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## Designing a Benefit Package for Your Small Business

If you're a small business owner, you face many challenges in growing your company. One of them is recruiting and retaining the best talent for your needs. When your primary goals are managing costs and increasing revenue, how do you sufficiently entice new recruits and reward current staff members for continually putting their best efforts forward? One way is ensuring that you provide a competitive, cost-effective benefit package comprised of both traditional and not-so-traditional benefits.

### Traditional benefits

In order to remain competitive, nearly all employers should offer some form of health insurance and retirement savings plan. Yet according to the U.S. Department of Labor, only 58% of small employers (those with fewer than 100 employees) offer health coverage and just 52% offer a retirement plan. (Source: National Compensation Survey, March 2015)

#### Health insurance

Small businesses can typically choose among traditional plans or managed care/health maintenance organizations (HMOs). Traditional plans are typically more expensive but tend to provide more access to providers. HMOs generally carry lower costs but have fewer options for care providers. Some small employers opt for a high-deductible health plan (HDHP) along with a health savings account (HSA). In an HDHP, employees carry a higher burden for up-front costs, but the HSA allows them to set aside money on a tax-advantaged basis to help defray these costs.

Note that a provision in 2010's Affordable Care Act requires employers with 50 or more full-time employees (as defined by the Act) to offer adequate health insurance that's affordable or face a possible penalty. "Adequate" means that the company's share of total plan costs must equal at least 60%. Coverage is "affordable" if an employee's share of the premium is less than 9.66% of his/her household income. (Originally delayed for employers with between 50

and 99 employees, the provision takes full effect for this employer group in 2016.) Employers with fewer than 25 full-time employees may also be eligible for a credit to help them pay for health insurance; certain conditions apply.

#### Retirement plans

In today's economic and political environment, most adults view retirement planning as a high financial priority. That's why it's important to include a retirement savings option in your benefit package. There are several options available to small employers, including traditional 401(k) plans, SIMPLE savings plans, and SEP-IRAs. A financial professional can help you choose the plan that's right for your company's needs.

#### Other options

Other traditional benefits include the following group insurance policies:

- **Life insurance:** These policies generally provide employees' survivors a death benefit in a set amount or an amount based on salary (e.g., two times salary).
- **Disability insurance:** These plans provide employees with an income stream should they become disabled. Benefit amounts are typically a percentage of salary.
- **Vision and dental coverage:** These plans tend to be highly valued by employees, as the costs associated with dental and vision treatments, which are generally not covered by health insurance, can be quite high.

### Not-so-traditional perks

In addition to traditional benefits, there are several not-so-traditional perks you can offer to help set your organization apart in the competition for talent.

#### Wellness programs

Some employers offer workplace-based wellness programs. Incentive-based wellness programs help improve overall employee engagement and



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encourage individuals to take responsibility for their own well-being. According to the Kaiser Family Foundation, 49% of small employers offer a wellness program. Of those employers, 15% provide a financial incentive to participate. Examples include a lower insurance premium or deductible, a larger contribution to a tax-advantaged savings account, a gift card, cash, or merchandise. (Source: Kaiser Family Foundation/Health Research & Education Trust 2015 *Employer Benefit Survey*)

### **Flexible work arrangements**

In today's hectic world, time is nearly as valuable as money. A company that values the work-life balance of its employees is nearly as highly valued as one that offers the best insurance or retirement plan. For this reason, one of the most popular and appreciated employee benefits available today is a flexible work environment. Once the hallmark of only small and "hip" technology companies, flexible work arrangements are growing in popularity. In fact, flexible scheduling is now offered by many larger, more established organizations as well.

Some examples of flexible work programs include:

- **Flex schedules:** work hours that are outside the norm, such as 7:00 a.m. to 4:00 p.m. instead of 8:00 a.m. to 5:00 p.m.
- **Condensed work weeks:** for example, working four 10-hour days instead of five 8-hour days
- **Telecommuting:** working from home or another remote location
- **Job-sharing:** allowing two or more employees to "share" the same job, essentially doing the work of one full-time employee (e.g., Jan works Monday through Wednesday noon, while Sam works Wednesday afternoon through Friday)
- **Part-time or a combination:** allowing employees to cut back to part-time during certain life stages, or use a combination of strategies to meet their needs

Allowing your employees to tailor their work schedules based on their individual needs demonstrates a great deal of respect and can generate an enormous amount of loyalty in return. Even if your business requires employees to be on-site during standard operating hours (such as a retail establishment), having a process in place that supports occasional paid time off to attend to outside obligations can have tremendously positive effects. These obligations might include doctors'

appointments, family commitments, and even unexpected emergencies, such as a sick relative. In some cases, these benefits have no costs associated with them, while in others, the costs may be minimal (e.g., the price of a smartphone or laptop to help employees remain productive while on the go).

### **Social activities**

Sponsoring periodic activities can help workers relax and get to know one another. Such events don't need to take much time out of the day, but can do wonders for building morale. Bring in lunch or schedule an office team trivia competition or group outing. If you work in a particular industry in which colleagues share a common passion, consider organizing events around that interest. For example, a sporting goods retailer could close up early on a slow-business afternoon and go for a hike or bike ride.

### **Concierge services, discounts**

You may also be able to negotiate with other local companies for employee discounts and services. Laundry service, dry cleaning pickup/drop-off, and meal providers that can deliver hot, family-sized, take-home dinners may help employees save both time and worry--and stay focused on the job.

### **Financial planning/education**

For many people, money worries can be distracting and time consuming. Consider inviting a local financial professional into your office to provide counseling sessions for your employees. While you don't necessarily have to pay for any services provided, simply offering the opportunity to get such help during work hours will be appreciated by your workforce.

### **Involve your employees**

The best benefits are those that meet the needs of your employees. Before making any assumptions, solicit ideas from your employees and then conduct a survey to see what benefits they value the most. Consider putting together teams of associates to help with the idea generation and execution. By involving your employees in the decisions that matter most to them, you demonstrate that you value their time, efforts, opinions, and hard work.

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