

SEEKING A PERFECT MATCH

Why employers need to align benefits with employee needs

BY MARTIN DAKS

When a young, well-liked employee at a small New Jersey-based company tragically passed away at a friend's wedding, "that affected the perception of many of his co-workers, and they suddenly started to ask their employer about life insurance policies," said Scott Peloquin, CEO of the employee benefit consulting firm BenefEx. "The company is a client, so we quickly adjusted our web-based portal to give them that information."

Events like that illustrate the importance of surveying employees to see what benefits — company-subsidized and "voluntary" ones that employees pay for themselves — are important to workers, he said. "Management may think they're offering competitive benefits, but you can't be certain unless you survey employees," Peloquin added. "We helped a 45-employee office equipment company in Somerset County re-apportion their benefit portfolio from a medical and dental plan to a plan that included Life, AD&D [accidental death and disability], Vision, STD [short-term disability], LTD [long-term disability], and added an FSA, or Flexible Spending Account, using our online survey tool."

He said the client company discovered that "employees would gladly trade off a slightly higher deductible on the medical plan to free up the funds needed to significantly expand their benefit portfolio with additional coverage lines. We also discovered that nearly half the employees were not aware their employer even offered a 401(k) — leading the CFO to conclude they needed to develop a better communications strategy."

After the changes were implemented, the client "had happier employees, and lower employee turnover," he added. "And paradoxically, the company also found itself with both a lower gross cost and a lower rate of premium inflation, despite the expanded and improved benefit offering."

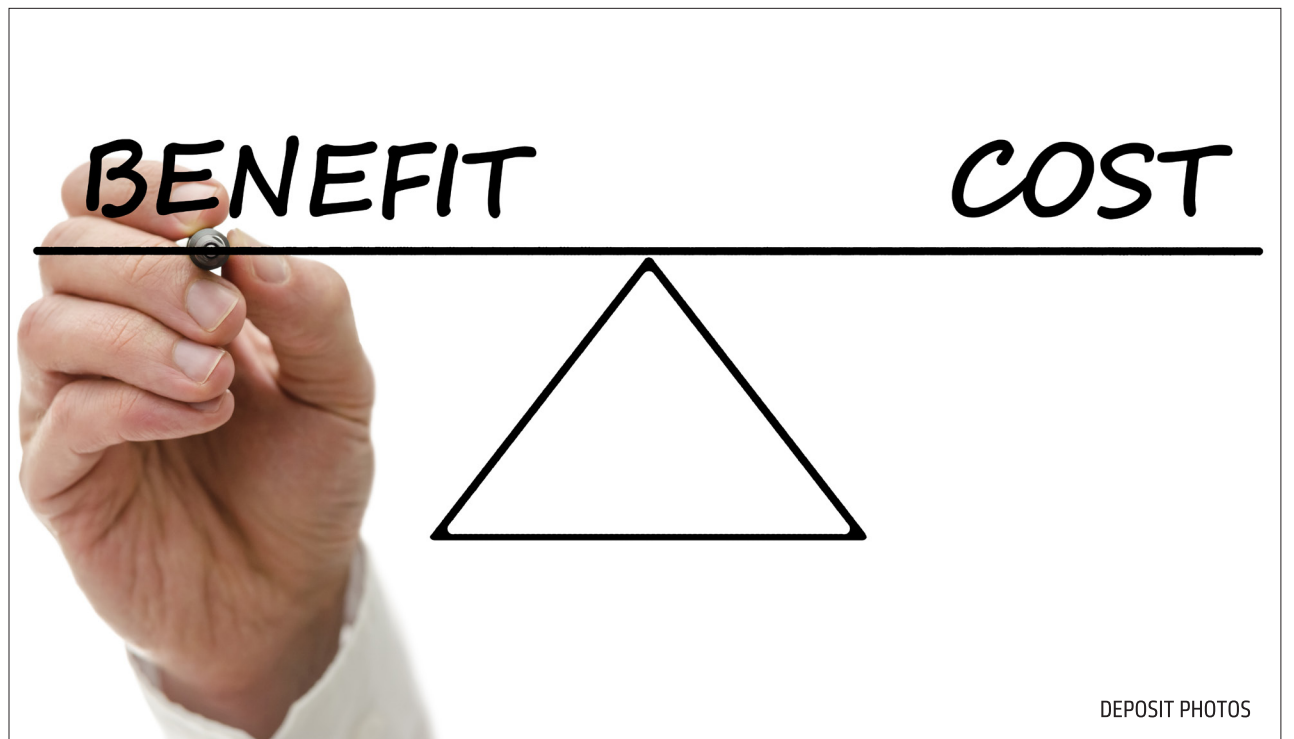
Peloquin's a champion of surveying employees to help determine what benefits matter to them, but he also said it's a bad idea for a business to directly survey its own workers. "That's because people tend to filter their response to what they think their employer wants to hear," he said. "It's better to outsource the task to a third party that will anonymize the responses and ask questions that will yield valid answers."

Generally, a company needs at least 50 responses to get "statistically valid" answers, he added. "The questions should include whether employees will pay more for improved benefits. Sometimes there's a big gap between a desire for more choice in benefits, and their willingness to pay more. One way around this is to ask a hypothetical question: 'If you were going to spend \$100 of your own money on voluntary benefits, what would you choose?' That can give you good insight into their priorities."

A LURE FOR GOOD EMPLOYEES

According to Charles Rosenberg, a vice president at Intac Actuarial Services Inc., a retirement plan is one of the most-requested benefits. "It's a good way to attract and retain highly qualified people," he explained. "Fortunately, a law that went into effect in 2020, the SECURE Act, is aimed at encouraging businesses to set up retirement plans and employees to participate in them."

As part of the government spending package that was signed into law in December 2019, Con-



DEPOSIT PHOTOS

gress included provisions from the Setting Every Community Up for Retirement Enhancement (SECURE) Act. Its provisions include repealing the maximum age for traditional IRA contributions, increasing the required minimum distribution age for retirement accounts to 72, up from 70.5, and allowing certain part-time workers to participate in 401(k) plans.

A company may have great intentions when it rolls out targeted employee benefits, but can hit a road bump if the benefits don't align with employees' reasonable desires, cautioned Joe DiBella, managing director and executive vice president at Conner Strong & Buckelew, an insurance brokerage, employee benefits and risk management consulting firm. "Management may think they know what's important, but they may not always be right in this case," he said. "Remember, many companies normally have people in their 20s through their 70s working together — although COVID-19 may have temporarily changed that — and their needs will vary dramatically. We suggest web-based surveys as an efficient way to find out."

Getting first-hand knowledge about employees' benefits concern is only the first step, he added. "Businesses also need to benchmark their plans against their competitors. Before the pandemic, there was a lot of competition for talented employees, and that will return, post-pandemic. Companies have to be prepared for that."

Businesses also need to do a good job of explaining their benefits to employees. "Health care in particular confuses the heck out of people," said DiBella. "Employers need to demystify terms like copay, deductible, and out-of-pocket maximum, so employees can understand how it all works, why it's valuable, and how they can get the best value from their benefits."

Research has shown that "health insurance, paid time off, and dental are the leading benefits offered by employers, closely followed by retirement savings plans," said, Jeff Furbish, chief sales officer of Delta Dental of New Jersey and Connecticut citing Robert Half/The Creative Group's 2020 Salary Guide. "Even

with the ongoing upheavals brought on by COVID-19, these benefits may be viewed as being even more important. Companies that offer attractive benefits will continue to stand out in the marketplace."

He also pointed to a 2017 study by the Harvard Business Review found that 88 percent of job seekers considered benefits to be key when choosing a job. "Working with a trusted benefits broker/consultant is a great place to start when developing a benefits package that's right for both employees and employers," Furbish added.

TRANSPARENCY AND SIMPLICITY

Employees want to know how much their benefits will cost them, Furbish said. "Not only how much will be withheld from their paycheck, but also how much it will cost them when they use their benefits," he noted. "Benefits-speak' can be confusing for employees. Providing a glossary to define terms such as deductibles, coinsurance, and annual maximums in approachable, understandable non-technical language is a good start. Examples and illustrations can help increase understanding, too. Also, providing employees with contacts at the benefits providers is a good way for them to learn."

A benefits education process should be a continuing process, "supported by multiple technology platforms," according to Lou Della Penna Jr., president of insurance brokerage and advisory services company Brown & Brown. "The most effective strategy is applying offered benefits to an employee's personal experience. Consider issues like, 'How many office visits do you have per year, how many medications do you take? Are the medications, brand or generic?'"

Della Penna said his company assists clients by letting employees enter the data "into a decision support tool that allows them to model benefit costs plan by plan. In addition, when able, we have virtual open enrollment meetings, virtual health fairs, and one on one employee educational workshops."

Some employee benefits can make a big impression without breaking the bank, he added. "We work with two companies that provide free beverages and snacks, daily and it is a huge perk."



Furbish