

# The ROI on Employee Benefits

benefits  
MAGAZINE

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Offering good benefits—and regularly trying to make sure employees understand what benefits are available and how to use them—can help a company retain workers. Employees who are healthier and less stressed may be more productive.

by | **John T. Harmeling**

**D**o employee relationships need to be nurtured in the same way personal relationships do? Absolutely. After all, nearly 44% of workers who don't think their employers care about them say they're likely to leave their jobs within the next year, according to the 2013 *Aflac WorkForces Report*.<sup>1</sup> And while birthday gatherings and team-building exercises are nice, better benefits are what may keep workers from walking out the door.

Many employers and human resource (HR) managers limit benefits discussions to employee orientations and the weeks leading up to open enrollment. But to avoid “Dear John” letters from workers, frequent communication about benefits and the payoff employees will get from exploring new wellness activities should be ongoing. Halfway through 2013 is a

good time to ask: What benefits-related discussions have been initiated during the past six months?

An employer that has benefit offerings relevant to employees' physical and fiscal health should spread the word—regularly—and make sure employees know the employer is invested in their well-being.

### Less Stress

The American Medical Association says stress is a contributor to 60% of all illness and disease. Effects can range from physical discomfort such as headaches and muscle tension<sup>2</sup> to psychological disorders including depression and anxiety.<sup>3</sup> These conditions can lead to poor work performance, and workers who say they are stressed are nearly twice as likely to leave their jobs as workers who aren't stressed (33% vs. 19%).<sup>4</sup>

Factors contributing to stress are wide-

## takeaways >>

- For employers to get the most out of the benefits they offer, they should regularly communicate with employees about their benefits.
- Stress may contribute to 60% of illness and disease and lead to poor work performance and lower worker retention.
- Employers can encourage healthier eating and make it easier for employees to obtain healthy foods.
- Offering flexible spending accounts—and encouraging employees to contribute to and use them—can reduce stress over medical bills.
- Because employees' financial stability can affect an organization, employers may want to help educate them to protect their money.

ranging: Job or financial insecurity, poor health, unstable relationships and other personal issues barely scratch the surface of stress-inducing factors.

Employees who are insecure about their jobs or financial assets might be inclined to use working hours to search for new careers or calculate their household budgets. Unhealthy individuals might be less productive because they don't feel well, while employees juggling negative or unstable relationships might be distracted on the job. Each of these stress factors can lead to decreased productivity.

Many larger companies offer employee assistance programs (EAPs), which provide workers with access to stress counselors. Employees should be made aware that this benefit is available at their workplace. If the company does not have an EAP, it can bring in a counselor to talk to employees about steps they can take to manage stress. Or, the employer can take matters into its own hands and conduct a stress-management seminar. Here are a few tips an employer can share with employees:

- **Manage issues as they occur.** Letting stress snowball may seem efficient—after all, you're putting

your fears and concerns on hold in the hope of dealing with them all at once. But delaying “down time” only causes problems: Your body begins reacting to stress immediately, so don't let it accumulate.<sup>5</sup>

- **Avoid drugs and alcohol.** They might provide short-term relief, but they can add to your stress load by creating more problems in the long run.
- **Find support.** Seek help from a trusted partner, family member, friend, counselor or doctor. A sympathetic, nonjudgmental ear can lighten the burden.
- **Connect socially.** It is easy to isolate yourself after a stressful event, but don't forget to spend time with friends and loved ones.
- **Take short breaks.** Stay energized and productive throughout the day by periodically taking a few minutes to stand, stretch, breathe deeply and shake off tension. Short breaks between tasks can be

particularly effective, because they're a reminder that you've wrapped up one thing and are ready to move on to the next. The productivity you gain will more than make up for the time you spend on break.<sup>6</sup>

## Eating Well

Nutrition is one of the first things put on the back burner when schedules get crowded or people are too tired to cook for themselves. Employers might believe they're not responsible for employee nutrition, but it's in a company's best interest to invest in the culinary well-being of its workers. Nutrition has a direct correlation to overall health, and healthier employees are more productive and less likely to call in sick.

The effect of poor health on productivity costs the U.S. economy an estimated \$576 billion annually.<sup>7</sup> Of that total, \$227 billion is directly associated with poor health: Employees don't perform when they're ill and absent.

Similarly, they don't perform at their best when they are in the office but unwell. What's more, unhealthy employees are a financial liability in terms of wage replacement and medical and pharmacy costs.

Of course, employees need to hold themselves accountable for their overall health, but companies can make getting and staying healthy easier for them. Inspiring and educating is a start, but five other ways to encourage good nutrition are:

1. **Promote a healthy food policy.** Workplaces can promote healthy eating by providing nutritious foods in cafeterias and vending machines and at company functions.
2. **Partner with a local restaurant.** An employer can work with restaurants offering healthier menus to try to get discounted pricing for employees by joining a preferred-customer program. Employees may be more likely to eat at those locales because of the lower cost.
3. **Team with a farmers' market.** Making fresh produce more readily available encourages healthy eating and shows the employer is willing to think outside the box by offering unique resources.
4. **Bring in an expert.** Regularly bringing in a registered dietitian or nutritionist to answer questions and provide expert advice helps employees get—or stay—on the right track.
5. **Make it easy.** By providing nutrition resources in easily accessible locations, the employer will enable employees to educate themselves about various aspects of healthy eating. Free wellness applications that employees can download to their tablets or mobile phones can be highlighted.

### Planning Ahead

Stress and nutrition might be among the easier hurdles when it comes to showing employees they're valued. Financial planning, on the other hand, is more complex.

While the employer can always send out internal memos reminding staff to contribute to their 401(k)s, use their flexible spending account (FSA) funds and submit their work expenses, bigger steps to help with their finances are possible.

<< bio



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Consider that 92% of workers rank financial security as very important or essential to their happiness,<sup>8</sup> yet more than 60% say dealing with their finances causes stress.<sup>9</sup> Workers should have plans in place to cover not only day-to-day expenses, but also the costs of unexpected situations. Unfortunately, many do not. According to the Aflac study, 25% of American workers have less than \$500 in savings to pay out-of-pocket medical expenses associated with a serious illness or accident, and only 5% completely agree their families would be financially prepared in the event of an unexpected emergency.<sup>10</sup>

An employer can help protect its employees from financial trouble and educate them about the importance of protecting their money. And because one-third of workers admit that personal financial issues have been a source of workplace distraction, their economic stability may benefit the organization.<sup>11</sup> Two ways to help with employees' short-term protection are:

1. **Offer voluntary benefits.** Coping with an illness or injury can negatively affect an employee's finances. About 20% of those who sought financial counseling between 2010 and 2011 cited medical debt as their primary reason for seeking bankruptcy protection.<sup>12</sup> Offering insurance that helps workers address rising costs and protects their financial security is a component of a well-rounded benefits package—which, in turn, may increase employee retention and provide the employer with a

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### From the Bookstore

#### The Handbook of Employee Benefits: Health and Group Benefits, Seventh Edition

Jerry Rosenbloom. McGraw Hill. 2011.

For more details. Visit [www.ifebp.org/books.asp?8915](http://www.ifebp.org/books.asp?8915).

knowledgeable and experienced team of workers. Adding voluntary accident, disability, vision, dental and life insurance policies with premiums that are entirely paid by employees can help give workers what they need without directly affecting the organization's bottom line.

2. **Offer health care FSAs.** The temporary reduction in the Social Security payroll tax expired at the end of 2012, and workers have seen their paychecks shrink as a result. Anything employers can do to give their employees a tax break can be valuable in the face of increased Social Security deductions.

Employers may want to encourage employees to contribute to a tax-advantaged health care FSA and make them aware of the new \$2,500 cap on contributions put in place by health care reform. Just 33% of workers covered by health insurance contribute to a health care FSA.<sup>13</sup> Employees should understand that the benefits of doing so go beyond a tax break. Because contributions are automatically deducted from paychecks and unspent dollars are forfeited at the end of each calendar year, the FSA's use-it-or-lose-it nature may

encourage people to practice preventive medicine to make sure their money isn't wasted.

### The Value of Showing Value

There are many ways to make employees feel valued. While perks such as casual Fridays are always appreciated, initiatives with a positive effect on their lives are especially meaningful. Taking a hands-on approach to health and wellness throughout the year demonstrates that the employer cares about its workers all the time—not just on special occasions. Looking out for employees' physical and fiscal health promotes the well-being of individual team members and the company at large. 📍

### Endnotes

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