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Taking care of employees counts in a recession

In light of an unstable economy, many employers are facing harsh realities in the workplace. Decreasing revenue and increasing health-care costs have forced many employers to seek ways to manage expenses, which often include downsizing, reducing salaries or bonuses, and cutting back on traditional benefits.

According to a survey of employers conducted by **Purchasing Power** in 2009, when asked about their company's most important benefits objectives for the year, respondents identified "controlling costs" and "retaining employees" as their top priorities. In this case, the challenge for employers then becomes how to support and maintain your employee

base, despite a lack of traditional perks.

The loss of traditional rewards — both in terms of compensation and benefits — can result in lower morale, and increased employee stress. Studies by the **Personal Finance Employee Education Foundation** found that at any given time, 15 to 30 percent of employees have such severe financial problems that their productivity at work is negatively affected. This financial stress can take the form of less satisfaction with pay, and result in work time wasted

dealing with personal finances, as well as increased absenteeism and weakening health. Fear over financial security affects every person differently, but the overarching issue of managing employee stress is

being faced by employers nationwide. In fact, The Wall Street Journal reported on March 18, 2009, that "anything companies can do to reduce that stress level for employees is something you (employers) have to look at." In light of this environment, employers need to look for creative ways to support employees while keeping costs down.

As a result, many companies and corporations are turning to voluntary benefits to meet diverse employee needs.

Originally, voluntary benefits were primarily additional insurance products such as long-term care, disability and critical illness policies. However, increasing non-traditional, non-insurance products have emerged as additional ways to enhance a benefits package — including prepaid legal, pet insurance, entertainment discounts, wellness programs and purchase programs.

In an era when employees want more financial security and flexibility and employers want to provide for them without incurring additional costs, voluntary benefits are a good solution for all.

In fact, according to the seventh annual **Metropolitan Life Insurance Co.** Study of Employee Benefits Trends in 2008, employees consistently value attributes of voluntary benefits more than employers often realize, touting advantages such as convenience of payroll deduction, assistance in disciplined saving, and appreciating the fact that employers have already screened products and services to only offer the best to employees, thus saving them time and money.

Improvements in technology have paved the way for these voluntary benefits to be easily communicated and administered by employers. In particular, more complex payroll deduction systems have simplified the process for employers interested in offering more voluntary benefits.

Employees appreciate the option of payroll deduction because of the ease of manageable, automatic payments toward big-ticket items and the added benefit of getting to enjoy products immediately. Additionally, the Internet and company intranets have created a way for employees to easily find out about benefits programs and a variety of new product offerings.

Employers can no longer offer "one-size-fits-all" benefits programs to today's increasingly diverse workforce, but thanks to the ease of offering voluntary benefits, employers can allow employees to pick and choose the programs in which they would like to participate. Investing in these types of benefits can ease stress, support employees financially and allow employers to position their companies to emerge from these challenging times with a more focused and engaged workforce.

Employers must be continually responsive to the needs of their employees. Economic realities may preclude significant increases in wages or salary, but this should not prevent employers from recognizing that their employees need to maximize the utility of the paycheck. Forward-thinking employers will continue to look for ways to help their employees receive financial or economic benefits as much as they once looked for medical or health benefits, which should help employers achieve a more productive and more committed workforce. Voluntary benefits delivering financial services will continue to evolve over the next few years to assist employers in providing these services to their employees.



VIEWPOINT
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Calhoun is the CEO of Purchasing Power LLC, a purchase program that makes it possible for people to buy name-brand computers, electronics and home appliances through payroll deduction.