



Benefits Toolkit

Employee Benefits for Small Businesses

Provided by: The Richards Group



Employee Benefits for Small Businesses

Introduction	4
The Importance of Employee Benefits	4
Why Employee Benefits Are Crucial for Small Businesses	4
Understanding Employee Benefits.....	5
Mandatory Employee Benefits for Small Businesses	5
Workers' Compensation.....	5
Unemployment Insurance.....	5
Social Security and Medicare	5
Family and Medical Leave	5
Disability Insurance.....	6
Health Insurance.....	6
Voluntary Employee Benefits for Small Businesses	6
Paid Time Off	6
Retirement Plans	7
Life Insurance Benefits	7
Dental and Vision Insurance Benefits	7
Other Benefits	7
Assessing Your Small Business Benefits Needs	8
Evaluating Your Budget.....	8
Understanding Employee Needs and Expectations	8
Researching Available Benefit Options.....	8
Compliance Considerations	8
Implementing and Communicating Employee Benefits	9
Plan Administration and Enrollment Process	9
Employee Education and Communication Strategies	9
Evaluating and Adjusting Benefits.....	10
Monitoring Employee Satisfaction and Feedback.....	10
Assessing Benefit Effectiveness	10
Reviewing and Modifying Benefits Plans As Needed	10
Additional Considerations for Small Businesses	11
Cost-saving Strategies and Alternatives	11
Benefits of Outsourcing Benefits Administration.....	11
Conclusion	12
Appendix	13

Employee Benefits for Small Businesses

Common and Costly Employee Benefits & HR Mistakes.....	14
Strategies for Identifying and Resolving Gaps in Benefits Offerings.....	20
401(k) Plans for Small Businesses.....	22
Pros and Cons of Outsourcing HR Functions for Small Businesses.....	26
Low-cost Resources for Small Businesses	28
Developing and Conducting Employee Surveys	31
Needs and Interest Survey.....	33
Employee Benefits Survey	41
Post-enrollment Survey	47

Introduction

Employee benefits are perks that workers receive in addition to their normal wages and salaries. They can contribute significantly to employees' overall well-being, job satisfaction and productivity, all of which ultimately affect an employer's bottom line. They also play a crucial role in attracting and retaining talented workers.

Although creating a benefits package may seem daunting for small businesses competing with larger organizations, these employers can remain competitive by understanding employee wants and needs and tailoring benefits plans to meet employee desires.

This toolkit serves as a guide to employee benefits for small businesses. It outlines benefits requirements for smaller organizations and optional benefits programs that these businesses can use to attract talent. Furthermore, this toolkit summarizes the different strategies employers can use to select, implement and evaluate their benefits packages.



An AICPA study found that **80% of Americans** would choose a job with benefits over a job that offered **30% more salary** with no benefits.



The Importance of Employee Benefits

A comprehensive, impactful benefits package shows employees that their employer values them, which can help increase motivation and job satisfaction. Depending on the benefits offered, such as health insurance and wellness programs, employees may also experience improved health, translating to fewer missed workdays, increased productivity and reduced stress. These benefits may contribute to a positive company culture and happier, more focused workers.

Workers who are satisfied with their benefits packages are less likely to search for positions at other companies. This improves employee retention and reduces turnover costs. In fact, a recent Forbes survey found that 40% of employers say employees leave their jobs to find better benefits. Thus, a robust benefits package may also help employers attract new job candidates.

It's important to be aware that certain employee benefits are required at the local, state and federal levels. Small businesses should consult a legal professional to ensure compliance with benefits regulations.

Why Employee Benefits Are Crucial for Small Businesses

Small businesses often have limited resources and budgets compared to large enterprises. For this reason, small businesses may struggle to compete for talent with larger organizations that can offer higher salaries and wages. Fortunately for employers of small organizations, many Americans consider benefits as important as total financial compensation. A study by the Association of International Certified Professional Accountants found that 80% of Americans would choose a job with benefits over a job that offered 30% more salary with no benefits.

Additionally, having fewer employees enables small businesses to tailor their benefits directly to the needs of their employees, a strategy larger organizations may not be able to implement. This presents a unique opportunity for small businesses looking to stand out in the job market.

Understanding Employee Benefits

Employee benefits come in the form of insurance offerings, retirement plans, paid time off and other programs. In certain circumstances, state and federal law requires small businesses to provide certain benefits to employees, although these requirements vary. Other benefits are not required but are often offered to improve employee recruitment and retention.

Mandatory Employee Benefits for Small Businesses

Federal and local governments require organizations to provide certain benefits to employees. Benefits requirements may vary by state, employer industry and size. Failing to provide mandatory employee benefits could result in costly fines and penalties. Employers should review local, state and federal benefits requirements to ensure compliance. Small businesses should consult a legal professional if they believe they do not comply with benefits regulations.

For additional information on mandatory benefits offerings, explore the U.S. Department of Labor (DOL) resource, “Summary of the Major Laws of the Department of Labor.”



Workers' Compensation

Most small businesses with employees must provide workers' compensation insurance. This coverage can protect both employers and employees from costs, fees and litigation resulting from work-related accidents or injuries. It may help cover lost wages, disability costs, rehabilitation costs, medical treatment and funeral benefits for qualifying injuries or illnesses.

Workers' compensation requirements for small businesses vary by state, business size, industry and other factors. Small businesses should consult the National Federation of Independent Business's website for state-by-state workers' compensation requirements.



Unemployment Insurance

Unemployment insurance is a joint state-federal program that may provide cash benefits to eligible workers. Each state administers a separate unemployment insurance program, but all states follow the same guidelines established by federal law. Unemployment insurance payments (referred to as “benefits”) are intended to provide temporary financial assistance to unemployed workers who are unemployed through no fault of their own. Each state sets additional requirements for eligibility, benefit amounts and the length of time benefits can be paid.



Social Security and Medicare

Employers are required to withhold Federal Insurance Contributions Act taxes from all employees. These taxes are composed of Social Security taxes, which provide insurance for those who are elderly or disabled or are survivors, and Medicare taxes, also known as the hospital insurance tax.



Family and Medical Leave

Businesses with 50 or more employees must provide unpaid family and medical leave under the Family and Medical Leave Act (FMLA). Enforced by the DOL, the FMLA mandates that all eligible employees must be allowed to take leave for serious health conditions experienced by them or their family members, to bond with newborns or newly adopted children, and for specific military family reasons.

Employee Benefits for Small Businesses

To be eligible for family and medical leave, employees must work for a covered employer and have worked for that employer for at least 12 months and completed at least 1,250 hours of service. In addition, they must work at a location where the employer has at least 50 employees within a 75-mile radius.

Some states and jurisdictions have more restrictive requirements. Employers should familiarize themselves with their obligations under all applicable laws.



Disability Insurance

Disability insurance provides financial assistance or job protection to workers who become unable to work due to a serious illness or injury. There are two common types of disability protection:

1. **Short term-disability benefits** generally last between 10 and 26 weeks and typically begin between one and 15 days of a qualifying injury or illness. This benefit provides guaranteed income for workers, often ranging from 40% to 75% of their original base pay.
2. **Long-term disability benefits** may provide guaranteed income for more extended periods, ranging from two years to retirement age, depending on the policy. Although individual plans may vary, workers typically receive 60% to 80% of their base pay.

Currently, disability benefits aren't required at the federal level, but small businesses in certain states may be required to provide coverage.



Health Insurance

Under the Affordable Care Act (ACA), small businesses with 50 or more employees must offer health insurance. Additionally, employer-sponsored plans must meet minimum essential care requirements laid out by the ACA.

Businesses with fewer than 50 employees aren't legally required to provide health insurance; however, since a healthy workforce is essential for the success of any business, many small businesses choose to provide health care coverage even when it's not required.

Voluntary Employee Benefits for Small Businesses

As the name suggests, voluntary employee benefits are not required by law. Employers may use voluntary benefits as an opportunity to strengthen their offerings and customize perks to meet employee needs. Although there is an additional cost to offering optional benefits, numerous advantages exist. Small businesses that provide voluntary benefits may experience greater employee retention, attraction, productivity and satisfaction.



Paid Time Off

Paid time off (PTO) refers to any paid absence, ranging from vacation and holidays to parental leave and sick days. A strong PTO policy enables employees to maintain a healthy work/life balance. In recent years, employers have increasingly offered unlimited PTO options for employees if time off doesn't interfere with job performance.

Employee Benefits for Small Businesses



Retirement Plans

Retirement plans allow employees to invest in their future financial security. They are also one of the most sought-after benefits. A 2023 Retirement Trends Report by digital recordkeeping platform Vestwell found that 98% of employees said it's important that their employer provides a retirement plan. These plans are crucial to ensure workers feel confident about supporting themselves financially in retirement. Additionally, many retirement plans come with tax savings for both employers and employees. A strong retirement plan can boost employee well-being and increase loyalty. In the United States, 401(k)s are the most popular type of employer-sponsored plan, but there are many options available.



Life Insurance Benefits

Life insurance coverage is an optional benefit that can provide financial assistance to a worker's family if they die unexpectedly. Many employers offer life insurance to provide peace of mind to employees whose families depend on them financially. Small businesses can also offer separate voluntary plans for workers' spouses and dependents, increasing employees' satisfaction with their benefits package.



Dental and Vision Insurance Benefits

Traditional health insurance plans don't offer dental and vision benefits. However, these plans are crucial to catch early signs of disease and chronic health conditions before they become more serious, resulting in lost productivity and missed work. Dental and vision insurance plans are generally less expensive than standard health insurance and can significantly improve employee health and satisfaction.

Other Benefits

Small businesses that get creative with benefits offerings may be able to compete with the comprehensive offerings of larger corporations. Many talented employees may prefer tailored benefits plans to higher salaries. Here are some additional benefits for small businesses to consider:

- Offering flexible work hours
- Encouraging work/life balance
- Providing the opportunity for remote work
- Offering tuition reimbursement plans
- Creating wellness programs
- Providing mental health support
- Offering discounted gym memberships

Assessing Your Small Business Benefits Needs

A study by the U.S. Bureau of Labor Statistics found that small businesses generally spend between 25% and 28% of each employee's compensation on benefits. While this may cause sticker shock, small businesses can consider benefits costs a talent acquisition expense. Since these businesses often run on tight margins, they must have strategies in place to assess their benefits needs.

Evaluating Your Budget

Money is often the top consideration for small businesses when determining benefits offerings. Before deciding which benefits to provide, employers should evaluate how much they can spend. Small businesses may also benefit from studying the benefits offerings of similarly sized organizations to remain competitive in their industries.

Remember, not all benefits offerings have to be expensive in order to make a difference. Certain optional benefits, such as flexible work hours and remote work opportunities, can help employers stay competitive in the labor market without exceeding budget limitations.

Understanding Employee Needs and Expectations

A benefits package is only advantageous to employers when it meets the needs and expectations of employees. When employers offer unwanted benefits, these plans are often underused, counteracting the positive effects of providing a benefits program in the first place. Instead, a successful benefits package is tailored to meet the needs and expectations of employees.

There are numerous ways employers can understand which benefits are most valued by employees. In addition to market research, small businesses should consider using internal surveys. Demographics are also a critical factor in determining employee desires. Employers should consider how different types of employees, such as remote workers, may have different needs than other employees.

Researching Available Benefit Options

Creating a benefits package can be daunting, especially for small businesses without an HR department. Although it may be tempting for employers to rush through the benefits process, small businesses must do their research. This can reduce the risk of over-insurance and under-utilization issues.

Compliance Considerations

Compliance with local, state and federal regulations is crucial when setting up employee benefits packages to avoid costly fines and penalties. Small businesses should visit the DOL webpage and consult legal experts if they're uncertain about compliance issues.

Implementing and Communicating Employee Benefits

No matter how robust a benefits package is, employees won't get the most out of it if they don't understand it. This is why employers should educate workers on their benefits options and encourage them to sign up. Such communications have an enormous impact on how workers use and perceive benefits.

Plan Administration and Enrollment Process

Small businesses can reduce misunderstandings during enrollment by clearly communicating with workers about any changes to benefits packages or the enrollment process. This can help reduce the risk of compliance issues and litigation. Employers should also encourage workers to research their plans by providing ample time to review benefits materials, offering seminars and one-on-one sessions, and encouraging employees to ask questions.



Employee Education and Communication Strategies

A study by financial services company Voya found that 35% of employed individuals didn't fully understand the benefits they enrolled in during the most recent open enrollment period. Most workers (66%) want their employer to help them understand the benefits they're enrolled in. Open communication between supervisors and employees is crucial to this understanding. Employers should encourage employees to ask questions, express dissatisfaction and discuss issues before they become more significant problems.

Employers should be cautious not to spread misinformation when communicating benefits information to workers. This can lead to employee dissatisfaction and litigation. Small businesses should encourage workers to review their benefits information carefully and ensure that even informal communications are consistent with the formal documents presented to workers.

Evaluating and Adjusting Benefits

Employee needs and expectations can change over time. Therefore, small businesses must continue to monitor the success of their benefits programs and make necessary modifications. Small businesses should regularly evaluate employee opinions on benefits programs and prepare to update plans to better align with employees' desires.

Monitoring Employee Satisfaction and Feedback

Worker satisfaction is critical to ensure the success of a benefits package. Employers are unlikely to see a positive impact on the workplace if workers aren't satisfied with their benefits programs. For this reason, small businesses may benefit from regularly asking for feedback from employees about what they like and dislike about their benefits plans. By communicating with employees about their wants and needs, employers should be able to understand if there are any gaps in their benefits plans.

Additionally, asking for employee opinions can boost morale, contribute to positive company culture and make workers feel valued. Encourage honest and open communication with small group meetings and one-on-ones to allow employees the opportunity to speak with their supervisors or HR professionals about their benefits plans.

Assessing Benefit Effectiveness

Various quantitative measurements can be used to evaluate the effectiveness of a benefits program. For example, small businesses can examine the number of staff members enrolled in benefits plans to measure their support.

Additional metrics employers can use to measure the success of benefits programs include:

**Turnover
rates**

**Recruitment
rates**

**Employee absence
statistics**

**Employee satisfaction
surveys**

Employee performance statistics (e.g., profit per employee, average task completion rate and overtime per employee)

Researching benefits trends and comparing benefits packages to similarly sized organizations in the industry can also help employers understand how their benefits programs compare to other businesses and how these programs could be improved.

Reviewing and Modifying Benefits Plans As Needed

Employees' benefits needs will change over time, so employers need to stay in touch with workers about their changing preferences and be ready to adapt their plans to better fit employees' desires. Employers can become aware of existing benefits gaps by proactively surveying employees and reviewing participation rates and other metrics for success. Periodically reassessing benefits and modifying plans will allow small businesses to remain competitive with their benefits offerings.

Additional Considerations for Small Businesses

Creating and managing a successful benefits program takes time and effort. This can be difficult for small businesses without a dedicated HR team. Fortunately, there are alternative options for small businesses looking to create robust and cost-effective benefits packages without an expert on staff.

Cost-saving Strategies and Alternatives

Budget is often one of the primary concerns for small businesses when creating employee benefits packages. While benefits are seen by employees as highly desirable, they represent significant costs for employers. Before eliminating benefits from employee plans entirely, small businesses may want to consider the following cost-saving measures:

- Obtain data on under-utilized benefits.
- Customize insurance packages to avoid over-insuring employees.
- Educate employees on cost-effective plans.
- Reduce employer retirement contributions.

Small businesses also have the option to provide unique and inexpensive perks that appeal to potential and existing workers, such as allowing pets in the office and providing snacks, child care and professional development opportunities.

Benefits of Outsourcing Benefits Administration

Benefits planning can be time-consuming, particularly for small businesses with limited resources. Even though hiring HR employees can be costly, assigning HR tasks to non-HR professionals within the company can take time away from work and lead to compliance issues.

For these reasons, many small employers choose to outsource their benefits administration to third-party organizations. Outsourcing is often more cost-effective than hiring designated HR employees. It also allows workers to focus on their jobs, leaving compliance concerns and time-consuming HR tasks to experienced professionals.

Conclusion

In today's labor market, a competitive benefits package is crucial for small businesses to recruit and keep talented workers. It can also contribute to a positive company culture, increased productivity, fewer absentee days and a healthier workforce.

While there are many steps to successfully select, evaluate and implement benefits programs, small businesses that take proactive steps to understand employee needs and stay up to date on benefits trends will have a competitive advantage over similar organizations. Small businesses are uniquely positioned to provide employees with attractive benefits programs tailored to their wants and needs. By doing so, employers with fewer than 100 employees may be able to compete against larger organizations offering higher paying wages and salaries for talented workers, improve hiring outcomes and ultimately affect their bottom lines.

Appendix

Creating benefits plans is a complex and time-consuming task. This section removes some of that burden by offering valuable resources you can print or email and use for your organization. This appendix features surveys, toolkits and articles that can be used to implement and improve your employee benefits plans.

The resources included in this appendix are just a small sampling of the materials that are available to employers. By contacting The Richards Group, employers may have access to an entire library of employee benefits-related materials. Please speak with The Richards Group if you have any questions about these materials or any other content in this Benefits Toolkit.

Printing Help

There are many printable resources in this appendix. Please follow the instructions below if you need help printing individual pages.

1. Choose the “Print” option from the “File” menu.
2. Under the “Settings” option, click on the arrow next to “Print All Pages” to access the drop-down menu. Select “Custom Print” and enter the page number range you would like to print, or enter the page number range you would like to print in the “Pages” box.
3. Click “Print.” For more information, please visit the Microsoft Word printing support page.

HR Insights

Brought to you by the insurance professionals at
The Richards Group

Common and Costly Employee Benefits & HR Mistakes

Mistakes in employee benefits and human resources can be quite costly to employers—in the form of extra benefits, complaints, lawsuits, government-assessed fines and penalties, and attorney fees, to name a few. Don't learn the hard way what these mistakes are.

1. **Not timely depositing employee contributions into qualified retirement plans.** Employers sometimes wait too long to deposit salary deferrals into a qualified retirement plan. According to the Department of Labor (DOL), such deposits should be made as soon as the contributions can be reasonably segregated from the employer's general assets, but no later than the 15th business day of the following month. The 15th business day of the following month is an outside guideline, and deposits must be made sooner if possible. If deposits are not timely made, the DOL and Internal Revenue Service (IRS) may levy fines, penalties and retroactive earnings for late contributions. The deposit rule for salary deferrals applies to all types of employee contributions, including special deferrals (such as catch-up contributions), after-tax contributions and loan repayments.

The DOL has established a safe harbor for employers with small plans (fewer than 100 participants at the beginning of the plan year) to timely deposit such employee contributions. Under the safe harbor, if the employer deposits the withheld amounts in the plan no later than the seventh business day following the date the employees would have received the contributions (payday), the employer automatically satisfies the

requirement to timely deposit employee contributions.

Solution: Deposit employee contributions as soon as reasonably possible following issuance of the paycheck from which the contribution was withheld. Employers with small plans should try to take advantage of the safe harbor's protection by depositing employee contributions within seven business days from the issuance of the paycheck. The DOL's Voluntary Fiduciary Correction Program (VFCP) offers a method to correct late deposits of employee contributions

2. **Not making matching and profit-sharing contributions on a timely basis.** Many employers make the mistake of not making these contributions on a timely basis. If your qualified retirement plan provides for matching and profit-sharing contributions, the deadline for making these contributions and depositing them into the plan's trust is determined first by looking to the plan document. The plan document may contain deadlines for these contributions. For example, the plan document may require matching contributions to be deposited each pay period.

If the plan document is silent on this issue or requires contributions to be made by the date required by law, then the deadline generally will be determined by IRC 404(a). IRC 404(a) provides that matching and profit-sharing contributions for a plan year must be made by the due date of the employer's tax return for that year, including extensions. For tax-exempt employers, the IRC deadline is generally the 15th day of the 10th month following the close of the employer's tax year. If contributions are not made on a timely basis, the same penalties as above apply.

Solution: Read your plan documents and understand when matching and profit-sharing contributions must be made.

3. **Incorrectly computing matching contributions.** A typical matching contribution formula provides that an employer will pay 50 cents for each \$1 an employee contributes to the plan on a pre-tax or Roth basis up to 6 percent of compensation, which results in a maximum employer matching contribution of 3 percent of compensation. It is most common for plan administrators and payroll systems to calculate matching contributions on a weekly payroll-by-payroll basis. If an employee earning \$60,000 a year makes the 6 percent contribution throughout the year on a payroll-by-payroll basis, the employee will contribute \$3,600 to the plan, and the employer will provide a matching contribution equal to \$1,800. Assume another employee earning the same base pay contributes 12 percent for 6 months. This employee has also contributed a total of \$3,600 to the plan, but will only receive a \$900 match. This same scenario also often occurs with executives who receive large bonuses early in the year and request the maximum contribution be withheld from the bonus.

Solution: Some employers make "make-up" contributions at the end of the year to ensure that employees making the same annual salary deferrals receive the same matching contributions. If employers are using a Prototype plan, make-up contributions may not be a viable option. In this

case, educating employees on the implications of changing deferral elections and limits is important. If matching contributions are not calculated correctly or in accordance with the plan document, the IRS's Employee Plans Compliance Resolution System (EPCRS) may allow the employer to correct the error by following a correction method approved by the IRS.

4. **Late enrollment of employees into qualified retirement plans.** Employers often fail to timely enroll employees in qualified retirement plans, and sometimes even try to exclude part-time employees from participation. A qualified retirement plan is not required to cover all of an employer's employees. For example, a plan generally may limit participation to certain groups of employees, as long as the plan satisfies minimum coverage and nondiscrimination requirements. In addition, a qualified retirement plan may exclude an employee based on age (up to 21) or service (generally up to one year of service in which he or she is credited with at least 1,000 hours of service), but not based on part-time status. Also, former employees who are rehired who had completed the plan's eligibility requirements before terminating may begin participating immediately upon rehire, unless the employee's original entry date would have been later, in which case the later entry date applies.

If you wrongfully exclude employees, you can jeopardize the plan's tax-qualified status. If the error is discovered in an audit, the DOL and IRS may levy retroactive employer contributions, elective deferrals and earnings for employees that were wrongfully excluded. Excluding eligible employees from participation is a mistake that may be corrected under EPCRS. The IRS-approved correction for failing to allow an employee to make elective deferrals for part of a plan year is to make an employer contribution equal to 50 percent of the "average deferral percentage" of the employee's group (either highly or non-highly compensated), multiplied by the employee's compensation for that part of the year.

Solution: Include in the retirement plan all employees that work at least 1,000 hours in a 12-month period (unless such employees are excluded based on a “service-neutral” classification). Closely monitor. An employer should screen applicants to see if they have a history of engaging in harassment. If so, and the employer hires such a candidate, it must take steps to monitor actions taken by that individual.

5. No plan document or summary plan description.

ERISA requires that employee benefit plans be maintained pursuant to a written instrument and that participants receive a summary plan description (SPD) that contains certain information. The DOL has a rule defining what needs to be in an SPD. Many employers rely on their insurance carriers or TPAs to provide booklets to distribute to employees. Often the booklets provided by carriers and TPAs do not contain all of the information that is required in an SPD and/or will not qualify as a plan document. This is often the case with health and welfare plans.

Failure to provide a plan participant with an SPD within 30 days of an employee request carries a maximum \$110 per day penalty (measured from the date that is 30 days after the request). There is no specific penalty for failure to maintain a plan document, but pursuant to ERISA’s general enforcement provisions, any plan participant can bring a lawsuit to require a plan sponsor to prepare a formal plan document where none exists. Criminal penalties may be levied upon any individual or company that willfully violates Title I of ERISA, which could include these disclosure rules (maximums are \$100,000 and ten years in prison or \$500,000 for a company). Moreover, failing to maintain an updated plan document and/or SPD may jeopardize an employer’s chance of success in a legal dispute with an employee over benefits.

Solution: Have an SPD and plan document prepared for each plan your company sponsors, and keep the documents up to date. In some cases, a simple “wrap document” may suffice to supplement the information provided by the insurance company or

TPA. The wrap document fills in the gaps of what you have and what is legally required and can apply to more than one plan.

6. Not communicating SPD changes to participants.

ERISA requires notice to covered participants anytime there is a material modification in a plan’s terms, or there is a change in the information required to be in the SPD. If there is a legal dispute over benefits, courts will often enforce the terms of an out-of-date or incomplete SPD rather than the terms of the plan document, in favor of the participant.

Solution: ERISA allows plan administrators to communicate material changes through a simplified notice called a summary of material modifications (SMM) that limits itself to describing the modification or change. Since there is no guidance on what is a material change, you should err in favor of preparing and distributing SMMs. At a minimum your SMM should contain: (1) the name of the health plan and the SPD to which the SMM relates; (2) a description of the changes or the substituted language; (3) the effective date of the changes; (4) instruction to keep the SMM with the SPD; (5) an explanation that the SMM and the SPD must be read together; and (6) the name and title of the person to contact with questions.

7. Using the wrong definition of compensation when computing retirement plan contributions.

Employees are entitled to receive and make contributions based on the definition of compensation set forth in the plan document, up to applicable limits. Employers sometimes fail to compute profit-sharing contributions based on certain types of compensation (e.g., bonus payments, commissions and service awards), contrary to the plan language. Failure to comply with the terms of the plan can result in disqualification of the plan. To avoid plan disqualification, employers follow EPCRS correction principles and end up making the extra profit-sharing contributions, plus lost earnings, to make the employee plan accounts whole.

Solution: Confirm with the administrator of your qualified retirement plan that you are computing compensation correctly. If any changes are made to the plan's definition of compensation, make sure to communicate the changes to plan service providers.

- 8. Failure to compare group disability insurance policies.** Many employers purchase group disability insurance policies without understanding them. They receive complaints from employees because their disability claims are denied because they are not considered "disabled" per the terms of the policy. Purchasing group disability insurance policies that do not provide worthwhile benefits when needed by employees is throwing money away on a useless benefit.

Solution: Choose group disability insurance policies with the assistance of your The Richards Group insurance broker who specializes in these policies.

- 9. Maintaining a health plan that is inconsistent with an HSA.** Contributions can be made to an HSA only when the employee is not covered by a general purpose health reimbursement arrangement or health flexible spending account (FSA), or other impermissible coverage. An employer that provides impermissible other health plan coverage can unintentionally disqualify its employees from making HSA contributions.

Solution: Consult with your The Richards Group insurance broker, regarding the design of your HRA, health FSA, and other health plans, to ensure they are HSA-compatible.

- 10. Failure to recognize deferred compensation.** Many employers do not understand IRC 409A, which generally applies after Dec. 31, 2004 to any arrangement that defers compensation more than 2½ months beyond the end of the year in which the individual first had a vested (legally-enforceable) right to the compensation. A violation of 409A is very costly because it results in taxation of the deferred compensation prematurely (when it is vested, not when it is later paid), along with a 20 percent penalty and interest.

Solution: Have your deferred-compensation plans, employment contracts and severance-pay arrangements reviewed by an attorney or financial advisor specializing in 409A.

- 11. Allowing employees to stay on group health coverage beyond the required time period.** Many employers allow employees to stay on group health insurance plans after eligibility would otherwise end under the plan's terms, without first getting approval from the insurance/stop-loss carrier. For example, employers often allow employees on leave to keep their health insurance beyond the period of time required by the FMLA. If the employee incurs significant medical expense and the insurance/stop loss carrier investigates, the carrier may decline to provide coverage, leaving the employer to "self-insure" the entire cost.

Solution: Offer COBRA coverage to employees that need extended leave but have exhausted or are not eligible for FMLA leave. In this way, employers shield themselves from liability. The employer can continue to pay the employee portion if they desire. Also make sure that insurance/stop-loss carriers are aware of collective bargaining agreements that may apply to coverage issues and have signed off on these agreements in writing.

- 12. State/Federal FMLA coordination.** Many employers assume that state and federal FMLA laws are congruent and need not be accounted for separately. This sometimes provides employees with more (or less) leave than is required by law. If employees are offered more FMLA leave than they are entitled to, then the same risk as described in 11 above can occur. Conversely, if employees are not allowed to take as much leave as they are entitled to, employers can find themselves facing a lawsuit or a complaint.

Solution: Set forth the state and federal entitlements separately in your FMLA Policy and understand how they work together.

- 13. Independent contractor/temporary employee issues.** Some employers make the mistake of including independent contractors in health plan

coverage and/or excluding temporary employees from benefit plan coverage. If an employer allows independent contractors to participate in its health plan, its health plan is technically a “multiple employer” plan, and an IRS Form M-1 needs to be filed annually. Failure to do so can cause the DOL to levy penalties. If the employer has wrongfully excluded “common law employees” from its benefit plans, those “employees” can seek retroactive reinstatement to the employer’s benefit plans, potentially causing large damages to the employer.

Solution: Do not allow independent contractors to participate in your health plan, or file an annual Form M-1. Ask your attorney or financial advisor to assist you if you have never filed a Form M-1 before. To preclude unintentional inclusion of “common law” employees, craft your benefit plan language to specifically exclude individuals not on your payroll.

- 14. Misclassifying an individual as an independent contractor.** Many employers misclassify individuals as independent contractors when they do not qualify under the law as an independent contractor for unemployment and worker’s compensation purposes. By making such a mistake, employers could owe thousands of dollars in back premiums for worker’s compensation insurance, as well as premiums for unemployment insurance. Worse yet, the employer could be responsible for actual medical costs for an individual not properly covered under your worker’s compensation policy. The employer may also owe income taxes and social security taxes.

Solution: Review your independent contractor relationships to ensure consistency with state and federal standards. Make sure your independent contractors have an FEIN and are incorporated. Ask them to form an LLC if they are not. Ask yourself whether they are doing similar work for other companies in the same industry. If the answer is “no,” they may not be treated as an independent contractor in the eyes of the law.

- 15. Update your restrictive covenants.** Employers spend a lot of time and resources drafting enforceable restrictive covenants. Because the law changes from time to time due to various court decisions, covenants can become outdated and unenforceable. In some states, the law states that if any portion of a restrictive covenant is overbroad, then the entire agreement is unenforceable. For example, a no-hire clause in your agreement could invalidate your entire non-compete as overbroad. If your restrictive covenants are unenforceable, you may not be able to protect your customer base, continuing revenues and/or confidential information if a key employee leaves.

Solution: Have your restrictive covenant agreements reviewed annually to make sure that they are consistent with the ever-changing law. Legal counsel experienced in this area should be able to review your restrictive covenants in a cost-efficient manner to determine their enforceability.

- 16. Misuse of performance evaluations.** Some managers and supervisors make the mistake of not being honest and straightforward when evaluating employees. This mistake often makes it difficult to defend against claims of discrimination and wrongful discharge when managers are less than honest and direct on performance evaluations.

Solution: Do not “sugarcoat” criticisms of employee performance. Not only will you not give the troubled employee an opportunity to correct his or her performance problems and become more productive, but you will also not have an appropriate record of performance deficiencies in the event it becomes necessary to defend a termination or disciplinary action.

- 17. Contesting unemployment compensation for performance reasons.** State laws may differ, but generally employees who are terminated for performance reasons are entitled to unemployment compensation. Employers often waste resources by contesting the unemployment compensation claim. (If an employee has filed a series of claims against the employer and is not represented by an

attorney, it may make sense to contest the UC claim, so you can “nail down” the employee’s version of the facts.) Generally, an employee is not entitled to unemployment compensation only if he or she quits or is terminated for misconduct. State laws may differ; check with your legal counsel.

Solution: Understand the standards for misconduct under unemployment compensation law and how they differ from performance-related terminations. Update your employee manuals, making sure the policies are accurate and that you can prove the employee received a copy of the manual. Be sure to carefully and thoroughly document any misconduct and disciplinary issues that have led to an employee’s termination.

- 18. Recalculating overtime when paying performance-based bonuses.** Employers often forget to recalculate overtime previously paid and make additional overtime payments when paying performance-based bonuses over multiple pay periods. State wage and hour laws differ, but generally if a wage claim is brought, an employer could owe not only back pay, but interest, penalties and attorney fees.

Solution: Check with your legal counsel to make sure you know whether the bonuses you pay qualify for recalculation of overtime. If so, you need to go back and apply the bonus over the relevant pay periods and determine the appropriate overtime rate and whether additional overtime payments are required.

- 19. Failing to clearly define when commissions are payable.** Many employers make the mistake of not having a written policy defining when commissions are due to employees. State laws differ, but if an employer does not have an appropriate policy, an employee can leave or be fired and still be due thousands of dollars in commission payments.

Solution: Make sure that your commission policy is in writing and clearly defines when employees have earned commissions and how they are handled upon termination.

20. Other common HR mistakes.

- Paying severance without a release. By doing so, you are allowing employees to make future claims.
- Failing to conduct exit interviews. Not only will you gain valuable information to make the workplace more productive, but you may also be alerted to any potential claims.
- Using outdated employment applications. Make sure your applications are consistent with the nuances of your state and local laws (such as ban-the-box) as well as general anti-discrimination laws.
- Failing to comply with the requirements of the Fair Credit Reporting Act (FCRA) when utilizing a third-party to conduct background checks, including various disclosures and notices. Many employers fail to provide the written release and disclosure form as a separate, stand-alone document as is required by the FCRA. Class action lawsuits under the FCRA have risen dramatically in recent years.
- Failing to inform an employee who has complained of harassment of the results of your investigation and remedies and discipline. When an employee complains of harassment, the surest way to invite a complaint with the state or federal government is to not inform the employee about the results of your investigation and any discipline handed out to the alleged harasser. State laws may differ, so it is important to check with your legal counsel.

Benefits Insights

Brought to you by:
The Richards Group

Strategies for Identifying and Resolving Gaps in Benefits Offerings

In today's competitive employment landscape, many organizations recognize that employees are their most valuable asset. To attract and retain top talent, employers must go beyond competitive salaries and create holistic and meaningful employee benefits packages that address diverse workforce needs.

Understanding and addressing any gaps in employee benefits is crucial for employers who aim to create an engaged, supported and satisfied workforce. Well-rounded benefits packages often translate to enhanced employee well-being, boosted retention rates and a positive work culture.

This article highlights proactive steps employers can take to assess and identify gaps in employee benefits offerings.

Employer Considerations

Identifying gaps in benefits offerings can be a complex task, as it requires a careful assessment of employee preferences, trends and organizational resources. Consider the followings strategies for identifying and addressing these gaps:

- **Review existing benefits.** Start by reviewing the current employee benefits package. While taking inventory of benefits, organizations should assess if they offer the basics (e.g., health insurance, sick and family leave) or anything unique compared to competitors or other employers in their industry. This is also a good time to review benefits utilization to better understand if there are any benefits that employees do not or rarely use.
- **Analyze employee demographics and specific needs.** Demographics, such as age, gender and

marital status, can influence employees' preferred benefits. Recognize that those needs can shift over time, so this is an ongoing exercise.

- **Gather employee feedback.** Conduct surveys, focus groups or collect feedback through other methods to gather information and opinions directly from employees. Employers could inquire about employee satisfaction with existing benefits, what they value most and if there are any benefits they feel are missing from their package or that could be improved.
- **Benchmark against industry standards.** Research industry standards and best practices to understand what benefits competitors, and similar or local organizations provide. This can help employers identify any gaps in their offerings compared to competitors.
- **Explore emerging trends and employee preferences.** Stay informed about employee benefits trends. Current trends include flexible work arrangements, mental health support and student loan assistance. This is also the time to consider employee feedback results and reported preferred benefits.
- **Prioritize benefits based on budget and resources.** While employers may be faced with a long list of attractive or preferred benefits, the reality is that they must also consider organizational finances and resources to determine the feasibility of new or

different offerings. It may be helpful to prioritize the benefits that would have the most significant impact on employee satisfaction and overall well-being.

- **Communicate changes effectively.** Employers should ensure clear and effective communication with employees when introducing or modifying benefits. Education is critical to utilization, so employers should clearly describe any changes, provide their rationale and explain how benefits changes align with employee feedback, emerging trends or organizational goals.
- **Monitor and reassess.** Benefits needs and preferences change over time, so it's important for employers to regularly monitor the utilization and effectiveness of offerings. If drastic changes were made, checking in with some employees to gauge their feedback could be worthwhile. Lastly, keep the conversation going with employees to keep a pulse on their preferred benefits and reassess available options to ensure they meet evolving needs.

Summary

Savvy employers continually evaluate their existing benefits, gather employee feedback, benchmark against industry standards and strategically address any identified gaps. By periodically reassessing benefits offerings, employers can ensure they remain competitive in the labor market and meet the evolving needs of the workforce.

By taking a proactive approach to understanding needs and preferences, organizations can create benefits packages that truly support current and prospective employees. This concerted effort can lead to increased workplace engagement and satisfaction, and, ultimately, organizational success.

Contact The Richards Group for additional employee benefits guidance.

Benefits Insights

Brought to you by the insurance professionals at
The Richards Group

401(k) Plans for Small Businesses

401(k) plans can be a powerful tool to promote financial security in retirement. They provide a host of benefits for employers, including aiding in hiring and retention, tax-advantaged contributions, and the ability to include all employees, owners and managers. Employees also enjoy advantages such as flexibility with contributions and investment options, tax-free contributions and earnings, and often portability if they leave the company.

Establishing a 401(k) Plan

You must decide whether to set up the plan yourself or to consult a professional to help establish and maintain the plan. You also need to decide which type of 401(k) plan is best for you.

- **Traditional 401(k) plans** offer the most flexibility. Employers have discretion over whether to make contributions on behalf of all participants, to match employees' deferrals, or to do both. Annual testing ensures that benefits for rank-and-file employees are proportional to benefits for owners/managers.
- **Safe harbor 401(k) plans** include several kinds of 401(k) plans that aren't subject to the annual benefits testing required with traditional 401(k) plans. However, employees in these plans must receive a certain level of employer contributions.
- **Automatic enrollment 401(k) plans** allow you to automatically enroll employees and place deductions from their salaries in certain default investments, unless the employee elects otherwise. This is an effective way for employers to increase participation in their 401(k) plans.

In addition, there are four initial steps to establishing your 401(k) plan.

- **Adopt a written plan document.** This serves as the foundation for day-to-day plan operations and you are bound by the terms of this document. If you have hired someone to help with your plan, that person likely will provide the document, or you may want to obtain assistance from a financial institution or professional. You have flexibility in choosing some plan features, while others are required by law.
- **Arrange a trust fund for the plan's assets.** A plan's assets must be held in trust to assure that assets are used solely to benefit the participants and their beneficiaries. The trust must have at least one trustee to handle contributions, plan investments and distributions. If you set up your plan through insurance contracts, the contracts do not need to be held in trust.
- **Develop a recordkeeping system.** An accurate recordkeeping system will track and properly attribute contributions, earnings and losses, plan investments, expenses and benefit distributions, and will help prepare the plan's annual return/report that must be filed with the government. If a financial institution assists in managing the plan, it typically will help keep the required records.
- **Provide plan information to employees eligible to participate.** You must notify employees who are eligible to participate in the plan about certain benefits, rights and features. In addition, a summary plan description (SPD) must be provided to all

participants. The SPD is the primary vehicle to inform participants and beneficiaries about the plan and how it operates. The SPD is typically created with the plan document. You also may want to provide employees with information on the advantages of your 401(k) plan to encourage participation. and benefits provided do not discriminate in favor of HCs or certain shareholders or owners. If discrimination is found in a dependent care assistance program, these individuals must include dependent care benefits in their gross income.

Operating a 401(k) Plan

Once you have established a 401(k) plan, you assume certain responsibilities—or you may choose to hire a professional to help in the operation of the plan. The following are the main responsibilities associated with a 401(k) plan.

Participation

Typically, a plan includes a mix of rank-and-file employees and owners or managers. However, some employees may be excluded from a 401(k) plan, such as employees who are under 21, certain part-time employees and employees who are covered under a collective bargaining agreement that does not provide for participation in the plan.

Contributions

In all 401(k) plans, participants can make contributions through salary deductions. Employers can also make contributions for participants.

Traditional 401(k) Plan—If you decide to contribute to your plan, you have options. You can contribute a percentage of each employee's compensation to the employee's account (a non-elective contribution), you can match the amount your employees decide to contribute, or you can do both. Under a traditional 401(k) plan, you also have the flexibility of changing the amount of employer contributions each year, according to business conditions.

Safe Harbor 401(k) Plan—Under a safe harbor plan, you can match each eligible employee's contribution, dollar for dollar, up to 3% of the employee's compensation, and 50 cents on the dollar for employee contributions that exceeds 3%, up to 5% of each employee's compensation. Alternatively, you can make a non-elective contribution equal to 3% of

compensation to each eligible employee's account. Each year you must make either matching or non-elective contributions. The plan document will specify which contributions will be made and this information must be provided to employees before the beginning of each year.

Roth Contributions - 401(k) plans may permit employees to make after-tax contributions through salary deduction. These designated Roth contributions, as well as gains and losses, are accounted for separately from pretax contributions. However, they are treated the same as pretax contributions for many key aspects of the plan, such as contribution limits. A 401(k) plan may allow participants to transfer certain amounts in the plan to their designated Roth account in the plan.

Contribution Limits - Employer and employee contributions and forfeitures (non-vested employer contributions of terminated participants) are subject to a per-employee overall annual limitation. This limit is the lesser of:

- 100% of the employee's compensation, or
- \$66,000 for 2023 (\$61,000 for 2022)

In addition, the amount employees can contribute under any 401(k) plan is limited to \$22,500 for 2023 (\$20,500 for 2022).

All 401(k) plans can allow catch-up contributions of \$7,500 for 2023 (\$6,500 for 2022) for employees age 50 and over.

Vesting

Employee salary deferrals are immediately 100% vested—that is, the money that an employee has contributed cannot be forfeited. When an employee leaves employment, he or she is entitled to those deferrals, plus any investment gains (or minus losses). In safe harbor 401(k) plans, all required employer contributions are always 100% vested. In traditional 401(k) plans, you can design your plan so that employer contributions become vested over time.

Nondiscrimination

To preserve the tax benefits of a 401(k) plan, the plan must provide substantive benefits for all employees, not just owners and managers. These requirements are called nondiscrimination rules and compare both plan participation and contributions of rank-and-file employees to owners or managers. Traditional 401(k) plans are subject to annual

nondiscrimination testing; most safe harbor 401(k) plans are not.

Investing 401(k) Plan Monies

You will need to decide whether to permit employees to direct their investments or to manage the monies on their behalf. If you choose the former, you also choose investment options to make available to the participants. Depending on the plan design you choose, you may want to hire someone either to determine the investment options to make available or to manage the plan's investments. Continually monitoring the investment options ensures that your selections remain in the best interests of your plan and its participants.

Fiduciary Responsibilities

Many of the actions needed to operate a 401(k) plan involve fiduciary decisions. Controlling the assets of the plan or using discretion in administering and managing the plan makes you (and the entity you hire) a plan fiduciary to the extent of that discretion or control. Fiduciary status is based on the functions performed for the plan, not a title. Persons or entities that are fiduciaries are in a position of trust to the participants and beneficiaries in the plan and must carry out the following responsibilities:

- Acting solely in the interest of the participants and their beneficiaries
- Acting for the exclusive purpose of providing benefits to workers participating in the plan and their beneficiaries, and defraying reasonable expenses of the plan
- Carrying out duties with the care, skill and diligence of a prudent person familiar with such matters
- Following the plan documents
- Diversifying plan investments

It is important that fiduciaries are familiar with the requirements and laws regarding operation of a 401(k) plan—you may want to consult legal and investment professionals in carrying out these duties.

Disclosing Plan Information to Participants

Plan disclosure documents keep participants informed about the basics of plan operation, alert them to changes in the

plan's structure and operations, and provide them a chance to make decisions about their accounts.

The summary plan description (SPD) is a plain-language explanation of the plan and must be comprehensive enough to apprise participants of their rights and responsibilities under the plan. It also informs participants about the plan features and what to expect of the plan. This document must be given to participants when they join the plan and to beneficiaries when they first receive benefits. SPDs must also be redistributed periodically during the life of the plan.

A summary of material modification (SMM) alerts participants of changes made to the plan or to information required to be in the SPD. The SMM or an updated SPD must be automatically furnished to participants within a specified number of days after changes.

An individual benefit statement shows the total plan benefits earned by a participant, vested benefits, the value of each investment in the account, information describing the ability to direct investments, and (for plans with participant direction) an explanation of the importance of a diversified portfolio. Plans that provide for participant-directed accounts must furnish individual account statements on a quarterly basis. Plans that do not provide for participant direction must furnish statements annually.

When plans allow participants to direct their investments, fiduciaries need to take steps to regularly make participants aware of their rights and responsibilities under the plan related to directing their investments. This includes providing plan and investment-related information, including information about fees and expenses. Participants need this information to make informed decisions about the management of their individual accounts. Participants must receive the information before they can first direct their investment in the plan and annually thereafter. The investment-related information needs to be presented in a format, such as a chart, that allows for a comparison among the plan's investment options. A model chart is available. If you use information provided by a service provider that you rely on reasonably and in good faith, you will be protected from liability for the completeness and accuracy of the information.

A summary annual report (SAR) is a narrative of the plan's annual return/report, the Form 5500, filed with the federal government. It must be furnished annually to participants.

A blackout period notice gives employees advance notice when a blackout period occurs, typically when plans change record-keepers or investment options, or when plans add participants due to corporate mergers or acquisitions. During a blackout period, participants' rights to direct investments, take loans or obtain distributions are suspended.

Reporting to Government Agencies

In addition to the participant disclosure documents, plans must also report certain information to government entities.

- **Form 5500 Annual Return/Report**—Most plans are required to file an electronic annual return/report with the federal government, to disclose information about the plan and its operation to the IRS and the U.S. Department of Labor. These returns/reports are made available to the public. Most one-participant plans (sole proprietor and partnership plans) with total assets of \$250,000 or less are exempt from the annual filing requirement.
- **Form 1099-R**—This form is given to both the IRS and recipients of distributions during the year to report distributions (including rollovers) from the plan.

Distributing Plan Benefits

Benefits in a 401(k) plan are dependent on a participant's account balance at the time of distribution. When participants are eligible to receive a distribution, they typically can elect to take a lump sum distribution, roll over the account to an IRA or other employer's retirement plan, or purchase an annuity.

Terminating a 401(k) Plan

401(k) plans must be established with the intention of being continued indefinitely. However, business needs may require that employers terminate their 401(k) plans—for example, if they want to establish another type of retirement plan instead. Typically, the process of terminating a 401(k) plan includes amending the plan document, distributing all assets and filing a final Form 5500. You must also notify your employees that the 401(k) plan will be discontinued.

Compliance

Even with the best intentions, mistakes in plan operation can still happen. The U.S. Department of Labor and IRS have correction programs to help 401(k) plan sponsors correct plan errors, protect participants and keep the plan's tax benefits. These programs are structured to encourage early correction of the errors. Having an ongoing review program makes it easier to spot and correct mistakes in plan operations.

A 401(k) Checklist

The following checklist can help you establish a sound 401(k) program:

1. Have you determined which type of 401(k) plan best suits your business?
2. Have you decided whether to make contributions to the plan, and, if so, whether to make non-elective and/or matching contributions?
3. Have you decided whether to hire a financial institution or retirement plan professional to help with setting up and running the plan?
4. Have you adopted a written plan that includes the features you want to offer, such as whether participants will direct the investment of their accounts?
5. Have you notified eligible employees and provided them with information to help in their decision-making?
6. Have you arranged a trust fund for the plan assets or will you set up the plan solely with insurance contracts?
7. Have you developed a recordkeeping system?
8. Are you familiar with your fiduciary responsibilities?
9. Are you prepared to monitor the plan's service providers?
10. Are you familiar with the reporting and disclosure requirements of a 401(k) plan?

HR Insights

Brought to you by the insurance professionals at
The Richards Group

Pros and Cons of Outsourcing HR Functions for Small Businesses

Small businesses often have fewer resources than larger ones, potentially making it more efficient to outsource certain functions rather than keep them in-house. Certain functions of an organization's HR operations are common options for outsourcing. According to a study by staffing agency Kelly Services, 36% of all employers outsource part or all of their HR responsibilities, with the most outsourced functions being payroll (56%), recruitment (49%) and benefits (40%). This article outlines options for outsourcing and highlights the benefits and drawbacks of outsourcing HR functions so small businesses can consider whether this strategy is right for them.

Outsourcing Options

Small businesses may choose to outsource functions for various reasons; for example, organizations may not have enough resources to hire personnel, or they may want to increase efficiency and focus time and energy on other matters by delegating HR tasks. Whatever the reason for outsourcing, there are different ways employers can go about implementing this strategy.

One outsourcing option is to hire a professional employer organization, which provides comprehensive HR services. Alternatively, there is HR outsourcing (HRO), where individual tasks can be outsourced to third-party providers. With HRO, rather than delegating all HR tasks to an outside party, only one or a few functions, like payroll processing, will be outsourced. Further, employers may also choose to leverage technology vendors when outsourcing. Many technology vendors now offer services such as Form I-9 compliance software, time and attendance tracking.

Ultimately, a small business's decision on whether to outsource will be specific to their individual needs. It is important for employers to consider whether to outsource

all or some of their organization's HR functions because the type of outsourcing they engage in could lead to a different outcome for their business.

Benefits of Outsourcing

There is a range of advantages to outsourcing some or all of a small business's HR tasks. Employers may realize the following benefits:

- **Money savings**—HR costs can add up quickly, so outsourcing may be more cost-effective for some employers. Outsourcing can be especially useful for time-consuming, repetitive tasks such as payroll processing. According to a 2023 Priorities for Business Leaders survey by Paychex, an HR services company, HR administration can cost an organization roughly \$234,000 each year for employers with five to 500 employees. For businesses where that monthly expense is not feasible, outsourcing could effectively decrease costs if done strategically.

Reduction in errors—Small businesses may find that owners or HR professionals wear a number of different hats, which can create challenges when it comes to specializing in specific HR functions. Without a proper team and resources, it can be rather simple to make HR-related errors. Hiring outsourced services to deal with some or all of a company's HR needs can help reduce the risk of compliance-related errors and potential litigation because the professionals at HR services companies specialize in what to look for and how to address it.

- **Increase in productivity**—When a small business without designated HR personnel outsources certain HR tasks, it allows its employees to focus their efforts on other tasks and increase productivity. In fact, Paychex reported that nearly 7 in 10 small business leaders spend one week per month on HR tasks. By outsourcing the more time-consuming tasks, the time gained back can be focused on other matters that help improve a business's bottom line. Further, outsourcing HR functions can help small businesses develop initial HR-related strategies and tools and strengthen weak areas, which can help them scale efficiently and become more productive in the long run.
- **Compliance enhancement**—Especially when it comes to smaller businesses, it may not be feasible to have dedicated in-house HR professionals. Yet, that doesn't make compliance any less of a priority. By being able to outsource certain areas where employers don't have in-house expertise, such as legal or accounting, small businesses can increase their compliance efforts and mitigate potential risks.
- **Reduction in availability**—Outsourcing HR responsibilities can also mean that there isn't an internal HR professional on-site or, if there is, they may not have access to all of the information that the outsourced HR companies do. This can make it difficult for employees to contact HR as frequently as they may like or need.
- **Forfeiture of in-house expertise**—Delegating tasks to professionals outside the organization can cause a business to risk losing that area of knowledge altogether. When an employer freely outsources all HR-related tasks, they may no longer pay attention to them, which can effectively separate them from a portion of their business. If employers outsource too much of their HR operations or simply no longer focus on tasks they choose to outsource, the resulting lack of in-house knowledge can create disconnects between the outsourced HR professionals and the organization. It can also lead to increased confusion if employers are no longer providing the requisite attention to the outsourced tasks.

Looking at these advantages of outsourcing, it's evident that small businesses can benefit from seeking assistance from professional HR services.

Drawbacks of Outsourcing

While many small businesses may benefit from HR outsourcing, the drawbacks may not make it worthwhile for some. These disadvantages should be considered when deciding whether to outsource HR-related tasks:

- **Lack of familiarity**—Having people outside of an organization handle the personal matters that are present in many components of HR—such as each employee's personal identifiable information or their compensation and benefits package information—runs the risk of a depersonalized experience for employees. While experts in their fields, external HR professionals are less likely to personally know the individuals they are helping, and they are likely unfamiliar with the company culture. This can lead to employees feeling like there is a disconnect between them and the people assigned to handle their information.

Weighing the drawbacks of outsourcing HR tasks is important for a small business before they make any decisions. Such disadvantages can help employers consider the factors that affect their HR outsourcing decisions.

Summary

While saving money or increased compliance could make outsourcing HR functions the right decision for some small businesses, factors such as the forfeiture of in-house experts and decreased availability may keep others from outsourcing. Employers should consider all benefits and drawbacks before choosing to outsource any of their small businesses' HR functions.

For more workplace resources, contact The Richards Group today.

A person in a yoga pose against a green background with abstract shapes.

WORKPLACE WELLNESS

Provided by The Richards Group

Low-cost Resources for Small Businesses

Wellness programs can be beneficial for businesses of any size. Small businesses, though, may have an upper hand when it comes to wellness programs, because they often achieve higher rates of participation and their programs are generally easier to implement. The key to developing an effective wellness program is to keep it simple and manageable.

Use the low-cost resources identified in this article to help develop, implement and evaluate your workplace wellness program.

Resources for Developing a Workplace Wellness Program

Use the following resources to get your wellness program off the ground:

- Browse the *Workplace Wellness* series in Broker Briefcase® for introductory articles about starting a wellness program, including:
 - *Workplace Wellness: An Employer's Guide to Promoting Wellness at the Workplace*—This article examines best practices for developing a workplace wellness program and the benefits that can be achieved.
 - *Workplace Wellness: Potential Legal Issues Associated with Workplace Wellness Plans*—This resource alerts employers to the potential legal risks associated with workplace wellness programs.
- In addition, use the *Needs & Interest Survey* in Broker Briefcase® to identify which types of workplace wellness programs may resonate best with your employees.

Health Risk Assessments

Health risk assessments ask a series of questions about one's medical history and lifestyle in order to identify health risks. This information can then be used by employers to drive targeted wellness efforts.

The following are potential ways for completing health risk assessments:

- Contact your health plan to see what health risk assessment services they offer.
- Send employees to in-network physicians as part of their annual physicals.
- Consider hiring an outside organization to conduct appraisals on-site.
 - When selecting a vendor, make sure their practices line up with the goal of your wellness program.
 - Ensure HIPAA and other privacy standards are protected.

Resources for Recommended Physical Activity Strategies

Use the following resources to encourage your employees to be more active:

- Map out on-site trails or nearby walking routes that employees can use during their breaks or before or after work. (www.mapmyrun.com/routes/create)
- Use the ready-made *Step Up: Employer Guide* program in Broker Briefcase® to motivate employees to lose weight and improve their well-being.
- Encourage employees to take the stairs instead of the elevator, and host walk-and-talk meetings when it is nice outside.
- Offer on-site fitness opportunities, such as group classes or personal training from local fitness clubs.

Resources for Nutritional Strategies

Use the tips below to motivate employees to eat healthier:

- Offer low-cost, healthy food options in vending machines and in break rooms, such as fruits, vegetables and nuts.
- Ensure on-site cafeterias set nutritional standards that align with U.S. dietary guidelines: www.health.gov/DIETARYGUIDELINES.
- Make water available throughout the day, so employees can choose water instead of soda or other sugary beverages.
- Provide educational materials and healthy eating reminders to employees. The Richards Group can provide you with nutrition-related articles for your employees.

Tobacco Cessation Strategies

Abstaining from tobacco can significantly improve your employees' health and lower their chances of developing lung cancer, heart disease and other serious, costly diseases. Use the resources below to help your employees quit smoking:

- Visit the American Lung Association's website to learn more about how to help someone stop smoking: www.lungusa.org/stop-smoking.
- Use the ready-to-use *Kickin' Butts: Employer Guide* in Broker Briefcase® to support your employees' smoking cessation goals.
- Provide on-site counseling through an individual, group or telephone counseling program: www.opm.gov/policy-data-oversight/worklife/reference-materials/tobacco-cessation-guidance-on-establishing-programs-designed-to-help-employees-stop-using-tobacco/

Disease-specific Resources

Use the disease-specific resources below to develop an effective wellness program for your company:

- Arthritis:
 - Centers for Disease Control and Prevention: www.cdc.gov/arthritis
 - The National Arthritis Foundation: www.arthritis.org
- Cancer:
 - American Cancer Society: www.cancer.org
 - National Cancer Institute: www.cancer.gov
 - Centers for Disease Control and Prevention: www.cdc.gov/cancer
- Diabetes:
 - American Diabetes Association: www.diabetes.org
 - The Academy of Nutrition and Dietetics: www.eatright.org
- Heart disease and stroke:
 - American Heart Association: www.heart.org
 - American Stroke Association: www.strokeassociation.org
 - Assessing Cardiovascular Risk: <http://cvdrisk.nhlbi.nih.gov/calculator.asp>
- Home injuries: www.safekids.org
- Mental Health – National Mental Health Association: www.nmha.org/

For more resources and information on running a wellness program, contact The Richards Group today.

HR Insights

Brought to you by the insurance professionals at
The Richards Group

Developing and Conducting Employee Surveys

Developing and conducting employee surveys can help employers understand vital aspects of their organizations, such as worker satisfaction and company culture, as well as learn more about the employees who work there. It's important to take note of how employees view their organizations because it can provide information on how to make the workplace more enjoyable, thus strengthening retention rates, improving morale and increasing productivity.

Routinely conducting employee surveys can help provide organizations with up-to-date feedback from their workers. These surveys can be conducted anonymously to encourage employees to communicate their experiences and opinions without fear of repercussion. This article provides more information on the benefits of employee surveys, outlines different types of such surveys and offers best practices for developing them.

Benefits of Employee Surveys

Employee surveys can provide employers with valuable workforce feedback they may not be able to receive otherwise. Organizations can experience several benefits from developing and conducting these surveys, including the following:

- **Greater employee honesty**—One of the top benefits of employee surveys is that they can empower workers to voice their opinions openly and honestly. While this is possible through one-on-one discussions and small groups, employees are more likely to share their true opinions when they can do so anonymously, especially if what they're sharing reflects negatively on their organizations or the overall workforce experience.
- **More big-picture thinking**—When left unprompted, employees can get lost in day-to-day tasks without thinking of the larger picture, including how their daily activities contribute to organizational success. Employee surveys ask open-ended questions that can spark workers to speak about themselves in relation to the missions and goals of their organizations. This can add value because employees can then see how they contribute to large-scale company initiatives.
- **Increased employee retention**—Employee surveys can help improve worker retention because they can point out issues before they become larger problems for entire teams or companies as a whole. These surveys can help signal early warning signs for employers that their employees are dissatisfied or are considering leaving their roles.
- **Expanded resolution capabilities**—Employee surveys can be the next step in resolving issues within certain teams or organizational departments. They can help employers receive feedback about what issues employees may have with their organizations. These surveys are especially useful when employers are considering where they are and what they want to accomplish going forward.

No employee survey is perfect. For example, some employees may not participate, which can skew survey data. Employee surveys also have downfalls such as not being able to survey everyone, not providing clear results and not being capable of causing immediate change. It's crucial for organizations to take these factors into account when looking at post-survey data pools and drawing conclusions.

Types of Employee Surveys

There are several different types of employee surveys, which can be adapted to best meet an organization's unique needs. Key survey types include:

- **Annual review surveys**—These surveys are conducted to evaluate employees' performance levels.
- **Company culture surveys**—Such surveys are conducted to measure how companies' behaviors match their intended values.
- **Employee engagement surveys**—These surveys are conducted to measure whether employees feel valued, including by those in leadership roles.
- **Employee satisfaction surveys**—Such surveys are conducted to measure how employees feel in terms of job satisfaction characteristics, such as compensation, benefits and other work-related issues.

No one survey is alike; therefore, it's best for employers to determine the specific reasons they're conducting employee surveys and for whom before selecting a survey type. Once an organization knows the type of employee survey it wants to conduct, it's time to develop the survey.

Developing Employee Surveys

There are a number of things for organizations to keep in mind when developing employee surveys, including the following:

- **Questions**—The most essential part of an employee survey is the questions being asked. A survey should be composed of a core set of questions that can be compared over time (if it's a survey conducted on a cyclical basis). In addition, questions should help create actionable feedback. Other questions within a survey can be based off timely topics or events. It can also be beneficial to leave room for open-ended feedback or remarks at the end of a survey to provide room for employees to voice additional concerns, opinions or feedback.
- **Format**—An employee survey's format is important because it can skew workers' responses; therefore, employers must carefully

consider the right format for their surveys. This can be multiple choice, open-ended or a mix of both types of questions depending on the data being collected.

- **Timing**—It's imperative for organizations to know when to conduct employee surveys. Something for employers to consider in terms of timing is the workplace events occurring in their organizations at the time. For example, employers may not want to survey employees about job satisfaction during the busiest part of the year when stress levels are at their highest.
- **Length**—Organizations can determine an appropriate length for their employee surveys based on how often these surveys occur. For example, annual review surveys should probably be longer, as workers are only sharing their feedback once a year. On the other hand, surveys sent out more frequently (e.g., quarterly employee engagement surveys) should be shorter.

Once an organization creates an employee survey, it's ready to be conducted. When conducting a survey, an employer should clearly communicate the survey's purpose to employees, encourage participation, emphasize anonymity and share results with the workforce after the data has been sorted. Regardless of the type of survey being conducted, it's critical for an employer to implement improvements after conducting a survey. Making adjustments for the next survey can ensure the survey is pulling the most valuable information from surveyed employees, making this feedback increasingly useful.

Summary

Overall, developing and conducting employee surveys can provide feedback for employers to gain important insights and help implement workplace improvements. By using these surveys, employers can create spaces for employees to voice their opinions, which can help them feel more satisfied and engaged at work. In turn, this can aid employers in their attraction and retention efforts. For more information on employee surveys, contact The Richards Group.



WORKPLACE WELLNESS

Provided by The Richards Group

Wellness Program: Needs and Interest Survey

Dear employees:

The purpose of this survey is to obtain your input for 's new workplace wellness program. would like to provide you with tools and resources to lead a healthier life.

The survey includes questions on your needs, interests and other important information to determine what types of wellness programs to offer and when to offer them. The completion of this survey is completely voluntary and answers will remain anonymous.

Thank you for your participation and support!

Tobacco Use

Please select the statement that best describes your current tobacco use.

- ☐ I don't smoke.
- ☐ I smoke, and I'm not thinking about quitting.
- ☐ I'm thinking about quitting someday but not right now.
- ☐ I want to quit within the next month or two and want to know more about quitting.
- ☐ I just quit smoking, and I am going through withdrawal.
- ☐ I quit smoking, and I want to learn more about how to never smoke again.

Allergies

1. Do you have allergies? ☐ Yes ☐ No
2. If yes, what kind of allergies? ☐ Seasonal ☐ Food Other: _____
3. What is your current method of treatment: ☐ Over-the-counter ☐ Prescription
4. Would you like to learn more about allergies? ☐ Yes ☐ No

Nutrition

1. Please select the statement that best describes your current intake of fruits and vegetables. A serving is a $\frac{1}{2}$ cup or one medium piece of most fresh or frozen fruits and vegetables, 6 ounces of 100 percent juice or $\frac{1}{4}$ cup of dried fruits or vegetables.
☐ I don't eat fruits and vegetables regularly, and I don't plan to start in the near future.
☐ I don't eat fruits and vegetables regularly, but I've been thinking about starting.
☐ I eat some fruits and vegetables each day (total of two servings or less).
☐ I've been eating fruits and vegetables every day (total of three or more servings) for the past one to six months.
☐ I've been eating five or more servings of fruits and vegetables every day for seven months or longer.
2. Please select the statement that best describes your current intake of low-fat foods.
☐ I don't cook, eat or purchase low-fat foods now, and I don't plan to start in the near future.
☐ I don't cook, eat or purchase low-fat foods regularly, but I've been thinking about starting.
☐ I cook, eat or purchase low-fat foods one to two times a day.
☐ I've been cooking, eating or purchasing low-fat foods every day for the past one to six months.
☐ I've been cooking, eating or purchasing low-fat foods every day for seven months or longer.
3. Please select the statement that best describes your current intake of whole grain foods. The serving size for whole grains is 1 ounce (for example, one slice of bread, 1 ounce of cereal, $\frac{1}{2}$ cup of cooked rice or pasta).
☐ I don't cook, eat or purchase whole grain foods now, and I don't plan to start in the near future.

- ☐ I don't cook, eat or purchase whole grain foods regularly, but I've been thinking about starting.
- ☐ I cook, eat or purchase whole grain foods three to four times a week.
- ☐ I've been cooking, eating or purchasing whole grain foods every day for the past one to six months.
- ☐ I've been cooking, eating or purchasing at least three servings of whole grain foods every day for seven months or longer.

Physical Activity

Select the statement that best describes your current level of physical activity. When considering time spent being active, count any time you are active for at least 10 minutes at a time. In other words, if you have three 10-minute "bouts" of activity in a day, record that as 30 minutes in a day. "Vigorous" exercise includes activities like running, fast cycling, aerobics classes, swimming laps, dancing, tennis and racquetball.

- These types of activities make you sweat and feel out of breath. "Moderate" exercise includes activities such as brisk walking, gardening, slow cycling or hard work around the house.

☐ I don't exercise or walk regularly now, and I don't plan to start in the near future.

☐ I don't exercise or walk regularly, but I've been thinking about starting.

☐ I do moderate or vigorous physical activities for at least 30 minutes on some days, but fewer than five days a week.

☐ I've been doing moderate or vigorous physical activities for at least 30 minutes a day, five or more days a week, and I have been doing it for the past one to six months.

☐ I've been doing moderate or vigorous physical activities for at least 30 minutes a day, five or more days a week, and I have been doing it for seven months or longer.

Preventive Health Screenings

Please indicate whether you have had the following preventive screenings in the *past 12 months*:

	Yes	No	N/A
Blood pressure check			
Blood sugar check			
Cholesterol check			
Cervical cancer screening			

Needs and Interest Survey

Colon/rectal exam			
Mammogram			
Obesity screening and counseling			
Prostate exam			
Tobacco use screening			

Program Interests

Please rate your interest in the following workplace wellness programs:

	Very Low	Low	Neutral	High	Very High
Educational Programs					
Back safety					
Cancer prevention					
Heart disease prevention					
Stroke prevention					
Cholesterol reduction					
Home safety					
Substance abuse					
Headache prevention and treatment					
Cold and flu prevention and treatment					
Automobile safety					
Accident prevention and home safety					
Managing chronic health conditions (diabetes, hypertension, etc.)					
Managing chronic pain (neck or shoulder injuries, back injuries, etc.)					
Employee Assistance Programs					
Mental health counseling					

Needs and Interest Survey

Financial management					
Job stress management					
Marriage counseling					
Parenting skills					
Fitness Programs					
Corporate fitness membership rates					
Walking programs					
On-site exercise equipment					
Workplace recreation (e.g., softball, basketball and volleyball)					
Attending regular presentations on physical activity topics					
Receiving regular physical activity tips via email					
Point-of-decision prompts to encourage activity (e.g., stair and elevator signs)					
Immunization Programs					
Flu shots					
Tetanus shots					
Hepatitis B vaccine					
Nutrition Education Programs					
Healthy cooking (meals and snacks)					
Healthy eating (do's and don'ts)					
Weight management programs					
On-site vending machines with healthy choices					
Attending regular presentations on nutrition topics					

Needs and Interest Survey

Receiving regular healthy eating tips via email					
Getting information on existing food or diet groups in the area					
Recipes and healthy meal ideas					
Point-of-decision prompts to encourage healthy eating					
Biometric Screening Programs					
Blood pressure checks					
Blood sugar (diabetes)					
Cholesterol levels					
Body mass index (BMI)					
Workplace Changes					
Review healthy food options for the cafeteria and vending machines; healthy food options labeled					
Include nutrition information on food choices for meetings and conferences					
Not scheduling meetings on a specific day or time to allow open time for wellness activities					
Other Programs					
Smoking cessation program					
Stress reduction program					
Self-care (Learn medical treatments or remedies that you can try at home)					
Time management program					
Visiting on-site nurse					
Provide preventive wellness screenings (e.g., blood pressure, cholesterol and diabetes)					

Needs and Interest Survey

Provide health risk assessments					
---------------------------------	--	--	--	--	--

Please indicate how likely you would be to participate in wellness programs during the following times:

	Extremely Likely	Somewhat Likely	Likely	Somewhat Unlikely	Extremely Unlikely
Before work					
During lunch at work					
After work					

Please list any suggestions you may have for 's wellness program.

Demographic Information (optional)

1. What is your age? _____
2. What is your sex? ☐ Male ☐ Female
3. Are you married? ☐ Yes ☐ No
4. Do you have children living at home? ☐ Yes ☐ No

Your feedback is important to us. Thank you for participating!

The Richards Group knows your day-to-day involves handling a variety of challenges. We want to help you tackle those tasks. But, in order to best serve you, we need to find out what your top pain points are. Please rate the following challenges below on a scale of 1 to 5, with a rating of five signaling this challenge is your top priority and pain point.

We're here to help you. Send this scorecard to us today so we can work together to overcome the challenges you face. Don't wait any longer to contact us today at .

© 2019 Zywave, Inc. All rights reserved.

Employee Benefits Survey

strives to provide valuable, comprehensive and affordable benefit programs for our employees. Each year, we review our current programs—particularly our health and dental plans—to ensure they live up to these goals and are meeting our employees' needs.

Please take a few moments to complete this survey and help us with our annual benefits review process. Your input is important to us regardless of whether or not you currently participate in any of the programs.

Please return the completed survey to .

Thank you.

1. Are you currently enrolled in the employee health care plan?

☐ Yes

☐ No

2. If you answered no to question 1, are you:

☐ Covered under spouse's plan?

☐ Covered under another plan?

☐ Uninsured?

3. If you do not have health insurance, are you uninsured because of:

☐ Cost

☐ Other—please explain:

4. Are you currently enrolled in the employee dental care plan?

☐ Yes

☐ No

5. If you answered no to question 4, are you:

☐ Covered under spouse's plan?

☐ Covered under another plan?

☐ Uninsured?

6. If you do not have dental insurance, are you uninsured because of:

☐ Cost

☐ Other—please explain:

7. How would you rate the information you receive from about your benefit plans?

- ☐ Excellent
- ☐ Above average
- ☐ Average
- ☐ Below average
- ☐ Poor

8. What is your preferred method for receiving benefits communication?

- ☐ Written material
- ☐ Easily accessible website
- ☐ Slide or video presentations
- ☐ Employee meetings
- ☐ Email
- ☐ Other—please explain

9. When you want detailed information about how your benefits work, where would you turn? Please rank your answers as 1 being the first place you would turn and 5 being the last place you would turn.

<input type="text"/>	Supervisor
<input type="text"/>	HR department
<input type="text"/>	Company intranet
<input type="text"/>	Insurance broker
<input type="text"/>	Benefits booklet

10. How well do you currently understand how your benefits work? (1 meaning very well and 5 meaning not at all.)

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. How well do you want to understand how well your benefits work? (1 meaning very well and 5 meaning not at all.)

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Which benefits are most important to you? Rank the following benefit plans in order of importance, with number 1 being most important, and number 6 being least important.

<input type="text"/>	Health/medical plan
<input type="text"/>	Dental plan

- ☐ Prescription plan
- ☐ Employee Assistance Program
- ☐ Short-term disability plan
- ☐ Long-term disability plan

13. Is your spouse eligible for medical insurance and/or other benefits from his or her own employer?

- ☐ Yes
- ☐ No
- ☐ Not applicable

14. If your spouse is eligible for benefits from his or her own employer, does he or she participate in those benefit plans?

- ☐ Yes
- ☐ No
- ☐ Not applicable

15. If coverage were available for your spouse from his or her own employer, would you be willing to have your spouse use his or her employer's plan (rather than the dependent coverage offered by the plan) if you were paid a fee to do so?

- ☐ Yes
- ☐ No
- ☐ Not applicable

16. Please mark the answer that best describes your overall feeling about the indicated benefit plans or plan elements.

	<u>Poor</u>	<u>Below Average</u>	<u>Average</u>	<u>Above Average</u>	<u>Excellent</u>
Medical Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medical Plan Provider Network	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dental Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dental Plan Provider Network	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accidental Death & Dismemberment Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Short-term Disability Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Long-term Disability Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Prescription Drug Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Life Insurance Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. What do you think is the annual cost per employee for providing medical and dental benefits?

- ☐ \$1,000—\$2,500
- ☐ \$2,500—\$5,000
- ☐ \$5,000—\$7,500
- ☐ More than \$7,500

18. Would you prefer to pay more money from your paycheck for medical insurance (premium contributions) or more money when you actually go to the doctor or hospital (for example, pay higher deductibles and higher copayments)?

- ☐ More money from my paycheck
- ☐ More money only when I go to doctor or hospital
- ☐ Do not understand

19. What is your impression of 's benefit plans compared to other local employers?

- ☐ Excellent
- ☐ Above average
- ☐ Average
- ☐ Below average
- ☐ Poor

20. On a scale of 1 to 5 where 5 equals "a lot" and 1 equals "not at all," how much of an impact did benefits have on:

Your decision to join the company?	1	2	3	4	5
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If over 3, which benefits?

Your decision to stay with the company?	1	2	3	4	5
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If over 3, which benefits?

21. Rate your benefits in terms of importance. Please circle the number that best corresponds to the degree of importance you place on the following benefits.

	Very Important	Important	Undecided	Not too Important	Not at all Important
Health (Medical) Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prescription Drug Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vision Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dental Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee Assistance Program	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supplemental Life Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dependent Life Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accidental Death & Dismemberment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Short-term Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Long-term Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
401(k) Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tuition Reimbursement Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Holidays	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vacation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sick Pay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dependent Care Spending Account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medical Care Spending Account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

22. Please answer the following questions related to possible plan alternatives.

Would you like to have different medical plans to choose from? One may cost more and provide higher benefits, while another may cost less and provide lesser benefits.

☐ Yes

☐ No

Would you like the opportunity to trade some of your current benefits for others of more importance to you?

☐ Yes

☐ No

Would you consider trading (or giving up) some of your benefits in order to receive more money in your paycheck?

☐ Yes

☐ No

The IRS allows employees to establish an employee-owned health savings account (HSA) that secures pre-tax dollars in a fund for future medical needs. HSAs are established with high deductible health plans that come with much lower premiums than traditional plans. If you had the option of participating in a high deductible health plan in conjunction with owning a HSA, would you consider it?

☐ Yes

☐ No

23. Please provide any additional comments on how we can improve upon our employee benefit plans, or how we can better meet your needs.

Thank you.

Post-enrollment Survey

As wraps up its enrollment season, we'd like to know how to best support you and your open enrollment experience in the future. Specifically, we'd like to know what went well, what could improve and other comments you believe are important to share.

Please take a few minutes to complete this survey and help us with our open enrollment process.

Please return the completed survey to [insert name].

Thank you!

10. How would you rate 's open enrollment process? Select one.

- ☐ Excellent
- ☐ Above average
- ☐ Average
- ☐ Below average
- ☐ Poor

11. Please explain your above rating. For example, what are some pros and cons of the open enrollment information you received?

12. In your opinion, which of the following terms best describes the information you received from ahead of open enrollment? Select all that apply.

- | | |
|---|---|
| <input type="checkbox"/> Timely | <input type="checkbox"/> Not relevant to me or my benefits selections |
| <input type="checkbox"/> Important to me | <input type="checkbox"/> Too frequent |
| <input type="checkbox"/> Informative | <input type="checkbox"/> Not enough variety (e.g., posters, videos, articles) |
| <input type="checkbox"/> Helpful for my understanding | <input type="checkbox"/> Confusing |
| <input type="checkbox"/> Too infrequent | <input type="checkbox"/> Easy to understand |

13. How could improve its pre-enrollment communications?

14. How satisfied were you with 's benefits offerings this year? Select one.

- ☐ Very satisfied
- ☐ Satisfied
- ☐ No opinion
- ☐ Dissatisfied
- ☐ Very dissatisfied

15. Of the benefits offered to you, how many did you elect? Select one.

- ☐ All of them
- ☐ Some of them
- ☐ Only one
- ☐ None

16. Please explain your above response. Were the offered benefits not useful to you? Were they too expensive? Are you enrolled in similar benefits through a spouse?

(Including such details will help inform which future benefits options to provide.)

17. What changes or additional benefits options would help improve your level of satisfaction for next year's open enrollment?

18. Did you feel adequately prepared by to make informed benefits selections this year?

- ☐ Yes
- ☐ No

19. Did you know whom to contact with any open enrollment questions?

- ☐ Yes
- ☐ No

20. How could have helped you feel more prepared to make benefits selections?

21. If you could make any change to the process (i.e., information resources, communication schedule, benefits options, enrollment method), what would you suggest?

22. Please include any additional comments you believe will be beneficial for improving your overall open enrollment experience.

**Thank you again for taking the time to complete this survey!
greatly appreciates your feedback.**