

How to define success with your voluntary benefit mix

Everyone knows benefits are the new salary. In SHRM's [2015 Employee Job Satisfaction and Engagement](#) report, American workers said benefits were more important to them than overall pay/compensation. But it's the mix of benefits that matters most.

[Research by MetLife](#) shows that the sweet spot for employers to maximize employee satisfaction and loyalty sits between offering 11–15 benefits.

However, when a [SHRM study](#) asked employers whether they offered particular benefits from a universe of nearly 100 benefits, 35 of the benefits on that list were offered by at least 51% of the responding employers.

So how can you weed through the myriad of voluntary benefit offerings to identify the right ones for your employee population?

Employee satisfaction as a starting metric

For HR decision-makers of voluntary benefits, [a Prudential study](#) of employee benefits found employee satisfaction is often used as the top gauge of success (identified by 47%) followed by achieving a certain set participation rate (identified by 34%).

Yet, satisfaction and participation only tell one part of the story; it's critical for employers to also evaluate utilization.

Participation, for example, indicates the number or percentage of a population enrolled in a benefit (signed up to have it). While utilization shows the number or percentage of an eligible population that used the benefit (used what they signed up to have).

Examine participation AND utilization

While it's infinitely preferable for an employee not to utilize a voluntary life insurance benefit and trigger the payment of a death benefit to a loved one, high utilization of other kinds of voluntary benefits, such as a financial planning or employee purchase program, is a concrete indication of its value to employees.

Book-of-business 2015 data for employers using payroll deduction with PayCheck Direct, an employee purchase program, for example, shows an average utilization of 13.7%, with select clients experiencing 25%+ utilization. See how this compares to other voluntary benefit utilization:

Examples of typical voluntary benefit utilization:

- **Medical short-term disability**—8% (8 claims per 100 employees)
- **Medical long-term disability**—0.4% (4 claims per 1,000 employees)
- **All non-medical voluntary benefits**—5% (5 out of 100 employees)

In addition to evaluating overall utilization, another metric to examine the effectiveness of your voluntary benefits is utilization data based on usage rates within high-priority demographic groups. For example, one approach would be to examine utilization among employees in lower wage brackets, where turnover can traditionally be higher.

To further analyze the impact, you could also match annualized turnover data of specific demographic groups to compare those who use the benefit to those who don't to see if lower turnover corresponds with higher utilization of the benefit.