



Why Employee Benefits are a Must-Have for Every Business



Providing in-demand employee benefits like health insurance demonstrates a commitment to employee well-being and plays a pivotal role in attracting and retaining top talent. It can also impact the company's bottom line in positive ways.

To offer and manage such benefits, businesses of all sizes are turning to HR outsourcing... tapping in to the expertise, resources and purchasing power of a Professional Employer Organization (PEO). This guide explores why choosing a PEO is the cost-effective, time-saving way to empower employees with benefits, while reaping the rewards of a skilled and satisfied workforce.



Why Employee Benefits Matter to the Company

Certainly, employee benefits matter to employees. But why do they matter for the business?

Competition is High

Offering comprehensive employee benefits – including health insurance and a company-sponsored retirement plan – has always helped businesses compete, but it may have become a necessity for attracting talent in today's job market.

According to a Robert Half poll, 37% of job seekers are looking for better benefits and perks.¹ And a study by Forbes Advisor shows employers are taking notice. Forty percent of employers surveyed said they believe workers leave their jobs to find better benefits, prompting 62% of them to change their benefit offerings in the past year.²

Turnover is Costly

Employee retention is a common challenge for businesses of all sizes. By providing a robust benefits package, companies demonstrate a long-term commitment to their employees' health and financial security, which can translate into a long-term employee relationship. This can result in a higher rate of retention, which is good for the company's bottom line.

“Employee retention significantly impacts the long-term success of organizations because it is more efficient to retain qualified employees than to train and onboard new hires,” writes Matt Tenney in Business Leadership Today. “Less turnover means less time and money expended on recruiting to replace workers who leave.”³

The savings add up. A study by the Society for Human Resource Management found employers will need to spend the equivalent of six to nine months of an employee's salary in order to find and train their replacement.⁴



The Difference a PEO Makes

PEOs can positively impact a wide range of business expenses, leveraging their size and purchasing power to negotiate favorable rates.

While many businesses initially turn to PEOs for their expertise in payroll administration, workers' compensation and HR compliance, they quickly discover added value in exploring benefits administration with their PEO. Why?

- PEOs have established relationships with insurers and are experts in navigating the intricacies of employee benefits.
- They have laid the groundwork in comparing different plans and providers, which makes starting a benefits program easier.
- They understand each client's business is unique and can tailor solutions that fit.
- They make it possible for businesses to offer big company benefits without paying big company prices.



The Key Benefits Behind Benefits Administration

Working with a PEO to establish and administer employee benefits provides businesses with three key advantages.

Competitive Pricing

A PEO may be covering 100K+ worksite employees across their client base, which gives them the collective purchasing and bargaining power of a larger company. According to Deloitte, “By leveraging economies of scale, most US PEOs can [offer clients] group benefits insurance with a smaller headcount and at a lower price than they would achieve on their own.”⁵

Streamlined Administration

Managing benefits comes with administrative burdens like enrollment, eligibility tracking, claims processing, and compliance reporting. With a PEO handling these responsibilities, business owners and internal teams can focus on core operations.

Regulatory Expertise to Mitigate Risk

There are critical federal and state regulations involved in implementing health insurance plans for employees. “You could manage these requirements and benefits administration tasks on your own,” writes Kaylyn McKenna for Business News Daily, “but if you use a PEO, you pass on those responsibilities to experienced professionals with detailed knowledge of regulations and state requirements.”⁶

For example, plan documents need to be compliant and consistent, and there are rules to follow about communicating benefits to employees.⁷

PEOs understand the legal and regulatory aspects, ensuring that businesses are compliant with laws such as the Affordable Care Act (ACA), the Consolidated Omnibus Budget Reconciliation Act (COBRA) and the Employee Retirement Income Security Act (ERISA). Benefits administration through a PEO reduces the risk of costly penalties for businesses.



Benefits That Can Be Accessed Through a PEO

PEOs can offer a wide range of benefits, backed by a wide range of expertise, including:

- **Health Insurance**
PEOs collaborate with insurance providers to offer comprehensive health coverage options, ranging from medical to dental and vision. These packages can encompass a variety of plan types to accommodate diverse employee needs.
- **Life and Disability Insurance**
By providing life insurance and disability coverage, businesses demonstrate a commitment to supporting employees and their families during challenging times. PEOs assist in tailoring plans to align with employee preferences.
- **Retirement Plan Savings**
Companies may want to provide a 401(k) plan for their employees, but find it challenging to establish and manage retirement plans. Providing access to a retirement program through a PEO is a cost-effective, administratively-efficient way to enable employees to save for the future.
- **Enhanced Employee Perks**
Some PEOs offer enhanced employee perks that boost employee satisfaction and retention, such as entertainment discounts and access to home, auto and pet insurance at competitive rates.



Additional Positive Business Outcomes

When employee benefits are available and robust, there's a positive ripple effect through the company.

Businesses are
more likely to
experience:



Employee Satisfaction and Morale

Ensuring employees feel valued and supported isn't just good for morale. It can lead to better performance. As Neil Vaswani writes for Forbes, "A holistic employee benefits offering — one that protects and enhances an employee's life, beyond traditional health insurance — can positively impact employee engagement, satisfaction and productivity."⁸

Reduced Turnover

Businesses that offer attractive benefits packages experience lower turnover rates. This not only saves costs associated with recruiting and training, but also helps companies maintain a stable, experienced workforce.

Enhanced Reputation

Word travels fast in professional circles. Businesses that provide exceptional benefits earn a reputation as employers of choice, amplifying their ability to attract the best talent.



Conclusion

In today's competitive business landscape, the importance of employee benefits cannot be overstated.

Businesses that collaborate with PEOs to offer employee benefits empower their employees with choice, security and peace of mind. And PEOs empower business owners by removing the burden of employee benefits administration, providing cost-effective solutions and ensuring compliance with regulations.

As businesses prioritize their employees' well-being, they not only attract and retain top talent but also create a workplace environment characterized by satisfaction, loyalty and sustained success.

¹ Nearly Half of US Workers Plan to Look for a New Position in the New Year, Press Release, Robert Half, December 14, 2022, accessed September 29, 2023.

² Best Employee Benefits In 2023, Forbes Advisor, February 6, 2023, accessed October 31, 2023.

³ How Benefits Help Retain Employees, Matt Tenney, Business Leadership Today, accessed November 1, 2023.

⁴ Essential Elements of Employee Retention, Lynchburg Regional SHRM, October 29, 2017, accessed November 2, 2023.

⁵ To PEO or Not to PEO in M&A Transactions, Andrew Heller and Jennifer Zheng, Deloitte, July 21, 2020, accessed November 2, 2023.

⁶ Using a PEO to Offer Employee Health Insurance, Kaylyn McKenna, BusinessNewsDaily.com, October 23, 2023, accessed November 3, 2023.

⁷ Addressing Inherent Risks in Managing Benefits Plans, Terrence J. Tracy, CPA, MLIS, Conner Strong & Buckelew, May 15, 2019, accessed November 2, 2023.

⁸ How Benefits Can Boost Engagement and Build Employee-Employer Relationships, Neil Vaswani, Forbes.com, January 5, 2021, accessed November 2, 2023.

Let's Talk Benefits

All business owners deserve the benefits of large companies. So do their employees. The employEZ family of PEOs can provide access to health insurance, life, dental, vision, 401(k), disability coverage, employee discount programs and more, all at competitive prices. Learn more at employ-ez.com or connect with us at info.employ-ez.com/connect and an employEZ consultant will reach out.