cutting back on investment, up from 40% in Q4 2015. According to researchers, almost every region saw an increase in the number of businesses cutting capital expenditure last quarter, with North America being the most notable exception.

In addition, the share of firms that reported a drop in income rose to 48% in Q1, up from 46% in the final quarter of 2015. Researchers pointed out that declining income is now clearly the biggest problem facing businesses, followed by increased costs, the negative impact of foreign exchange movements, and problems securing prompt payment. Similarly, only 12% of respondents said they saw an opportunity to increase their orders as a result of changes in the global economy last quarter, while 49% said they saw an opportunity to cut costs.

The survey found that while companies in emerging market economies remain very gloomy about their prospects, business confidence across non-OECD economies did pick up slightly in Q1, led by Central and Eastern Europe, and by Russia in particular. However, the results also showed that business confidence in China in Q1 fell to its lowest level since Q4 2011.

The findings further indicated that business confidence in the OECD economies declined sharply in Q1, largely due to concerns over the UK exiting the EU: confidence in the UK was at its lowest level since Q2 2012, dragging down the average for Western Europe. By contrast, business confidence in North America improved in Q1, having hit a record low in Q4 2015. Although 36% of North American respondents said that they have become less optimistic over the preceding three months, researchers pointed out that this was an improvement from 44% in Q4 2015, and well below the global average of 48%.

The report cited a number of reasons for the loss of business confidence in Q1, including a sharp decline in revenues for commodities firms since mid-2014; increased pressure to pay higher wages; and a strong dollar, which makes imports more expensive in many countries and raises the value of dollar-denominated debts.

While researchers observed that the business confidence index level for Q1

Although 36% of North American respondents said that they have become less optimistic over the preceding three months, researchers pointed out that this was an improvement from 44% in Q4 2015, and well below the global average of 48%.

2016 suggests that prospects for the global economy are far from bright, they pointed out that the level was lower in Q4 2011, and the global economy did not fall into recession. They also noted that less than one-quarter of all respondents in Q1 said they are worried about customers going out of business, and only 8% said they are worried about suppliers going out of business.

Workplace Giving Programs Can Help Attract and Retain Talent

Research shows that effective corporate giving programs are beneficial for a range of stakeholders, including the company, employee donors, and the benefitting charities, according to a recently published analysis by corporate philanthropy software provider JK Group.

In an article entitled, "The Future of Employee Benefits: Employee Giving Programs," JK Group director of client strategy Nita Kirby cited research showing that the presence of corporate philanthropy programs has the potential to increase revenue by up to 20%, reduce staff turnover by up to 50%, and can even have an effect on the overall mood and health of employees.

Kirby also reported that the results of a survey conducted by JK Group showed that employers recognize the benefits of strong employee giving programs, with over 80% of the participating companies and organizations agreeing or strongly agreeing that their company is committed to a giving program. The survey findings further suggested that employee giving affects a company's ability to attract and retain talent.

In addition, Kirby cited a 2015 report that showed that 61% of millennials would rather work for a company that offers volunteering opportunities or a giving program, such as volunteer time off, skill-based and pro bono volunteerism, and matching gifts.

Kirby also outlined several steps companies interested in incorporating giving and volunteering into their employee benefit programs can take. For example, employers can find out what type of programs solicit the strongest interest from their employees using free survey tools available online, and can then use the results of the survey to identify an employee advocate to support the program, and to help introduce the program to the rest of the workforce.

In addition, she advised companies to team up with partners associated with providing software and services that offer a user-friendly environment that allows employers to speak to their employees in their own unique way. To improve the chances that the programs will be supported and recognized by the entire company, she suggested that employers consider getting marketing, communications, compliance, and IT involved in supporting and promoting the philanthropy programs.

Finally, Kirby recommended that when it comes time to finally implement corporate giving programs, employers should look at a number of issues, such as whether they are adequately informed about all of the charities that might be in line with the philanthropic interests of their employees, and how legitimate the charities that are being considered for the company's corporate giving programs are. To ensure that employees have peace of mind that their donations are ending up in the right hands, and that their financial security has not been breached, Kirby advised employers to investigate the safest way to facilitate employee giving.

Sixty-one percent of millennials would rather work for a company that offers volunteering opportunities or a giving program, such as volunteer time off, skill-based and pro bono volunteerism, and matching gifts.