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3 Reasons to Change Employee Benefits

Every few years, you should look for ways to tweak your benefits packages.

According to the Society for Human Resource Management, small businesses overpay for health insurance by 29%—largely due to difficulties in comparison shopping.

Start by educating yourself on your options through benefits brokers and industry groups. And in general, keep an eye out for potential reasons to revamp your benefits. Here are the top three reasons small businesses change employee benefits:

1. Recruitment and Retention

Retirement plans and life insurance are becoming important components of benefits packages at small firms. So if you're trying to attract and retain talent, consider adding those items, along with some disability insurance.

What else attracts employees? When Mike Whitmore was adding five people to Fresh Consulting, his 20-person company in Bellevue, Wash., his benefits package at the time had a mandatory 90-day waiting period. He shopped around to create a new package—with lower co-pays, dental and a small life insurance benefit—that kicked in sooner and saved him money.

2. Limit or Reduce Costs

Layne Kertamus, president of Helena, Mont.-based www.Negotiator.com, also suggests reviewing your absentee records. When he discovered discrepancies in the number of sick days different workers were taking, he shifted from two weeks vacation and five sick days, to offering 12 days off total. It saved him money since employees were taking off less time overall.

3. Shifting Demographics

Sometimes changes in demographics drive what benefits to offer. "Do some peer group analysis by your industry and size of company," Kertamus advises. "Certain cancer screenings kick in when men and women are 30, 40 or 50." If the average person is 50, that could mean exploring long-term care options, as well.

Remember that as your workforce ages, your rates will go up. "You need to shop that insurance more often," says Rob Wilson, president of HR outsourcing firm Employco in Westmont, Ill. "Go out to market and compare your different options. Look at associations and companies that could help you buy in volume by becoming part of a group."

Finally, be sure you're following state and federal employment laws. Once your employee count reaches 50, for example, you may be required to offer certain benefits under The Family and Medical Leave Act. Visit the [Department of Labor's](http://www.dol.gov) website for more information.



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