

No Perfect Fit

- By Susan Ladika | Workforce

Outfitting workers with well-suited age, ethnic benefits requires tailoring.

The one-size-fits-all approach many organizations take with employee benefits actually may not fit anyone very well. As a result, more employers are tailoring their benefits programs so they're as varied as the people they employ.

With 120,000 employees of various ages, ethnicities and educational backgrounds, "there's no single program that meets the needs of our employees," says Suzanne Greenlee, director of benefits at Sodexo Inc. Instead, Sodexo, which provides food and facilities management services, offers "a pretty wide range of resources. You pick what's right for you."

That means employees of the Gaithersburg, Maryland-based company can choose among 15 different retirement and savings options; an employee stock purchasing plan; various life insurance policies; different medical plans; educational assistance programs; professional development opportunities; flexible work arrangements; and a LifeWorks program that offers assistance with everything from elder care to child care. Perhaps not surprisingly, Greenlee says younger people are more interested in things such as flexible hours, while older employees focus more on medical plans and 401(k)s.

Experts agree the wave of the future is to tailor benefit offerings to meet the needs of their employees at various stages of their lives. "Large companies especially realize the need for it," says Kip Havel, second vice president of corporate communications at Aflac Inc., the Columbus, Georgia-based insurance company.

A survey conducted last summer for Aflac of more than 2,100 corporate benefits decision-makers found that 4 out of 10 employers currently tailor their benefits based on employees' life stages. The trend is most prevalent in companies with more than 500 employees. At the same time, the economic downturn, combined with the confusion over health care reform legislation, has spurred heightened interest among employees of all ages to understand their benefit options, Havel says.

One major champion of tailored benefits is Mitre Corp., a not-for-profit organization that provides systems engineering, research and development, and information technology support to the government, and has headquarters in both Bedford, Massachusetts, and McLean, Virginia.

On the retirement front, the company has set up one mandatory and two voluntary programs, and it uses two different investment companies to offer Mitre's 7,000-plus employees more than 100 investment options.

The array of choices allows employees to pick and choose based on their retirement goals, whether they're conservative or aggressive investors, says William Albright, Mitre's director of

the Quality of Work Life and Diversity division. "We give them the maximum flexibility to manage their portfolios as they see fit."

Mitre takes a lifecycle approach to benefits, Albright says, so rather than targeting a particular benefit to a particular age group, employees can choose the benefits that best suit their current needs, whether they're nearing retirement, about to send a child off to college or expect a new baby.

Before the annual open-enrollment period, the company holds benefit fairs and seminars. In addition, throughout the year, speakers conduct workshops on topics such as investing and preparing for retirement. While a workshop on retirement preparations might be focused on 45- to 50-year-olds, employees of any age are welcome to attend, Albright says. "We want them to begin to spend time understanding" the retirement issues, whether they be financial, psychological or legal.

Mitre also offers a phased retirement program, so employees can ease into retirement by scaling back from full-time to part-time hours. "They can stick their toe in the water," Albright says. To ease that transition, employees are allowed to draw some retirement money to supplement their part-time income.

Tim Glowa, research and insight consultant at Aon Hewitt, a consultancy based in Lincolnshire, Illinois, says it's important for organizations to understand the kind of benefits their employees want. That approach can give companies a competitive edge when it comes to recruiting and retaining workers. A typical U.S.-based company "wastes about \$1,500 per person per year offering benefits people aren't interested in," he says.

Glowa suggests HR professionals think more like marketers, researching which benefits would interest a particular employee group and then promoting those benefits in a way that would encourage those workers to sign up. For a baby boomer, 401(k)s and health care cost sharing might be most important, while for millennials, incentive pay, fitness club memberships and paid time off could be priorities. "There's no one-size-fits-all" approach to marketing benefits, Glowa says.

At Sodexo, a major part of the benefits package is the LifeWorks program, which offers counseling and advice to employees and their family members. The information is tailored to an individual's personal situation, so one employee might be seeking a list of in-home child care providers, while another might be looking for a day-care center.

The assistance was a huge help to Sodexo's Greenlee when one of her family members needed to be moved into an assisted-living facility, and the family was concerned about the financial issues surrounding care. An hour on the phone with an expert gave Greenlee the information she needed and "saved me many, many hours" of effort.

Sodexo also offers sessions on a wide range of financial topics for employees of different ages—from basic financial literacy questions to college funding to retirement planning.

While age is an important variable in benefit choices, ethnicity is also a factor. Glowa cites studies that show blacks and Hispanics are less likely to participate in 401(k) plans than whites and Asians, and those who do participate have a lower savings rate.

Research also has shown that Hispanics tend to be more spontaneous and group-oriented than Anglos. To Glowa, that means their focus may be more on the present and they may prefer to spend money on their family and invest in their children's education rather than look to longer-term goals like retirement.

Organizations need to address ethnic and age groups differently not only in the benefits offered but also in the way they're communicated. For example, research has shown that a photo of a couple walking on the beach during retirement appeals to whites, Glowa says, but to Hispanics they appear "lonely" because they aren't surrounded by family members. So it's important for employers to ask themselves: "Among my particular workforce, what are they looking for?" he says.

A survey this spring of 650 C-level executive and human resources managers conducted for Bank of America Merrill Lynch found that about one-third of employers customize their education on financial benefit plans to different generations, while 13 percent provide customized education only to baby boomers.

David Tyrie, head of personal retirement solutions for Bank of America Merrill Lynch, says those who are about to transition into retirement might prefer face-to-face communication, while a millennial might prefer using the Internet. But there's no set strategy for each age group. Tyrie suggests that employers provide information using print, the Web, the telephone and face-to-face sessions, and let each employee decide what works best for him or her. "Ultimately companies are looking to have their benefits programs be a driver that gets employees to come there, and stay," Tyrie says.