

# HOP ON THE BULLET TRAIN:

## EMPLOYEE BENEFITS—WORTH A SECOND LOOK IN HIRING & RETENTION

While competitive pay and an inspiring company culture are key for hiring and retention, employers should not overlook the impact of employee benefits. Employers that focus resources and effort on providing desirable employee benefits can gain an edge in a tight labor market.

The fact that employers generally do not give employee benefits a second look is understandable. After all, companies are not founded for the purpose of providing their employees retirement and health benefits; instead, companies are created to manufacture and sell products or provide services. As most successful employers realize, however, ensuring employees are happy, healthy, and supported can help a company thrive and reach manufacturing, sales, and revenue goals.

Below are a few items to consider when taking a second look at your company's employee benefits offerings.

### **Build Your Employee Benefits Team**

Designing, implementing, and maintaining employee benefit plans can be a daunting task. There is simply too much information available for one person (or even one department) to handle. That is why employee benefits are best handled using a teams-based approach. A strong employee benefits team may have some or all of the following members: an insurance broker, a service provider (such as a third-party administrator), an employee benefits attorney, and HR professionals within the company or hired as external consultants. It is not likely that your company will need to be in constant contact with all team members. Instead, it can be helpful to establish a relationship with each team member so your company can quickly connect to get advice on particular issues or can reach out on an annual, bi-annual, or more frequent basis. Regular check-ins can help ensure that your company's employee benefit offerings meet your company's (and employees') needs while remaining compliant with applicable laws.

### **Understand How Your Employee Benefits Team Can Work for Your Company**

Once your company establishes its employee benefits team, consider how various professionals within your company might utilize the team.

- **HR Professionals.** Your company's HR professionals likely will have the most contact with your company's external employee benefits team. Internal HR professionals are on the front lines of employee relations and often are aware of employee needs and wants far sooner than other departments. Additionally, HR professionals hire, discipline, and terminate employees, which draws on their time and resources. Competitive employee



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benefits offerings can build a happy workforce, slowing the rate at which employees voluntarily leave the company. Fewer departing employees often means fewer positions to be filled, freeing up your company's HR professionals to work on other matters.

HR professionals are also often tasked with ensuring that the company's employee benefit plans are compliant with applicable laws. Unfortunately, compliance is often overlooked until small issues become larger (and more expensive). In this regard, the old adage "an ounce of prevention is worth a pound of cure" is fitting. Admittedly, employee benefit plans are expensive to design and implement, but the expense incurred at the outset can pay dividends in the form of avoided penalties, fees, resources, and headaches. It does not take much effort to find examples of how things can go sideways. Recently, for example, [it was reported that a large accounting firm entered into a \\$267 million preliminary settlement with employees](#) to resolve claims that the firm's retirement plan was shorting employees in its calculation of lump-sum distributions. Therefore, employers should take the steps in advance to ensure compliance.

- **C-suite Professionals.** Companies are not created for the purpose of providing employee benefits. So why should your company's leadership care about employee benefits? In addition to the reasons applicable to HR professionals described above, employee benefit plans can often accumulate significant amounts of money and become complex in design, which can affect the company's planning around mergers and acquisitions. Whether the company intends to grow in its current form, or whether it intends to sell its assets or stock, acquire another company, or merge with another company, the effect of the company's employee benefit plans should always be considered. Too many companies ignore employee benefits issues or delay notifying their employee benefits team of pending transactions, only to have these issues cost the parties money or even derail the transaction altogether. Further, transferring employees to another company or bringing on employees from an acquired company can add a layer of complexity to your company's existing employee benefit plans and cause employee relations issues if mishandled. It is a key best practice to inform your company's employee benefits team as soon as possible about a pending transaction so that employee benefits issues can be flagged and promptly addressed.
- **Implement an Employee-focused Approach to Benefits.** This point may seem obvious to some, but it bears reminding: employee benefit plans should be established to meet the employer's needs and resources *as well as the employees' needs and wants*. It doesn't matter how much a company spends on employee benefits if those benefits are not particularly wanted or valued by the employees.
  - **Take an Employee Poll.** One of the cheapest and most direct ways to know what employees want and need is to ask them. Consider taking a poll of employees, asking them to rank their benefit needs or wants. Simply giving employees a voice in what benefits are offered can significantly reduce the risk of employee dissatisfaction and empower the employer to make precise changes to its benefit offerings.
  - **Consider Diversity, Equity, and Inclusion.** A diverse workforce can introduce new voices and perspectives into a company's workforce and ethos. Companies often consider diversity, equity, and inclusion (DEI) in the context of hiring and employee engagement and advancement. However, employers should also

determine if their employee benefit plans are inadvertently failing to provide adequate coverage and support to, for example, families of different types, LGBTQIA+ employees, etc. By taking a look at the employer's employee benefit plans through the DEI lens, the employer can ensure that its DEI efforts penetrate into every layer of the company. And by increasing its support for historically marginalized employees, the employer will likely strengthen its culture.

- **Increase Employee Education about Benefits.** One piece of low-hanging fruit for employers hoping to increase employee satisfaction is increasing employee knowledge and understanding about the employer's benefit offerings, and how those offerings can fit in with an employee's current and future needs. Employees may be unaware of all the employer's benefit offerings, leaving savings opportunities and benefits on the table. Many employees do not realize how much money they will need for retirement which can cause these employees to defer too little money into their company's retirement plan. Further, employees may not appreciate that certain expenses, such as healthcare expenses, may constitute the largest share of their retirement expenses, especially in their later years of life. Proper education about the employer's health-related savings programs (such as health savings accounts or HSAs) can help remedy this savings shortfall and help employees feel financially prepared for retirement. Often, employee benefits service providers offer educational seminars for employees to help them understand their savings options.