



## 2016 Employee Benefits

Looking Back at 20 Years of Employee Benefits Offerings in the US

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### Rating

8 9 Applicability  
7 Innovation  
7 Style

### Focus

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### Take-Aways

- Two out of three organizations report having trouble filling jobs that require talented employees.
- In this tight talent marketplace, companies must plan and provide employee benefits strategically.
- Organizations that can't compete on salaries can compensate with attractive employee benefits packages.
- From 2015 to 2016, benefits did not change for employees in 60% of organizations.
- During that period, 33% of organizations increased benefits and 7% decreased benefits.
- Similar ratios applied from 2014 to 2015.
- More organizations offered financial bonuses in 2016 than did five years previously.
- The number of firms offering telecommuting benefits increased 300% from 1996 to 2016.
- Millennials and 55-and-over employees appreciate flexible work arrangements.
- Organizations that reduce benefits can damage recruitment, morale and retention.

# Relevance

## What You Will Learn

In this summary, you will learn: 1) What primary benefits organizations provided to employees in 2016 and 2) How these benefits reflect trends in employee benefits.

## Recommendation

When job candidates regard a company's benefits packages as ungenerous, recruiting and hiring top talent becomes even more challenging. Human resource professionals need reliable information on the current state of employee benefits and the relative worth of the packages their companies offer. The 20th-anniversary edition of the comprehensive employee benefits report from the Society for Human Resource Management (SHRM) is a helpful guide. It offers useful information for HR professionals who are proposing new benefits, assessing current benefits or following the latest trends in the field. *getAbstract* recommends SHRM's concise, definitive overview of employee benefits to all HR personnel, executives, hiring managers and anyone considering a job opportunity.

# Summary

*"As with any research, readers should exercise caution when generalizing results and take individual circumstances and experiences into consideration when making decisions based on these data."*

*"Career development benefits may help bridge the skills gap. More than one-half of organizations (59%) reported basic skills/knowledge shortages...and 84% reported applied skills shortages."*

## The State of Employee Benefits

In the first two months of 2016, the Society for Human Resource Management (SHRM) began its annual research to determine the nature and extent of the benefits that organizations offer employees. This marked the 20th year of SHRM's research and analysis on employee benefits. In the survey, HR professionals selected from a menu of more than 300 possible employee benefits. The primary findings include:

- Sixty percent of organizations report that their benefits did not change from 2015 to 2016; 33% stated that their benefits increased and 7% stated that their benefits decreased. These percentages are similar to those SHRM reported from 2014 to 2015.
- Among organizations that enhanced benefits, 58% improved health-related benefits; 45% improved wellness benefits; 22% increased retirement savings and planning benefits; and 20% enhanced "employee programs and services."
- Among organizations that decreased benefits, 66% cut back on health-related benefits; 24% cut back on retirement savings and planning; and 19% cut back on wellness benefits.
- More organizations gave financial bonuses in 2016 than did five years previously. These bonuses included: "employee referral bonuses, spot/bonus awards, sign-on bonuses for executives and non-executives, as well as retention bonuses for non-executives."
- In 1996, only 20% of firms offered telecommuting benefits. By 2016, that grew to 60%.
- Impressive majorities of organizations provided paid vacation (97%) and paid sick leave (92%). Additionally, 73% provided employees with paid personal time off.
- Excluding what state law or short-term disability covers, 26% of organizations provided compensated maternity leave; 21% paid paternity leave benefits.
- Only 5% of organizations provided "unlimited leave." Fully 4% offered paid unlimited leave; 1% provided unlimited, unpaid leave. Organizations offering unlimited leave reported that this benefit boosts morale, trust, and recruitment and retention.

## The Most Important Benefits

In 2016, employees identified "paid time off (63%), health care/medical benefits (62%), and flexibility to balance life and work issues (53%)" as the three most important benefits.

Due to the cost of these benefits, firms must offer them strategically. This is crucial in today's marketplace in which more than two-thirds of organizations report difficulty filling full-time job openings.

### Employee Response to Benefits

The majority of organizations – 89% – examine their benefits packages at least annually or more frequently. This enables them to increase or decrease the benefits they offer depending on the current availability of talent and the relative popularity of particular benefits. Fully 75% of HR professionals report that employees are “very satisfied or satisfied” with their benefits. Yet only 68% of employees say that they’re “very or somewhat satisfied” with these same benefits. Employers need reliable information about how the members of their workforce feel about their benefits, and about how they would react to changes in their benefits packages. Cutting benefits can harm “morale and retention.”

### Health Insurance, Retirement and Leave

In 2015, according to the US Bureau of Labor Statistics, “health insurance, retirement and leave” accounted for 31.3% of total employee compensation. Organizations select among several time-tested, efficient strategies to deal with their health care costs: offering wellness benefits; requiring employees to cover more of their own health care expenses; providing options for health coverage; and instituting surcharges for health care coverage. They also can invoke restrictions that negatively affect coverage for spouses, partners, children and other dependents.

### Benefits Categories

The following tallies show the percent of organizations that offered 12 primary categories of benefits in 2016:

1. **Business travel benefits** – The three most popular business travel benefits in 2015 and 2016 were airport parking costs (88%); cab or car service reimbursement to or from the airport (87%); or payment for mileage getting to the airport or going home (79%). Meal reimbursement, which is increasingly popular, was a benefit at only 11% of firms in 2012 but at 76% of companies in 2016. Sixty-eight percent of organizations allow employees to retain their hotel loyalty points. “Employer-sponsored personal shopping discounts” also increased notably from 2011 to 2016.
2. **Employee programs and services** – The two most popular benefits in this category were complimentary coffee (78%) and a kitchen or coffee break area (93%). “Unsubsidized snacks and beverages” were also popular. Fully 25% percent of organizations offered legal services to employees. In some notable five-year trends, employers reported increases in personal shopping discount benefits, reimbursement for uniforms and health insurance for pets. Benefits decreased in providing workplace ATMs or postage, paying executive club dues, subsidizing workplace cafeterias and underwriting language classes – including English as a second language.
3. **Family-friendly benefits** – One out of four organizations provided benefits not related to child care to both same-sex and opposite-sex domestic partners. Benefits related to child care have a significant, positive impact on recruitment and retention. In 2016, only 26% of organizations permitted employees to bring their children to work in the event of a personal emergency. This fell from 32% in 2012. Only 2% of organizations allowed staffers to routinely bring babies younger than a year to work. A significant number of organizations (39%) set up an “on-site lactation/mother’s room.” The trend from 1996 to 2016 finds fewer organizations offering “subsidized child care centers” or, in another category, “elder care referral service benefits.”

*“The majority of organizations (85%) offered mental health coverage...a decrease from 91% in 2015.”*

*“More organizations offered rewards or bonuses for completing certain health and wellness programs, a standing desk, an on-site fitness center and an on-site nap room.”*

*“Organizations offered additional benefits to help employees deal with preventable and chronic conditions, including on-site seasonal flu vaccinations (54%).”*

*“Many organizations are...training existing employees to take on hard-to-fill positions.”*

*“Some organizations offer...benefits that focus on childbearing and fertility. The most commonly offered benefit was contraceptive coverage (80%).”*

*“More than one-third of organizations (39%) offered an on-site lactation/mother’s room [in 2016], an increase from 30% in 2012.”*

*In 64% of firms “female employees typically had taken all of their available paid leave to care for a new child compared with 39% of organizations that reported their male employees did the same.”*

*“Over the past year, elder care as well as child care referral services increased.”*

4. **Financial and compensation benefits** – Every day, staffers spend money to get to and from work. Their costs can be substantial. To reduce this expense, 84% of organizations provide free workplace parking. One out of 10 firms subsidize parking. Eight out of 10 organizations offer company-paid group life insurance. The dependent-care flexible spending account has gained popularity. To support higher education, 55% of firms provide help with undergraduate costs and 52% help employees with graduate school costs. The average maximum tuition or education cost reimbursement was \$4,442.
5. **Flexible working benefits** – The three most popular benefits in this category were permitting casual dress (83%), telecommuting (60%) and any type of flextime (54%). A full 53% of employees report that flexible work time benefits matter. The 55% of employees who describe themselves as “unlikely or very unlikely” to leave their organizations in the upcoming year gave two primary reasons: salary (47%) and the “flexibility to balance work and life issues (34%).”
6. **Health-related benefits** – The most popular health-related benefits and the percentage of organizations that offer them are: health care plans (96%); coverage for mental health (85%); dental insurance (96%); vision insurance (87%); prescription drug coverage (94%); and a “mail-order prescription program” (85%). Fully 20% of companies add a “smoking surcharge” to their health care plans. Employee and dependent health care coverage and the percentage of companies follows these patterns: for “full-time employees (98%); part-time employees (31%); opposite-sex spouses (94%); same-sex spouses (83%); opposite-sex domestic partners (53%); same-sex domestic partners (54%); dependent children (97%); non-dependent children (35%); foster children (57%)” and “dependent grandchildren (47%).”
7. **Housing and relocation benefits** – In 2016, the benefits in this category stayed constant compared to 2015, with one exception: Help with rent went up, from 4% to 7%. Tracking back five years to 2011 and then 20 years to 1996, the percentage of firms that provide housing and relocation benefits stayed constant or fell. The five most popular benefits in this area are: a set amount for relocation (32%); “temporary relocation benefits” (24%); help visiting potential future locations (17%); shipping reimbursement (15%); and a cost-of-living “differential” (12%).
8. **Leave benefits** – Just about every company (97%) offers paid vacation to full-time employees. Twenty percent of organizations provide the option to cash out paid leave time. The most popular benefits that most companies offered are: paid holidays (97%); a “paid vacation leave or paid time-off (PTO) plan” (97%); “paid sick leave or PTO plan” (92%); and “paid bereavement leave” (81%). Some organizations (12%) enabled employees to donate their vacation time to a common pool that other staff members could tap to meet various needs.
9. **Professional and career-development benefits** – A total of 68% of organizations indicate that in the course of 2016 they had difficulty recruiting full-time employees. Half attributed this to applicants’ dearth of experience or blamed other firms for hiring available personnel. Only 38% of firms said few applicants had sufficient technical abilities. The professional and career-development benefits that at least 75% of organizations offer include professional memberships (88%); professional development (86%); certification or recertification fees (77%); and “professional license application or renewal fees” (75%).
10. **Retirement savings and planning benefits** – Some 94% of organizations offer retirement plans. Of these, nine out of 10 have 401(k) plans or something similar. Additionally, 74% matched 401(k)s or defined-contribution retirement plans. Plus, 66% offer employees investment advice, be it in one-on-one sessions, in classes or online.
11. **Wellness benefits** – The rationale for wellness benefits is that the better employees take care of themselves, the less likely they are to become ill and require health care and

*“Nineteen percent offered paid military leave beyond what may be required by law (a small number of states have paid military leave requirements).”*

*“Community volunteer programs offer organizations an excellent opportunity to provide value-added benefits to the business, employees and community.”*

*“Sports teams offer employees a chance to socialize, meet people from other departments in the organization and build rapport outside of their work environment.”*

medication. This means lower costs for employers. More than 50% of organizations offer these wellness benefits: general wellness programs (61%); workplace flu vaccinations (54%); and information and support for wellness activities (72%). Almost all (92%) of the organizations offer some wellness benefits.

12. **Other benefits** – Social gatherings are a popular activity in this category. These include “annual company outings” and volunteer programs. In 2016, 42% of companies provided volunteer programs, down from 48% in 2015. Additional benefits in this category include awards for good performance (46%); allowing staffers to bring their pets to work (7%); and “take your child to work day” (1%).

### **Benefits Packages and Wellness Programs**

Two out of three organizations report difficulties in filling jobs that require employees with specific talents. Attractive benefits are an effective lure when firms compete for top applicants. Outstanding benefits often measure favorably against competitive offers of high salaries.

Millennials and workers older than 55 both like flexible work arrangements. Because of the enormous size of these two populations, employers must cater to them. Firms often seek older applicants for highly skilled jobs. Employer participation in wellness programs grew from 2012 to 2016, and 82% of firms report that employees who participated achieved better health. Equally significant, 77% of firms found wellness programs useful in cutting health care costs. Among the 33% of companies that boosted benefits packages in 2016, 45% increased wellness benefits.

### **Mentoring & Career Counseling**

Mentoring is increasingly more popular, as is career counseling. These programs can result in more effective succession planning. Among HR professionals, 50% believe in the potential value of professional and career development as a future recruiting tool.

### **The Survey’s Methodology and Results**

To carry out this survey, SHRM sent emails on a random basis to 25,000 of its US members. The emails included a hyperlink to the benefits survey. SHRM achieved a 15% response rate, with 3,490 members returning surveys, though not every respondent answered every question. More respondents were from “smaller organizations...privately owned for-profit organizations and government agencies, and...nonprofit and publicly owned for-profit organizations.” SHRM used traditional statistical methodology to analyze its responses and reports a 95% confidence factor, with a 2% margin of error that the findings apply to all of its members.

Nevertheless, SHRM advises against generalizing from its survey results. Given a 95% confidence factor, view the statistics this way: “72% of HR professionals reported their organizations offered wellness resources and information. With a 2% margin of error, the reader can be 95% certain that, as noted, between 70% and 74% of SHRM members would report that their organizations presently offer wellness resources and information.

## About the Author

**The Society for Human Resource Management (SHRM)** is a professional human resources organization with 285,000 members in more than 165 countries.