

# Building a Better Benefit Plan without Breaking the Budget



## Small Businesses Face Big Expectations – and Big Challenges

Small businesses – defined by the Small Business Association’s Office of Advocacy as independent companies with fewer than 500 employees<sup>1</sup> – are expected to play a large role in the recovery and future growth of the American economy. And, small business owners are showing signs of optimism:

- 72% of small business owners surveyed believe that small businesses will be the driving force behind the economy’s recovery.
- 51% say that their businesses have recovered or will recover by the end of the year.<sup>2</sup>

While business owners are optimistic, the realities of the recovery may require tough choices. The credit squeeze and cash flow crunch have meant that many small businesses face tighter budgets and need to keep expenses low, including the costs associated with employee benefits.

At the same time, employee benefits can be an important part of a company’s overall business strategy. MetLife’s 8th Annual *Study of Employee Benefits Trends* found that while the top benefits objective for small business employers was controlling health and welfare costs, it was closely followed by retaining employees and increasing employee productivity.

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### 5 STEPS FOR BOOSTING BENEFITS TO HELP ACHIEVE BUSINESS OBJECTIVES

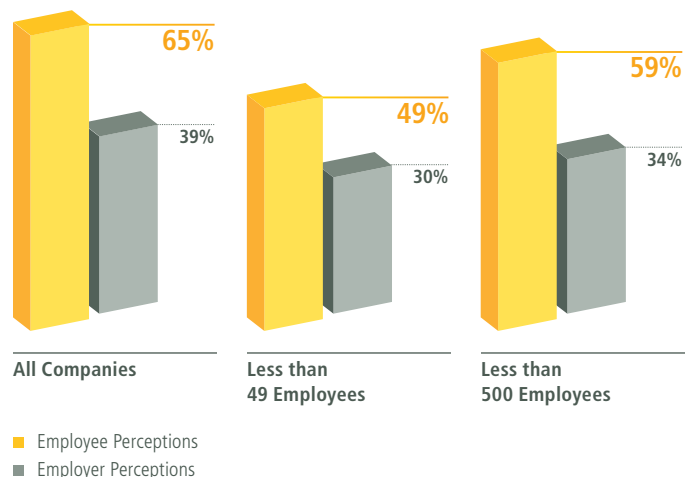
#### STEP 1— Reduce the Costs of Non-Medical Benefits While Increasing Loyalty

While health care remains a primary benefits budget concern, non-medical benefits may offer cost-effective ways to strengthen a benefits program. And, life, dental and disability benefits are key drivers of employee loyalty.

- Look for opportunities to manage costs by redesigning plans to remove costly elements that are underutilized by employees.
- Consider cost-sharing and employee-paid options. 50% of small business employees say they are willing to pay more of the cost if it gets them the benefit protection they want and need.

fig. 1

Life, dental and disability benefits as loyalty factors



(continued)

## STEP 2 — Deliver Budget-Conscious Health and Wellness Programs to Aid Productivity and Help Control Medical Costs

67% of small business employers believe wellness programs are effective at reducing medical costs and 49% agree that they can increase productivity. Yet, only 22% of small companies offer wellness programs compared to 61% of companies with 500 or more employees.

Effective wellness programs can be scaled to fit even the smallest company budget.

- Consider offering an Employee Assistance Program (EAP) to help employees deal with personal problems that might adversely impact their work performance.
- Motivate employees to choose healthy activities by providing convenient access and time off to participate in wellness programs such as weight loss, exercise and smoking cessation.
- Explore small business wellness grants associated with health care reform legislation.

## STEP 3 — Help Employees Become Financially Secure and Support Productivity and Retention Goals at the Same Time

Research shows that employees who have financial worries are more likely to have difficulty completing tasks or showing up on time. An easy way that small businesses can help employees increase their financial security is by providing access to sources for advice and guidance. 48% of small business employees say that they would value access to financial advice at work.

- Tap into local financial institutions and services to provide retirement/financial planning options during work hours.
- Offer voluntary products that can help address financial issues such as EAPs, Individual Disability Income, or Buy-Up Life.

For more information:  
Visit [metlife.com/smallbusinesstrends](http://metlife.com/smallbusinesstrends)  
to download the complete Study.

<sup>1</sup> *The Small Business Economy: A Report to the President – 2009 Report.* [www.sba.gov/advo/research/sb\\_econ2009.pdf](http://www.sba.gov/advo/research/sb_econ2009.pdf).

<sup>2</sup> *National Small Business survey by FedEx Office in conjunction with Ketchum Global Research Network and Braun Research, April 2010*

<sup>3</sup> *Executive Office the President Council of Economic Advisors, “Work-Life Balance and the Economics of Workplace Flexibility,” March 2010.*

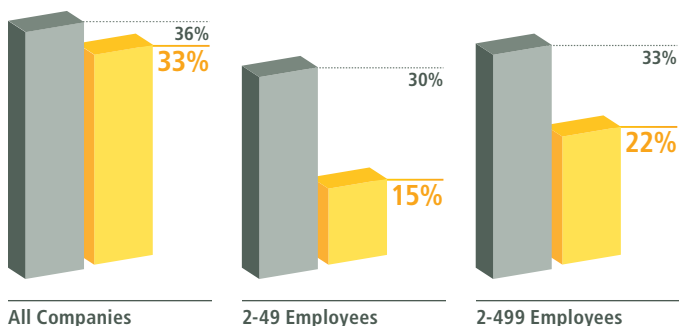
## STEP 4 — Simplify Small Business Benefits Communications for Greater Benefits Effectiveness

Employees who say they receive effective benefits communications are more satisfied with their benefits, more satisfied with their jobs and more loyal to their company.

- Present benefits from the employee point of view, not the company’s.
- Streamline the information to get to the point and clearly answer questions.
- Use multiple communications channels, including social media.

fig. 2

An opportunity for small businesses to improve benefits communications



- % Employees who say "My company's benefit communications effectively educate me on my benefits options so I can select the options that best meet my needs"
- % Employers who say "Our Benefits communications effectively educate employees about our benefits programs"

## STEP 5 — Leverage Small Business Workplace Advantages for Increased Worker Loyalty

Achieving a better balance between work and personal life is seen as desirable for older workers, but is absolutely expected by Gen X and Gen Y. And, there is growing evidence to suggest that workers gain from workplace flexibility in terms of being happier, healthier and more likely to remain with the company that provides this benefit.<sup>3</sup>

- Offer flexibility to employees. Data from the *National Study of Employers* shows that firms with 50-99 employees provide as much or more flexibility as do larger firms.<sup>3</sup>
- Create a culture that recognizes that employees bring life to work.
- Provide access to convenient services or post lists of staff recommendations for services.

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