Increasing the Return on Investment of your Benefits

An Employer Guide

pib employee benefits

PART OF pibGroup

Introduction

In the midst of rising costs, there's inevitably a heightened focus on managing and reducing the cost of employee benefits.

The companies we talk to know how important and influential employee benefits can be; our own research - conducted in 2023 - shows that 53% of employees would switch roles purely for better benefits elsewhere. But it can be a challenge to balance rising costs with the pressure to invest in benefits.

So – what can companies do?

This guide looks at some of the options, from focusing on employee engagement to taking advantage of value-added services that come with many of the insured benefit products.

We hope you find this guide useful as you review and optimise your benefits strategies for 2024. If you'd like to discuss any of the ideas raised with one of our team, please get in touch at contact@pib-eb.com.

Clare

Clare Dare
Head of Consulting - Health and Risk
Clare.Dare@pib-eb.com

Note: *All research quoted throughout this report references our* ***2023 Mind the Gap survey*** *unless stated otherwise.*

Key Challenges

The three underlying trends which are influencing decisions around benefits investment are:

Rising Benefits Costs

High mortality rates and rising medical inflation is driving up the cost of many benefits.

Worsening Health

Treatment delays and general worsening health[1] are causing business interruption.

Competitive Talent Landscape

Low unemployment and high vacancies are creating a competitive environment for talent.

This is further complicated when we consider some of the people challenges faced by HR leaders:

Low benefits engagement: Nearly a third of employees aren't accessing information about their benefits

Provision gaps: Many employees would like additional support from their employers, especially for their mental health, current finances, and physical health – for some employees, concerns over these issues are having a negative impact on productivity

High absence rates: Companies in the UK are facing the highest rates of sickness absence for over 10 years, with the average rate of employee absence now at 7.8 days per employee per year[2]

Evolving expectations: Two-thirds of employees would prefer more flexibility over the benefits they have

There are four key steps companies can take to help improve the return-of-investment of their benefits strategy, whilst also managing costs:

- Incorporate the value-added services provided by many insurers
- Focus on boosting employee engagement and benefits uptake
- Research employee needs and build into benefits programme
- Prioritise a preventative approach to employee wellbeing

"Companies should view benefits as an investment, rather than an expense. The right benefits can have a transformative impact on the lives of your employees, and their ability to live happier and more productive lives – both in and out of the workplace.

Joanne Neary
Head of Consulting
PIB Employee Benefits
joanne.neary@pib-eb.com

Incorporating Value-Added Services

Over the past few years, many protection and pension providers have started incorporating additional benefits into their core product offering. A diverse array of solutions are available, depending on supplier; such as employee assistance programmes, second opinion services, mental wellbeing apps, financial education sessions, and virtual dentists.

Tapping into these additional benefits are a good way of extracting additional value out of the provision you are already paying for, whilst simultaneously providing extra support for employees. Our research shows that 24% of employees want more mental health support, whilst 32% want more support with their current finances; utilising value-added services might be one route that employers could use to provide this support.

Good to know:

> Some products are available to uninsured employees, helping organisations provide much-needed support to employees who wouldn't ordinarily sit on protection schemes

> Not all services have universal access; it can depend on scheme size and design (your adviser can help you navigate this).

Actions to take:

If your company has an existing insured benefit in place (such as Private Medical Insurance, Group Life or Group Income Protection), it's worth checking whether you are currently utilising any value-added services that are available to your employees. Some pension providers are also helping provide financial wellbeing support, such as financial education sessions and money planning tools, to the members of their Workplace Pension Schemes at no additional cost.

Boosting Benefits Engagement

28%

28% of employees do not access information about their benefits

2023 Mind the Gap Survey

It goes without saying that employees cannot engage with benefits they don't know about. Prioritising communication and employee engagement will help drive awareness and benefits uptake.

Good to know:

> Incorporating Total Reward Statements (TRS) can help reinforce the value of benefits to employees – whilst encouraging engagement

> Utilising a multichannel approach is the most effective way of engaging a diverse workforce; not everyone will read (or has access to) emails

Actions to take:

Survey your employees around their communications preferences; ideally this should be part of both quantitative and qualitative research, to build a full picture of employee preferences – you can then use this information as the foundation for your communications plan.

"For most organisations we talk to, benefits engagement is a core success metric. Increasing benefits utilisation is an easy way of boosting the return of a sunk investment.

Joanne Neary
Head of Consulting
PIB Employee Benefits
joanne.neary@pib-eb.com

Diverse Support

It can be challenging – and cost-prohibitive – to provide a truly comprehensive range of paid-for benefits. Employee needs are inherently individual; they require a diverse array of benefit options to cater to the population. However, there is a clear demand for more choice and flexibility when it comes to benefits; 66% of employees would like more flexibility to pick and choose the benefits they can access.

Including Voluntary Benefits in your benefits strategy is one way of facilitating access to a wider selection of benefits, whilst balancing cost constraints. Voluntary benefits are paid for by the employee, either through payroll or directly with the provider (typically at a reduced cost compared to what employees can access individually).

Good to know:

- Using a technology portal which has ownership of the supplier relationships with voluntary benefit providers helps reduce administrative burden and procurement risk
- Another option are flex pots – a set fund of money which employees can use to purchase their own benefits

Actions to take:

Investigate using Voluntary Benefits to increase the benefit options available to employees, at minimal cost to the business. These can be introduced over a period of time to maximise the impact. Regular communication with employees will highlight all of the benefits on offer to them and allow them to make informed choices.

Preventative Approach to Wellbeing

29%

29% of employees would like their employer to provide more support for their physical health

Everyone's health is different, which is why it's important that employers have a multifaceted approach to supporting employee wellbeing. Our health risks exist on a spectrum, from prevention through intervention to remediation. The most cost-effective route for employers is to focus on the early stage of this scale, and mitigate against worsening health – not only will this positively impact future medical claim costs, but it can also help reduce absence rates and increase productivity.

Good to know:

- Your wellbeing strategy should focus beyond the 'traditional' pillars (physical and mental health) and also encompass financial health and social wellbeing
- Many value-added services are aimed at supporting employees' wellbeing; it can be easy (and free) to expand your existing wellbeing programme by tapping into what your providers are already offering
- It can be easy for companies to end up with duplicated wellbeing solutions so check whether you're inadvertently paying twice for similar services across different suppliers

Actions to take:

Focus on understanding the employee needs and the health risks that exist within your employee population; you can then maximise your existing wellbeing provision before optimising further investment to mitigate future risk. Talk to your Adviser about how to ensure you get the most value out of duplicated wellbeing solutions.

“Employees have diverse wellbeing needs; companies need to ensure they are providing wellbeing solutions that not only provide comprehensive support but also tackle the underlying issues and emerging risks.”

Suzanne Summerfield
Wellbeing Consultant
PIB Employee Benefits
Suzanne.Summerfield@pib-eb.com

Key actions

What can companies do now to start improving the return of their investment in benefits?

> Talk to their broker/insurer about the value-added services available from their Private Medical, Group Life or Group Income Protection provider

> Review your benefits uptake – are employees engaging and what gaps exist? Are there any areas which indicate hidden risks within your business?

> Survey employees about the benefits they have, use, and want – so you can identify any gaps and align provision to employee needs – and on their communications preferences

For more information on the issues covered in this guide, please get in touch with our benefits experts.

pib-eb.com
t. +44 345 565 1617 | **e.** info@pib-eb.com

pib employee benefits

PART OF pib Group

Endnotes

Endnotes

1 https://bma.org.uk/media/6520/the-country-is-getting-sicker-bma.pdf

2 https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/sickness-absence-rate-jumps/