

Addressing gaps in your employee benefits package today

Addressing potential gaps in your benefits package will not only benefit your business by retaining and keeping employees engaged.

By Kara Hoogensen | May 03, 2023 at 09:45 AM



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Over the last several months, U.S. businesses have been adding workers at a record pace. According to the U.S. Labor Department, employers added 311,000 jobs in February alone even as fears of a potential recession loom.

While more than **two-thirds of businesses** expect a recession to occur within the next six months, businesses, especially small businesses, say they wouldn't reduce employee salaries and benefits or lay off staff if a recession does occur, especially those with less than 500 employees.

The continued competition for talent has changed the way businesses interact with their employees and the benefits they offer. A recent Principal® **survey** of small and mid-sized business owners found that record levels of employers (more than 70%) say offering benefits improves retention, employee recruitment and workforce productivity. It's no surprise that businesses want to offer **more benefits**.

In the U.S., employers play a critical role in the financial health of their employees. From workplace benefits to education opportunities to hiring practices, employers have a significant impact on employees feeling financially secure. The pandemic highlighted the importance of employee benefits, and ongoing market volatility has further underscored this importance, as many employees have become more conscious of their personal financial situations and are **looking to their employers for support**.

However, a gap currently exists in what employers are offering when it comes to certain income protection solutions, i.e., benefits that ensure a continued income stream when employees need to take a step back from work. Benefits such as short- or long-term disability insurance, paid family medical leave and hospital indemnity insurance help employees impacted by an unexpected injury or illness. The need for these solutions came to the forefront during the COVID-19 pandemic, where many had to take unexpected time off of work to care for themselves or their loved ones.

Almost **two-thirds of employers aren't offering hospital indemnity insurance**, while less than half offer short- or long-term disability insurance. These benefits can help employees stay afloat financially while recovering from an illness or unexpected hospital stay. And having benefits in place not only helps employees but helps employers retain talent. Your benefits offerings should match the needs of your employees and provide the right level of income protection, here are some things to keep in mind.

1. Help your employees access a holistic benefits package

Disability is something many individuals don't think will affect them. Unfortunately, that couldn't be further from the truth as more than 1 in 4 Americans will become disabled before reaching retirement age, according to the **Social Security Administration**.

Disability leave provides a reliable source of income when absences are longer than a week or two, allowing employees time to recover so they can return to the workplace ready to contribute to the success of the business. Disability insurance is used for medical issues resulting from injuries or illnesses when an employee isn't able to work. In certain circumstances, mental health situations may also be covered. It's essential employers communicate these benefits to their employees, so they know and understand what they have available to them before they potentially need to use this type of protection.

2. Help your employees financially prepare for the unexpected

I consistently hear from employers and employees that one of their top concerns is the cost of health care. The **average overnight hospital stay** costs \$11,700 regardless of insurance type, so it's not surprising that 60-65% of all bankruptcies are related to medical expenses. Health

insurance may help to cover hospital bills in the case of hospitalization due to a sickness or injury. But it may not cover all of the costs associated with a hospital stay, such as deductibles and co-pays, transportation, or lodging. Hospital indemnity insurance can help employees by protecting their financial wellness in this time of need. A lump-sum cash benefit is paid to the insured person to help cover added expenses that may come up in recovery.

3. **Help your employees work toward financial security**

The pandemic highlighted the importance of offering income protection benefits – there is more of an appreciation of how valuable these benefits are given the number of individuals who had to miss work due to illness. Providing income protection benefits helps employees achieve financial security — thereby reducing stress, increasing the ability to focus on other priorities and creating a happier, healthier workplace for everyone.

Employers are critical in helping their employees access the resources necessary to make well-informed financial decisions. Especially in a time of financial strain, it's critical that businesses of all sizes have the right information and resources to enable greater financial security for their employees. While many employers are offering a variety of benefits, a holistic benefits package includes income protection solutions. If you don't know where to start, a financial professional can help you determine what makes sense for your unique organization and workforce.

While many businesses might be weighing costs in the current economic environment, adding a benefit such as disability or hospital indemnity insurance may be more affordable than you may think. In addition, your

organization may have a range of options to pay for it — either all, some, or none of the cost. If there may be a potential benefit your employees want, but it's outside your employee benefit budget. If that's the case, you may be able to provide access for your employees to buy that benefit as part of your workplace benefits plan, facilitating payment through payroll deduction.

Read more: [Traditional benefits are still top priority for employees](#)

Addressing potential gaps in your benefits package will not only benefit your business by retaining and keeping employees engaged, but this also gives employees peace of mind. And that peace of mind will allow your employees to focus on their work while at work.

Kara Hoogensen is SVP for Benefits & Protection at Principal Financial Group®.

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