

Sticky benefits: How voluntary options can double employee tenure

More employers and HR leaders are now turning to benefits brokers because they recognize that offering a voluntary benefits program is not only a way to meet the needs of the workforce, but also a strategy for employee engagement and retention.

BY NEIL VASWANI

Employee retention and engagement continue to be major challenges facing companies today. Corestream, in collaboration with students from Duke University's Fuqua School of Business, analyzed the relationship between employee tenure and voluntary benefits enrollment in 1.4 million employees nationwide and found voluntary benefits may be the key to solving the employee engagement and tenure conundrum. Voluntary benefits include accident and critical illness insurance, financial wellness programs, pet insurance, and student loan assistance programs that are outside of typical medical, dental and vision offerings.

Low job satisfaction, lack of available job training or professional development opportunities, ineffective leadership, and employee benefits that don't meet the needs of the workforce are some contributing factors to employee turnover and lack of engagement. When employees are not satisfied, they are not engaged. Nearly one-third of employees are disengaged at work, costing U.S. employers \$450B to \$550B per year.

What can employers do to increase employee engagement and mitigate turnover? Studies show that a comprehensive benefits package that includes voluntary benefits has a direct, positive impact on employee tenure.

The impact of voluntary on employee tenure and engagement

Corestream collaborated with students from Duke University's Fuqua School of Business and modeling



confirmed that voluntary benefits enrollment is one of the best predictors of tenure – increasing to a median tenure of six years compared with three years for employees not enrolled in voluntary benefit programs. A separate study conducted by Corestream also found a correlation between voluntary benefits, retention and **employee engagement**. For over 68% of employees surveyed, voluntary benefits positively influenced their desire to work for and stay with an employer. The analysis also found that HR departments are increasingly leaning on voluntary benefits to help attract and keep the best talent engaged. Nearly half (46%) of HR professionals surveyed said voluntary benefits attract new talent, while almost 59% said they help to retain talent and 43% said the benefits help with employee engagement.

Key considerations when building a voluntary benefits program

Voluntary benefits programs have become the gold standard for forward-thinking employers

looking to hire and keep the best and brightest. More employers and HR leaders are now turning to benefits brokers because they recognize that offering a voluntary benefits program is not only a way to meet the needs of the workforce, but also a strategy for employee engagement and retention.

Here are five considerations to keep in mind when recommending and implementing a voluntary benefits program:

- **Put data to work** – Be analytical and data-driven in your approach to voluntary benefits. Since priorities vary based on a person’s particular needs (i.e., gender, age, living conditions, marital and parental status, etc.), tailor benefit offerings according to the needs of each employee to ensure that relevant support is provided. Dive into workforce data to better understand employees and where they are at in their life and work journeys.
- **Go digital with a focus on user experience** – Ensure the resource-finding process is simple and accessible. Benefit plans change or are constantly updated and with the various types of benefits available (from insurance programs to financial wellness), employees need an easy way to get access to the benefits information they need. With a majority of workforces now distributed and remote, consider a digital approach so that employees can access their benefits information, no matter when or where they need it. Optimize employee benefit journeys by offering a digital experience that’s simple for employees to navigate. A user-friendly platform can positively impact employee engagement and participation in benefit programs.
- **When it comes to communication, repetition is paramount** – A regular cadence in benefits communication is critical for employees to have sufficient and relevant information during their decision-making process during

open enrollment and throughout the year. Think of benefits communication in the same way advertisers think about connecting with consumers. In 2019, Anheuser-Busch made its largest-ever **investment on Super Bowl ads**, with eight ads totaling five and a half minutes in airtime. The “Rule of 7” – which states that it takes an average of seven interactions with your brand before a purchase will take place – applies to all effective communication strategies. Employee benefit communications are no different.

- **Organizational commitment sets the tone for program success** – **HR leaders** must educate decision makers within their organization, specifically company leaders, to support the idea that voluntary benefits have a positive influence in the workplace. Leadership buy-in can promote employee participation in benefit programs which, in turn, can also have an impact on employee engagement levels.
- **The more, the merrier** – Of all the five points, this is perhaps the most important. A recent 2020 study found that nearly 3 out of 4 employees (71%) reported that they would like their employers to offer more voluntary benefits. Offering a multitude of wellness programs, lifestyle benefits, insurance and more will deepen their engagement to participate in programs.

The reality is the workplace is changing and employee priorities are evolving. The COVID-19 pandemic has blurred the line between work and home life even further. It has also highlighted the importance of the relationship between employer and employees. Employers that support the employee and all aspects of their life show an investment not only in the overall health of employees but in their future as well.

Neil Vaswani is the CEO and co-founder of Corestream.