



Employee Benefits Pulse Check

How to attract and retain employees in 2023

Introduction and summary

There are new jobs, new ways of working, and new regulations. In this environment, employees are wielding a new found power to demand better pay and benefits. Despite a looming recession, retaining and attracting top talent continues to be a challenge for employers.

Lively's inaugural Employee Benefits Pulse Check report captures and shares what's at the top of HR leaders' minds and what they are doing right now to keep up with shifting marketplace and employee expectations. In partnership with CITE research, we surveyed 250 HR leaders across the United States and multiple industries to capture key data and understand current trends around employee benefits, healthcare, health policy, and retirement.

Key findings and critical takeaways in this report include:

- Facing a 20% average employee turnover rate, organizations are increasing salaries and benefits.
 - 84% increased benefits to attract and retain employees.
- Increased base salaries, flexible work arrangements, and better healthcare coverage are the most impactful actions employers can take to attract talent.
 - 72% improved employee base salary and remote or flexible work arrangements.

- High inflation has increased the importance of offering competitive financial benefits
 - 80% of HR leaders feel that offering competitive financial benefits is more important for attracting and retaining employees than it was a year ago.
- As focus on family planning and reproductive health benefits in the workplace increases, so does the importance of benefits education.
 - 94% say parental leave benefits are the most important to attract and retain employees.

This report also includes key steps HR leaders and benefits brokers can take to ensure they are meeting the needs of their employees and clients. Taking decisive action will help drive employee retention in a volatile economic, legislative, and healthcare environment. We hope that HR leaders can use this report as a resource as they begin to assess and plan their benefits offerings for 2023.

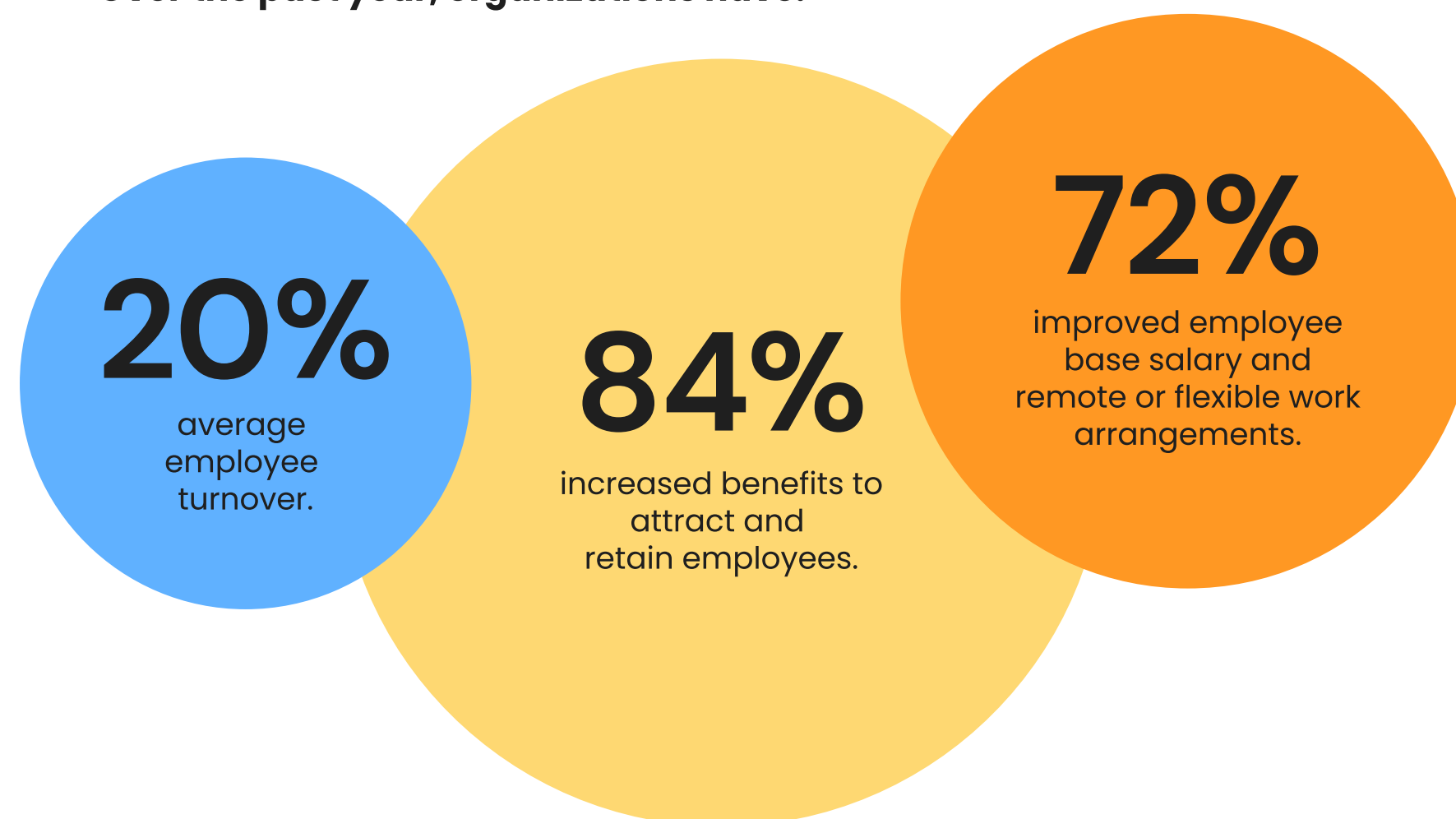
The five healthcare benefits trends impacting employee recruiting, retention, and benefit utilization

Trend 1

Employees' newfound power is changing the benefits landscape

Employee turnover has increased and employees are asking for higher salaries, better benefits, and increased flexibility as a condition for joining or staying at a company. In response to this demand, companies have increased base salaries and flexible work arrangements.

Over the past year, organizations have:



Action items:

HR leaders:

- Assess your turnover rate to understand how many employees are leaving and why.
- Connect with your recruiting team and, if candidates are turning down job offers, understand the reasons.
- Conduct a salary audit within your company and industry to understand how your salaries compare to industry standards and if they are equitable across your company.
- Connect with industry colleagues and experts to learn what benefits they are offering their employees and share strategies for increasing employee satisfaction.

Benefits brokers and consultants:

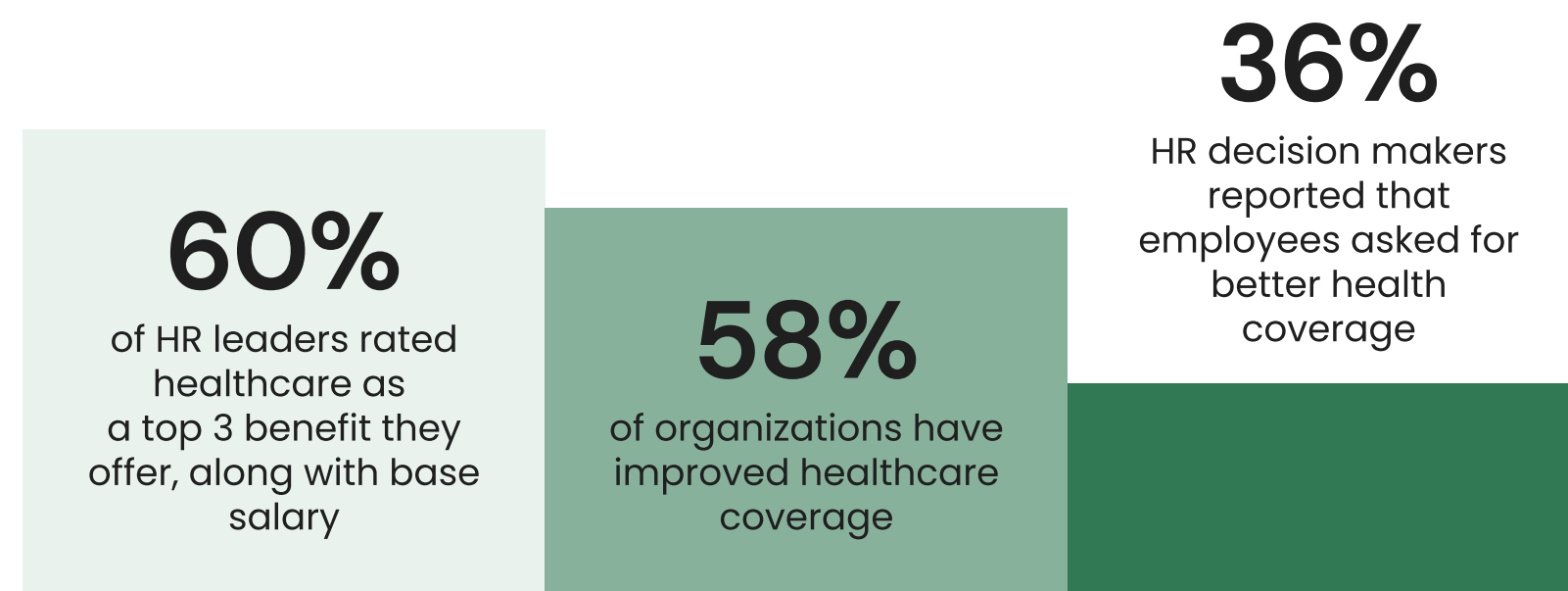
- Check in with your clients to understand their current stresses and needs.
- Assess how your benefits offering can better serve them.

Trend 2

Healthcare coverage is critical to retaining employees

Healthcare is one of the most important workplace benefits an employer can offer according to both employees and HR leaders.

When it comes to attracting and retaining employees:



Action items:

HR leaders:

- Survey your employees to understand how satisfied they are with their healthcare coverage and other benefits.
- Consider offering plans that give employees greater flexibility and help you both save on costs, such as a high-deductible health plan paired with an HSA.

Brokers and consultants:

- Learn how satisfied your clients' employees are with their coverage.
- Research health plan options and benefits such as HSAs and FSAs that can help them save money and offer their employees a great range of options when it comes to their healthcare.
- Work with benefits providers that offer resources for employee education to help clients to drive adoption and employees get the most out of their benefits.

Trend 3

Base salary and workplace flexibility have the highest impact on employee recruiting and retention

A majority of HR leaders increased both base salaries and flexible work options in order to aid in attracting top talent.

This year, the majority of HR leaders took action to retain or attract employees:

- **72% increased their employees' base salaries.**
 - 20% of HR decision makers believe increasing base salary is the most impactful action they can take to retain or attract employees.
- **71% improved their remote work or flexible work arrangements.**
 - 26% of HR decision makers believe improving remote work or flexible work arrangements is the most impactful action they can take to retain or attract employees.
- **63% reported that employees ask for increased base pay,** followed by 39% reporting that employees asked for bonuses.

Action items:

HR leaders:

- Research salaries in your area and industry to understand how what you are offering compares to other companies. Consider how you can raise salaries to be more competitive.
- Assess your remote and hybrid work policies to understand how employees feel about them and how they can be improved.

Benefits brokers and consultants:

- Consult with your clients about benefits that offer FICA tax savings and lower costs for employers, such as high-deductible health plans, to help offset the cost of higher salaries.



Remote work

More pay

Trend 4

Employees are financially stressed and looking to benefits to help

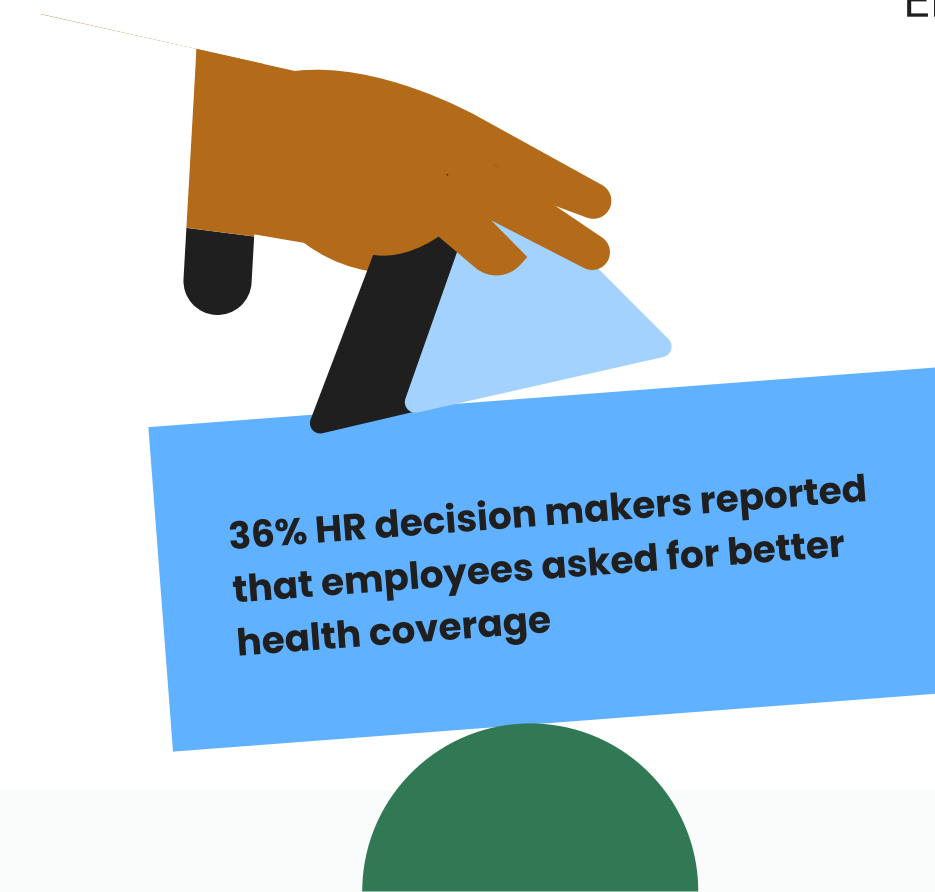
Inflation remains stubbornly high and organizations are contending with economic uncertainty and a looming recession. When it comes to attracting and retaining employees, financial benefits are more important than ever.

- **62% of HR decision makers have seen their employees' financial stress level rise in the past year.**
- **80% of HR leaders feel that offering competitive financial benefits, such as 401(k) matching, is more important for attracting and retaining employees than it was a year ago.**
- **36% of HR decision makers report that employees ask for increased financial benefits.**

Action items:

HR leaders: To meet employees' need for financial benefits:

- Add financial benefits such as a 401(k) plan or a health savings account to your benefits package if you do not already offer one.



- Add employer matching to your 401(k) and HSA. Matching is a powerful incentive, as it's essentially giving employees' paychecks a boost while helping you save on FICA taxes. Matching also drives benefits adoption, which translates into increased savings for both you and your employees.
- Consider adding additional financial benefits, such as an emergency savings account, tuition reimbursement, or student loan repayment. Each of these benefits can go a long way towards easing employees' financial stress.

For brokers and consultants:

- Serve as a proactive partner to help your clients navigate these unprecedented times.
- Work with benefits providers that offer easy set up, integrations, and a user-friendly dashboard and mobile application to make using and accessing financial benefits easy for your clients and their employees.
- Consult with your clients about adding additional financial benefits such as an HSA, emergency savings account, tuition reimbursement, or student loan repayment.
- Educate your clients on the power, and FICA tax savings potential, of employer matching.

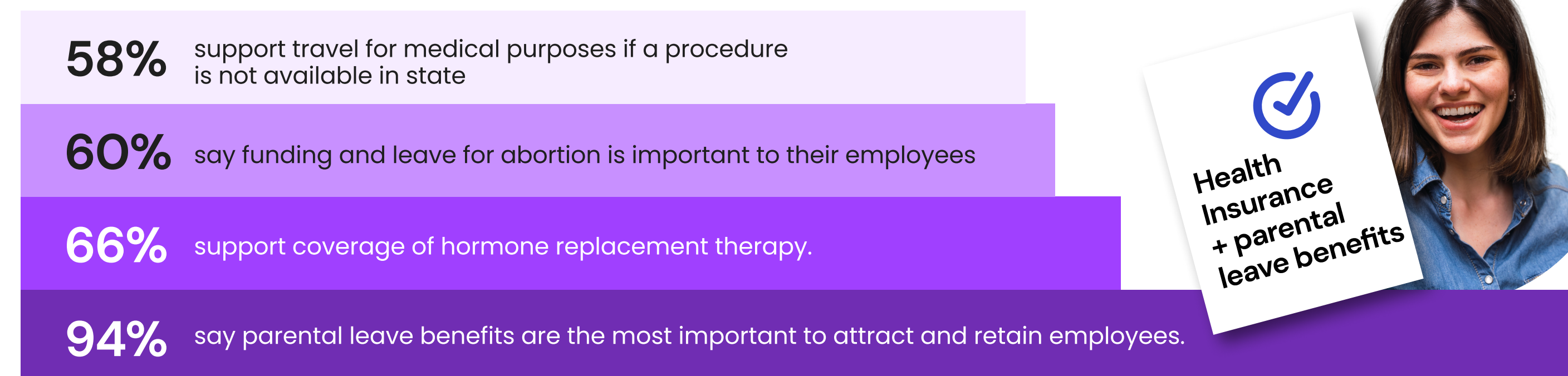
Trend 5

Employers are increasingly focused on reproductive health and family planning benefits

While employees are routinely asking for benefits such as family leave, reproductive healthcare, and family planning, many HR leaders need to become better educated about what is already covered by health insurance, HSAs, and FSAs. Employees are counting on their HR leaders and benefits providers to help them navigate, and afford, some of their most important life decisions.

Despite the support of a majority of HR decision makers for reproductive and family health benefits, only about a quarter are aware that certain expenses, such as egg storage fees and baby formula, are covered by both HSAs and FSAs. Working with a benefits provider that makes it easy to understand what is covered can ensure employees are able to fully access and utilize important benefits.

Family planning and reproductive healthcare are important to employees.
HR leaders:



Trend 5

Employers are increasingly focused on reproductive health and family planning benefits

Action items:

HR leaders: To remain competitive, you may need to revisit and revise your healthcare benefits and leave policies:

- Review your parental leave policies. Consider adding paid parental leave, paternity leave, and leave for adopting a child if you do not offer these already.
- Consider adding a medical travel benefit, especially to ensure that employees across the country have equitable access to medical care.
- Work with a benefits provider that offers easily accessible education materials for both you and your employees to ensure you understand what's covered and that your employees can take full advantage of their benefits.

For brokers and consultants: Your clients are relying on you to help them navigate a shifting healthcare landscape and ensure their employees utilize their benefits:

- Research and offer your clients medical travel benefits.
- Work with HSA and FSA providers that make client education easy, including easily searchable databases of eligible expenses.
- Provide your clients with resources to share with their employees that help them understand what their benefits cover and how to access them.



Conclusion and next steps

HR decision makers, and the professionals that serve them, have had to navigate an unprecedented landscape when it comes to recruiting and retaining talent. Employees are demanding higher salaries and better benefits packages. Employers are meeting employee demands, even as budgets shrink and they try to anticipate the next economic storm.

Despite looming uncertainty, there are concrete steps that HR-leaders can take as they assess the current climate and prepare for the year ahead. Benefits brokers and consultants are well positioned to take a proactive, consultative approach to their client relationships and offer benefits options that give their clients, and their employees, opportunities for greater flexibility and cost-savings.

Steps to take to support employee recruiting, retention, and benefit adoption include:

- Review current benefit offerings and identify where you can offer employees greater flexibility, matching funds for retirement and HSA accounts, and opportunities to save money.
- Survey employees in order to rate their satisfaction with current benefits and understand what additional benefit options are important to them.

- Research adding benefits such as paid parental leave, medical travel, emergency savings accounts, student loan repayment, and tuition reimbursement to help ease employees' financial stress.
- Educate yourself on what benefits and expenses are covered, especially by HSA and FSA funds, in order to be a resource for your employees.
- Work with benefits providers whose products are easy-to-use, offer responsive customer service, and provide quality education materials that are easy to share with your employees to increase benefits adoption.

If you are looking to add a top-rated HSA or FSA to your benefits package to help your employees save money on healthcare expenses while saving on FICA taxes, reach out to Lively. Our unparalleled customer service and innovative features enable easy set up and administration that saves you valuable time and money. Lively's HSA and FSA offerings are simple, trusted, and reliable. In short, they just work for you and for your employees.

Visit us at livelyme.com or reach out at sales@livelyme.com.

About Lively

Lively is the benefits solutions provider that gets it right.

We designed our solutions to take the guesswork out of managing benefits. And our innovative features are built to simplify benefits administration and evolve with your business. That's why our experience is optimized to put you in control at every step. Managing your wellness and wealth takes more than a series of transactions. By combining robust features with unparalleled service, we make benefits administration effortless, even when your time and energy are limited. Experience benefits administration as it should be with Lively.

To learn more about how our HSA and FSA offerings can help you achieve your goals, visit [**livelyme.com**](https://livelyme.com) or reach out at [**sales@livelyme.com**](mailto:sales@livelyme.com).

Dedicated to you

