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How important are voluntary benefits to your employees?

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What importance do employees and employers place on the importance of the benefits package? The recently released MetLife 10th Annual Study of Employee Benefits Trends suggests that voluntary benefits are of increasing interest to both groups. However, employers might be well advised to take a look at what employees' and potential employees' value most.

Overall, more than half (51%) of employees are interested in having their employer offer a wider array of voluntary benefits, and that percentage jumps to 57% for Gen Y and Gen X workers. Furthermore, the study found that 62% of surveyed Gen Y and Gen X employees are willing to bear more of the cost of their benefits rather than lose them. Employers seem to be aware of this increased interest, as 62% of those surveyed agree that in the next five years employee-paid benefits will become a more important strategy than they are today.

One emerging area, according to the survey, involves financial security. As a result of the economy, many employees-particularly younger generations-are turning with greater interest to employers for help with establishing financial security. Nearly half (49%) of all employees surveyed say that because of the economy, they are counting on employers' benefits programs to help with their financial protection needs, and that percentage climbs to 55% for Gen X workers and 66% for Gen Y.

This suggests that the majority of employers believe that the economy is actually creating opportunities for them to leverage workplace benefits to aid employee retention, attraction and productivity. This is noteworthy since one in three employees is hoping to work for a different employer this year and that jumps to one out of two among Gen Y employees. On the other hand, the study finds that employees who are very satisfied with their benefits are nearly three times as likely to say they are very satisfied with jobs and less likely to plan to leave.

The study illustrates that the past several years have eroded retirement savings, and the percentage of employees who have fallen behind schedule in their progress towards retirement savings has increased from 45% in 2004 to 50% in 2011. More than one-third of surveyed Baby Boomers (35%) say that as a result of economic conditions they plan to postpone their retirement. Having enough money in retirement is also a growing concern for younger workers. For instance, in 2003 one-third (33%) of employees ages 21 to 30 were very concerned about running out of money in retirement-now more than half (52%) of that age group are.

Workplace financial programs can help with retirement planning. The study found that only 39% of employees overall feel very confident in their ability to make the right financial decisions for themselves and their families, and 72% express interest in having various financial education programs made available in the workplace. The study also found that attending these programs can make a difference: 58% of people who attended a financial education program feel very confident in their decision making contrasted to 43% of people who had a program available to them but did not

attend.

The study highlights a correlation between benefits satisfaction and loyalty. 61% of employees who are very satisfied with their benefits say they feel a very strong sense of loyalty to their employer, as compared to 24% of employees who are very dissatisfied with benefits. Overall, more than half of surveyed employees (58%) say benefits are an important retention driver.

While employers seemed to understand how items like salary and wages, advancement opportunities and company culture influence employees' feelings of loyalty, they continue to underestimate the power of leveraging their benefits programs. 59% of employees said retirement benefits are very important for influencing their feeling of loyalty toward their employer, but only 42% of employers realized this. 51% of employees said the same for non-medical benefits like dental, disability, and life insurance, while only 32% of employers thought so.

Keeping employees, especially quality employees, satisfied is an issue that affects all employers. The survey findings clearly show that offering a solid benefits plan—and finding innovative ways to enhance it—may help employers attract and retain those employees who can help businesses maintain their competitive edge. No matter how you look at it, that's a benefit well worth the price.

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