

## **Goodbye Group Benefits. Hello Personalized Pay**



In the past, it was typical for a company to provide all employees with access to the same group benefits — regardless of their age, demographics or education level. From health insurance to retirement plans and paid time off, these uniform benefit packages were designed to meet the needs of the entire workforce in one fell swoop.

But over the past few years, these off-the-shelf benefit options have presented a bit of a challenge. With five generations now in the workplace — Gen Z, millennials, Gen X, baby boomers and the silent generation — there are diverse expectations about pay and benefit packages.

For example, baby boomers and the silent generation tend to value health insurance and a robust retirement plan. Meanwhile, Gen X workers seek a healthy work-life balance, advancement opportunities and a competitive 401(k) — or a retirement savings plan that lets you set aside and invest money from your paycheck, to which your employer can then contribute. Millennials and Gen Z prioritize flexibility — they want more paid time off, the ability to work when and where they wish and tuition reimbursement.

There is no one-size-fits-all compensation package that can fairly satisfy each generation of workers. Employees today want to feel heard, understood and cared for by their employer. Furthermore, most want a job that fits with their personal interests and lifestyle.

As a result, companies are moving away from traditional group benefits and taking a more personalized approach to compensation.

Many organizations are using social listening tools, focus groups and surveys to gather information about the types of benefits employees want. Others are taking it a step further and having one-on-one conversations to determine what motivates each individual worker and provides them with a sense of purpose at work. How else will we know what, specifically, each employee wants unless we ask them?

By collecting this information, organizations can tailor packages that effectively meet the varying wants and needs of the diverse workforce. They're offering mixes of pay, bonuses, flex time, paid time off, retirement plans, student loan repayment assistance and professional growth opportunities. Some companies have designed an a la carte menu of benefits, with which employees can pick and choose the perks they care most about.

According to a recent survey conducted by WorldatWork and KornFerry, organizations also are offering more non-traditional benefits that can further acknowledge employees' concerns and responsibilities outside of work. Eldercare resource and referral services, women advancement initiatives and disaster relief funds all became significantly more prevalent in employee benefits programs within the last year. Telemedicine, identity theft insurance and paid parental leave offerings increased as well.

And many organizations are taking innovation one step further. One firm recently introduced a new benefits reward program in which employees earn points based on both personal and company-wide achievements and then cash them in for perks across various categories: health and wellness, travel, housing, transportation, time off, annual grocery passes — you name it. The purpose is to give employees the power to choose the types of perks that mean the most to them.

The unemployment rate is the lowest it's been in decades, and the war for talent is extremely tough. The average tenure for workers is 4.6 years. For millennials, it's half that.

This sort of high employee turnover can take a massive toll on a company's bottom line: Experts estimate that it can cost up to twice an employee's salary to recruit and train a replacement. Not to mention, employee churn can damage company morale and tarnish your company's reputation.

Customized pay and benefits plans can make an employer be more attractive in a tight, crowded job market. If you want to not only attract top talent but retain them as well, it's worth taking the time to understand what matters to your candidates and offering them personalized pay and reward packages.

Organizations need to introduce more flexibility into their pay packages and adapt to the needs of the changing workforce. After all, when you invest in your employees, you invest in the overall success and performance of your business.

By Bob Wesselkamper