

Benefits Insights

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Key Findings from Zywave's 2023-24 Voluntary Benefits Benchmarking Overview

In November 2023, Zywave conducted its 2023 Attraction and Retention Employee Pulse Survey to collect employers' insights into attraction and retention challenges, workplace strategies and voluntary benefits utilization. More than 130 employers responded to the nationwide survey from various industries, including finance, insurance and real estate, manufacturing, health care, nonprofit, construction, and retail and wholesale trade. This survey was completed by respondents in all regions of the United States employing workforces of sizes varying between fewer than 10 and over 1,000, with the largest category employing between 50 and 99 employees.

This survey provides valuable insights into voluntary benefits trends and strategies. Key findings from the survey suggest that many employers view offering or expanding their voluntary benefits programs as an effective strategy to address their attraction and retention challenges in 2024, especially as many organizations struggle to meet their workers' demands for increased compensation.

This article summarizes the survey and provides general insights and takeaways regarding voluntary benefits.

Attraction and Retention Challenges' Impact on Employee Benefits

Attraction and retention challenges persisted throughout 2023 as employers struggled to find and keep workers. Zywave's 2023 Attraction and Retention Employer Pulse Survey found that the majority of survey respondents (60.31%) consider attracting and retaining employees a top-five business challenge for their organizations. Unfortunately, most of these employers expect their attraction and

retention challenges to stay about the same in 2024. Organizations reported more difficulty attracting new workers (55.38%) than retaining existing ones (46.56%), as more workers have decided to remain in their current positions rather than test the labor market.

Compared to what employers have experienced since the beginning of the COVID-19 pandemic, labor markets are expected to remain competitive yet ease up in 2024. According to Zywave's survey, respondents identified matching workers' demands for compensation as their most significant attraction and retention challenge. For employers unable to increase employee compensation to meet employee demands, voluntary benefits can offer a competitive solution without raising costs.

Voluntary Benefits Programs

Voluntary benefits have become more popular in recent years because of their cost efficiency and portability, as well as their contribution to employees' work-life balance. Employers have expanded or are considering expanding voluntary benefits offerings for the following reasons:

- Employees have a strong emotional appeal toward these benefits and have come to expect them.
- Employers can offer voluntary benefits without any additional fees or costs.
- These benefits are easy to implement because most do not have legal and regulatory issues associated with insurance benefits.



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- Voluntary benefits require little post-implementation administration or support from employers.

Offering voluntary benefits programs provides several advantages for employers. For example, these programs are often a cost-effective way to supplement any benefits cuts or reductions. They also provide employers with a way to control increased expenses in the face of rising benefits costs. Since employees want and have come to expect voluntary benefits as part of a competitive benefits package, these benefits are important tools for attracting and retaining key talent and a way for employers to differentiate themselves from their competitors. As such, more employers plan to expand their voluntary benefits offerings in 2024.

Expansion of Voluntary Benefits Programs

As health care costs continue to rise, so does the demand for voluntary benefits. Since many employers find it increasingly difficult to provide employees with competitive benefits packages, voluntary benefits have become an ideal solution. Zywave's 2023 Attraction and Retention Employer Pulse Survey found that 27.69% of survey respondents identified offering competitive health care benefits amid rising costs as one of their organization's top three most significant attraction and retention challenges.

The vast majority of respondents (83.19%) indicated that they're planning 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, the majority of respondents (64.75%) offer voluntary benefits as part of a strategy to improve employee attraction and retention. It's likely that the majority of respondents aren't planning on expanding their voluntary benefits offerings in 2024 because most organizations have been increasing their voluntary benefits programs over the last several years.

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 decide not to provide these voluntary benefits likely experience greater difficulty attracting and retaining key talent.

In recent years, the pandemic, tight labor market and inflation have resulted in an increased demand for voluntary benefits to help employees protect themselves against unexpected health and other costs and improve their overall well-being. Consequently, certain voluntary benefits, including critical illness and hospital indemnity, pet insurance and long-term care insurance, have experienced substantial growth as employers have responded to employee demands and needs. Due to persistent inflation and recession concerns, more employers are expected to increasingly offer financial wellness benefits in 2024.

To better address attraction and retention struggles in 2024, employers can explore offering core voluntary benefits (e.g., dental, vision and life insurance; short- and long-term disability) if they don't already. They may also consider expanding to other options that are popular with employees, such as critical illness, hospital indemnity insurance and pet insurance. Surveying employees can offer a way to learn more about which voluntary benefits meet the desires of a specific workforce.

Employer Takeaway

The responses to the 2023 Attraction and Retention Employer Pulse Survey suggest that even though the labor market may be softening, employers' attraction and retention struggles will continue through 2024. Since attracting and retaining talent continues to be a primary challenge for organizations, employers are searching for effective ways to address this issue while remaining competitive. As survey results reveal, many employers view offering or expanding voluntary benefits programs as an effective strategy for addressing attraction and retention struggles. Implementing impactful voluntary benefits programs that meet employee demands and needs may not only deliver valuable benefits to employees but also help employers stand out in today's competitive labor market.

Being aware of these survey results and their effects can empower savvy employers to differentiate themselves from their competition. The most effective voluntary benefits

strategies will vary by organization; however, employers who take a proactive approach to their benefits programs will be better positioned to meet their employees' needs and find longer-term solutions to address their attraction and retention challenges.

Contact us for the full 2023-24 Voluntary Benefits Benchmarking Overview or more employee benefits resources.