



3 Ways

**Benefits Keep Millennials and
Generation Z Employees Engaged**

Employers want the best, most talented employees they can hire. But the competition for top talent can be intense, especially for millennials and Generation Z employees. Although younger workers aren't afraid to switch jobs to pursue professional goals and personal needs, they also are looking for reasons to stay with their employer.

One thing employees say will keep them in their jobs is better benefits. They expect appropriate compensation, rewards and perks, and flexible benefits that meet their needs.

But what happens when employers don't offer those options?

The cost of turnover

Younger workers make up the majority of today's workforce. Millennials, born between 1981 to 1996, and Generation Z, who were born in 1997 and after, are looking for ways to make a difference at work and in their communities. However, research shows younger employees will pursue a different job opportunity within two years of accepting a new position.

That may happen sooner if they don't feel engaged with their work, or if their personal needs and opportunities for professional growth aren't satisfied.

High employee turnover plagues American businesses. Within the past seven years, turnover rates have increased by 48% across all industries. The overall cost to replace workers who leave exceeds **\$160 billion a year**. Recruitment experts say it costs employers **33%** of the worker's annual salary to hire a replacement. On average, that's about \$15,000 per person for an employee earning a median salary of \$45,000 a year.

Continuous turnover can cause disruptions as employers invest time and budgets to recruit and train new workers. It's possible to slow the revolving door and keep replacement costs under control by offering benefits employees value, such as voluntary plans and well-being programs, which can lead to increased job satisfaction.

Consider three ways benefits can keep employees engaged at work.



Within the past seven years, turnover rates have **increased by 48%** across all industries.



The overall cost to replace workers who leave **exceeds \$160 billion** a year.



Recruitment experts say it costs employers **33% of the worker's annual salary** to hire a replacement.

1

Increase Satisfaction, Build Loyalty

Younger employees value their benefits but use plans differently. Often they don't understand their coverage options, such as preventive care, so they wait until a medical condition occurs to use their benefits.

Although many younger employees receive health coverage through their parents' insurance plans, they want to know about the benefits available at work.

Millennials and Generation Z want benefits they can customize. Researchers found that [three-fourths](#) of younger employees say having flexible benefits increases loyalty to their employer.

At the top of the list of benefits employees value is medical care, but they also expect dental, orthodontia, vision and LASIK options. In addition to benefits, workers look for well-being programs that help with personal needs, such as financial security. And they value less traditional voluntary benefits – like pet insurance, critical illness insurance, and identity theft protection – that can improve their quality of life.

Make it a priority to listen to employees. Set aside time to tap into the issues and concerns on employees' minds so you understand the benefits and programs that will meet their needs. Investing time in employees creates positive employee experiences and can increase their engagement and loyalty to the business.

“Often, [younger employees] don't understand their coverage options, such as preventive care. So they wait until a medical condition occurs to use their benefits.”



Researchers found that **three-fourths** of younger employees say having flexible benefits **increases loyalty** to their employer.



At the top of the list of benefits employees value is **medical care**, but they also expect **dental, orthodontia, vision** and **LASIK** options.

2

Relieve Financial Stress

Researchers report that employees spend several hours at work each week sorting through financial problems. For many employees, these worries revolve around repayment of student loans. [The Federal Reserve](#) reports that over 44 million people owe nearly \$1.6 trillion in student loans. Consider these statistics:

- By 2028, another \$1.27 trillion in new federal student loans will be added.
- Seven out of 10 new college graduates each owe \$37,000 or more. Their monthly loan payment can equal a house mortgage or car payment.
- About 65% of employees with student loan debts work a second job to cover expenses.

Employers in every industry are exploring ways to help employees pay off their student loans. Many say they don't have the budget to assist employees equitably. But there are options to help employees meet their financial goals.

Pay off student loans

Every year, employees leave [\\$24 billion](#) in 401(k) match funds from their employers on the table. Often, they don't take advantage of these match funds because they have little money left after making their monthly student loan payment and covering basic living costs.

Employers can offer a student loan repayment benefit that gives employees the option to use some of their 401(k) employer match funds to help pay off student loans. Employers can provide equitable benefits for all employees using the funds they've already set aside for match contributions.

Save for retirement

Employees can make full use of their employers' match programs by applying unused dollars toward student loans. Or they can split the match funds to make payments toward their student loan debt *and* put money away for retirement. And employees who don't have student loans can continue to use employer 401(k) match funds for retirement savings.

Only [66%](#) of American adults are saving for retirement, financial experts report. One study found that just over half of Americans had only \$10,000 set aside for retirement. This means that they're losing years of retirement savings opportunities. For younger workers, that could be at least 10 years of savings. If employers help repay student loans, employees can reduce the length of their loan and start saving for retirement and other future expenses earlier.



Employees spend **several hours** at work each week sorting through **financial problems**.



Only **66%** of American adults are saving for retirement.

Financial Well-Being Benefits

American adults face a complex problem: Pay off debt or save for retirement. Many employers are stepping up efforts to help employees by offering **financial well-being programs**.

3

Help Employees Get the Most From Their Benefits



A Harris Poll revealed that **only 33%** of employees pay attention to the **benefits materials** employers provide. And employees **don't use benefits** they **don't understand**.

Better Benefits Communication

Many employers struggle to communicate benefits effectively to employees because they don't know how to reach them. Find out how to develop a communications strategy by listening to [this podcast](#).

Employees appreciate the benefits employers provide, but readily admit they don't understand their plans and coverage options. A [Harris Poll](#) revealed that only 33% of employees pay attention to the benefits materials employers provide. And employees don't use benefits they don't understand.

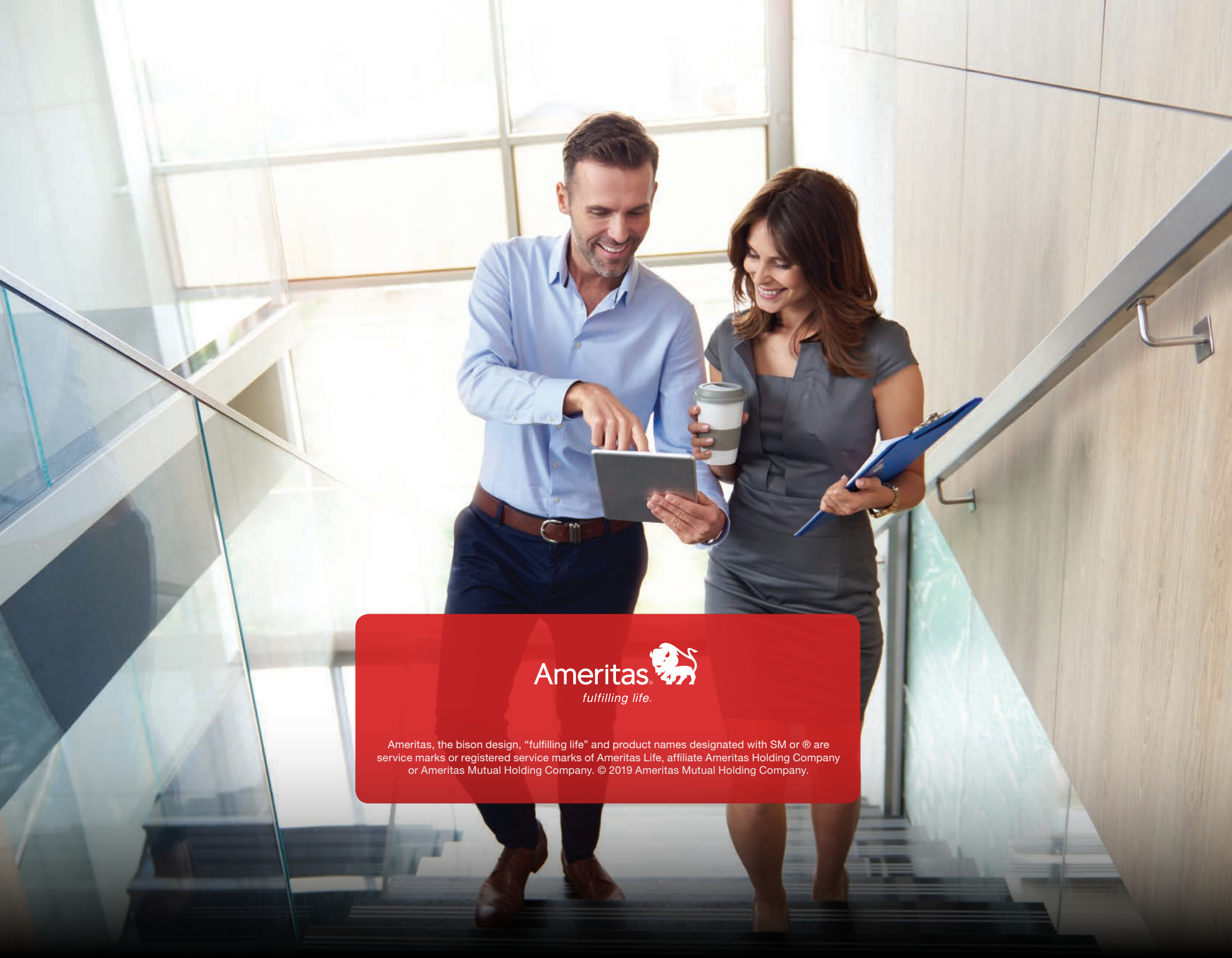
Traditional benefits materials may not always be effective. Millennials and Generation Z tend to distrust images and videos that look staged and unrealistic, so keep benefits communication authentic. Although many younger employees spend several hours every day texting on digital devices, they appreciate face-to-face discussions of benefits with simple explanations and details.

Employers should develop a strategic plan employing a mix of digital and traditional communication methods, such as texts, tweets, instant messages, emails, posters, and in-person meetings, to reach employees. Creating a plan can take some time, but the rewards of satisfied employees can far outweigh the investment. For best results, design a solid strategy focused on three key points:

- Establish a communication foundation, which includes the strategy, brand, and online experience.
- Develop communication messages by segmenting employees into demographic groups, sharing information in a simple format, listening to feedback and answering questions.
- Set a budget to provide year-round benefits communication.

Finding and keeping talented employees is a challenge. But offering the benefits employees value most helps keep workers engaged. To stay up-to-date on benefits trends and learn benefits communication tips, visit and subscribe to ameritasinsight.com.

“Employees appreciate the benefits employers provide, but readily admit they don't understand their plans and coverage options.”



Ameritas 
fulfilling life.

Ameritas, the bison design, "fulfilling life" and product names designated with SM or ® are service marks or registered service marks of Ameritas Life, affiliate Ameritas Holding Company or Ameritas Mutual Holding Company. © 2019 Ameritas Mutual Holding Company.