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About MetLife’s Global Employee Benefits

MetLife is a leading provider of innovative employee benefits combining local capabilities with global scale to deliver world-class solutions to companies. With more than 145 years of experience, MetLife brings considerable resources and experience to support its customers. Our product suite spans life, health, credit and pensions.

MetLife has employee benefits operations in more than 40 countries and is a leading provider in over half of those countries. We are one of two founders of the MAXIS Global Benefits Network,¹ one of the world’s leading international employee benefits networks with a presence in over 100 countries.

We also provide data and best practices from around the world to help employers enrich their benefit plans and retain top talent. The Employee Benefit Trends Study (EBTS) is considered to be one of the most comprehensive employee benefits studies of its kind. It has been conducted in the US for 12 years and at various times in 7 other countries.

MetLife Russia²

MetLife Russia has been operating in Russia since 1994 and has consistently held leading positions on the Russian life insurance market. More than 2,000,000 individual clients and 1,000 Russian and international companies have chosen MetLife as their partner and provider of insurance services.

MetLife offers a wide range of life and health insurance products to individual and corporate clients with a presence in 28 cities and via its partners, operating all over Russia.

The group employee benefits business in Russia covers group medical, group life & disability, personal accidental, critical illness as well as pensions & small group product.

Through its consultative approach, global expertise and local insights MetLife helps employers address a changing benefits environments, thus leading them to develop comprehensive benefits strategies for their company.

MetLife has twice won the Golden Salamander public award in the category of Best Life Insurance Company and is also a three-time laureate of the Financial Elite of Russia public awards in the category of Life Insurance Company of the Year.

MetLife is a member of the Association of Life Insurers, American Chamber of Commerce and the Association of European Business in Russia.

Since 2011, MetLife has been an official sponsor of the State Academic Bolshoi Theater of Russia.

¹ MAXIS Global Benefits Network (MAXIS GBN) is a network of locally licensed MAXIS Member insurance companies. MAXIS GBN is not an insurance provider and only the MAXIS member insurance companies provide insurance. Metropolitan Life Insurance Company, New York, NY, is a member of MAXIS GBN and is licensed to transact insurance business in New York. The other MAXIS member companies are not licensed or authorized to do business in New York and the policies and contracts they issue have not been approved by the New York Superintendent of Financial Services and are not subject to all of the laws of New York.

² CJSC MetLife Insurance Company (f.k.a. ZAO ALICO Insurance Company [Russia]) is licensed to transact insurance business in Russia and is a member of MAXIS GBN. CJSC MetLife Insurance Company is a subsidiary of MetLife, Inc., and was established in 1994 in Russia and acquired by MetLife, Inc., in 2010.
Introduction

Welcome to our global Employee Benefits Trends Study (EBTS) – and the first to look specifically at Russia.

The country’s economy, the sixth largest in the world, has had an incredible decade. Adjusted GDP has grown nearly fourfold in dollar terms since 2004;¹ unemployment has fallen from over 8% to well under 6% in the same period.² A slowdown in 2014 was predicted and has materialized; geopolitical tensions have created additional uncertainty.

Meanwhile, Russia faces the same long-term demographic and social pressures felt across the developed world: an aging population, increased healthcare costs and growing personal health issues related to modern lifestyles. By 2030, there will be one retiree for each working person,³ putting incredible pressure on the state pension system. Yet private insurance around health, family finances and income remains rare.

Together, this creates a challenging environment for companies and their human resources teams: managing short term profitability and productivity, while still positioning their organizations for long-term growth.

Competition for experienced and skilled employees and managers has been acute. According to our research, 56% of employers in Russia anticipate a shortage of talent in the coming year. In the near term, the challenge is to ensure every resource is as productive as possible. Long term, it is to meet growth objectives.

The Employee Benefit Trends Study gives us real insight into both employer and employee perspectives – on work attitudes, levels of engagement and their opinions on how benefits affect motivation and behavior. Companies have a clear opportunity to better cater for the unmet needs of employees and, our report shows, a well-designed and communicated benefits program can be a true differentiator in the Russian employment market.

¹ The World Bank, Data GDP (current US$)
³ RIA Novosti, “Will Russia raise the retirement age,” March 2011
MARKET PROFILE

- 6th largest global economy (purchasing power parity). Main sources of GDP are services (58.3%) and industry (37.5%). Significant extractive industries complement defence and machine manufacturing.
- Population: 142m (27.1% below the age of 24, 26.9% above 55). Average life expectancy at birth 70.2 years.
- Per capita healthcare spend: $887 in 2012 up significantly from 2009 ($525), but still well below comparably-sized economies such as the UK ($3,647), Germany ($4,683) and Brazil ($1,056). The Organization for Economic and Co-operation Development (OECD) states: “Total health spending accounted for 6.3% of GDP in the Russian Federation in 2012, compared with an OECD average of 9.3%,” although it adds, “In 2012, the Russian Federation had 4.9 physicians per 1000 population, a much higher number than the OECD average of 3.2.”

BENEFITS AT A GLANCE

Health
Employees and dependents as citizens of Russia are covered by the state managed Mandatory Health Insurance (MHI), financed by social taxes and general tax revenue. MHI coverage is quite comprehensive but does not cover outpatient pharmacy or adult advanced dental. Individuals are entitled to visit a policlinic at place of residence; while it is possible to transfer to another clinic, reassignment rates are low.

Most multinational and large employers, as well as some smaller companies, offer Voluntary Health Insurance (VHI). VHI duplicates and complements MHI and allows employees to access typically higher quality clinics of choice, but does not usually cover some serious illnesses such as diabetes, cancer, or some types of cardiac surgery. VHI typically does not cover maternity or outpatient drugs, although some employers self-fund these benefits. Benefits often vary by seniority in the organization.

Pensions
The Pension system is a multi-level system (3 Pillars) and has been undergoing reform for several years. Employees are eligible for a state managed pension (1st Pillar), which is increased by the “insured” portion and paid for through the social tax. In recent years the 2nd Pillar has undergone various reforms, which have dampened growth prospects for this segment of funded pensions. While expected to grow, private, voluntary 3rd Pillar pensions schemes are still not very common outside of multinationals and top employers, especially outside Moscow and St. Petersburg. Where available, the contributions are usually provided by the employer, although some have an opportunity for employees to contribute.

Other Benefits
In general, life insurance penetration continues to be low in Russia, with less than 5% of the population having some form of life coverage. Group coverage is also most common for multinationals and top employers; benefits vary by level in the organization. The plans generally cover group life, accidental death and dismemberment as well as critical illness, disability and injury benefits. Employee paid benefits is very rare.

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6 The CIA World Factbook 2014 for all facts in this section unless otherwise noted. GDP figures (and ranking) are based on purchasing measurement of power parity (PPP).
Competitive Environment Fuels Struggle for Talent

There’s demand for the right talent in most markets around the world. Russia is no exception. We have found that employers looking to win that war for talent can use clearly differentiated benefits packages to gain employee engagement and loyalty.

Whether the economy is racing ahead, as it did in 2010, or facing a more challenging period (like 2009), Russian employers face a competitive environment for experienced talent. Unemployment has been consistently low for around three years – and at around 5% of the working age population,\textsuperscript{10} it’s lower than most EU economies.

That means we will continue to see talent shortages, especially of highly skilled workers.

Outside work, employees are facing their own economic challenges. State provision for retirement and health needs is already stretched. The 2013 reforms cutting public health spending, in particular, have created a new urgency among employees to seek cover for health conditions considered “non vital”.

Our study indicates that employees put a high value on benefits provided at work.

\textbf{In our study, 56% of employers told us they expect to suffer negative effects from a shortage of talented and experienced workers over the next 12 months.}

Two of the top three challenges they cited for their benefits strategy were recruiting and retaining talent.

A secondary problem for employers dealing with those trends is costs. With the economy slowing in 2014, there is likely to be more pressure on profits and spending. Offering higher salaries to win talent is an increasingly risky solution.

Outside work, employees are facing their own economic challenges. State provision for retirement and health needs is already stretched. The 2013 reforms cutting public health spending, in particular, have created a new urgency among employees to seek cover for health conditions considered “non vital”.

A good benefits package has a real impact on their engagement with their employer and their job.

They also tell us that benefits, retirement savings assistance and creating a supportive, lower-stress environment are ideal ways to encourage them to stay.

It is true that salary remains the number one lever in hiring and retention. But we have found that employees have significant unmet needs. Our study suggests they will reward employers who offer relevant and differentiated benefits and a better workplace environment.

56% OF EMPLOYERS TOLD US THEY EXPECT TO SEE A SHORTAGE OF TALENTED AND EXPERIENCED WORKERS OVER THE NEXT 12 MONTHS

\textsuperscript{10} Bloomberg News, “Russia’s unemployment plunges to a record low as wages grow,” June 2014
Benefits as a Tool to Increase Engagement

We have found that higher levels of satisfaction with employee benefits helps companies meet their business objectives in terms of employee engagement and commitment.

The Russian employers we spoke to were very clear on the most important reasons for offering benefits. They improve employee health and wellness; they protect the company from issues related to employee health; they increase job satisfaction; they help manage health and welfare costs; and, crucially, they increase employee productivity.

It is welcome news that benefits appear to be meeting those objectives for the companies offering them.

Our regression analysis (see box) looking at engagement levels shows that the more employees value benefits from their employer, the more engaged they are with their job and workplace.

This was particularly true for certain populations, including people over 40 years old, women and management. Given the demand for experienced and skilled workers, this finding is particularly important.

Our study also shows that employees who value benefits are more likely to say they are satisfied with their employer; they are loyal to their employer; and their company is a great place to work.

THE COMPETITIVE ENVIRONMENT FUels struggle FOR TALENT… AND BENEFIts ARE PROven TO HELP

Perceived value of benefits

If an employer increases employee’s perceived value of benefits by 1 point on the 5 point agreement scale, it increases the employee’s sense of engagement to the employer by 11%.
The Need to Stand Out from the Crowd

Employers who create strong engagement levels within their business are winning only half the battle for employee engagement. They must also show their benefits offering is different – and better – than their rivals if they are to win the war for talent.

For example, 57% of employees strongly agreed with the idea that a customized benefits package would increase their loyalty to their employer.

The findings around engagement and commitment from our study create a compelling argument for a well-thought through benefits strategy. But the study also demonstrates that clearly differentiating a benefits offering also delivers better business outcomes.
A quarter of employees who responded to the study told us they hope to be changing employer during 2014. Within this group, more than a third said they would consider staying if there was a more generous retirement plan. And 32% of them said they would stay if their benefits package was improved.

So while salary was cited as the number one reason to stay across all employee groups, the study clearly shows that benefits and retirement plans have real attraction to employees. They can be a cost-effective and well-targeted human resources tool.

Multinational companies (MNCs) appear to be ahead of the domestic businesses in understanding the value of benefits. This fact is not lost on employees. “Multinationals in Russia have been setting the trend in terms of market standards on compensation and benefits for a long time now,” says Alexander Lazarev, Vice President, Head of Corporate Solutions for MetLife Russia. “There are some Russian companies that do compete with MNCs successfully, but the number of domestic employers keeping pace is limited.”

Our study lays this bare: 77% of MNC employees say they highly value their benefits (against 58% for local employers). Nearly half of them cite benefits as an important reason why they stay with their employer – versus 22% for non-MNCs. This suggests international companies have done a much better job of differentiating their benefits programs.

The next section of this report looks at precisely how companies are using – and can improve their use of – benefits to provide that critical differentiation.

**MNC Employees are more likely to value their benefits as compared to non-MNC employees.**

- Employees who say they highly value their benefits: 77% (MNC) vs. 58% (Local)
- Employees who say benefits are an important reason they stay with their employer: 47% (MNC) vs. 22% (Local)
- Employees who say customized benefits would increase their loyalty: 60% (MNC) vs. 56% (Local)
Good Choices Makes Benefits Stand Out

Most employers in Russia offer some level of benefits program. But it’s clear that employees would place a high value on enhanced offerings to meet their increasingly diverse needs. Importantly, they seem willing to pay some of the costs to get the right benefits.

Most employers in our study offer benefits to employees. The most common components of their programs are voluntary medical insurance, accident cover, life, disability insurance, and retirement planning and pensions.

But are these meeting employee needs? A key finding of our study is that a major cause of stress among employees is financial security. They worry about their retirement; about being unable to work in the event of disability; and if they are suddenly faced with high medical costs. More than three-quarters of employees strongly agreed that worries over their own or their family’s health impact their ability to work. Employees appear willing to pay for better coverage.

Over 80% of employees showed interest in “co-sponsored” benefits like disability insurance and supplemental health benefits, where they and their employer would share the cost.

More broadly, our study shows that employers in Russia have a great opportunity to expand and differentiate their benefits programs by offering a suite of voluntary benefits, with 62% of employees strongly agreeing that this would interest them.

A voluntary benefits package, with employee contributions, can help manage costs, too. It also allows the employer to offer a broader spectrum of benefits, allowing them to meet the diverse range of needs expressed by different employee groups.

For example, almost 70% of employees over 50 are interested in buying supplemental health coverage – even if they paid the whole amount. Travel insurance and specific dental coverage were more interesting to women and those working for MNCs/larger companies. Those aged between 41 and 50 express bigger worries about family related responsibilities and retirement.

Employers seem open to the idea. Eight-out-of-ten employers agree that voluntary benefits add value to the overall benefit package – and are a cost-effective solution to their benefits challenges. Administration costs are still a factor for them with 46% saying the main reason they don’t add any benefits is due to constraints on time and resources.

But with well-designed benefits, simple buy-up options, and a thoughtful enrollment plan, voluntary benefits can deliver real value with minimal administrative effort.

EMPLOYERS ARE OPEN TO THE IDEA OF OFFERING VOLUNTARY BENEFITS

Eight-out-of-ten employers agree that voluntary benefits add value to the overall benefit package – and are a cost-effective solution to their benefits challenges.
Health and Wellness: a Twin-Track Approach

We know that rising healthcare costs are an issue for both employers and employees. A strong benefits package can alleviate some of the concerns around illness. But a more proactive approach to physical and mental wellbeing might also pay dividends.

Our study reveals that the number one benefits challenge for employers in Russia is hiring the right talent. Number two? Rising healthcare costs, considered “very challenging” by a third of the employers we spoke to. Keeping control of benefits costs also ranks high up the list. We think this presents an opportunity to offer benefits that address employee health issues before they become expensive problems.

Wellness programs can raise employee engagement. They may help avoid high costs related to illness and stress. And they often help reduce employee absences.

“...we ran a wellness program for a banking client, and based on the results, they installed a professional air purifier in their call center,” explains MetLife’s Alexander Lazarev. “This resulted in fewer people getting sick from respiratory diseases, and it also showed that the employer cared about the staff, which improved morale.”

We know that in Russia, 98% of employers who currently have a wellness program are happy with it. We see similar satisfaction levels in other countries – which says something compelling about wellness as a global trend.

But there’s a disconnect. While 91% of employers told us they see employee wellness as an important consideration, only 35% use a benefits provider offering related programs. (As in several other areas, multinational corporations operating in Russia are more likely to use a provider offering these programs.)

For companies keen to bridge that gap, our study offers some clear guidance on priority areas for improving employee wellness. Preventative care is the starting point. It tops the list of what employers with wellness benefits are offering as well as the wish-list for employers yet to launch a program. Then we asked employers what employee health conditions most concern them. Their top three answers were the effects of sedentary lifestyle, high blood pressure and stress – all of which can be managed with preventative interventions.

EMPLOYERS SEE EMPLOYEE WELLNESS AS AN IMPORTANT CONSIDERATION BUT VERY FEW ACTUALLY USE A BENEFITS PROVIDER OFFERING RELATED PROGRAMS

91% 35%

Employers who say they see employee wellness as an important consideration Employers who say they use a benefits provider offering related programs
These preventative steps can be hugely popular – at relatively low cost. “For example, the pilot wellness day we held at the Moscow offices of a major law firm two years ago became a regular event thanks to the positive impression it produced on the staff,” says Lazarev. “The reaction from everyone afterwards was ‘when is the next event going to be?’”

For employees, the top two concerns related to emotional wellness: stress was mentioned by 48% of respondents as a top three health concern and work/life balance by 42%. The figures related to emotional health and satisfactory sleep are noticeably higher in Russia than in the other markets we studied. Russian employers appear to recognize the problem. Over 80% were interested in stress management and employee assistance programs. Multinationals seemed even more focused on things to address emotional health, with 87% saying they were interested in employee assistance programs (vs. 76% for local companies) and 94% in flexible work arrangements (vs. 79% for local companies).

Looking at the Employee Benefit Trends Study results from other markets around the world, it’s clear that changing lifestyles are having an impact on health – and forward-thinking employers are keen to help employees tackle these issues before they become serious.
Future Planning Can Pay Off Now

Like most developed economies, Russia faces some severe pressures on state provision for the elderly. Employees have woken up to the fact they’re likely to face financial issues when their working life ends. Helping them manage those concerns could be a huge win for employers.

Having adequate retirement income is a high concern for 77% of Russian employees. Only job security ranked higher in our study. Relatively few are taking personal steps to prepare financially for life after work, and only one quarter feel they’re on track to reach their savings goals.

“It’s only quite recently that Russia’s employees have started to care about their retirement,” says MetLife’s Alexander Lazarev. “Whereas 15 years ago, many employees were willing to receive salary with no retirement contributions – and no social tax paid by employer in some cases – now the demand is opposite. Most people will not consider employment for ‘cash in hand’ without that kind of benefit.”

Employers want to support this appetite for retirement planning. A relatively high proportion, 64%, told us they feel a responsibility to help employees have enough money in retirement. Among large companies, that proportion rises to 71%.

This isn’t pure altruism.

Our analysis of employee sentiment shows that the more they feel they have made progress on their retirement (that is, progress toward their savings goals and lower concern about their income and health in retirement), the more engaged employees are in their work.

This was especially true of those over 41 years old, where progress on retirement impacted both engagement and employee commitment.

We also know from our study that 43% of employees strongly agree they spend more time thinking about financial issues at work than they should. That distraction would be significantly alleviated with better financial planning.

Employers are, of course, mindful of the costs and resources required to offer a pension plan – 71% of those without a company scheme cite this as a reason for not having one. But employers who help take away the hardships of retirement planning – which is, itself, a cause of stress among employees – can secure significant additional engagement levels.

There’s one other factor to consider. Even a well-designed and compelling retirement planning and saving program also relies on good communication with employees.
Helping employees plan for their future

What, specifically, can employers do to help their employees plan better and save more for their retirement – and in the process, raise their engagement levels and reduce their stress?

1. **Help employees create more savings.** Company schemes can offset fears about basic government schemes. “The rules in the Russian state pension system have changed so often, it doesn’t provide a real sense of security,” explains Alexander Lazarev. “On the other hand, corporate pension plans have had a stable, strong track record over many years. I know one employee whose 2nd Pillar account has grown at 6% of his salary from 2002. His MetLife corporate pension plan – a 3rd Pillar scheme – contribution has been 10% of his salary since 2007, starting five years later. As of June 2014, the 3rd Pillar account balance is 8.4 times bigger than 2nd Pillar one.”

2. **Keep the options simple.** Around eight-in-ten employees say they’re confident in making financial decisions for their family – but 58% say they’re a “beginner investor” and less than 20% say they’re confident in making decisions around retirement savings.

3. **Encourage employee contributions.** We know from our study that half of employees say they live paycheck to paycheck. That obviously affects their ability to pay into a pension. But a well-designed and communicated scheme can solve other objections, which include fears around access to funds prior to retirement (33% of employees cited this) and complicated sign-up processes (25%).

Plans can be designed simply and flexibly, with the ability to access contributions upon resigning and in some other situations.

Employers who help take away the stress of retirement planning – which is, itself, a cause of stress among employees – can secure significant additional engagement levels. But all three of those steps around retirement also rely on good communication with employees.
Getting the Message Across

Underlying all our other findings is one prerequisite for deriving lasting value from a benefits scheme: good communication. The evidence from our study suggests there’s room for improvement – which would deliver tangible returns from both existing and future programs.

It’s one thing to have a good benefits package in place to help employees feel they are taking care of their family or proactively planning for retirement. But it’s quite another to deliver strong uptake of benefits and to reap the rewards around engagement and retention.

A key argument for improving communication is to get more employees participating in benefits: 86% of employers told us that improving the effectiveness of benefits communications is important. Only optimizing benefits to deliver improved work/life balance scored more highly among Russian employers. They’re right to make communication a priority.

Just 48% of employees strongly agree that the communications they get educate them effectively on their benefits.

That figure drops to 41% among employees of non-multinationals.

Employees who have a positive perception of their benefits are more engaged and committed. Improved communication also means employees are more likely to associate the value of benefits offered with their own employer. Right now, only 31% of employees see their benefits as a reason for staying with their employer. In other words, good communication is one of the most crucial factors in differentiating an employer.

WHAT CAN EMPLOYERS DO TO IMPROVE?

Among employees the company’s benefit website is rated the most useful – but a “low tech” solution, the benefits handbook, rated just as high. Online tools were popular with all ages and both genders, while mobile apps and social media were more appealing to those under 30 years old. Women generally seemed more focused on communication, rating the usefulness of all communication tools higher.
Employers should make the most of the communication skills of their insurer or benefits provider, too. This not only reduces the administrative burden on the HR team, it also helps differentiate the business by demonstrating the range of available benefits.

“One clients for Life and Disability coverage have significant number of staff outside of Moscow,” says Lazarev. “Even though we offer all kinds of communication support, such as a presentation for their intranet, to all insured employees, we had feedback that program awareness in the regions was lower than in Moscow. So we held employee presentation sessions for our clients in St. Petersburg and beyond. We received very positive feedback from our HR contacts – it helped to raise awareness of the program and its visibility as an employer sponsored benefit.”

### USEFULNESS OF BENEFITS COMMUNICATIONS, AS RATED BY EMPLOYEES

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<th>Benefits Communication</th>
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<td>ER’s benefits website</td>
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<td>Employee benefits handbook</td>
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<tr>
<td>Suggested actions/options in response to live events</td>
<td>84%</td>
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<tr>
<td>Online decision-support tools</td>
<td>79%</td>
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A big part of the communication solution could lie with line managers.

In our study, having a caring, supportive boss had one of the greatest correlations to employee engagement, commitment and employees’ perception of their ability to work.

But only a third of employees agree they have a supportive boss.

Benefits and wellness initiatives that demonstrate care for the employee can help create this perception – and if a principle communication channel for those benefits is the supervisor, this effect is bound to be greater.

Supervisors are also perfectly placed to encourage participation in wellness programs, especially those related to ongoing health and wellbeing. Popular programs, such as those around work-life balance and stress management, also require the support of managers if they’re to work well.

Managers who deliver strong, supportive and positive messages around these health and wellness activities are essential in creating a culture of wellness within the organization.

Our study shows that employees satisfied with medical benefits, and those aware of the company’s wellness programs, give supervisors credit for caring about them. These proactive managers do a great service to their employer, their employees – and themselves.
Conclusion

Russia is an important part of the global economy. Despite reputational risks on the global stage, it remains a major destination for foreign investment and has globally competitive industries. But there are other risk factors for employers in Russia. One of them, as our study shows, is talent recruitment and retention in a tight labor market.

Employers in Russia can manage this risk without adding excessive cost (unlike the blunt instrument of salary increases) or administrative burdens using tailored benefits programs. Crucially, these must be well communicated. The biggest advantages in terms of recruitment and retention accrue to those employers whose workforce understands the benefits program; uses the benefits on offer; and see the difference between their employer’s program and those of rival companies.

Another risk for the Russian economy generally is productivity, which grew just 1.6% in 2013, the slowest rise since 2009, and is forecast to climb just 1.1% in 2014. In fact, our study suggests a benefits program that meets the needs of employees – and particularly if it helps alleviate stress from concerns about life events – could help here, too. Less stressed, more engaged employees can be much more productive.

There is also a big opportunity to leverage the perceived value of benefits to employees using co-sponsored benefits. While this does involve some investment of effort from the employer, it’s less costly than other options for improving engagement and talent retention.

The scale of this opportunity is evident from the insights we have gained running our study internationally. We have seen evidence of higher levels of employee engagement and higher perceptions of value in benefits programs in other markets. Companies in Russia prepared to take this more proactive approach ought to be able to attain similar levels of engagement. It also ensures they can compete effectively for talent with multinational corporations operating within Russia; and companies overseas looking to fill their own talent gap with Russia emigres.

11 Bloomberg News, “Russia unemployment plunges record low as wages rise,” June 2014
12 Moscow Times, “Russian government sets up four-year plan to boost productivity,” July 2014
As Russia employers look into the future, they should keep these findings in mind from our 2014 study:

- **Rethink benefit plan designs to attract and retain talent.** Companies should stay focused on benefits that help them achieve their strategic goals. These include delivering better work/life balance; raising awareness of their benefits program; and meeting specific employee needs. Delivering against these three areas can differentiate an employer from both domestic and multinational rivals and make them more attractive to skilled employees. We know that many employees are concerned about financial security both for their families and themselves in retirement – making these strong areas for additional provision by employers.

- **Retirement planning is a clear win.** We know that many employees are concerned about financial security both for their families and themselves in retirement – making these strong areas for additional provision by employers. Straightforward, well-communicated pension schemes can also offset fears around less predictable state retirement provisions and low returns.

- **Employees are open to co-sponsored benefits.** Employers who take the time to build benefits packages that meet diverse needs of their workforce should reap benefits in terms of engagement and commitment. It’s also clear that many employees see real value in buying additional benefits through their employer – which, properly communicated, may be another important source of differentiation.

- **Wellness programs deliver an ROI.** Both employers and employees told us that a workplace wellness strategy is important to them. And employers with wellness programs are overwhelmingly satisfied with them. But relatively few in Russia actually offer a broad wellness package within their benefits offering. This creates a double opportunity. First, to improve employee engagement and reduce absenteeism arising from health problems. And second, to clearly differentiate your business from rivals in the war for talent. Prime areas to consider are preventative health measures (such as proactive screening), flexible working and stress management.

- **Enhance benefit communications to educate employees.** The study also highlighted some discrepancies between benefits being offered and employee participation. Organizations with a well-managed approach to communicating benefits – using traditional methods, digital channels and face-to-face communications – reap far greater rewards from their benefits program. In markets where benefits are more actively supported, they appear to have more of an employer pay off.
Methodology

**STATEMENT ON METHODOLOGY:**

The MetLife Russia Employee Benefit Trends Study was conducted between January and March 2014 by ORC International, a leading global market research firm. Results were obtained through online interviews. To qualify for the study, respondents had to be between the ages of 18 and 70. Statistical analysis was conducted and the overall sample of n=300 yields results interpretable at a 95% confidence intervals with a margin of error of ± 5.6%.

**Demographic Profile of the Employer Sample:**

Interviews were conducted with 300 employers, all stating that they offer benefits and are aware of at least one insurance company that offers employee benefits. Eligible respondents were those dealing with employee benefits in companies with 10+ employees. Government and public administration organizations were excluded.

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<td>Other</td>
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<th># of Countries with Operations</th>
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<th>Province Currently Work</th>
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<td>Moscow</td>
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</tbody>
</table>

**Demographic Profile of the Employee Sample:**

A total of 300 interviews were conducted with full-time employees (80% saying they received benefits from their employer) in companies with 10+ employees. Employees from government and public administration organizations and those self-employed were excluded. Respondents had to have some responsibility for household insurance or financial decisions.

<table>
<thead>
<tr>
<th># of Employees In Russia</th>
<th>10– 49</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50 – 249</td>
<td>51%</td>
</tr>
<tr>
<td></td>
<td>250+</td>
<td>39%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy Industry</td>
<td>36%</td>
</tr>
<tr>
<td>Sales &amp; Trade</td>
<td>9%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>37%</td>
</tr>
<tr>
<td>Other</td>
<td>18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations in 3+ Countries</th>
<th>Yes</th>
<th>33%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>City/Province</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow</td>
<td>22%</td>
</tr>
<tr>
<td>St. Petersburg</td>
<td>14%</td>
</tr>
<tr>
<td>Novosibirsk</td>
<td>6%</td>
</tr>
<tr>
<td>Yekaterinburg</td>
<td>6%</td>
</tr>
<tr>
<td>Nizhny Novgorod</td>
<td>6%</td>
</tr>
</tbody>
</table>

| Top city mentions          |        |

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>62%</td>
</tr>
<tr>
<td>Female</td>
<td>39%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>18 – 30</td>
<td>17%</td>
</tr>
<tr>
<td>31 – 40</td>
<td>40%</td>
</tr>
<tr>
<td>41 – 50</td>
<td>26%</td>
</tr>
<tr>
<td>51 – 60</td>
<td>14%</td>
</tr>
<tr>
<td>61 – 70</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager /Executive</td>
<td>52%</td>
</tr>
<tr>
<td>Operator/Laborer</td>
<td>30%</td>
</tr>
<tr>
<td>Sales/ Assistant/Analyst/Coordinator</td>
<td>12%</td>
</tr>
</tbody>
</table>
About the Study

MetLife’s Employee Benefit Trends Study delivers timely and reliable research results that explore important benefits issues and evolving trends around the world. Building on more than a decade of research and experience in the U.S. as well as nine additional markets since 2007, the study provides fresh insights that can help employers get more from their benefits investments in the form of satisfied, skilled and productive workers. The study also suggests tactics to help employees become more knowledgeable benefits consumers, leveraging insights from multiple markets in order to respond to the evolving benefits environment. The study design, involving both employer and employee surveys, was developed in the US and has been adapted in various key markets around the globe including: 2007 (Australia, Mexico, UK and India); 2011 (Australia, Brazil, India, Mexico, United Kingdom); 2013 (Brazil, Chile, Mexico); and 2014 (United Arab Emirates, Poland, Russia).

About MetLife

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates ("MetLife"), is one of the largest life insurance companies in the world. Founded in 1868, MetLife is a global provider of life insurance, annuities, employee benefits and asset management. Serving approximately 100 million customers, and 90 of the FORTUNE 100® as clients, MetLife has operations in nearly 50 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.

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MetLife: www.metlife.com
MAXIS: www.maxis-gbn.com

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