



Benefits That Attract and Retain Employees As We Emerge From The Pandemic

Although the worst of the pandemic is hopefully behind us, the lifestyle disruption it caused has created a monumental shift in how people work. This disruption has affected nearly every industry and has caused many individuals to take a step back and reevaluate what their career means to them. According to the Bureau of Labor Statistics, a record 4.4 million people quit their jobs in September of 2021 alone.

It is no surprise then that many employers are facing the challenge of attracting and retaining talent brought on by the pandemic. This issue is likely to continue through 2022 and beyond. Talented employees enhance productivity and provide leadership and are often a company's greatest asset. In a recent study of 205 retirement plan sponsors, 81% said they are concerned about the increased competition for talent and 73% are struggling to find qualified employees to fill positions¹. With job candidates scarce, companies will be vying for the same top-tier employees.

As a result, many companies are utilizing their retirement and benefit packages and placing an emphasis on improving their employees' financial wellness and wellbeing to help differentiate themselves as the employer of choice. Below are a few ways employers are now positioning themselves for success:

Offer Employer Retirement Plan Matching Contributions

An employer retirement plan match is an attractive employee benefit that can help an employer set themselves apart. A recent study showed that more than 45% of respondents considered an employer 401(k) match to be a major factor when deciding to accept a job². Many employers are now considering increasing their matches and shortening their vesting schedules. Even if employers had to suspend their matches due to the pandemic, reinstating a match is a positive message to communicate to employees. Offering a match also boosts employee enrollment into the plan.

Add A Profit-sharing Arrangement

Some employers are adding a profit-sharing arrangement to their 401(k) plans. This provides employees with a personal interest in a company's success, which can potentially limit employee turnover through rewarding ongoing service. For employers, a primary benefit is flexibility whereby no contributions are required if there are no profits in a particular year.

Offer Additional Benefits

Some plan sponsors are adding other non-retirement plan related benefits such as emergency savings accounts (ESAs) and/or health savings accounts (HSAs). An ESA can be funded through automatic deposits setup through payroll deductions, similar to how employees fund their 401(k)

¹ Principal Financial Group, <https://www.pionline.com/retirement-plans/firms-beef-retirement-benefits-attract-and-retain-employees>

² <https://www.betterment.com/401k/resources/employer-match>

plans. The money deducted into an ESA is taxed as income and is available to employees who have financial needs that are immediate.

HSAs allow employees to set aside money on a pre-tax basis to pay for qualified medical expenses. If your company offers an HSA program, now may be a good time to remind employees of this benefit and how to enroll into the account. HSAs can be an effective and tax efficient way to save for healthcare costs in retirement.

Offer Greater Flexibility

Many employees settled into working from home and all the flexibility that went along with that. Some were able to achieve a healthy work/life balance with no longer having to contend with a long commute or set office hours. But workplace flexibility goes beyond just working from home. Some other benefits include providing caregiver leave and rethinking paid time off (PTO) policies.

We Can Help

These are just some of the ways employers can help recruit and retain the high-quality employees that their companies depend upon. Pentegra is here to help. Contact Wade Connor at 704-608-4563 or wade.connor@pentegra.com to learn more about plan redesign and benefit enhancement options.