Employee Benefits Report

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Top 5 Benefits Concerns of Employers in 2023

As HR teams reevaluate their offerings in the coming year, they are focused on providing the best employee benefits in the most efficient ways. To help teams make informed decisions, one benefits firm, Nava Benefits, collected information about choices made by HR teams from over 600 vendors across 28 benefit categories.

Nava's analytics identified several key benefit concerns as top priorities for HR teams: healthcare navigation, mental health, financial education, fitness and nutrition, and reproductive benefits.

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Can Laughter Be an Employee Benefit?

Kevin Hirschman, founder and host of Laugh Dot Events, wants to show businesses that laughter can be a valuable employee benefit. Using in-person and online comedy shows, Hubschmann brings a unique experience to the workplace.

Through various interactive comedy events, Laugh Dot Events helps reduce employee stress, creates a more positive work environment and boosts employee morale.

Hubschmann believes that people have done all the team-building and bonding exercises that can be done at this point and that laughter is the best medicine. So, his company takes

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1. Healthcare Navigation

As healthcare costs continue to climb, HR teams are focusing on ways to reduce wasteful spending. One of the most effective solutions is healthcare navigation benefits.

Healthcare navigation benefits help employees identify reliable and cost-effective healthcare options, including providers and facilities. These benefits typically provide patients with information on various in-network providers and comparative price data to help them make informed decisions.

Additionally, healthcare navigation may provide support in understanding complex medical bills or pricing negotiations. In some cases, these services are provided directly through an employer's health plan, while in others, they may be offered as a separate benefit.

Not only can this save employers money by reducing hospital overcharging, but it can also ensure that employees make the best use of their health plans and benefits.

2. Mental Health Benefits

Mental health benefits have taken center stage in HR departments since the pandemic began, as rising rates of depression, anxiety, and burnout have put a spotlight on the need to prioritize mental wellness. In response, many employers are now offering virtual counseling and therapy options as part of their benefits package.

These changes increase privacy and convenience for employees when accessing mental health providers, allowing them to seek help without taking time off work or traveling for appointments. Benefits like these can improve employee retention and productivity, leading to a healthier workplace.

3. Fitness and Nutrition Benefits

Employers recognize the effect of physical wellness on mental health and healthcare costs. As a result, HR teams are turning to digital solutions to help employees monitor their fitness and nutrition and provide advice on exercise and diet.

Efforts like this to minimize stress on bodies and minds can help employers save on healthcare expenses even sooner than expected. According to a study published in the British Medical Journal, physically active middle-aged adults could save up to $1,874 per year in healthcare costs after retiring.

4. Price Comparison Benefits

Price comparison benefits are digital tools that let employers and employees compare different healthcare products and services to find the best value for money. They can assess coverage, price, quality, and other facets of each healthcare package available.

a new approach.

Hubschmann says comedy and improv have personally helped him improve his critical thinking and listening skills, making him a stronger team member.

Laugh Dot Events uses a data-driven methodology to match comedians with companies. Before an event, the business takes a survey to evaluate their corporate culture so that Laugh Dot Events can match them with the right type of comedy.

Hubschmann views laughter as an exercise in bonding and a benefit that improves well-being. It creates a human connection that is more essential than ever — especially after the trials of the pandemic.

Laughter is also recognized as having many medical benefits: it can reduce stress-related hormones, improve heart health, strengthen the immune system, and lower blood pressure.

Experiencing humor with colleagues can bring a sense of joy to the workplace. For example, Hubschmann hosts an event called "Laughing and Bonding," where participants are asked fun facts and questions about interests they'd like to share with coworkers. Then they partake in a game of trivia hosted by a comedian. These activities help them form a powerful connection with colleagues beyond work.

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This helps employers identify healthcare savings while providing employees the benefits they need.

Part of the process can involve moving away from traditional methods to achieve optimum cost savings. Alternative insurance plans or pharmacy solutions could reduce drug spending and save money in the long run.

5. Fertility and Reproductive Benefits

In the wake of the *Dobbs* decision, HR teams may need to reevaluate their fertility and reproductive benefits.

It is a complex area of healthcare due to a diverse workforce and legislation that varies from state to state. As a result, HR teams must be thoroughly knowledgeable about their state's regulations and laws regarding providing fertility and reproductive benefits.

How to Help Employees Accelerate Retirement Savings

With retirement just around the corner for many, employees are increasingly concerned about their financial future for several reasons, including recent economic events, personal financial issues, or job changes.

Data from the Bureau of Labor and Statistics shows that while 68% of employers offered access to the private retirement industry this year, only 51% of employees took advantage of this opportunity. Once the SECURE Act 2.0 passes, this figure will likely increase.

However, beyond offering access to private retirement plans, employers should actively work to educate their employees about the available options and how best to utilize them to achieve financial security.

Prioritize Education

Education should be a top priority for employers looking to ensure the financial well-being of their staff members.

Employers can encourage employees to set up emergency savings accounts, create a budget, and take advantage of other services such as free financial counseling or budgeting advice.

Employers can provide employees with information about retirement funds, explaining the different benefits of each type of account. They can also explain how to save money for retirement in each type of account and provide materials on the various tax incentives associated with retirement savings.

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Employees who feel financially secure are more likely to contribute to a 401(k) plan.

Show Latecomers That They Have Options

Even if some employees are only just starting to save late in their careers, they can still strive to achieve their financial goals. According to experts, aiming to replace 75% of pre-retirement income through retirement savings is the goal.

To accomplish this, employees should consider contributing 12-15% of their salary to a retirement plan and take advantage of any employer match programs that may be available. Employers should also consider providing access to financial advisors or free retirement planning tools to help employees identify how much they need to save based on their age and income level.

Implementing other mechanisms to help latecomers catch up, such as allowing employees to contribute after-tax dollars to their 401(k) accounts or offering special incentives for those who start putting money into retirement funds at a later age, can also be beneficial.

Automatic Enrollment Is Only for New Employees

Now that SECURE Act 2.0 has passed, employers will have to automatically enroll new employees in a 401(k) or a 403(b) plan unless the employee opts out. This will help to ensure that more employees are taking part in their employer's retirement plan and not miss out on essential benefits.

However, that still leaves out current employees not enrolled in a plan. To help the situation, employers should make it easy and accessible for all employees to sign up for a 401(k) or 403(b) plan and begin making automatic contributions.

Employers should also encourage employees to increase their contributions whenever possible and remind them of any employer matching programs.

Offer Flexible Retirement Options

The traditional retirement plan is no longer a one-size-fits-all solution for employees. The shift to working remotely and gig-style jobs has altered the structure of the traditional workforce, and employers should consider offering more flexible retirement options.

Employers could also consider providing access to target-date funds tailored to the employee's retirement timeline. These funds offer automatic rebalancing to ensure that the investments align with the employee's goals.

By creating a menu of investment options, employers can allow employees to choose from a diversity of investments such as real estate, venture capital, private equity, or commodities.

Finally, employers could explore options such as non-qualified deferred compensation plans (NQDCs) that allow employees to save additional money for retirement beyond the contribution limits for qualified program. ■

SECURE Act 2.0: What Employers Should Know

At the end of December 2022, the SECURE Act 2.0 cleared both houses of Congress as part of an omnibus end of year appropriation. The Act is a package of bills focused on retirement that expands on provisions from the original SECURE Act enacted in 2019.

SECURE Act 2.0 Provisions Employers Should Know

The SECURE Act 2.0 has several provisions that employers should be aware of. Here are some of the most important:

Automatic Enrollment in Retirement Plans

A critical provision of the Act is automatically enrolling new employees into a 401(k) or 403(b) when they start working with the company. The initial contribution would be 3% of their paycheck, with a subsequent annual increase of 1% until the maximum 10% contribution rate is reached.

According to Vanguard, automatic saving in workplace retirement plans has proven hugely successful, with 92% of employees continuing to save three years after enrollment compared to only 29% when enrolled voluntarily.

According to David Stinnett, Vanguard's head

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of strategic retirement consulting, the SECURE Act 2.0 is finally incorporating automatic best practices known to yield positive retirement savings results. These features are intended to simplify participation in plans and enable earlier savings.

Student Loans Linked to Retirement Plans

Another provision of the SECURE Act 2.0 allows employers to make matching contributions to retirement plans equivalent to employee student loan payments. According to Bankrate, 26% of employees have deferred retirement savings to cover student loan payments.

The SECURE Act 2.0 would allow employers to match up to a set percentage of the employee's wages and channel the funds into a retirement plan. This provision could help young employees better save for retirement while paying off their student loans. In addition, employers may find that this opens up their recruiting pool to more young employees and make them attractive to millennial and Gen-Z talent.

Higher Catch-Up Contributions

Secure Act 2.0 also allows those aged 62 to 64 to contribute up to $10,000 to 401(k) or 403(b) plans and $5,000 to SIMPLE IRA plans. Catch-up contributions for these plans stand at $6,500 and $3,000 for savers over 50 in 2022.

In 2023, catch-up contributions will be taxed as Roth contributions, with income tax applied before investing for retirement. In addition, the IRA catch-up contribution limit of $1,000 will be indexed to inflation.

Making catch-up contributions more available to near retirees should help them save additional money for retirement and make the process easier. It incentivizes older workers to save more after their careers are established.

Expanded Eligibility for Saver's Credit

The Saver's Credit, a tax deduction for lower to medium-income households when they save for retirement, will increase and be set at 50% rather than phasing out with higher earnings. It will go into effect in 2027.

This will make it easier for more lower-income households to save for retirement and offer them a much-needed incentive to do so. For employers, this could increase participation, leading to more engaged and productive employees as their financial concerns are put at ease.

Employers Have Time

The SECURE 2.0 Act is a great boon for employees, but employers will have some administrative responsibilities, although they should have until January 1, 2024, to work with all the stakeholders to ensure compliance.

Overall, the SECURE Act 2.0 should be a game-changer for retirement savings in the U.S., and employers should take advantage of this opportunity to better enable their employees to save and invest for retirement. Employers should consider how they can best incorporate these provisions into their benefits plans as soon as possible.

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Patient-Centered Outcomes Research Institute (PCORI) Fees Rise for 2023

The Internal Revenue Service (IRS) announced on November 14, 2022, that Patient-Centered Outcomes Research Institute (PCORI) fees for health plans for plan years ending in 2022 will increase for the 2023 calendar year. The fees are collected annually and are due by July 31, 2023.

The PCORI fee is paid by insurance issuers or sponsors of self-insured health plans to fund research into comparative clinical effectiveness. According to the IRS's announcement, the rate is set to rise from $2.79 to $3 per covered life for plan years ending between October 1, 2022, and October 1, 2023.

The previous year's PCORI fee rate was $2.45, which increased to $2.69 in 2020 and then again to the current rate of $2.79 for 2021. This is the fourth consecutive year that the IRS has raised the fee.

The annual fees are used to finance research into comparative clinical effectiveness and must be reported on Form 720. The form must be filed no later than July 31 of the calendar year following the close of the plan year to which it applies.

Created under the Affordable Care Act in 2010, the PCORI fee funds independent research that helps providers, insurers, and employers make evidence-based decisions on the use of health care services, procedures, and treatments. The fee was set to expire on October 1, 2019, but was extended through 2029 in the Bipartisan Budget Act of 2018.

How to Calculate PCORI Fees

PCORI fees are calculated by multiplying the applicable rate, $3 for 2022 plan years, by the average number of covered lives. Covered lives include employees, and their spouses or dependents enrolled in a health plan sponsored by an employer. It also refers to non-employees, such as retirees, who are also enrolled in that plan.

The options to calculate the average number of covered lives include the following:

- Actual Count Method: A count of all individuals enrolled in the plan for each day of the year divided by the total number of days.
- Snapshot Method: The total number of individuals covered on a particular date for every quarter of the year.
- Snapshot Factor Method: The approach is similar to the snapshot method but allows counting individuals with self-only coverage as one life and the remainder as 2.35 lives.
- Form 5500 Method: This formula includes the number of lives reported on Form 5500 for the year.