

Executive Summary: Employee Benefits in a Post-Recession Economy

According to this research, the majority of HR professionals indicated that their organizations have been negatively affected by the U.S. and global economic recession. In this ever-changing economic climate, organizations are looking for ways to manage costs while at the same time dealing with the escalating expenses of employee benefits. So it is not surprising that 72% of HR professionals reported that the benefits offerings at their organization have been affected in some way.

Additional noteworthy findings included the following:

- ◆ Employee benefits remained relatively stable from 2009 to 2010. Last year's study revealed a small decrease in the percentage of organizations offering benefits from 2008 to 2009.
- ◆ The areas that experienced the biggest downward trend since 2009 were *housing and relocation benefits* and *business travel benefits*.
- ◆ Even though employee benefits have remained relatively stable since 2009, benefits offerings experienced a downward trend when compared with results from five years ago.
- ◆ With a few exceptions, the survey findings suggest that organizations with larger staff sizes were more likely than smaller ones to offer any given benefit.
- ◆ More than three-quarters (79%) of organizations reported they reviewed their benefits programs annually, and 10% reported reviewing them even more frequently.
- ◆ Organizations spent on average 19% of an employee's annual salary on mandatory benefits, 18% on voluntary benefits and 11% on pay for time not worked benefits.

What Do These Findings Mean for Your Organization?

A 2010 SHRM research report on job satisfaction found that employees ranked benefits among their top contributors to job satisfaction. Employee benefits offerings have become an increasingly important element of an employee's total compensation package. As a result, it is important for an employee benefits package to be attractive to both current and prospective employees while simultaneously being cost-effective.

Additional ways organizations can further leverage their benefits programs:

- ◆ **Monitor legislation and its potential impact:** HR professionals should constantly monitor changes in legislation to make sure their benefits programs are compliant with local, state and federal laws. The 2010 health care reform law in particular will affect how all organizations administer health care benefits. This new law is extremely complex, with some parts executed immediately and other parts implemented over the next several years. HR professionals will be relied upon to lead their organizations through this complex legislation.¹
- ◆ **Communication is vital:** Employee benefits play an important role in employee satisfaction and engagement. However, a disconnect exists between the dollar amount organizations spend on benefits and the employees' perception of the value of their benefits package. It is important that HR professionals help employees fully understand all of their options and the true value of their benefits. Total compensation statements, benefits workshops, employee meetings and social networking tools are examples of communication methods that organizations can use to help ensure their benefits program is valued, understood and used by employees.

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◆ **Review and ask for employee feedback:** An organization's benefits program should be reviewed and assessed not only to monitor associated costs and value but also to evaluate the competitiveness of the program. A well-designed employee program is based on employee needs and supports an organization's ability to attract and retain employees. The

majority of HR professionals in this study reported that their organizations reviewed their benefits programs at least once a year. Benchmarking tools, benefits needs assessments and employee surveys are great tools HR professionals can use to help their organizations customize benefits programs to meet their needs and to remain competitive.