by Jan Wilson

BEEFING UP BENEFITS

Companies consider new ways to attract and retain employees.

Years ago, a company's employee benefits were neatly noted in a handbook and distributed to new employees upon hiring. Benefits included standard items like vacation time (only after six months or a year of employment), insurance information, 401(k) information, and employee holidays. Chances are, they may also have been discussed at an all-company meeting over the lunch hour.

Fast forward to 2016. With the area's unemployment rate hovering at 3%, a younger workforce that demands things once considered beyond the pale, and employers constantly challenged with attracting and retaining them, benefit offerings are beefing up. In some cases, they're even making a splash.

Consider Stoughton Trailers' recent press release announcing that it had enhanced its employee benefits package — health benefits, life insurance, and disability programs — without raising premiums. What was striking about this announcement was that it was an announcement at all. When was the last time a company released a press release touting its company benefits? But in today's environment, benefits are all the rage as companies try to navigate their way around Affordable Care Act (ACA) mandates and compete for employees.

EFFECTS OF ACA

A recent International Foundation of Employee Benefits Plans (IFEBP) survey of 446 human resources and benefits professionals found that one in five organizations expanded their wellness initiatives because of the Affordable Care Act and another 15% planned to do so in the next 12 months. While employees may benefit from the new changes, companies are struggling to keep costs in check, so they're going back to their employees for help.

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The IFEBP survey found that 37% of organizations have increased out-of-pocket limits in response to ACA, 34% increased in-network deductibles, and 31% raised employees' share of premium costs. In addition, 11% of organizations surveyed reported adjusting hours so fewer employees would qualify for full-time employee medical insurance.

Given these facts, Stoughton Trailers appears to be an anomaly.

According to several area experts, here's what is also trending in the realm of employee benefits.

WELLNESS PROGRAMS

A 2015 survey by the Society for Human Resource Management (SHRM) found that 80% of responding companies had wellness programs in place, with another 5% expecting to develop such programs in the next year. Programs might include smoking cessation help, lifestyle coaching, or incentives based on activity levels or diet.

At Employee Benefits Corp. in Madison, James Lyerly, product management director, says larger companies are starting to require some level of employee engagement in wellness initiatives to get certain benefits. "I think that's being driven by millennials entering the workplace and being bombarded with information about being healthy." As voracious users of technology that allows them to track their daily activity, this younger set is demanding that employers demonstrate sensitivity to wellness and healthy lifestyles, he explains.

"The industry is trying to respond to a market that is both trying to provide that level of benefit and also seeking tax advantage instruments into which to put the money instead of just providing after-tax instruments like a gift card," Lyerly says.

For example, the industry is developing a game-like points system to help employees track their activity. "We want the company to be able to say 'Hey, if you engage in our employee benefits program and demonstrate that you are engaged in wellness activities, we'll provide dollars into your flexible spending account,'" he explains.

There's also a nutrition tool allowing employees to scan a product's UPC barcode at the grocery store to determine its exact nutritional grade. If it doesn't meet a certain threshold, the tool will suggest three alternatives in that same category that score higher. "We're trying to personalize the education that you get," Lyerly says.

Employers only see the total accumulated points over a designated time period, and can reward employees accordingly. "They have no idea what an employee did to earn those points."

With so many web- or wearable-based benefits, are older employees adjusting? "Not everyone is 20 years old," Lyerly acknowledges, adding that the industry is working diligently to ensure wellness programs can be used by anyone regardless of age, "but the real success of the programs will require an older demographic to be the next wave of people adopting wearable and mobile technology.

"I'm very hopeful that the wearable technologies will become so commonplace that we'll be able to stop talking about younger versus older populations."

TELEMEDICINE

Some employers, such as Stoughton Trailers, offer onsite clinics, while other companies may provide visual interfaces using applications such as Skype for consultations with physicians. On-call services also are on the rise, according to SHRM, which "Uber-fies" the traditional house call by summoning a doctor to the workplace should an employee be hurt or fall ill at work.

STUDENT LOAN DEBT

Tuition reimbursement programs have been around a long time and can help retain employees, but they sometimes require judgment calls as to whether the field of study may or may not benefit the company. With student loan debt rising, employers are finding new ways to help. Cliff Mason, president of TASC (Total Administrative Services Corp.) in Madison, believes this is an area to pursue. "If I'm looking at a motivated employee who's doing well, working effectively, and benefitting the organization, why wouldn't I want to incent that person to stay by offering them a chance to pay back some student loans?" he says.

COMMUNITY GIVE BACK

Mike Johnson, benefits consultant at Cottingham & Butler, notes that today's younger workforce is extraordinarily clued in to paid time off for helping others. "If they don't get that in their nine-to-five jobs, they tend to get frustrated and seek other jobs," he says.

TASC uses GiveBack, an employee benefit that is easily administered and allows individuals to make a difference locally or globally by funneling portions of their paycheck to charities of their choice. "The more people involved, the more the charities benefit, and the more tied they are to the company making them better employees," Mason explains.

GiveBack can be easily arranged through payroll deduction, and TASC has been utilizing it for years. "Many employers are matching dollar-for-dollar, or 50 cents on the dollar," notes Mason. Employees have their own charitable giving account and can check online to monitor donations sent on their behalf. The idea promotes everyday giving, uses after-tax money, and is tax

deductible. "All of our United Way giving is funneled through GiveBack," Mason adds.

"From a TASC perspective, we celebrate what our employees and organizations do and pay our employees for up to 40 hours of volunteer time," he says. "At the end of the year we look at the impact we've had not only in Dane County but beyond."

FINANCIAL FITNESS

More and more, companies are taking a holistic approach toward employee benefits, recognizing that wellness incorporates not only physical health but financial security and psychological stability, as well. Financial wellness programs are a growing trend. "From the data I've seen, roughly 83% of employees are affected by some sort of financial stress at home and when that happens, it affects everything — your home life and your work," Johnson (Cottingham & Butler) says. Unfortunately, schools don't necessarily teach people how to balance checkbooks anymore, or how to be financially savvy, he notes.

Many employers are trying to fill that gap by offering low-impact financial seminars on the importance of maintaining strong credit scores, for example, whereas a high-impact strategy would involve one-on-one, in-depth sessions on financial planning, budgeting, or saving for retirement. "Statistics show that most employees, if hit with a $500 bill, can't pay it, and all this is happening while health care costs are increasing, so paychecks are getting smaller and wages have been stagnant over the past five years," Johnson says.

HIGH-DEDUCTIBLE PLANS

In 2015, the Kaiser Family Foundation conducted a health benefits survey and found that between 2006 and 2015, the average employee deductible jumped from $584 to $1,318. With employees taking less home in their paychecks each year, companies also need to be sure they're spending benefit money correctly, controlling costs, and remaining competitive, notes Johnson.

High-deductible health plans can help. "Employees are your biggest expense followed by benefits, so companies that are adapting cost-control measures — whether consumer-driven health plans, wellness strategies, or a disease or condition management plan — those are the companies that will have more stable, more affordable cost benefits over the long run," he says. "Without a plan, you're at the mercy of the market and that's not a good strategy."

HEALTH SAVINGS ACCOUNTS

Health Savings Accounts (HSAs), defined by the IRS as those with an annual deductible of $1,300 for an individual or $2,600 for family coverage, can help, as well. There is a limit to the annual contribution — $3,350 per year for individuals, or $6,750 for a family — but the money does not need to be spent in the same plan year. After age 65, the funds can be withdrawn tax-free for non-medical expenses, subject to ordinary income tax, but the interest earned is not taxable.

HEALTH COST TRANSPARENCY

Opening the books on the actual costs of health care, particularly with more and more people choosing high-deductible health plans, is crucial. Programs now allow consumers to see and compare the costs of medical procedures so they can make educated decisions about their doctors and their health care.

TRANSIT ACCOUNTS

Mason (TASC) cites one benefit being mandated in select major cities. Transit accounts, a pre-tax benefit, allow employees to put money toward their daily commute into and out of a city, and in San Francisco, New York City, and Washington, D.C., companies can be fined for not providing transit-related benefits, he says. Chicago is expected to be the next major urban area to consider this legislation. "Municipalities are trying to drive commuters out of their cars and get them into more effective, greener transportation, and they're willing to mandate transit accounts in order to achieve what they feel is for the better good of their community," Mason says.

Because a major employer with offices in both San Francisco and Madison would likely have to provide the same benefits in both cities, Mason believes this mandate will soon be adopted in second-tier cities, as well.

Mason notes that compliance is becoming more burdensome particularly related to ERISA, or the Employee Retirement Income Security Act of 1974, a federal law that applies to many private employers. It establishes minimum standards for retirement (pension plans), health, and other welfare benefit plans including life insurance, disability insurance, and apprenticeship plans.

"We're seeing some innovative benefits on the one hand, but on the other it's 'Oh, by the way, you have to be compliant because the government is watching,'" Mason says. "So the more you do, the more you might open yourself up for a compliance audit. It's kind of a double-edged sword. If you look at the cost of compliance, it eats into the ability of some employers to offer benefits, and it will only get worse," he warns.

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Fines for non-compliance also are stiffening as both state and federal governments look for more and more revenue and hire more enforcement people. "We're seeing that with the Department of Labor," Mason states. "That's where employers need to get some help. It's an unfortunate environment."

Companies offering employee benefits such as pet-friendly offices or in-office game rooms must be careful not to introduce perks that will later have to be taken away. "That's the worst part," Mason cautions, "so you have to take a short and long-term view." IB