



*The CFO Playbook:*  
**HOW TO IMPROVE  
TURNOVER UP TO 138%**





**Paycor analyzed our proprietary data from more than 30,000 medium and small businesses nationwide. We found organizations that offer the right mix of employee benefits saw a 138% improvement in turnover.**

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**In this guide, we review cost-containment strategies CFOs should consider when designing benefits program.**



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# What's Inside



**The right mix of benefits dramatically reduce turnover**

Paycor found that organizations with six benefit plan types saw a **138% improvement in turnover versus those with no benefit plans.**



**Cost-containment strategy #1: Share the cost of benefits**

To control the costs of benefits, find ways to share costs, without alienating employees. **In 2018, high-deductible plans cost smaller businesses 13% less, on average, than PPOs.**



**Cost-containment strategy #2: Managing chronic conditions**

**More than half of organizations with more than 500 employees offer technology to help manage chronic conditions,** which can lower cost and improve quality of life.



**Cost-containment strategy #3: "Free" benefits**

No or low cost benefits, such as paid time off for volunteering, **can help decrease burnout and bake your benefits offerings into your company culture.**



**Cost-containment strategy #4: Technology**

The right benefits technology saves money and time. **Savings from overpayment of premiums alone amount to nearly \$28,000 per year for a mid-sized business.**

## ABOUT THIS REPORT

Business insights and survey results in this report are derived from a combination of proprietary Paycor data and highly reputable third-party sources, such as SHRM. Paycor's research on benefits and turnover was based on an analysis of aggregated data from more than 30,000 Paycor customers nationwide.

# The right mix of benefits dramatically reduce turnover



## ATTRACTING AND RETAINING TALENT IS THE CFO'S #1 CONCERN IN 2019.<sup>1</sup>

Paycor found that C-suite executives believe the #1 cause of turnover is compensation.<sup>2</sup> But what if compensation, while important, is not the whole story, much less the silver bullet?

## PAYCOR FOUND A REMARKABLE LINK BETWEEN BENEFIT OFFERINGS AND TURNOVER.

We looked at our customer base of more than 30,000 medium and small businesses nationwide and found that **as organizations add benefit plans, there is a significant decrease in turnover.**



The average turnover rate for organizations with NO benefit plans

157%



Organizations that offer six benefit plan types\* saw a

138%

improvement in turnover

\*Plan types = standard health benefits (PPO/HDHP, vision, dental, life, etc.)







## How can benefits be so effective at reducing turnover?

We believe it's because the right mix of benefits offer something for everyone in your company, no matter their job title, level of expertise or seniority. Beyond straight compensation, benefits address critical concerns your employees have, not only about their health and their family's health, but their overall wellbeing.



**SO, THE MORE BENEFIT PLANS THE BETTER?  
NOT EXACTLY.**

The key is finding the right mix of benefits for your company. PwC's *Health and Well-being Touchstone Survey (2018)* found that **each generation is motivated by their own priorities, governed by life stage.**



**AGE ORDER OF PRIORITIES**

	1	2	3	4
30-34	Compensation	Flexibility, Work/Life Balance	Company Mission	<b>Benefits</b>
35-39	Compensation	<b>Benefits</b>	Company Mission	Flexibility, Work/Life Balance
40-44	Compensation	<b>Benefits</b>	Company Mission	Flexibility, Work/Life Balance
45-49	Compensation	<b>Benefits</b>	Flexibility, Work/Life Balance	Retirement Savings
50-54	Compensation	<b>Benefits</b>	Flexibility, Work/Life Balance	Job Security



AND HERE'S ANOTHER DEEPER DIVE AT EXACTLY WHAT MOTIVATES EMPLOYEES BY AGE GROUP.



**The Silent Generation/  
Traditionalists**  
1928-1945

Strongly focused on their careers and largely adhere to social norms; typically single-company loyalty



**Baby Boomers**  
1946-1964

Generally hardworking and motivated by position, perks and prestige; they often define themselves by their professional accomplishments



**Generation X**  
1965-1980

Less committed to a single employer and willing to change jobs to get ahead; they're more tech savvy than previous generations and place strong value on work/life balance



**Millennials**  
1981-1996

Have high expectations of their employers; willing to trade high pay for flexible schedules; plugged in to technology



**Gen Z**  
1997-2012

Raised with an iPhone or Android in their hands; more entrepreneurial and wary of corporate America; highly value development opportunities

*Key Takeaway*

The right mix of benefit plans, tailored to your employee population, can significantly reduce turnover, just as the absence of benefits, or the wrong benefits, can drive turnover rates way up.





## Cost-containment strategy #1: Share the cost of benefits



**THE SMALLER YOUR COMPANY,  
THE MORE YOU MIGHT PAY.**

Medium and small businesses spend more on comparable health plans than big business because they don't have the buying power. On average, small businesses paid 8-18% more than enterprise companies.<sup>3</sup>

**To make benefits affordable you need to find ways to contain costs, without alienating employees.**





## FIND THE RIGHT BALANCE BETWEEN PPO AND HDHP/HSA.

HDHPs feature deductibles up to 3.5 times higher than other plans, which deliver obvious benefits for employers: healthier employees tend to choose higher-deductibles and the employer doesn't incur costs until the deductible is met. In 2018, high-deductible plans cost smaller businesses 13% less, on average, than PPOs. But there's a catch. **In today's hyper competitive recruiting environment, employers need to ensure they're delivering options and value to employees.** For most companies, it would be a mistake to lean too heavily on high-deductible plans.



## CONSIDER SURCHARGES AS A COST-SHARING VEHICLE.

**Rising healthcare costs put surcharges on the table.** Twenty-three percent of employers of all sizes apply a surcharge for spouses, equaling on average \$125 per month.<sup>4</sup> Tobacco surcharges are becoming more acceptable, with 15% of small employers applying them for an average monthly fee of \$58.<sup>5</sup> But there's a limit to what employees will accept; for example, only 4% of employers ask for a surcharge for dependents.<sup>6</sup>



## Cost-containment strategy #2: Managing chronic conditions



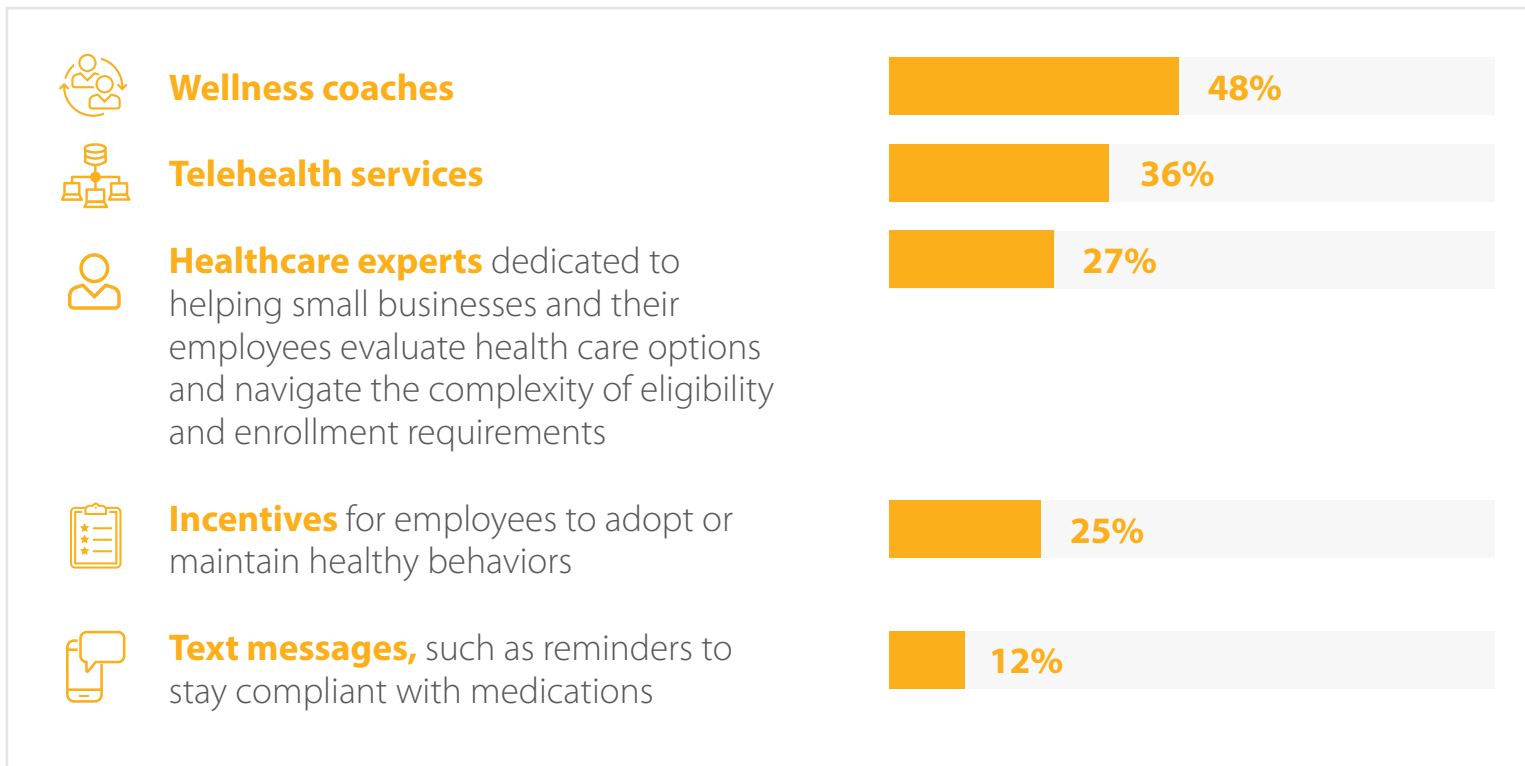
**TO PROMOTE HEALTHY LIFESTYLES AND CONTAIN COSTS, NEARLY HALF OF ORGANIZATIONS WITH MORE THAN 500 EMPLOYEES SPONSOR PROGRAMS AND/OR OFFER TECHNOLOGY TO HELP EMPLOYEES MANAGE CHRONIC CONDITIONS.**

**Forty-eight percent of employers with 500 or more employees offer high-tech, high-touch programs designed to intervene and help employees with specific chronic conditions.**<sup>7</sup> A targeted program for people with diabetes, for example, might offer both coaching and an interactive glucose monitor that can transmit data to a provider. The effectiveness of these kinds of programs are measured in improvement in quality of life and also lower long-term healthcare costs.



## ENGAGE EMPLOYEES IN THEIR OWN WELLNESS EFFORTS.

A 2018 survey by *Change Healthcare* found that **employers are using a variety of interventions to help employees manage their own health and wellbeing.** Based on responses from more than 2,000 organizations, the survey found employers are investing in:





# Cost-containment strategy #3: "Free" benefits




**NOT ALL BENEFITS HAVE TO BE EXPENSIVE.**

**Some highly valued benefits don't incur hard costs.** Paid time off, flexible work arrangements that let employees work at irregular hours or work from home and time off for philanthropic volunteering are good examples of no or low cost "perks." They're also excellent ways to decrease anxiety and burnout and bake your benefits offerings into your company culture.

PwC's Saratoga Benchmarks, one of the world's most robust databases of HR metrics, found that **low or no cost benefits play a key role in employee satisfaction and retention.** For example, PwC found that 83% of highly engaged employees report that their company that encourages diverse perspectives. Eighty-three percent

of highly engaged employees say their personal values align with their company's values. Eighty-percent say their company gives them opportunities to learn new skills.

**THE STUDY ALSO FOUND THAT WORKERS IN DIFFERENT INDUSTRIES RESPOND TO DIFFERENT COMPANY ATTRIBUTES.**

-  **Workers in manufacturing** want job security
-  **Workers in nonprofit and healthcare industries** want a mission they can believe in
-  **Workers in service and tech industries** look for flexible work environments that provide learning and mentoring opportunities



# Cost-containment strategy #4: Technology



**WITHOUT THE RIGHT TECHNOLOGY, THE COST OF ADMINISTERING BENEFITS ADDS UP QUICKLY.**

Ernst & Young's report, *Estimating Labor and Non-Labor Costs Associated with Common HR Tasks*, **reveals how much money and time is wasted when organizations attempt to administer benefits manually.**

Task	Avg. Time To Complete	Total Labor Cost
Obtaining/providing plan documents and summaries for employees	<b>28 minutes</b>	<b>\$12.07</b>
Obtaining/providing information about benefit plans changes	<b>30 minutes</b>	<b>\$16.81</b>
Obtaining/providing information to compare benefit plans	<b>29 minutes</b>	<b>\$15.95</b>
Confirming and processing plan changes for employees	<b>28 minutes</b>	<b>\$16.09</b>
Confirming dependent eligibility for coverage for employees	<b>24 minutes</b>	<b>\$10.95</b>



## THE RIGHT BENEFITS TECHNOLOGY SAVES TIME AND MONEY.

**A robust benefits admin tool can be one of the biggest drivers of long-term benefits cost savings.** Savings from overpayment of premiums alone amount to nearly \$28,000 per year for a mid-sized business.<sup>8</sup> And the right benefits platform eliminates errors by matching accurate lists of eligible employees and dependents with error-free insurance payment invoices.



# CFD's are investing in Technology

**TO REDUCE TURNOVER WITH BENEFITS, BUSINESS LEADERS ARE INVESTING IN TECHNOLOGY.**

According to *Willis Tower Watson's Best Practices in Health Care Report*, employers are actively seeking to streamline and optimize their benefits programs with technology. Of those employers doing so:



- 56%
are prioritizing health technology solutions as important over the next three years.
- 65%
are interested in tech that improves healthcare navigation or benefit experience.
- 82%
are planning to or considering investing in a decision support tool to help their employees choose benefit plans.
- 71%
are planning to or considering investing in a third-party enrollment system.



# Paycor's Benefits Advisor

**A SIMPLE SOLUTION FOR THE  
COMPLEX WORLD OF BENEFITS.**



## Make It Easy for Employees

Self-service functionality allows employees to easily manage their profiles for major life events that trigger workflows through the platform and even to carriers. Paycor's mobile app empowers users to enroll and access their benefits anywhere, anytime.



## Get Actionable Insights

Our dashboards and benchmarking tool gives you actionable insights into key metrics, including Turnover and Benefits Insights, so you can develop a comprehensive benefits strategy.



## Drive Efficiency

Our rules-based platform streamlines the process, removing tedious admin, simplifying open enrollment and keeping you on track with automated alerts and reminders.



## Contain Costs

Our decision support tool has been shown to reduce some employers' premiums by 25%. Employees who use our tool also have premiums nearly 10% lower than those who did not.



# Next Steps

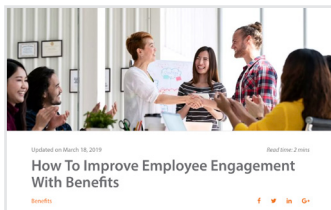


**THANK YOU FOR READING THIS GUIDE;  
WE HOPE IT WAS VALUABLE.**

If you want to learn more about benefits strategy,  
please see our additional resources below.



[How To Craft Employee Benefits Plans For A Multi-Generational Workforce](#)



[How To Improve Employee Engagement With Benefits](#)



[The Complete Guide to Creating Competitive Benefits Packages](#)







## How Paycor Helps

More than 30,000 medium and small businesses nationwide trust Paycor to help them engage, manage and develop their people. Paycor is known for delivering the best unified Human Capital Management (HCM) platform for the SMB market, but what makes us legendary is the total client experience we provide, from responsive service and user-friendly design to expert partnership and thought leadership. Our unique combination of technology and expertise helps clients streamline every aspect of people management so they can focus on what they know best—their business and their mission.

Learn more about Paycor's technology and expertise

[VISIT PAYCOR.COM/HCM-SOFTWARE >](https://www.paycor.com/hcm-software)

1 C-Suite Challenge 2019™

2 Paycor's People Management Report: Perception vs Reality, 2018

3 National Conference of State Legislatures, 2019

4 PwC, Health & Well Being Survey, 2019

5 PwC, Health & Well Being Survey, 2019

6 PwC, Health & Well Being Survey, 2019

7 Willis Tower Watson, Annual Best Practices in Health Care Employer Survey, 2019

8 Forester Total Economic Impact™ of the bswift Benefits Administration Platform, 2017