Assessing Benefit’s Plan

[Name of Student here]

[Name of Institute here]

**Why are Benefits important?**

HR department and overall organizations spend considerable resources on designing benefit’s package that can be used to employ new persons in the organization and to retain the talent that organizations already have. Large majority of employees consider that benefits are important for them to be satisfied by overall job. Benefits and retention are closely related to each other in a work place. Employees also consider switching their jobs because they expect to be offered better benefit’s package in other organizations. There has been a decline in unemployment over the past 3 years and in 2017, the country saw the lowest unemployment rate which makes it more difficult for the organizations to employ personnel that suit them. With benefits making up a large portion of total HR costs, there is a need for companies to come up with strategic benefits planning to make sure return on investment is maximized (SHRM, 2018).

Along with a compensation plan, benefits plan is one of the most important thing that organizations can take on. After setting up a strategic benefits program, there should be proper communication of this program to all employees within organization. A starting point for the organizations is to assess the most effective way of communication depending on size of work force, access to technology and whether employees work onsite or offsite. The communication strategy is then made to show the timeline and intensity of communication for various types of audience in the workforce. Some organizations tie communication to their values and culture while others may value corporate social responsibility may seek to give employees more time for social work. A comprehensive total rewards statement will let the employees know how much the company is investing in them. The organizations are continuously increasing their offerings related to employee benefits over the past year which may show their reaction to improved economic conditions. Considerable increase in health care benefits was noted from these organizations. Major objective of organizations increasing benefits was to retain employees and to attract new talent from the market.

**Health care benefits**

Health care spending in the US has grown to $ 3.3 trillion in 2016 which showed a 4.3% increase from the year 2015. Organizations are challenged to balance their costs and employee satisfaction with the help of increasing health related benefits. Almost all organizations in the US provided at least one form of health management plan to its employees. Organizations who have 50 or more full time employees are required to provide health insurance to their employees but most of the organizations having less than 50 employees also provided such services. The most popular plans are preferred provider organization or PPO plans. In term of controlling costs for organizations, CDHP plans were the most beneficial. There is a difference among healthcare benefits depending upon type of employee and relationship between employee and organization. Due to the presence of ACA, there has been an increase in health related care coverage for various groups of employees. Cost sharing is one strategy that is used to manage costs of health related benefits offered by company. A large percentage of organizations have offered their employees with cost sharing program. Some organizations limit the amount of money that can be spent on medical care of employee dependents. A common example can be given about spouses who are covered by some other organization in terms of health care benefits. With CDHP’s being more popular, they are accompanied with a rise in popularity of the HAS’s and more than half employers are offering this benefit in the year 2018. Percentage of organizations offering HRA’s has declined over the time period under consideration.

**Wellness Benefits**

Wellness benefits are designed to decrease employee anxiety and depression. In a work setting, these are employed to reduce workplace stress which is a common cause for employees to get sick. Employee sickness results in indirect costs arising from missed work and related productivity loss will form a considerable amount on yearly basis. These benefits will help employees to remain fit and avoid the possibility of developing critical; health conditions like chest pain, high blood pressure and heart attack. A considerable percentage of employers have increased their wellness benefits as well as information to a general wellness program (Farrell & Geist-Martin, 2005).

**Paid Leave Benefits**

A large number of employees thought that paid leaves are important in maintaining their overall job satisfaction but employees were not satisfied with the current paid leave’s program implemented by their organization. The workplace outcomes related to paid leaves’ program are also very important for organization and employees including higher productivity and morale. For the full-time employees, majority of organizations offered paid vacation benefits. Availing these vacations will mean that employees will be less affected by work place stress as well as improving relationships with their families. Strict targets will also force employees not to take full benefits from their available vacations along with lack of job rotation in the organization. Employees think that there is no one to replace them in their absence and they cannot go away from their jobs. Some other employees felt that they will never be able to get disconnected from their jobs fully. Effective organizations force their employees to take full advantage of their paid vacations and in turn reduce turnover and associated costs. A small number of organizations offer sick leaves to their full and part time employees. Not offering sick leaves will also mean lower costs for employer in terms of sick leaves and loss of work due to absence. Employees offered sick leaves are more likely to apply for medical leaves as compared to employees not offered such facility. In the long run, employees may face serious medical issues which can result in loss of productivity from their end as well as employees coming to work can make other employees ill as well. More employees are taking paid parental leaves between 2016 and 2018 with every type of parental leave increasing. There was an increase of maternity leaves along with paid paternity, adoption, foster child and surrogacy. Paid parental leave will allow employees to take full advantage along with the protection from Family and Medical Leave Act. There is a higher probability of offering parental benefits by large organizations as opposed to smaller organizations.

**Retirement Savings and Planning Benefits**

Large number of organizations have offered one or more retirement plans to their employees. These tradition401 K or similar plans remain to be the most popular among the employers. Roth 401 K plans experienced increase in the last five years jumping from 41% in 2014 to 59% in 2018. There is a considerable fall in other forms of contribution plans over the past five years including both defined and catch-up contributions plans (N.Davidson, L.Worrell, & Fox, 2017).

**Work-life and Convenience benefits**

It is important for employees to have sufficient balance between their work and professional lives. From the stand point of organizations, encouraging better work-life balance will mean that employees will be more motivated and will show higher productivity towards work. There are several ways in which organizations make sure that their employees have better work-life balance including flextime, telecommuting and compressed work weeks. More organizations are allowing employees to dress casually for one day each week. Some organizations are providing financial benefits to family members of their employees including financial and non-financial support (Beauregard & C.Henry, 2009).

**Financial and career benefits**

Many organizations offer additional types of compensation to their employees in form of bonuses, stock options, education assistance etc. Improving the overall compensation plan has been considered as one of the best recruiting strategies implemented by organizations. One common award used by organizations is the service anniversary award. Employee referral bonuses have also increased 10 percentage points as compared to 2017. Some bonuses have decreased from 2017 to 2018 including incentive bonus plans and retention bonuses for executives. Since there has been a decrease in unemployment across the country, organizations have to alter their compensation programs according to their needs and spend their budget in a wise way. In many ways, organizations offer insurance benefits to its employees in many forms including health, divorce, pet and life insurance. Common type is a group insurance that is paid by the organization and is offered by a majority of organizations. Another popular aspect will be to offer insurance for dependents. Organizations also provide employee benefits in form of transportation, technology and education with a majority of organizations providing free onsite parking to their employees. In terms of technology, organizations offer cell phones to employees which are fully or partially paid by the company. Some organizations offer discount on technological devices purchased by employees and free computers are also offered. Providing financial advice to employees is another way to benefit them which is used by more organizations as compared to last five years. Employees can benefit from this training while on work instead of being forced to take it in non-work hours.

The organization under consideration is offering a comprehensive plan for its employees including basic pay and minimal increments. There is a health insurance and a $ 401k plan. These benefits are not enough to keep a motivated workforce because there are better options available for the employees. There have to be many changes made in this benefit plan. First of all, company is planning to launch its services to Boston where hourly wages are higher as compared to other areas because of high demand and low supply of workers. Company may offer transportation or disbursement allowances to employees who are willing to work in Boston and keep their base pay lower. A comprehensive plan will also include medical facilities for employee himself, immediate spouse and children. In addition to health insurance, company may offer a group life insurance policy to its employees. In order to maintain work-life balance of its employees, organization must offer compressed weeks especially for those who are willing to work in the evening and night. Alternatively, company can have separate employees for day and evening shifts. Employees who have performed brilliantly for the past financial year may be offered a paid vacation for a week from the organization. For all the employees, there should be a bonus plan based on positive feedbacks from employees. In my opinion, the plan offered by organization should include a base pay, bonus based on performance, life and health insurance, retirement plan in the form of 401K which is already provided by the organization, financial advice for employees in form of regular class, health benefits extending to immediate family members, annual vacations which do not include performance based vacations. Some part of annual vacation should be paid for by the organization so that employees can come out of workplace anxiety and distress. Transportation costs during work hours or related to job should be paid by the organization.

# **References**

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