

Four Employee Benefits Trends to Help Attract and Retain Talent

Attracting and retaining top talent is more challenging than ever. Employment is up, and in 2018 U.S. unemployment was at a 10-year low¹ (falling to 4.4 percent this year), and aging Baby Boomers are reaching retirement age and exiting the workforce. In fact, the percentage of working-age Americans in the labor force had dropped to 62.9 percent, near a 40-year low. One way that businesses can attract employees is to understand their needs and provide a portfolio of benefits that are customized to the employee's stage of life. Additionally, businesses that empower employees to understand and effectively use their healthcare and retirement benefits can create a competitive advantage. Here are four tips for using employee benefits to help build and sustain a strong workforce.

1. Appeal to millennials

First, review your strategies for targeting different age groups. According to a survey by Glassdoor², employees aged 18 to 44 prefer benefits or perks to pay raises, compared to those aged 45 to 64. Employers want to hire millennials, who are poised to climb the career ladder and fill the ranks of exiting Baby Boomers. Contrary to popular myth, millennials crave job security as much as any generation prior to them. Qualtrics' Millennial Study³ reported that 77 percent would be willing to take a salary cut in exchange for long-term job security. In addition, 64 percent of millennials say benefits are extremely or very important to employer loyalty.

2. Help employees understand and adjust to new healthcare options

Some companies are adopting consumer-driven or high-deductible healthcare plans, with many pairing these with Health Savings Accounts (HSAs) or Health Reimbursement Arrangements (HRAs) to keep employee costs low. As employees adopt these solutions, they'll need the right tools to understand and use their health plans. Interest in HSAs has picked up among millennials, but only 50 percent⁴ are confident they have a strong understanding of their employee benefits. Consider new ways to increase their knowledge by offering education year-round, not only during the enrollment cycle.

3. Track-changing legislation

In addition to updating internal benefit policies, it's important to track changing healthcare and retirement plan legislation, as it may have far-reaching implications for how employee benefits are administered. The Kaiser Family Foundation⁵ reported that 96 percent of firms with 50 or more full-time employees offered at least one plan that would meet the Affordable Care Act's minimum value and affordability requirements. In 2018, Congress passed a two-year delay of the 40 percent excise tax (or "Cadillac Tax") imposed by the Affordable Care Act on high-cost employer-sponsored health plans. This change underscores the need to be aware of legislative activity.

4. Encourage informed decisions by promoting financial wellness programs and tools

A strong financial wellness program can empower employees and build loyalty to the firm. Take time to educate employees about the potential impact of major life events and how to prepare for and estimate the financial impact of future events to minimize the impact on other aspects of their lives.

The Bank of America Merrill Lynch 2017 Workplace Benefits Report⁶ found that the number one issue for employees is saving for retirement. Only one-third of employees are engaged with 401(k) plans—contributing 11 percent or more of their salary to their plan. To encourage better financial habits, 85 percent of employers⁷ plan to utilize a financial wellness program. Companies are expanding their educational resources to help inform employee retirement and healthcare decisions. These efforts include online financial/investment advice, group/classroom education and one-on-one support. Consider implementing additional support services and programs, or fully optimize your existing ones to engage employees and encourage positive actions.

Companies invest an enormous amount of resources in employee benefits, but without proper education and understanding may not receive the full value of these benefits. Offering robust plans and ensuring employees have the tools they need to make informed decisions can help you build a strong, sustainable workforce. Through education and financial wellness programs, companies can not only help employees to fully utilize benefits, they can build greater employee appreciation and loyalty as employees increasingly understand and exercise their benefits.

¹Bureau of Labor Statistics, 2017; ²Glassdoor, 2015; ³Qualtrics, 2016; ⁴Bank of America Merrill Lynch, 2016; ⁵The Henry J. Kaiser Family Foundation, 2016; ⁶Bank of America Merrill Lynch, 2017; ⁷Aon, 2017

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