

Meeting Employee Demands With Voluntary Benefits

As labor markets remain competitive this year, many employers note that matching workers' demands for compensation is their most significant attraction and retention challenge. If drastic wage increases aren't feasible, voluntary benefits can offer a competitive solution without raising costs.

Voluntary benefits supplement traditional benefits and offer coverage and products available to employees for elective purchase. Voluntary benefits have four key characteristics:

1. They are paid fully or partially by employees.
2. They are offered through an employer.
3. They are solicited and enrolled through a carrier or enrollment firm.
4. They are paid through automatic payroll deductions.

Voluntary benefits have become more popular in recent years because of their cost efficiency, flexibility and contribution to employees' work-life balance. Also, as health care costs continue to rise, so does the demand for voluntary benefits. Employers have expanded or are considering expanding voluntary benefits offerings for the following reasons:

- Employees have a strong emotional appeal toward these benefits and expect them.
- Voluntary benefits are employee-paid so that employers can offer them without any additional fees or costs.

- These benefits are easy to implement and require little post-implementation administration or support from employers.

Zywave's 2023 Attraction and Retention Employer Pulse Survey found that the vast majority of respondents (83.19%) indicated that they plan to offer the same voluntary benefits in 2024 as they did in 2023. Only a small percentage of respondents plan to expand voluntary benefits options in 2024 (15.97%). This is significant because it shows that over 99% of respondents plan on offering the same or more voluntary benefits options in 2024, demonstrating that most employers believe voluntary benefits are essential in today's competitive market and necessary to meet employee demands. In fact, most respondents (64.75%) offer voluntary benefits as part of a strategy to improve employee attraction and retention. Most respondents are likely not planning on expanding their voluntary benefits offerings in 2024 because most organizations have increased their voluntary benefits programs over the last several years.

Voluntary Benefits for Today's World

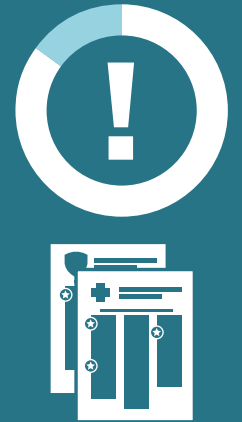
Voluntary benefits, such as dental, vision and life insurance, are the most common options survey respondents currently offer their workers. This is unsurprising since most employees have come to expect their employers to offer these benefits. Organizations that don't provide these voluntary benefits likely experience greater difficulty attracting and retaining key talent.

Other less common voluntary benefits have grown in popularity in recent years. For example, critical illness and hospital indemnity, pet insurance and long-term care insurance have become more popular in response to employee demands and needs.

To better address attraction and retention struggles, employers can explore offering core voluntary benefits if they don't already. They may also consider expanding and adding niche voluntary benefits to round out their offerings. Surveying employees is a way to learn more about which voluntary benefits meet the desires of a specific workforce.



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A majority of employers (85%) have seen an increasing demand from employees for personalized benefits, according to a survey by investment management company Franklin Templeton. Additionally, 63% of employers recognized that voluntary benefits are gaining popularity among their workforce.