GIVING RAINCHECKS ON RAISES?

4 WAYS TO MANAGE THE MESSAGE TO EMPLOYEES

With inflation hovering around seven percent, and the cost of just about everything consumers purchase up by… well, a lot, employees are finding that their pay is not going as far as it once did. And they're asking their employers for raises to make up for it.

According to a recent survey by payscale.com, 69% of workers who asked for a raise last year, did not get one, and didn't believe or were not provided the rationale behind the decision plan on seeking out a new job. That can be concerning… particularly for employers who denied them.

CAN YOU SAY… TURNOVER?

Typically, when employees feel underpaid or want more money, they switch jobs. In today's job market where open positions outnumber people looking for work by almost two-to-one, there is ample opportunity for workers to find another job – and at a higher rate of pay that can more than cover the impact of inflation.

A recent study by ZipRecruiter found that about 63% of recent hires got raises when they started new jobs while about half of them gained raises of more than 10%.

They didn't have to look very long, either. According to the latest Bureau of Labor Statistics data, the average length of unemployment is about nine weeks, the same as it was back in 2020.

With the cost of living rising, purchasing power of pay dwindling, and opportunities for finding a new job extremely promising, employers who find it difficult to meet expectations for raises may face a harsh reality: pay employees now or pay (even more) later.

HOW CAN EMPLOYERS MANAGE THE MESSAGE TO EMPLOYEES WHO SEEK INFLATION-SPARKED RAISES?

If your organization can't afford higher-than-planned wage hikes at this time, consider leveraging the power of your benefits program to let employees know what you're already doing to put more money in their pockets.

1 DID YOU PICK UP EMPLOYEE HEALTHCARE COSTS LAST YEAR? ARE YOU PLANNING TO THIS YEAR?

Many employers absorbed the cost of health plan increases last year to keep health plan premiums level and minimize the rising impact of inflation on employees' take-home pay. Others reduced cost-sharing amounts.

According to the 2022 Employer Benefits Study from the Kaiser Family Foundation, employers made contributions to employee savings accounts to reduce their personal financial obligation for health care, one of the highest costs they have today.

14% of covered workers in an HDHP with a Health Reimbursement Arrangement (HRA), and 3% with a Health Savings Account (HSA)-qualified HDHP received a contribution greater than or equal to their deductible. Source: KKF, 2022

2 DO YOU PROVIDE MENTAL HEALTH AND WELLNESS SERVICES AT LITTLE OR NO COST TO EMPLOYEES?

Often employee assistance programs (EAP) can be an affordable way for employers to provide employees with free access to highly valued mental health services. Some even include a number of free counseling sessions, demonstrating how employers are helping take care of employees' mental AND financial health... beyond raises.

Thirty-five percent of employees surveyed feel mental health benefits are more important than salary or higher pay. Source: SHRM Foundation

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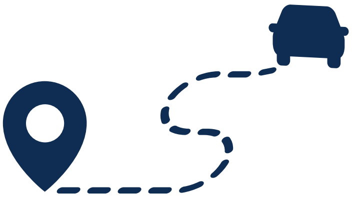
3 DID YOU ROLL OUT NEW BENEFIT OFFERINGS THAT CAN LESSEN THE IMPACT OF INFLATION?

Student loan assistance. Childcare subsidies. Contributions to dependent care accounts. Not only are these important benefits for employees today, but they are also ones that can help lessen the impact of inflation on an employee's wallet.

4 CAN YOU/DID YOU PROVIDE GREATER ACCESS TO NO-COST, HIGH-VALUE BENEFITS?

Some of the benefits employees value won't cost employers a cent to provide, such as flexible work schedules, remote work, and four-day-work-weeks. But they will go a long way to proving you are sensitive to their needs and doing what you can to help lower the rising cost of living.



For example, work-from-home can cut down on commuting expenses, like gas and transit fees, which saw sharp spikes in pricing and had an impact on employee paychecks last year. By eliminating gas and public transportation fares from the equation, employees can end up with more in their pocket.

Now more than ever, employees want greater financial stability in their lives. Connect with a member of our employee benefits team to learn how we can help assess your benefits program and make sure your offerings are relevant for employees at this time.

Contact us to learn more about how we can work together.

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