The HR Playbook:

REDUCE TURNOVER WITH EMPLOYEE BENEFITS

HR center of excellence by Paycor

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To make benefits a competitive advantage, ask these four questions:

1.	**Is there something for everyone in our benefits offerings?**	**Paycor found that companies with six benefit plan types had a 138% decrease in turnover versus those with no benefit plans.** To realize those gains, design a benefits program that responds to the needs of your multigenerational workforce.
2.	**Are we a wellness company?**	Expand your definition of benefits to include other aspects of physical, mental and social wellness. **It's good for the bottom line and for company culture.**
3.	**What non-traditional benefits should we offer?**	More than 70% of employees want non-medical benefits. Different generations will want different programs, but at least **one initiative has broad appeal: financial wellbeing.**
4.	**How can we afford it?**	Cost sharing, as long as it doesn't get out of control, can be an effective containment strategy. **Technology can also reduce errors and cut costs.**

OUR SURVEY METHODOLOGY:

Business insights and survey results in this report are derived from a combination of proprietary Paycor data and highly reputable third-party sources, such as SHRM. Paycor's research on benefits and turnover was based on an analysis of aggregated data from more than 30,000 Paycor customers nationwide.

1. Is there something for everyone in our benefits offerings?

PAYCOR FOUND A REMARKABLE LINK BETWEEN BENEFITS AND TURNOVER.

We looked at our customer base of more than 30,000 medium and small businesses nationwide and found that **as organizations add benefit plans, there is a significant decrease in turnover.**

The average turnover rate for organizations with NO benefit plans

157%

Organizations that offer six benefit plan types* saw a

138%

decrease in turnover

**Plan types = standard health benefits (PPO/HDHP, vision, dental, life, etc.)*

HOW CAN BENEFITS HAVE SUCH A DRAMATIC EFFECT ON TURNOVER?

We believe it's because benefits, when done right, offer something for everyone in your company, no matter their age, job title or seniority.

To make benefits a competitive advantage, plan designers have to prioritize and budget for a wide spectrum of needs and wants.

SO, THE MORE BENEFIT PLANS THE BETTER? NOT EXACTLY.

Here's what we believe the numbers are telling us: **the right mix of benefit plans can significantly reduce turnover** (just as the absence of benefits, or the wrong benefits, can drive turnover rates way up).

THE KEY IS FINDING THE RIGHT MIX OF BENEFITS FOR YOUR COMPANY.

The Silent Generation/ Traditionalists
1928-1945

Strongly focused on their careers and largely adhere to social norms; typically single-company loyalty

Baby Boomers
1946-1964

Generally hardworking and motivated by position, perks and prestige; they often define themselves by their professional accomplishments

Generation X
1965-1980

Less committed to a single employer and willing to change jobs to get ahead; they're more tech savvy than previous generations and place strong value on work/life balance

Millennials
1981-1996

Have high expectations of their employers; willing to trade high pay for flexible schedules; plugged into technology

Gen Z
1997-2012

Raised with an iPhone or Android in their hands; more entrepreneurial and wary of corporate America; highly value development opportunities

YOUR EMPLOYEES WANT BENEFITS.

But PwC's *Health and Well-being Touchstone Survey (2018)* found that **each generation has their own priorities**. For example, medical benefits are relatively unimportant for younger employees (between age 30 and 34), but quickly become the top priority as employees age.

AGE	ORDER OF PRIORITIES 1	2	3	4
30-34	Compensation	Flexibility, Work/Life Balance	Company Mission	**Benefits**
35-39	Compensation	**Benefits**	Company Mission	Flexibility, Work/Life Balance
40-44	Compensation	**Benefits**	Company Mission	Flexibility, Work/Life Balance
45-49	Compensation	**Benefits**	Flexibility, Work/Life Balance	Retirement Savings
50-54	Compensation	**Benefits**	Flexibility, Work/Life Balance	Job Security

As you work through this guide, **consider the generational makeup of your company**, as it will affect every aspect of your benefits plan.

Are we required to offer healthcare?

The ACA's individual mandate was eliminated in 2019, but the employer mandate is still in place. So, if your company employed a combination of 50 or more full-time equivalent employees during six months or more of 2018, you're required to provide a certain percentage of your workforce with minimum essential coverage (MEC).

To-do:

Visit our online resources to understand how turnover impacts your business:

- Take an objective look at your **turnover rate**. If you discover that it's too high, or trending up, audit your benefits offerings.
- To help with an audit, you may want to partner with a **benefits broker.**

2. Are we a wellness company?

COMPANIES WITH HIGHER LEVELS OF WELLBEING ACHIEVE 2x LEVEL OF EMPLOYEE ENGAGEMENT.

As benefits get more aligned to company culture, we're seeing organizations look for ways to engage their employees holistically with programs geared toward physical, mental and social health.

HEALTH RISK ASSESSMENTS ARE A GREAT PLACE TO START…

Thirty-seven percent of organizations offer health assessments—a list of questions, delivered online or in-person, designed to uncover "modifiable risks," like smoking behavior, physical inactivity, poor diet and high stress.[1] Twenty-one percent of companies go one level deeper and offer biometric screenings of blood pressure, cholesterol, height/weight and blood glucose levels.

…BUT DON'T STOP THERE.

Reminding employees that not exercising is a bad thing can get their attention, **but to spark real habit change, you need to offer tools and resources.**

How to launch a wellness program

1. LISTEN

- **Survey your employees** and meet with them in small groups. Give them a variety of ways to offer ideas on what matters most to them.
- **Look for trends** in the way employees utilize their healthcare benefits, both medical and pharmaceutical. (Your broker can provide data in aggregate from the carrier.)
- **Consider sponsoring a workplace health assessment** to gain specific insight on where your employees need the most help. (Check out the **CDC's guide** on this.)
- **Work with your broker** to benchmark your company against competitors; understand what's parity and what you need to do to stand out from the crowd.

2. MAKE A CASE

- **To get management support,** you'll need to connect wellness to the bottom line. How much are sick days costing the company? How much money could you save from a decrease in health insurance claims?
- **Don't take employee buy-in for granted**—make the case to your team. Involve them in the decision-making, form a wellness committee and roll out the program with some fanfare.

3. MEASURE SUCCESS

Begin with the end in mind. Define what success looks like and measure your results:

- **Benchmark participation rates**
- **Compare the before/after results** of biometric screening
- **Track the effectiveness** of a smoking cessation program
- **Conduct a pre/post survey** to monitor employee perceptions
- **Analyze health plan utilization rates** over a multiyear period

WELLNESS PROGRAMS WILL BE NEARLY UNIVERSAL BY 2021.

Wellness plans are growing, according to *Willis Towers Watson's 23rd Annual Best Practices in Health Care Employer Survey*, the results of which are re-created below. The graph shows the percentage of companies prioritizing wellness since 2016 (in yellow) and the percentage of companies planning on investing in wellness in the next 36 months (in orange).

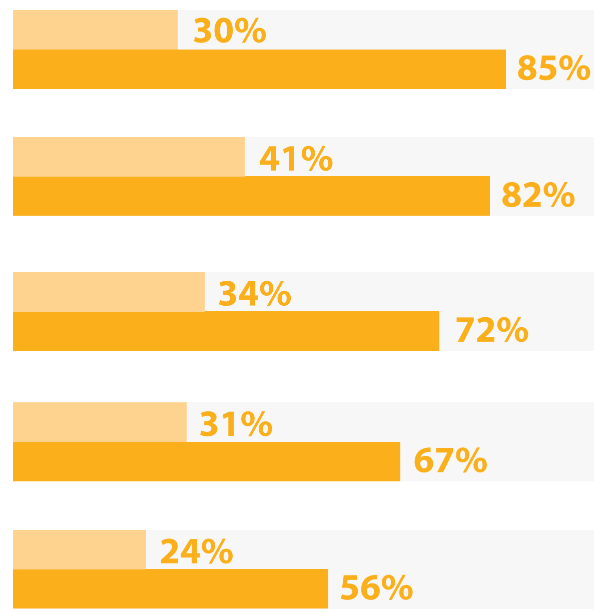
Clinical Conditions: Improve health and reduce costs for diabetes, maternity, mental health, etc.

Wellbeing: Enhance total wellbeing, physical, emotional, financial, etc.

Employee Experience: Enhance employee perceptions about workplace culture

Healthy Workplace: Design systems and create an environment of trust and support

Health Technology: Adoption of connected devices, enhanced enrollment and integrated platforms to improve delivery of care, health analytics



Progress since 2016 **Importance over the next 3 years**

3. What non-traditional benefits should we offer?

MORE THAN 70% OF EMPLOYEES WANT NON-MEDICAL BENEFITS.

There's a big gap between what employees say they want and what they actually get. **Seventy-two percent of employees say non-medical benefits, customized to their needs, would increase their loyalty to their company.** Yet, less than half (42%) of small business employees report being satisfied with their current benefit selections.[2]

BRIDGING THE GAP MEANS FINDING THE RIGHT MIX.

Customization is the key to non-traditional benefits, so **your strategy needs to reflect the generations represented in your workforce**. But there is at least one non-medical benefit that has broad appeal across all age groups.

Financial wellbeing

Everyone is stressed about money. The largest working generation, Millennials, is stressed by college debt. Gen X is struggling to care for older parents. Baby Boomers are eyeing retirement.[3] All this stress adds up. SHRM found that financial anxiety leads to higher absenteeism and lower engagement. **More than half of employees say they believe their employer has some responsibility for their financial wellbeing.**[4] From both an employee experience and bottom line perspective, it makes sense to invest in financial wellbeing.

HOW TO GET STARTED ON FINANCIAL WELLBEING.

Coaching

Offer one-on-one sessions with a financial professional.

Savings

Sponsor educational sessions or develop initiatives to promote saving toward retirement, education or other financial goals.

Short-term Loans

Some companies may want to **offer accrued wage advances**.

Debt Management

Assist employees in structuring their debt, managing repayment options and opening lines of credit.

Interactive Tools

Offer free subscriptions to online money management tools and calculators.

Ongoing Education

Online courses or in-person workshops targeting common topics in personal finance can be a great way to **build a culture of financial wellness at your company**.

Non-traditional benefits
for a multigenerational talent pool

To earn the long-term employee loyalty that can set your company apart from the competition, **design non-traditional benefits to appeal to different life stages**. Here are some ideas to get started.

To-do:

Learn more about **managing a multigenerational** workforce.

BABY BOOMER

Non-traditional benefit:

- PPO/Traditional
- Retirement coaching
- Aggressive savings programs
- Long-term care insurance
- Home warranty insurance
- Life insurance
- Critical illness insurance

GEN X

Non-traditional benefit:

- Traditional + HDHP w/HSA
- Flex spending accounts
- Low-deductible health insurance
- Childcare options
- Flex working arrangements
- Homeowners insurance
- Long-term care insurance
- Comprehensive retirement coaching and savings programs
- Life insurance

MILLENNIALS

Non-traditional benefit:

- HDHP w/HSA
- Tuition assistance for continuing education
- Flex work arrangements
- ID theft protection
- Employee mentoring programs
- Gym or wellness center memberships
- Competitive wellness programs
- Travel rewards
- Accident insurance
- Short-term disability insurance

4. How can we afford it?

THE SMALLER YOUR COMPANY, THE MORE YOU MIGHT PAY.

Medium and small businesses spend more on comparable health plans than big business because they don't have the buying power. On average, small businesses paid 8-18% more than enterprise companies.[5]

To make benefits affordable, you need to find ways to contain costs—without alienating employees.

1. Cost Sharing

Find the right balance between PPO and HDHP/HSA. HDHPs feature deductibles up to 3.5 times higher than other plans, which deliver obvious benefits for employers: healthier employees tend to choose higher-deductibles and the employer doesn't incur costs until the deductible is met. In 2018, high-deductible plans cost smaller businesses 13% less, on average, than PPOs. But there's a catch. In today's hyper competitive recruiting environment, employers need to ensure they're delivering options and value to employees. For most companies, it would be a mistake to lean too heavily on high-deductible plans.

2. Surcharges

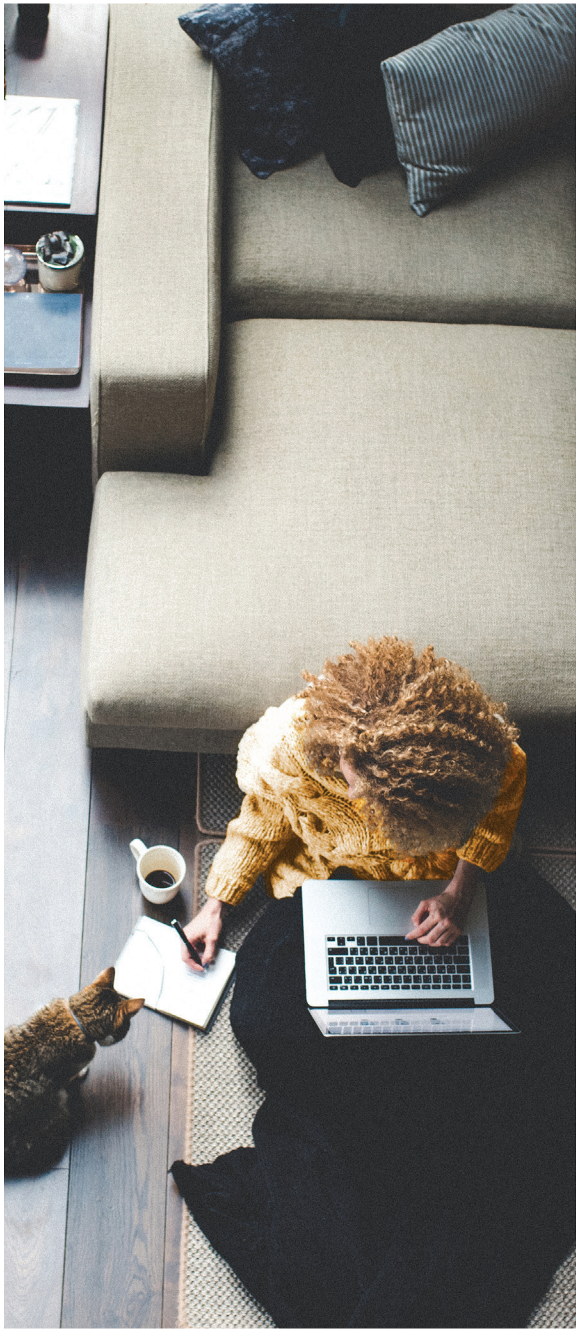
Rising healthcare costs put surcharges on the table. Twenty-three percent of employers of all sizes apply a surcharge for spouses, equaling on average $125 per month.[6] Tobacco surcharges are becoming more acceptable, with 15% of small employers applying them for an average monthly fee of $58. But there's a limit to what employees will accept; for example, only 4% of employers ask for a surcharge for dependents.

3. Managing Chronic Conditions

More than half (58%) of employers with 500 or more employees offer high-tech, high-touch programs designed to intervene and help employees with specific chronic conditions. A targeted program for people with diabetes, for example, might offer both coaching and an interactive glucose monitor that can transmit data to a provider. The effectiveness of these kinds of programs is measured in improvement in quality of life and also lower long-term healthcare costs.

4. Technology

A robust benefits admin tool can be one of the biggest drivers of long-term benefits cost savings. Savings from overpayment of premiums alone amount to nearly $28,000 per year for a mid-sized business.[7] And the right benefits platform eliminates errors by matching accurate lists of eligible employees and dependents with error-free insurance payment invoices.



5. "Free" Benefits

Some highly valued benefits don't incur hard costs. Paid time off, flexible work arrangements that let employees work at irregular hours or work from home and time off for philanthropic volunteering are good examples of no or low cost "perks." They're also excellent ways to decrease anxiety and burnout and bake your benefits offerings into your company culture.

6. ROI

A robust benefits admin tool can be one of the biggest drivers of long-term benefits cost savings. Business performance: Track your recruiting and retention practices, and bring it back to an overall ROI. If you can reduce your turnover by 5%, what could that mean for your business? Reduced recruiting costs, reduced training costs, less lost productivity. Can you track it back to the bottom line in some way?

To-do:

Assess the effectiveness of your benefits strategy and get an action plan: **take our quiz.**

Putting it all together

NOW WHAT?

Designing competitive benefits requires an understanding of what your employee population wants and needs, but that's not the whole story.

To realize the potential of your benefits program to drive recruiting, engagement, retention and to drive down turnover, you need to do two things:

- **Spread the word**—everyone in your organization, including those on the periphery (job candidates and even just curious job seekers) needs to know that benefits at your company are something special.
- **Make the employee experience** of learning about, selecting and managing benefits easy and user-friendly, every step of the way.

Consider:

- **Recruiting:** How do you market your benefits online in a way that attracts talent? Do you mention your company's approach to benefits during the interview and onboarding process?
- **Education:** How easy is it for employees to learn what benefits you offer, how those benefits work and what might (or might not) be a good fit for them? Does open enrollment leave them feeling empowered and appreciated?
- **Retention:** Do your employees understand the full value of their employment, beyond straight salary? Do they know that their employer is picking up quite a bit of the tab?

Making the case
to invest in technology

TO REDUCE TURNOVER WITH BENEFITS, BUSINESS LEADERS ARE INVESTING IN TECHNOLOGY.

According to *Willis Tower Watson's Best Practices in Health Care Report*, employers are actively seeking to streamline and optimize their benefits programs with technology. Of those employers doing so:

56%	**are prioritizing health technology solutions as important over the next three years.**
65%	**are interested in tech that improves healthcare navigation or benefit experience.**
82%	**are planning to or considering investing in a decision support tool to help their employees choose benefit plans.**
71%	**are planning to or considering investing in a third-party enrollment system.**

Paycor's Benefits Advisor

A SIMPLE SOLUTION FOR THE COMPLEX WORLD OF BENEFITS.

Make It Easy for Employees

Self-service functionality allows employees to easily manage their profiles for major life events that trigger workflows through the platform and even to carriers. Paycor's mobile app empowers users to enroll and access their benefits anywhere, anytime.

Drive Efficiency

Our rules-based platform streamlines the process, removing tedious admin, simplifying open enrollment and keeping you on track with automated alerts and reminders.

Get Actionable Insights

Our dashboards and benchmarking tool gives you actionable insights into key metrics, including Turnover and Benefits Insights, so you can develop a comprehensive benefits strategy.

Contain Costs

Our decision support tool has been shown to reduce some employers' premiums by 25%. Employees who use our tool also have premiums nearly 10% lower than those who did not.

Paycor®

How Paycor Helps

More than 30,000 medium and small businesses nationwide trust Paycor to help them engage, manage and develop their people. Paycor is known for delivering the best unified Human Capital Management (HCM) platform for the SMB market, but what makes us legendary is the total client experience we provide, from responsive service and user-friendly design to expert partnership and thought leadership. Our unique combination of technology and expertise helps clients streamline every aspect of people management so they can focus on what they know best—their business and their mission.

Learn more about Paycor's technology and expertise

VISIT PAYCOR.COM/HCM-SOFTWARE >

1 Henry J. Kaiser 2018 Employer Health Benefits Survey
2 MetLife's 17th Annual U.S. Employee Benefit Trends Study 2019
3 G2: 5 Major Human Resource Innovations in 2019
4 MetLife's 17th Annual U.S. Employee Benefit Trends Study 2019
5 PwC Health and Well-being Touchstone Survey
6 PwC Health and Well-being Touchstone Survey
7 Forrester Total Economic Impact™ Study, commissioned by Bswift, July 2017