



# Top 6 Benefit Plan Trends for 2017



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## Top 6 Benefit Plan Trends for 2017

In an increasingly competitive jobs market, employers are being forced to offer a wider and more comprehensive array of benefits to the prospective employees they wish to attract. This is not only vital for bringing in the best and brightest new candidates to fill positions, but also in retaining the staff members currently employed, and in securing a skilled and capable workforce for the future.



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In 2012, the average worker spent only [4.4 years in their current job](#), with 91% of millennials stating that they would expect to remain in a position for no more than three years. The 'career for life' model appears to have fallen out of fashion, and this trend is showing no sign of reversing as we head into 2017.

This is why attractive benefit plans and packages are necessary for organizations who wish to retain the edge on the competition. In some cases, a complete restructuring of offered benefits may be required. Take a look at our guide for some of the benefits package trends we can expect for 2017 and beyond.

## **Retiree Health Plans**

The population of the U.S. – and, consequently, its workforce – is aging. In 2014, there were [46.2m Americans of retirement age](#), translating to around 14.5% of the total population. By 2060, it is estimated that this will have more than doubled, comfortably passing the 98m mark.

However, Americans are also remaining healthy and within work for longer. With this in mind, increasing numbers of corporations in the US are tweaking and enhancing their health plans for older workers who are looking forwards to retirement.

As individuals move towards old age and into retirement, their thoughts begin to turn towards how they will continue to enjoy the same quality of life they currently experience. The cost of living is continuing to rise, and many people are concerned about how they will be able to afford healthcare and other critical expenditures post retirement.

This is why retiree health plans are increasingly prevalent in the benefits structures offered by employers. These plans provide ongoing health benefits to workers once they reach retirement, offering additional peace of mind to eligible individuals.

Often, such plans are structured to provide greater advantages to individuals who have served the company for longer periods. The plans may also be designed to take additional government provisions – such as Medicare – into account, or they may be configured to provide extra benefit to retirees with dependent children.

Employees who are nearing retirement age represent a significant and incredibly valuable portion of the national workforce. Savvy organizations will invest in the future by bringing in exciting new prospects, but will also safeguard the present by offering such perks and advantages to more senior members of their organization.

## **Dental and Medical Plans for Family Members**

Healthcare and dental treatments do not come cheaply. In 2011, [healthcare costs totaled \\$2.7tr](#), and alarming disparities have been highlighted between care received in high-cost areas and that received in lower-cost areas.

Research carried out by the California Public Interest Research Group – or CALPIRG – found that a Cesarean section in the [San Mateo region of the state could cost up to \\$48,000](#), while the procedure could be carried out for just over \$24,349 in Folsom and for less than \$13,000 in Fresno.

Even for individuals who can access care in these lower-cost areas, charges for medical treatments and dental procedures can be enormous. Despite the provisions laid out in the Affordable Care Act, many residents of the United States still lack the necessary health insurance to cover large scale operations and other procedures.

When extrapolated out across an entire family, these costs become astronomical. For a patient to undergo major surgery is life-changing enough, but the cost of paying for that surgery make the cost of a transition back to normal life even more acute.

This is why increasing numbers of organizations provide their staff members with comprehensive medical and dental cover for them and for their families. This, of course, is nothing new – dental plans and medical insurance have been common perks in employment contracts for quite some time – but rising cost of living, dwindling disposable income, and increasing anxieties over medical care mean that it is included even more often.

Expect this to be a significant trend in 2017, as prospective candidates and current employees seek to achieve a better deal for them and for their families. The peace of mind and level of security that this provides is often worth more to an employee than a direct wage increase.

## **Health Savings Accounts**

In addition to the provision of health and dental insurance plans for families, we are increasingly seeing [Health Savings Account – or HSA – payments](#) delivered to employees to supplement, or pay for, any future medical care.

HSAs are not exactly new. By the end of 2017, these savings accounts will have been available to consumers [for over 14 years](#). However, their implementation within human resources working benefit structures is on the rise.

In 2015, 43% of businesses were offering HSA payments to their employees. By June of 2016, this percentage had risen to 50%, and this figure is continuing to grow, indicating that this will continue to be a major factor in 2017.

The idea of an HSA is to provide a tax benefit for individuals who want to save towards healthcare costs. Any money saved in these accounts will receive tax-preferred status, and will be ring-fenced for medical usage only. Any individual who hold an individual or family high deductible health plan, and no other first-dollar health coverage, is permitted to open HAS accounts themselves. This can be accomplished using the IRS' Form 889.

However, businesses can also use these savings accounts as perks for their employees, making a certain contribution to the account each year. [These contributions are limited](#), and the limitation will be altered each year according to inflation. As of 2015, these limits were \$3,350 per annum for an individual with self-only cover, and \$6,450 per annum for an individual whose family is also covered by the plan.

The prevalence of the HSA – in conjunction with increasingly frequent provision of medical and dental plans for family members – shows just how serious the question of healthcare for employees has become for organizations. It also highlights how valuable such health coverage is to the individual employees themselves.

### **In-house Wellness Tests and Support**

Maintaining the health and well-being of employees should be a top priority for any business, because an organization cannot function without a workforce in prime condition. This is reflected in the provision of wellness tests, resources and support within American workplaces.

In recent years we have seen a sharp rise in the resources and support organizations provide to their staff. This increase has begun to slow, but continues to be a significant push and pull factor for prospective employees as we progress into 2017.

The Society for Human Resource Management have highlighted how [wellness programs have been deployed with success in the United States](#). They identified Kansas City Power and Light – or KCP&L – as an example of what can be achieved, as the organization hold regular events – including 5k road

races and dodgeball matches – to promote wellness and galvanize team members.

Around 400 of the 3,000-strong workforce sign up for the challenges each year, and participation in such events gains individual employees wellness rewards which increase engagement. Wellness rewards can also be achieved by undergoing health risk assessment and biometric screening processes.

Of course, the example set by KCP&L is not the only approach which employers can take when deploying this kind of benefit. Many organizations are opting to move away from traditional forms of support, and instead tailoring the resources they provide to their staff in order to suit the specifics of their business.

Mental health benefits and psychological support services are also on the increase within American businesses. Reduced stigma surrounding mental health issues – and a recognition of the importance of healthy body and mind in daily life – means that more individuals are seeking assistance for a variety of psychological disorders and illnesses. This, in turn, makes mental health support an attractive benefit for a prospective employee.

## **Student Loan Repayment**

Don't expect the staggering levels of student debt to disappear in 2017. The United States' [44m student borrowers](#) are currently shouldering a combined debt of more than \$1.3tr, and this immense burden is only growing.

For students graduating in 2016, the average individual debt is now \$37,172, compared to just over \$35,000 for graduates from the Class of 2015. This means that – each year – hundreds of thousands of young people are entering the jobs market with one thing on their minds: chipping away at the vast slab of debt hanging over their heads.

Paying back such a large amount of debt is overwhelming for individual students, but it is also important for student loan providers. Student loans have a delinquency rate of 11.1% - thanks in part to exemptions and other factors – which means that loan companies welcome any measures taken to secure repayments.

One such measure is building a repayment component into the benefit structures which business offer to prospective employees. No graduate wants to let their degree go to waste, but transitioning directly into work after college

can lead high monthly repayments almost instantly. This is something which businesses can help to alleviate with repayment assistance.

Employers want to keep attracting the cream of each year's graduating classes; they want to ensure that it is their organizations which are able to secure the young candidates which will drive them forwards. This is why student loan repayment assistance is becoming a common fixture of the modern employment contract, connecting prospects with an extra incentive to join the organization.

At the same time, businesses that pursue this route are assisting overburdened graduates, and encouraging more students to follow the path into further education.

### **Flexible Working Hours and Contract Perks**

The working landscape is changing, and that change is happening quickly. Enhanced technology and increased capability for individuals, is driving this change, and it is putting more power into the hands of prospects in the jobs market.

Recruitment specialists have drawn particular attention to this shift, highlighting it as one of the [major disrupters which will be influencing business in 2017](#). They explained that enhanced training and individual knowledge, affordable and powerful technology, and the dynamism of growth industries like ecommerce and other online fields, are leading increasing numbers of prospects to move into part time and freelance work.

If this trend continues, it will result in a dwindling talent pool for full time positions, reducing the human resources that businesses can draw upon. Instead, they will have to change their approach, offering more part time positions and extending their use of freelance contractors.

Previously, employee benefit packages were not offered to staff members in such positions, with most organizations opting only to offer comprehensive benefits to their full time team members. However, this, like other factors in business, is subject to market forces; if the jobs market cannot supply the required talent, organizations have to look elsewhere, and therefore must open up such benefits to other forms of contract.

This will mean that businesses must relinquish an element of control over contracts. With millennials more likely than any previous generation to place financial freedom and flexibility over pay structure and job status, this is a

concession which may need to be made if companies are to continue to attract the very best employees in the job market. It is time for business owners and benefits specialists to work together and prepare what is yet to come in 2017.

