



# Evaluate Your Benefits to Give Employees What They Truly Want

It started with free lunches. Then came dog-friendly offices, "Summer Fridays" and on-site yoga. Today, student loan repayments and unlimited vacation are the benefits du jour at elite organizations, which can make small- and medium-sized businesses feel pressured to keep up.

Evaluating your benefits package is part art, part science. Not only do you need to determine which types of benefits would be attractive to current and potential employees, you also need to offer them in such a way that they are utilized by your workforce.

Before you run out and hire a personal chef for your staff, it's important to note that employees don't traditionally leave organizations because they're not getting free beer and pretzels. In fact, these perks, while enticing, have a small effect on employee satisfaction, according to research by Glassdoor.<sup>1</sup> Research by ADP<sup>®2</sup> supports this notion: 12 percent of employees said there's no perk that would make them stay in a bad situation. Lesson? Don't be fooled spending money on trendy perks when competitive benefits are what employees are really seeking.

Here's what you need to know to create a competitive and engaging benefits package.

### What employees want

Benefits are growing faster than wages, according to the Glassdoor<sup>1</sup> survey, and four out of five workers would prefer better benefits over a pay raise. First and foremost, employees are looking for solid core benefits. Better health insurance was ranked the most important benefit by far, according to a study by *Harvard Business Review* (HBR),<sup>3</sup> with 54 percent of respondents saying they would give this benefit "heavy consideration" when choosing a job.

To determine the right combination for your multigenerational workplace, seek out support from an expert. Not only will you gain access to better coverage and insight on the latest offerings, you'll also reduce the time and cost of administering your program. Benefits experts will keep your company in line, minimizing your risks.

Employees also want good time-off policies. Millennials value work-life balance

more than any generation that came before them, and offering flextime and a healthy vacation policy are ways to attract these individuals. In fact, 88 percent of HBR respondents said they'd give some or heavy consideration to a job offering flexible hours.

Retirement benefits offer the second-biggest impact on worker satisfaction rates, finds Glassdoor. Eighty-five percent of midsized employers provide retirement benefits, according to the ADP Retirement Saving Trends.<sup>4</sup>

Rising up the list was student loan reimbursement, with nearly half of HBR respondents reporting that this might entice them to take a lower-paying job. Currently, just three percent of businesses offer student loan assistance, according to The Society for Human Resource Management.<sup>5</sup> With millennials comprising a growing portion of the workforce and Gen Zers on the horizon, expect interest in this benefit and financial education to grow.

### Keeping benefits cost effective

Offering great benefits is one challenge, but how do you pay for them? Because they're an important factor for recruiting and retaining your workforce, you'll want to spend your dollars wisely. For small- and medium-sized businesses with more limited benefits budgets, picking what to offer is of the utmost

12% of employees said there's no perk that would make them stay in a bad situation.



importance, and this too is an area where guidance is key. Leaning on a benefits expert will give you access to more affordable packages, as well as flexibility to choose and pay only for what you need.

Finding affordable medical coverage is the biggest challenge for employers, averaging \$6,435 per employee for individual coverage or \$18,142 for family coverage.<sup>6</sup> While this is costly, the investment has a return. Access to affordable healthcare helps employees remain healthy and productive. What's more, giving employees quality health insurance demonstrates that you care about them and their well-being.

SHRM identifies two strategies for controlling healthcare costs. First, offer consumer-directed health plans, such as health reimbursement arrangements or health savings accounts. Second, create a workplace culture that promotes health.<sup>5</sup> For example, start a wellness initiative, such as a smoking cessation or weight loss program. Nearly half of HR professionals who offer these types of initiatives decreased

their healthcare costs (both because of provider discounts and fewer employee claims), two-fifths experienced a decrease in unplanned absences and one-third said they saw an increase in work productivity.<sup>7</sup>

Low- or no-cost benefits also boost employee satisfaction without damaging your budget. For example, flexible hours and work-from-home arrangements typically cost little to nothing, and can also save you money by reducing overhead costs.

### **Strive for constant assessment**

Evaluating your benefits package isn't a one-and-done activity. "Nearly one-third of organizations increased their overall benefits offerings in the last 12 months," especially in the areas of health and wellness, according to SHRM.<sup>7</sup> The top reason? To better compete in the war for talent.

Focus on employee satisfaction, choosing the benefits that matter the most to your employees, knowing there is no one-size-fits-all approach. Successful organizations base their choices on employee demographics.

Flexible hours and work-from-home arrangements typically cost little to nothing, and can also save you money by reducing overhead costs.



For example, you know that baby boomers and Gen Xers particularly will want solid retirement options, while millennials and Gen Zers prioritize time-off and flexible work policies. Underlying all demographics, though, will be a desire for strong healthcare options.

To make sure your program is on point, conduct annual surveys to find out which benefits are most valued. On the flip side, ask employees if there are particular benefits they'd like to see added. Then do a cost analysis to determine which benefits your employees are actually using. Finally, make sure your organization is competitive, checking your benefit offerings against others in your industry. A benefits expert can help you ensure you're maximizing your package and getting the greatest return on your investment.

The time you spend creating a package that rewards and engages your team is time invested in recruiting — and retaining — top talent. Benefits are an important part of compensation packages and, while some such as student loan reimbursement or free lunches may sound nice, leaders have to remember that at the end of the day, solid core offerings that align with employees' and their dependents getting the coverage they need is the cornerstone of a good benefits policy.

Baby boomers and Gen Xers particularly will want solid retirement options, while millennials and Gen Zers prioritize time-off and flexible work policies.



### What's the right benefits balance?

ADP® can find out for you and with you. With first-in-class systems that allow easy organization and analysis of benefits data, our specialists can work with you to find the right benefits mix for your business.

<sup>1</sup> Glassdoor, Looking Ahead: 5 Jobs Trends to Watch in 2017, 2016.

<sup>2</sup> ADP®, Forbes BrandVoice: What Worker's Want, 2017.

<sup>3</sup> Harvard Business Review, The Most Desirable Employee Benefits date? 2017.

<sup>4</sup> ADP®'s 2015 Retirement Savings Trends.

<sup>5</sup> Society for Human Resource Management, 2016 Employee Benefits: Looking Back at 20 Years of Employee Benefits Offerings in the U.S., 2016.

<sup>6</sup> Kaiser Family Foundation, 2016 Health Benefits Survey, 2016.

<sup>7</sup> Society for Human Resource Management, 2016 Strategic Benefits-Wellness Initiatives, 2016.