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Benefit Winter 2011 Insights

A Newsletter for Clients and Friends of PB&H Benefits, LLC

Do Your Employees Appreciate Their Benefits and Make the Correlation to Their Total Compensation?

It's just a fact that employers, especially those in highly competitive industries, must have a striking benefits package to remain competitive in attracting and retaining the best employees. You probably spend a great deal of time and money providing your employees with an attractive benefits package, but do they actually appreciate what you've invested? Do they even have the slightest idea of how much it costs you to provide them with it?

Sadly, most employers will find that their employees have no idea what they invest in providing good benefits. In fact, a number of surveys have shown that most employees vastly underestimate how much their employer contributes toward their benefits. These surveys also typically find that employees tend to have a negative attitude about the benefits their employer offers. Most employees tend to focus more on elements like cost-sharing methods and uncomfortably rising premiums.

The good news is that most employees don't have this attitude because they're ungrateful, but rather because

they really just don't realize how much it costs you to provide them with their benefits. Considering you want and need a return on such a major investment, you are left with figuring out how to better educate your employees on your side of the story. There are actually several low to no-cost ways that you can tell your story and help employees better appreciate their benefits.

Give Employees a Total Pay Statement

If you asked your employees to write down their total compensation, they'd probably write down their gross income. Even though what you pay toward an employee's benefits makes up a substantial portion of what you're paying to keep them, an employee rarely considers what you're paying toward their benefits as compensation.

You can illustrate the value of total compensation by breaking it down into various parts with a total pay statement chart. You can outsource for custom total pay statements or do it yourself with a spreadsheet application. Either way, make sure to include any

other compensation perks, such as employer-paid license fees, tuition reimbursement, on-site childcare, and so forth.

Include Cost as Part of Your Benefits Education

Most employers, whether it be during orientation for new employees or during annual enrollment periods, will provide at least one setting for employees to learn about their benefits. Employers shouldn't miss out on the opportunity to also emphasize the value of the benefits being offered and to remind employees that benefits are part of their total compensation. Even if your insurance carrier will be conducting the training, you can always ask your representative to at least mention the

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How To Plan A Successful Open Enrollment

The month of October marks the beginning of open enrollment for American workers who want benefits. This is the time of year when employees are able to join, change or drop their benefits. Recent research shows that 80 percent of workers feel that the workplace is the key source for savings products and personal insurance. American workers are enrolling in benefit plans for life insurance, long-term care insurance and disability coverage. The amount of workers signing up for life insurance is well over 75 percent. However, the number signing up for disability coverage isn't much higher than 60 percent. The amount of workers signing up for long-term care insurance is less than 25 percent.

One of the most important things people considering benefits should do is take the necessary time to do research and consider their options. These steps are necessary in order to make informed decisions. Workers who are considering enrolling in plans should speak to a qualified agent to discuss their options and which ones are best. It's also important to talk to partners and family members about long-term financial needs prior to deciding on benefits. There are several online tools that are valuable for determining individual needs. Many consumers are balancing various priorities and expenses in the tough economy. However, investing time in considering benefits is a vital step in the right direction. Taking control of financial security in the future is an important part of life that every working person should take seriously. Although nearly every person is aware of the importance of selecting benefits, less than 75 percent of

Americans proceed as far as enrollment.

It's not surprising that employees spend large amounts of time focusing on health care benefits prior to enrolling. Since the cost of health care is constantly rising, this is an important factor. While it is an important consideration, it's also crucial for employees to pay attention to securing enough coverage to protect themselves from the impact of long-term care or disability in the future. Research shows that nearly 30 percent of employees entering the workforce today will be disabled before reaching retirement age. Employers are a vital part of helping employees understand their benefit options. They are also needed to help determine which products are best for each individual. Employers must take all necessary steps to ensure that their employees are properly informed before making such vital decisions.

Research shows that several communication methods are used for conveying choices to employees. Workplace emails take the lead as the top choice. Group meetings during work hours and regular mail are also popular choices of communication. These three mediums are also the most preferred among American employees in the workforce. It's important for employers to evaluate their individual workplaces to determine which communication methods are best for their employees. It's best to choose the best one in order to avoid overloading employees with information. If this happens, they're less likely to realize the value of what they're being offered.

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total cost of benefits; what you, the employer, pays; and then the portion that the employee pays.

Consider Adding some Perks

Quantity, in having additional choices, can be just as important to employees as quality. Once you look at your benefits package, it might not seem attractive enough, or you might just want to add some additional incentives to help your employees see that their relationship with your business is valuable. Voluntary benefits and other perks like gym discounts, community service days, discounted pet insurance, and so forth have little, if any, cost to you. Keep in mind that adding choices, even if those choices involve 100% employee payment, can increase how much your employees appreciate their benefits. Your insurance agent can help you determine what voluntary benefits best suit the needs of your workplace.

In closing, it will be impossible for you to capitalize on your investment in benefits if your employees don't appreciate what you've invested and what they've gained. Remember that it doesn't take much effort to find out how your employees view their benefits. When benefits are being perceived poorly, it can be relatively inexpensive to make improvements.

7 Reasons To Add Voluntary Benefits

Since voluntary benefits work so well, they'll likely be around for a long time. Health reform and HHS have contributed to the many challenges in healthcare. Work well, people like them and they are affordable. The following are advantages of offering voluntary benefits:

1. Desired Benefits

Employees usually ask prospective employers about disability, life, health and dental benefits. It's always beneficial to be able to offer good prospective employees the benefits they desire.

2. No Employer Expenses

The only thing better than being able to offer employees the benefits they desire is being able to do so without paying much. The payroll tax savings gained from Section 125 offset the administrative costs that are often associated with voluntary benefits.

3. Group Rates

Since the rates are calculated for a group, individual costs for employees are lower. This means that employees are able to enjoy the same great benefits they desire for an affordable cost.

4. Lower Employee Turnover Rates

Employers who offer better benefit packages to their employees enjoy a low turnover rate. Good benefit choices also attract good prospective employees. When employment levels are high, it's essential for employers to have the best benefit offerings to attract the best job candidates.

5. No Secondary Market

Some of the best programs are only offered in plans that are sponsored by employers. This aspect is also more attractive to prospective employees because they can't obtain the same insurance coverage without working

for the employer who offers it.

6. Fosters Goodwill

Employees appreciate employers who show that they care enough to offer good benefit options. This shows employees that the employer cares about their individual needs and the needs of their families.

7. Good Underwriting

Most individuals are not able to find life or disability coverage on their own. This is especially true for individuals who have a medical history that is not favorable. Voluntary benefit plans have simple underwriting requirements. They are also guaranteed without any health questions.



In previous years, employers offered voluntary benefits to retain

employees, attract strong candidates and boost morale. They weren't as popular as they are now. Since there has been significant growth in economic pressures, most employers want to use these benefits because the plans have no direct costs for them. However, employers' costs aren't the only benefit. Many employers offer these benefits because their employees are able to afford them. The same employees may not be able to afford similar benefits on their own. Business owners are seeking better ways to manage healthcare expenses. They're also seeking more flexible benefit choices. In addition to reducing costs to employers, voluntary benefit plans reduce FICA contributions. Employees enjoy the benefit of paying less upfront for costly medical procedures or illnesses. If a serious illness or accident occurs, plan members receive cash benefits. These benefits may be used for groceries, travel, living expenses or other expenses related to the medical issue. Whether employers offer indemnity, discount or insurance, voluntary benefits are the best choice for employee relations, employee retention and company savings.

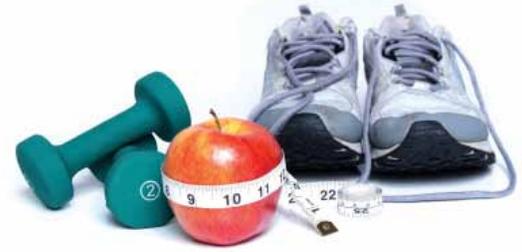
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6. Exercise contributes to a better attitude. When people exercise, the chemical changes in their body create a better mood. People who are in a good mood make excellent employees because they are more balanced mentally.
7. Employees who exercise inspire confidence in others. Fellow employees are likely to look up to an employee who is fit. The fit employee's discipline to follow an exercise program gives other employees the sense that they'll always have someone to provide solutions to problems. Fit employees are also more likely to speak up when something isn't right. If there are problems with other employees, a system or equipment, they're not too timid to confront their supervisors.
8. Encouraging exercise is a good way to promote teamwork. Planning employee softball games, hikes or other activities is a good way to encourage fitness. However, these examples also promote teamwork. When employees can learn to work as a team outside of work, they'll have an easier time working together as a team during business hours.
9. Fitness reduces employees' stress levels. Exercise has the phenomenal ability to lessen the amount of stress felt from physical and emotional tensions in life. Employees who aren't stressed are more focused, positive and happy. Their clear minds allow them to focus on work, which means they contribute to a much higher level of productivity.
10. Encouraging employee fitness shows that employers care. Many employees feel that their employers don't appreciate them or their contributions. Employee turnover is reduced in work settings where employers show genuine concern for employees. Providing free gym memberships, employee sports leagues or other enjoyable fitness opportunities is an excellent way to say "I care about you."

10 Reasons To Encourage Fitness In The Workplace

Every employer knows that the most important assets to any company are employees. The ultimate goal employers want from employees is to reach maximum productivity levels. To accomplish this, employees need to be at their best. Promoting fitness is one of the most beneficial choices any employer can make to encourage their workers to reach their full potential. Exercise supports an optimal weight, better overall health and has many other benefits. Consider the following important reasons for promoting employee fitness:

1. Fit employees are less likely to use sick days. When employees use less sick days, they contribute more to overall productivity. They also reduce the hassle of trying to find replacements at the last minute. Employees who exercise are much less likely to get sick than those who don't exercise. Fit employees are also less likely to take an extended leave of absence,
2. Employees who are fit are more confident. Exercise gives employees the feeling that they're doing what they're supposed to be doing. This creates a sense of confidence, which allows them to set higher goals and strive for excellence. Since they don't settle for less than meeting their goals, they are very successful.
3. Exercise gives employees more energy. While many people think exercising drains energy levels, it actually creates more energy. Exercise promotes better circulation, which allows ample amounts of blood to reach the brain consistently. This makes employees more focused and alert.
4. Exercise encourages goal achievement. Fitness programs demand commitment and goal setting. Since employees



are familiar with these important tasks, they'll also carry them into the workplace. Employees who can achieve goals consistently are an asset to any company.

5. Employees who are fit make good leaders. Since they're disciplined by nature, fit employees tend to do well at leading others. Their confidence is high, and they tend to use that to help direct others. They're usually the first ones to jump in with a solution to a problem. Every employer knows that having a problem solver is an asset.

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