



Off the Wire

January 2022

A Monthly Reprint of Articles of Importance to Employers

Want to attract new talent? The biggest incentive is your healthcare plan!

By Marcus Newman at Employee Benefits News



Editor's Note

Off The Wire is a reprint of articles for Human Resources professionals and business owners. It is published monthly and we always try to address the needs and concerns of the business community with a focus on benefits and HR-related topics.

We are interested in your feedback and welcome any comments! If there are any topics that interest you, feel free to contact us at (206) 414-4635. We will gladly do the research for you! If you would like to view past issues, they can be found on our website:

www.bene-corp.com



Amazon recently announced that it will hire 150,000 temporary workers in the United States to cover the increase in demand they expect for year-end purchases. To attract these new workers, Amazon is offering signing bonuses up to \$3,000.

A Chicago-area Kentucky Fried Chicken had a sign posted outside offering a \$500 signing bonus while the Burger King across the street was offering a \$750 signing bonus.

Further underscoring just how dire the situation is—as the country is headed into the busy holiday season—100% of retailers are having trouble hiring employees, according to a recent Korn Ferry survey. Meanwhile, the Labor Department reported nearly 4.3 million workers voluntarily quit their jobs in August, by far the most in the two decades the government has been keeping track.

Ask any number of businesses what their biggest challenge is right now and they will discuss the trouble they are having hiring quality staff. Strange as it may sound, offering these signing bonuses and higher starting salaries may not be the most cost effective way to find and hire the right employees. Wouldn't it be something if an adviser would help these businesses to understand that their approach toward health insurance might be the solution?

An adviser can separate him or herself from the rest of the pack by demonstrating his or her creativity. One way to do this is to encourage prospects to consider the idea that paying more toward employee health insurance can solve their problems and offer a better financial solution for their business, rather than offering incentives like sign-on bonuses or increased salaries.

When a business offers more money to potential new hires, there can be significant financial impact. Taxes will ultimately cause the business to spend more money than they originally intended to offer. When higher salaries or bonuses are paid to employees, that results in more taxes paid to the government. Businesses can expect to pay approximately 10-12% to Uncle Sam.

Don't forget about a prospect's retirement plan. If there is a match, then employees who are paid more will, on a percentage basis, have larger amounts deferred. This means the company must contribute more as well. Add another 3-5% to the offer.

Additionally, advisers should also remind prospects that higher starting salaries can also result in the expectation that existing employees will receive increases as well (attract and retain). Avoiding mass exodus can be expensive.

It's important to help prospects understand that implementing a forward-thinking health insurance strategy is the superior move from a financial perspective. A business can pay more toward insurance of its employees with any additional taxes. Additionally, an increased contribution toward insurance benefits does not necessitate additional contribution to a retirement plan. Simply put, it costs the business less money. Compared to a signing bonus, health insurance contribution is spread out over 12 months and therefore protects cash flow in a way that a signing bonus does not.

In regards to timing, our nation is still struggling to come out of a global pandemic. As a result, employee appetite for health insurance is at an all time high. Millions of people have been unemployed for some time. Many of them were sick, or afraid of getting sick and therefore postponed needed treatments and routine medical check-ups. If a prospect wants to get the attention of job seekers, but does not want to commit to paying for the entire health insurance premium at the company, an adviser has the opportunity to show their value. If one doesn't exist already, advisers can suggest the introduction of a "Bronze" high deductible, limited network plan for small businesses. This option can cost significantly less than their current choices. For example, a company could create a \$0 cost option for a single employee. Then, using that plan's premium as a "jumping off point," the group can ask employees to pay the difference, or a percentage of the difference, for a plan upgrade. By using a similar approach, businesses can advertise "free health insurance" and significantly increase the number of applications they receive.

Exploring a creative approach with prospects by suggesting that paying more for employees' health insurance will address their hiring concerns, appease current employees, and without any doubt, cost less money.

Of course, it goes without saying that every business has unique circumstance and there is no "one size fits all" solution to hiring or benefits. A quality adviser is aware of this and approaches every prospect with an open mind and no agenda. Create meaningful conversations with prospects, and show them a adviser who is capable of bringing creative strategies to the table that address their biggest concerns.

If you or employees need help understanding your company's health benefits, contact us here at Benecorp. We would be happy to help you find the answers you need.

Call us at (206) 414-4635

Or visit our website at www.Bene-corp.com