Attraction & Retention

QUARTERLY NEWSLETTER

1st QUARTER 2019

MARKET RECAP

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Market Recap

Tight Labor Market Means Listen to Employees or Risk Losing Them

As they have for the past decade, health care costs rose steadily in 2018, albeit at a slower pace than recent years. Since 2017, insurance premiums increased 3 percent for single coverage and 5 percent for family coverage. In this relatively stable health insurance market, employees have their pick of affordable coverage options, meaning employers must step up and differentiate themselves if they want to attract and retain talent.

One successful benefits retention tactic looks at employee needs and financial realities. It has a two-pronged approach: offer meaningful benefits to employees and cover much of their costs.

Meaningful benefits, in this case, are those that employees actually want and will use. In 2018, 80 percent of companies only offered one type of health plan. This suggests that employers are offering one plan due to cost or perceived employee interest. The tight labor market could also be a culprit of plateauing high deductible plan options. With this in mind, consider broadening those options to give employees more choice in their benefits. If you want to attract talent, providing meaningful benefits is a good place to start, but the price must be right for employees.

Covering a significant portion of insurance premiums can also be a huge attraction and retention tool. The average worker contributes 65 percent more for family coverage than they did 10 years ago—that's with employers still chipping in. To further illustrate the effect price has on employee enrollment, companies with few low-wage workers had nearly 80 percent of employees enrolled in their benefits. Companies with many low-wage workers only saw 54 percent enrollment.

Recognizing that more affordable coverage may exist elsewhere, employees are likely scrutinizing how much their employers are willing to cover. If their company won't cover most of their insurance costs, they'll find one who will. With stable health costs and a tight labor market, having a solid benefits retention strategy is critical for any employer.

Statistics source: The Kaiser Family Foundation Employer Health Benefits 2018 Annual Survey

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Tracking Retention by the Numbers

Turnover is a reality all businesses must cope with, but poor retention is not. If you can't explain each employee's reason for departing, you're already behind. Strong retention starts with data, involves some calculating and benchmarking, and ends with implementing meaningful strategies.

Sifting for Data

You need to know why people leave and, just as important, why people stay. Here are just a few ways you can get the analytics you need to implement real changes:

- Conduct exit interviews with departing employees. Ask about why they are leaving and insist they be candid.
- Survey current employees about what they like most and least about their jobs. Be sure to ask what their ideal workplace would look like.
- Gain employee feedback regularly during pre-scheduled meetings with supervisors.
- Count the number of employees who have been there over two years. Their feedback will be crucial.

Most importantly, once you have this information, you must compile it somewhere. It does you no good sitting in individual files in a cabinet.

Crunching the Numbers

There are many ways to examine retention, depending what you're looking for. Here are a few ways to get started:

- Keep tally of how many employees are leaving voluntarily versus being let go.
- Calculate your turnover rate. Do this by calculating your entire population divided by the number of departing employees. For instance, a 200-person business that lost 15 employees has a 13 percent turnover rate. Do this monthly for more detailed insight.
- Calculate your retention rate. This is opposite from the turnover rate, so if your turnover rate is 13 percent, your retention rate is 87 percent.

Putting it All Together

Once you have your analysis, you should be able to start piecing together reasons for the data you're seeing. For instance, if you lost 2 percent of employees in September, you may have exit interview data that shows all those employees were students returning to classes.

Understanding how the data fits into place will help you design your retention strategies. Look for patterns as to why people are leaving, then brainstorm how you can stop that trend. And, as always, be sure to acknowledge what you're doing well, then emphasize those facets.

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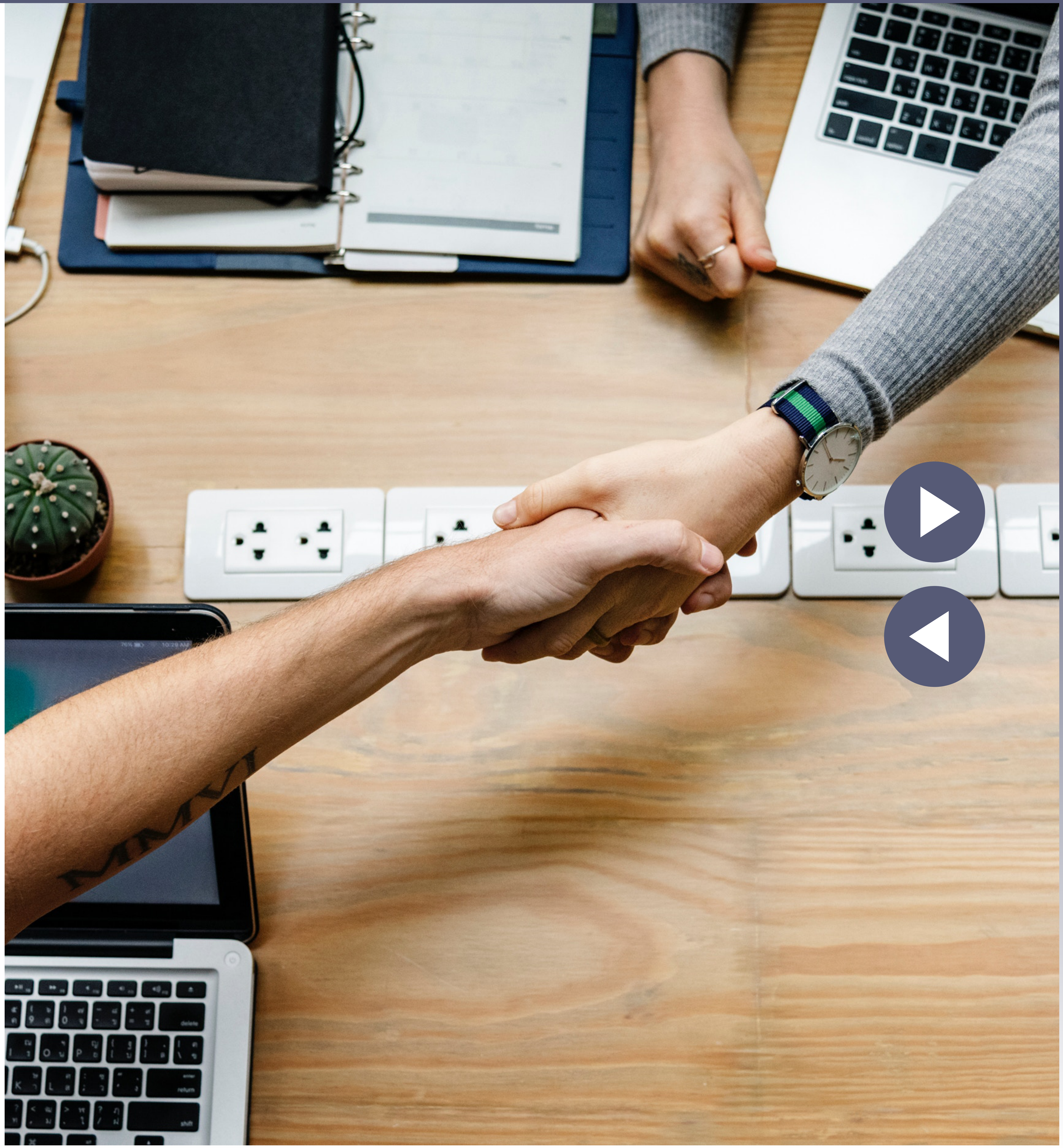

Securing Talent

Use Voluntary Benefits to Bring in Millennials

Millennials are flooding the workforce and will soon surpass the baby boomer generation by volume. This makes them the prime target for your attraction efforts. But, unlike their predecessors, offerings like medical, dental and vision insurance aren't enough to get millennials in the door. They are looking for unique benefits that fit their lifestyles and budgets, which is where traditional benefits fall short. So, where do you start?

First, you must understand the millennial mentality to know which benefits will entice their generation. Millennials prize choice and affordability over most other aspects, which makes voluntary benefits a natural way to attract them. The voluntary benefits you offer should have a number of options and should accomplish one main goal: enhance lives by reducing financial burdens.

This goal becomes clearer when you realize that a large percentage of millennials will be shouldering their student loan debts well into their 30s and 40s, according to an ORC International survey. With the collective student loan debt in the U.S. reaching far past $1 trillion, financial aid-focused voluntary benefits can look very welcoming to job-hungry millennials.

Here are a few benefits aimed at helping financially burdened millennials. Keep these in mind when devising your own voluntary benefits offerings.

- Student loan counseling: Programs offered through employers that help employees manage their debt or refinance loans outright.
- Employer financing: Opportunities where employers help employees pay off student loans by matching contributions or creating an alternative payment plan.
- Purchase programs: Programs where employees go through their employer to make large purchases, like a washing machine, then repay the employer on a lenient schedule.

Workplace Outlook

Each month, the Bureau of Labor Statistics (BLS) surveys around 149,000 businesses and government agencies and publishes the data the following month. This information offers a snapshot of the country's employment health and growth. Below is the data for November 2018, the most recent month available.

Unemployment rate:
3.7 percent (unchanged—approximately 6 million people)

Total nonfarm* payroll employment:
155,000 new jobs (down from the 237,000 added in October)

Primary job gains:
health care, manufacturing, and transportation and warehousing

- Health care: +32,000
- Manufacturing: +27,000
- Transportation and warehousing: +25,000

Average job growth over past three months: +170,000

Statistics source: Bureau of Labor Statistics

*Nonfarm: goods, construction and manufacturing companies in the U.S. The data excludes farm workers, private employees, and nonprofict organizations.