



Rethinking Employee Benefits

AFTER THE GREAT RESIGNATION

Is your company ready to compete in a tougher labor market?



INTRODUCTION

Not long ago, employers had all the power. It was enough to pay a decent salary and offer basic benefits to keep most employees content. Wages weren't rising much, but bosses expressed their gratitude with the occasional gift card or an afternoon off. But then everything changed. COVID-19 arrived with little warning and proceeded to reshape our society, one excruciatingly slow quarantine day at a time.

We've moved into the recovery phase now, mostly laying down our masks and hand sanitizer, but the world we've reentered isn't the same one we left. New dynamics are at work in the labor market, where employees have suddenly found themselves in high demand by businesses desperate for staff to meet surging customer demand.

In this new world, employees have the power, and they are using it to demand more from employers. Sure, a signing bonus will get a few workers in the doors. But short-term solutions tend to produce short-term employees, and high turnover is bad for business. It goes beyond hiring though — even long-time employees are reassessing their options. According to Microsoft's 2022 Work Trend Index: Annual Report, **43% of employees are somewhat or extremely likely to consider changing jobs in the coming year.**

A tight labor market can pose a real challenge for businesses that have gotten comfortable over the years offering the same basic benefits and calling it a day. They're accustomed to adjusting salaries as often as needed to meet changing demands and competition. But benefits tend to be an afterthought until enrollment comes around, when the main question becomes how much your premiums are going up.

Most Louisiana businesses offer full-time employees a fairly standard basic package of non-salary employee benefits. **These generally include:**

- Group health insurance, usually partially employer-paid, with spouses and children eligible to be included (though possibly paid at a lower rate)
- Other insurance, such as life, dental or vision
- 401(k) retirement plan/contribution match
- Some combination of sick/PTO/vacation leave
- Additional maternity/family/disability leave options

Benefits will undeniably vary depending on the size of the company and the industry, though perks like free gym memberships and wellness programs are becoming much more widespread at all levels. And while there is usually a cost associated with most benefits, a surprising number of the most desirable benefits are more tied to flexibility, security and quality of life. The goal for employers is not to throw money at employee discontent, or copy their competitors, but to invest in creating a benefit package that will make their workers feel appreciated and empowered.

What does that look like in practice, though? And how do you figure out what the “right” combination of employee benefits is that makes financial sense for your company and satisfies the needs of your employees? **Let's start with some basic guiding principles to help you re-think your approach to benefits.**



A New World Calls For New Thinking

“Because that’s how we’ve always done it” is solid logic for cherished family recipes but not necessarily for business. The package of benefits you are currently offering is the product of a different time — a time before social distancing, before masks, before a global pandemic upended all our lives. Given the major changes we’ve all experienced since then, it makes sense to at least consider all the options out there that might be a better fit for the challenges of the post-pandemic world we now live in.

Survey Says?

Instead of taking an “if you build it, they will come” approach to constructing your benefit package, start by asking your employees what they value. You can learn a lot just by taking the time to gather feedback on how well your existing options are working for those who use them. Are premium and drug costs manageable at different salary levels? How many of your optional offerings are they taking advantage of? What do they wish you offered?

It helps to also take into account the varied demographics of your staff. Are they younger with no kids but loaded with student debt? Are they working moms struggling to manage childcare? Or do you have a mix of different ages, situations and needs? Don’t assume you know the answers to questions you haven’t yet asked. Make sure to talk to both long-time workers and new ones, and don’t forget about those who are leaving. **Your valued employees are your best gauge, not what others are doing.**

Flexibility As A Core Benefit

Many businesses think about benefits in purely cost-benefit terms. While the financial side needs to make sense, there’s a lot companies can do that goes beyond compensation. **One of the best ways to keep employees happy is to offer them flexibility.** This will look different in each office or organization, but it starts with the attitude that workers can be trusted to make good decisions.

Flexibility in work can take many different forms. Obviously, there’s location, and many employees who have seen the benefits of working from home in recent years will be reluctant to return to the office full-time. Accommodating remote work options can go a long way to keeping employees satisfied at no additional cost to the company. For businesses where remote options aren’t feasible, offering flexible schedules and working hours may achieve the same benefit.

“According to research by the Society for Human Resource Management (SHRM),

42% of organizations that saw higher or much higher turnover in early 2021 have implemented new or additional remote-work or flexibility options to reduce turnover.



Not Your Mother's Health Insurance

When it comes to your health insurance program, it's important to dig into the reality of employee out-of-pocket costs, which may be higher than you'd expect in spite of your coverage level. Are there different plans that would be a better fit for your employees and bottom line? Can you introduce more flexibility into your coverage via Flexible Spending Accounts (FSA) or telehealth options? Do your benefits include mental health services and other wellness programs for employees? **Now is the time to ask these important questions.**

New Trends Will Spread

No matter where you operate, your workers will be influenced by trends in benefits they read or hear about elsewhere. Employers need to be prepared to respond effectively to new ideas and requests from their workers. If the idea of offering a month-long paid sabbatical to long-tenured employees sounds unthinkable, imagine having to replace that person. Is it worth losing great employees because you think pet insurance sounds silly?

Employers shouldn't be surprised to hear more benefit requests from employees. The job market gives them the leverage to expect more and it is up to business leaders to respond effectively. Unless you're Google or Apple there are limits to what you can offer, but keep in mind that an employee request is an opportunity to deepen engagement. If you know what someone wants, you can try to accommodate them and encourage further communication. If you aren't open to these kinds of discussions, don't be surprised if your employees look elsewhere.

One Size Does Not Fit All

Decisions about which benefits to offer and how to support employees are often made at the highest levels of a company. This makes sense, but it can also lead to problems if the experiences of employees at all levels of the company aren't considered. An "affordable insurance premium" may mean something very different to people in different tax brackets. Out-of-pocket costs can be more stressful for lower-income workers who have to be careful managing expenses each month. Also keep in mind potential barriers to access and be prepared to offer some workers additional support in understanding benefit programs.

As you are reviewing your benefit package, make sure to think about both current and future employees. Make sure your plans are appealing to both senior and junior workers, either by providing multiple options or through the use of stipends or FSAs.

“Knowing who your employees are and what they value will help you choose benefits that really make a difference in their lives.”



Do Your Benefits Match Your Values?

It's easy to get complacent, especially when it comes to employee benefits. Putting together a comprehensive package can be time-consuming and complicated. Once you've got it in place it can be tempting to just set it on auto-pilot. But after the challenges of the last few years, many workers are taking a much harder look at the status quo and finding room for improvement. It's easy to say you're a "family-oriented" company, but what does your maternity leave look like? You claim to support the growth and development of your employees, but do you offer paid education or training opportunities? Does your "team-first culture" make room for mental health and work-life balance?

What Next?

Whether we call it the Great Resignation or the Great Reshuffling, the phenomenon is real and it's here to stay. Power has shifted toward workers for the foreseeable future and businesses must respond. Rather than a negative development, though, the changes underway represent a unique opportunity for businesses that choose to embrace the challenge. Everyone can raise prices, after all, but not everyone can innovate. Businesses that are willing to rethink will reap the rewards in both recruiting and retention.

The good news is you don't need to try to figure this all out on your own. A challenge of this magnitude calls for outside help and expertise. Dwight Andrus Insurance understands that every company's needs are different, which is why we offer comprehensive, personalized guidance and assistance to businesses across Louisiana. We not only help you create the right benefits package for your company, we also make administration a breeze.

Give us a call today to learn how we can help!

Are you ready for the era of the employee?
Review the list of questions below to see where you stand.

HR Managers:

- Is your benefit administration system modern and efficient?
- Can employees easily access plan info or updates?
- Is your company getting the best possible price?
- Are there ways to structure benefits to save money or offset taxes?
- Can you continue to offer the same level of benefit if premiums go up?
- Is your HR staffing sufficient to manage all these complex concerns and requirements?
- Are you aware of all recent or potential changes in state and federal law that might affect your benefit plan, employee classifications, tax obligations and so on?

Employers/Business Owners:

- Is your benefit package appealing to all your employees?
- Are your benefits affordable for your company, now and into the future?
- Are your benefits comparable to your competitors?
- Are you aware of and compliant with all applicable regulations and state/federal mandates?
- Can you afford to offer additional benefits if needed to retain your top talent?
- Do your benefits accurately reflect your company values and brand?

