

# Are You Utilizing Benefit Statements To Their Fullest Advantage?

By Tom Smith

According to a recent U.S. Chamber of Commerce survey, there's a disconnect between what companies spend on benefits and how employees perceive that investment. The study found that nearly 80% of workers don't understand the real value of their total rewards package. In fact, a lot of employees never fully grasp what their benefits are worth until they receive a COBRA letter – and by then it's too late.

Given this, it's essential that employers effectively clarify and communicate the value of their benefits. And the more detail the better. Instead of grouping benefits into a few large sums, employers should clearly show *all* employee benefits – from medical, dental and life to 401(k) contributions and other company perks such as gym memberships, mobile phones/Blackberries, dry cleaning and day care.

## An Online Solution

While benefit statements have been around for years, technology and greater centralization of data are making it easier for employers to pull the necessary information. One solution that's gaining popularity is working with a firm that utilizes Internet technology to manipulate data and produce benefit statements. This approach results in both online and paper benefit statements. Online statements differ from traditional benefit statements in that employees can access current/updated information at any time.

Online statements also offer major advantages for businesses that operate in highly competitive fields. For example, if an employee receives a job offer from a competitor, he or she can not only compare salaries, but can also factor in current benefits and perks. The information is right at the employee's fingertips and can be linked to an existing self-service web site. If the competitor isn't offering the same level of benefits, the well-informed employee may decide to stay instead of jumping ship.

More importantly, the online benefit statement can be accessed through an employer utility page that gives the HR department instant access to statements when they're needed most – at annual review time or when an employee is thinking about another job. At an even higher level of utilization, an interactive online benefit statement can be created on-demand during the recruiting process. This gives HR a tool that illustrates total compensation for a prospective employee based on salary level and benefit participation (if the employee accepts the position).

## Informed Consumers

Another advantage to using benefit statements: As the move toward consumer driven health care continues,

employees will be migrating from an entitlement mindset to being informed consumers of health care. They'll be making major decisions about their benefit choices, which means that understanding the costs associated with their decisions is critical. Benefit statements are a fantastic tool to facilitate this process and help educate employees about health care costs.

Benefit statements can also help ease the transition when companies make changes to their benefit plans. For example, a firm may have to raise its health premiums. One way to minimize backlash is to use benefit statements to help explain the reasons and factors that culminated in the decision to raise premiums. By providing this information up front, the employer can answer questions and solve potential problems before they occur.

In addition, benefit statements make life easier for HR departments by helping them aggregate information from different sources. A good benefit statement vendor can collect information – such as 401(k) contributions, benefit plan premiums and vacation days – from different data sources, including payroll, HRIS systems, information services, vendors, regional offices and other multiple sources – without requiring the company to manipulate the data.

## Cost Justification

Employers owe it to themselves to communicate to current and potential employees just how valuable their total rewards programs really are. The expense can be easily justified if you look at very conservative estimates of turnover figures. Assuming that the cost of recruiting a replacement and getting them up to speed is one-third of an employee's salary (and most studies indicate it is higher than that), it would only require retaining a few employees to justify the expense of a benefit statement project.

Bottom line: Solutions like employee benefit statements are an effective and proven method to help educate workers about the value of their "hidden paycheck." By using solutions like this, employers are ultimately able to better manage their workforce, attract and retain top employees, boost employee morale and, most importantly, strengthen the company as a whole. 🏠

*Tom Smith is founder of HiddenPaycheck.com and president of BeneSync, one of the nation's leading employee benefit statement companies. For more information, go to [www.hiddenpaycheck.com](http://www.hiddenpaycheck.com) or call (888) 808-1884.*