



## The Benefits of Benefits to SMBs

Access to big-company benefits  
is key to attracting talent.

## The Changing, Challenging World of Employee Benefits

Employee demands have prompted employers of all sizes to create a growing menu of traditional and nontraditional benefits aimed at attracting and retaining the best and the brightest. However, managing these robust benefit packages is not without its challenges, especially for small and medium-size businesses (SMBs).

To compete effectively for employee talent, it's important that SMBs recognize that workforce concerns about work-life balance are perhaps the most important factor driving this new era of expanded benefits. A recent [MetLife survey](#)<sup>1</sup> found that more than 80% of employers believe that when they can help create a better work-life balance for their employees, everyone wins. While benefits of all types play a crucial role in creating that balance and high quality traditional benefits such as health insurance and retirement plans remain essential, it's notable that in the [MetLife survey](#)<sup>1</sup>, 58% of employees say having nontraditional benefits would decrease their stress and increase their company loyalty.

Nontraditional benefits that employees value include:

- Unlimited paid time off, a structure in which employees are not assigned a set number of paid days off but, rather, have the freedom to take time off when needed as long as doing so will not disrupt business
- Wellness programs that reward healthy behavior
- Phased retirement programs that allow employees approaching retirement age to continue working with a reduced workload as they transition from full-time work to full-time retirement
- Paid sabbaticals
- On-site free or subsidized services (e.g., meals, gym, dry cleaning, childcare and grooming services)
- On-site health care (including mental health)
- Employee assistance programs (EAP)<sup>2</sup>

TriNet confirmed the value employees place on nontraditional benefits in a survey the company conducted in 2018\*. An overwhelming 91% of respondents viewed nontraditional benefits as an important aspect of their [job satisfaction](#)<sup>3</sup>. The same study found respondents between the ages of 25 and 34 ranked nontraditional benefits as “extremely important,” indicating that the role of creative and expanded benefit packages will only increase in value.

However, deciding on the best approach may be complicated by another finding in the [MetLife survey](#)<sup>1</sup>: the percentage of employees satisfied with their current benefits package was down 4% from the prior year, perhaps indicating that benefits that were once nice-to-have are now must-haves in many sectors. While job losses during the COVID-19 pandemic may have eased some of the competitive urgency around offering enhanced benefit packages, SMBs should not be lulled into inaction. The pandemic will not go on forever and forward-looking SMBs understand they cannot ignore the benefits challenge if they hope to compete successfully with each other and with larger businesses to attract and retain talent.

\*Percentage referenced is representative of respondents who selected either “extremely important,” “important” or “somewhat important” and Survey respondents could select more than one response. Survey conducted by TriNet between May 14-21, with approximately 3,000 people responding. Respondents are all employees of TriNet clients.

<sup>1</sup> Thriving in the New Work-Life World <https://www.metlife.com/content/dam/metlifecom/us/ebts/pdf/MetLife-Employee-Benefit-Trends-Study-2019.pdf>  
<sup>2</sup> The Most Amazing Employee Benefit You're Probably Not Using <https://www.trinet.com/insights/the-most-amazing-employee-benefit-youre-probably-not-using>

<sup>3</sup> TriNet Survey Highlights Increasing Importance of Non-Traditional Benefits as Unemployment Rates Remain Low <https://www.trinet.com/about-us/news-press/press-releases/trinet-survey-highlights-increasing-importance-of-non-traditional-benefits-as-unemployment-rates-remain-low->

The challenge for SMBs is that many lack the experience, expertise or resources to shop for, communicate about and administer strategically viable, cost-effective benefit packages—much less maintain compliance and reporting for a growing number of state, federal and, at times, local regulations. A [2019 Commonwealth Fund publication](#)<sup>4</sup> found that 32% of small business owners said that their inability to get clear, unbiased data for health care purchasing decisions is a challenge.

Here's the good news for SMBs: a professional employer organization (PEO) can address many of these concerns.

## How a PEO Helps

The very nature of being an SMB requires a laser-like focus on your core business. Administering benefits is an expensive, time-consuming and often frustrating distraction that PEOs can help alleviate. A PEO like TriNet brings multiple advantages to the table.

**HR expertise and resources:** TriNet's benefits consultants are experienced professionals whose sole focus is benefits administration. They are expert at helping SMBs choose the right mix of benefits for their workforce.

**Access to big-company benefits:** As solo entities, SMBs cannot typically access the breadth in quality packages of traditional and nontraditional benefits. That's a problem, especially in fields where the most talented individuals have options. A PEO's ability to offer large group plans opens access to robust benefit offerings, typically only available to large companies, while helping minimize your work and risk.

**“TriNet allows us to manage our company as if we had a full-time HR manager onsite without the cost and challenges that can often-times bring.”**

*Chief Operating Officer at  
an Oil & Energy Company*

**Customization:** The most ideal benefit packages are custom-curated for a particular industry. TriNet works with thousands of businesses across different industries, appropriate to both industry and geography.

**Ease of benefits administration:** TriNet shoulders what would otherwise be heavy administrative and compliance loads for your company. Federal, state and local regulations, particularly around health, disability and retirement benefits abound and vary region to region. There is a whole body of law that frequently changes and poses significant risks in the form of fines. TriNet's compliance experts help SMBs keep up with ever-changing employment regulations and help with common compliance pitfalls such as 5500 filings and ACA compliance.

**Ease of use for employees:** TriNet onboarding experts conduct new hire orientations that walk employees through the benefits enrollment process with a level of professionalism that eases the process. In addition, TriNet's mobile app provides easy access to view paychecks, flexible spending account (FSA) activity and benefits information as well as managing time off requests. That's a powerful and valued convenience for employees who are often juggling work, school and family.

**Communication:** Communicating with prospective and existing employees about the value of benefit packages, as well as the details of taking advantage of those benefits is both sensitive and time-consuming. TriNet has expert communication teams that help with benefits communication for TriNet sponsored plans.

<sup>4</sup>Small-Business Owners' Views on Health Coverage and Costs <https://www.commonwealthfund.org/publications/issue-briefs/2019/sep/small-business-owners-views-health-coverage-costs>

## Traditional Benefits

Traditional benefits are still top of mind for many prospective and existing employees. Both choice and quality make a difference.

**Health benefits:** Medical, dental and vision coverage remain among the most important considerations for individuals joining an organization. These health benefits are likely to increase in importance when you consider that according to the Centers for Medicare and Medicaid Services, “National health spending<sup>5</sup> is projected to grow at an average annual rate of 5.4% for 2019-28 and to reach \$6.2 trillion by 2028.”

“Using TriNet allows us to offer top-notch benefits to employees no matter what state they reside in.”

*Director in Finance and Accounting  
at a Biotechnology Company*

Moreover, talented prospective employees understand that health insurance benefits are quite diverse and are, therefore, discerning about their choices. Yet a [Commonwealth Fund survey](#)<sup>6</sup> found that 43% of small business owners cite lack of choices in healthcare plans as a challenge. A PEO like TriNet offers access to robust plans from multiple carriers, each offering multiple plans with a wide range of deductible and copay choices, as well as coverage for alternative treatments like chiropractic care. As a PEO, TriNet can gain administrative efficiencies that can result in attractive and robust benefit offerings.

For dental insurance, TriNet also offers access to several carriers with multiple plans for each carrier—and even has a plan that will cover orthodontics.

Health savings accounts (HSAs) and FSAs are also options that can vary greatly. Some employees value HSAs and FSAs due to the tax advantages of contributing and the opportunity to save and grow funds on a pre-tax basis to pay for eligible health care expenses. Some millennials may prefer the lower premiums of high-deductible plans with HSAs; some employees in later stages of their careers who are looking to save for medical expenses in retirement, also may value HSAs, because the savings can accrue over time. On the other hand, those who expect to have a costly medical procedure relatively soon might prefer an FSA because the funds are immediately available, in contrast with HSAs where the employee must wait for the funds to grow.

**Retirement benefits:** Saving for retirement has always been a concern, but the near total disappearance of employer-sponsored pension plans has raised employees’ anxiety about whether they can save enough. Only half (53%) of baby boomers—born between 1946 and 1964—either “somewhat” or “strongly” agree that they are building a large enough [retirement nest egg](#)<sup>7</sup>.

Therefore, offering access to retirement plans like 401(k) plans that help employees reach their retirement savings goals can be a significant factor in attracting and retaining talent. A TriNet analysis found that 22% of millennials eligible for a TriNet-sponsored plan chose to contribute to their company-sponsored plan\*. Part of the reason may be that 401(k) plans that TriNet offers have competitive administrative fees. TriNet works with an independent investment adviser who conducts ongoing benchmarking of plan and investment fees. The plans also have company contribution options including profit sharing, matching and safe harbor contributions.

\*Survey conducted by TriNet in 2018 with approximately 3,000 employees of TriNet clients

<sup>5</sup> National Health Expenditure Projections 2019-2028 <https://www.cms.gov/files/document/nhe-projections-2019-2028-forecast-summary.pdf>

<sup>6</sup> Small-Business Owners’ Views on Health Coverage and Costs <https://www.commonwealthfund.org/publications/issue-briefs/2019/sep/small-business-owners-views-health-coverage-costs>

<sup>7</sup> Transamerica Center for Retirement Study, “18th Annual Transamerica Retirement Survey: A Compendium of Findings About American Workers,” [https://www.transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2018\\_sr\\_18th\\_annual\\_worker\\_compendium.pdf](https://www.transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2018_sr_18th_annual_worker_compendium.pdf), page 136.



**Disability benefits:** Short-term disability insurance provides employees who have either unpaid sick leave or who exhaust their accrued paid sick leave with a certain level of wage replacement. It's especially valuable for employees who suffer an accident, unexpected surgery or illness with a long recovery time. TriNet offers access so employers can fund these plans or offer them as voluntary, employee-funded plans. And TriNet's nationwide reach enables it to offer disability benefits and ensure appropriate coverage no matter where a company is located, especially important because some states have their own disability and family and medical leave (FMLA) requirements. For those states, TriNet handles administration of the applicable coverage.

**Life insurance:** For employees at all stages of their career, life insurance is an important tool for protecting assets. Buying a life insurance policy through an employer typically allows employees to obtain coverage at more affordable rates than policies purchased on an individual basis.

## Nontraditional Benefits

Nontraditional benefits are the fastest growing element of employer-sponsored benefit packages. Employers can cover some nontraditional benefits, while the rest are voluntary, meaning the employee pays but often at a discounted rate only available through the employer. This eGuide will not attempt to comprehensively cover all of these benefits, but will provide a thorough overview.

### MANY NONTRADITIONAL BENEFITS ARE TARGETED TO WORK-LIFE BALANCE

In the TriNet survey, employees put the highest priority on nontraditional benefits that contribute to a work-life balance. Below, we list some of the most powerful benefit categories for addressing that balance.

#### **Flexible work arrangements:**

Employees surveyed by TriNet valued flexible work arrangements, which might include unlimited paid time off, flexible hours, compressed workweeks and working remotely. Flexible work is an especially important benefit given the current pandemic and beyond.

“TriNet offers a benefit package with more offerings than we would be able to do on our own.”

*Financial Analyst at a Non-profit Company*



**Paid leave:** Paid leave (excluding vacation pay, sick pay and paid time off) is the next most coveted nontraditional benefit category according to the TriNet survey. FMLA requires public agencies and private sector companies that meet certain requirements to provide 12 weeks of unpaid, job-and-benefits-protected leave in a 12-month period to eligible employees for certain family and medical reasons, including parental leave. Some companies now attract and keep hard-to-replace talent by offering fully paid FMLA-type leave without requiring employees to use accrued vacation, sick days or paid time off.

**Childcare:** Though it's not widespread at this point, some companies offer onsite childcare or subsidies for childcare costs—and some believe the pandemic will expand access to this type of benefit. The IRS allows employers to claim between 10% and 25% of this cost.

**Pet insurance:** According to Scott Lyles, Chief Pet Insurance Officer at Nationwide, “About one in three Fortune 500 companies now offer [pet insurance](#)<sup>8</sup>, not only to appeal to animal-loving prospective hires, but also to help retain current pet-owning employees.” Perhaps that's not surprising. Having pet insurance gives employees entering the job market one less thing to worry about as the cost of pet care rises. TriNet's Voluntary Benefits Central (see below) includes a pet insurance benefit program.

**Phased retirement programs:** 47% of workers are envisioning a [phased transition](#)<sup>9</sup> by reducing work hours (30%) or working in a different capacity that is less demanding and/or brings greater personal satisfaction (17%). Phased retirement allows employees to continue earning income while scaling back on job responsibilities and time spent working. This makes it easier for companies to retain experienced workers and attract new talent.

**Commuter programs:** Many companies offer pre-tax deductions for commuting expenses—and some cities even mandate that an employer offer this option. TriNet offers access to this through Health Equity (formerly Wageworks), a program that allows employees to set aside pretax dollars for both parking and transit expenses.

**Training and mentoring:** While formal mentoring programs and training do not directly address work-life balance, they contribute to the job satisfaction that can enhance that balance. These programs often help you find and motivate employees who are considering a career track in high-turnover fields like retail and hospitality. An American Society for Training and Development study found that 71% of Fortune 500 companies now have some type of corporate [mentorship](#)<sup>10</sup> program.

## ACCESS TO THE ENTIRE RANGE OF VOLUNTARY BENEFITS

TriNet has used its considerable reach and resources to make accessing voluntary benefits easier by creating a user-friendly Voluntary Benefits Central that features many voluntary programs. For some of these benefits, employees sign up on a rolling basis; other benefits are available only during open enrollment. Offerings include pet insurance, auto and homeowner's insurance, legal insurance, accident insurance, critical illness insurance and hospital indemnity insurance.

TriNet also has another user-friendly site, Marketplace, which offers discounts on a broad range of services, from [Disney World tickets](#)<sup>11</sup> to cellphone service and gym memberships. Marketplace is available to all TriNet clients and their employees.

\* Survey conducted by TriNet in 2018 with approximately 3,000 employees of TriNet clients

<sup>8</sup> Pet Insurance Is Now the Hottest Employee Benefit <https://fortune.com/2016/06/23/pet-insurance-is-now-the-coolest-employee-benefit/>

<sup>9</sup> 18th Annual Transamerica Retirement Survey [https://www.transamericacenter.org/docs/default-source/retirement-survey-of-employers/tcrs2018\\_sr\\_employer-retirement-research.pdf](https://www.transamericacenter.org/docs/default-source/retirement-survey-of-employers/tcrs2018_sr_employer-retirement-research.pdf)

<sup>10</sup> The Best Fortune 500 Mentorship Programs <https://www.investopedia.com/articles/personal-finance/022315/best-fortune-500-mentorship-programs.asp>

<sup>11</sup> Disney World Tickets <https://www.ticketsatwork.com/tickets/>

## Benefit Packages: An Essential Tool for SMB Success

A comprehensive benefits package that brings together attractive traditional benefits with non-traditional benefits delivers far more than the sum of its parts. In TriNet's survey, most respondents said that providing nontraditional benefits improves employee morale, employee retention and company culture. By giving your employees the support they need to succeed, you build a loyal team that, as an added benefit, fosters invaluable institutional memory.

Let's be clear. Talented people have choices for where they will work. Research has shown that these individuals want access to benefits that contribute to an environment full of opportunity and the cherished work-life balance. Such benefit packages were once limited to large enterprises, but not anymore.

Today, by teaming with a full-service HR provider like TriNet, your SMB can get the comprehensive benefit options necessary to compete successfully for talent with any sized business. There may be no more valuable tool for crafting a team that will empower your business to thrive.

## About TriNet

TriNet (NYSE: TNET) provides small and medium size businesses (SMBs) with full-service HR solutions tailored by industry. To free SMBs from HR complexities, TriNet offers access to human capital expertise, benefits, risk mitigation and compliance, payroll and real-time technology. From Main Street to Wall Street, TriNet empowers SMBs to focus on what matters most—growing their business.

Go to **TriNet.com** to get started or speak with a TriNet representative at **888.874.6388**.

Learn all about our tailored solutions at [TriNet.com](https://www.trinet.com) or call **888.874.6388**.

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