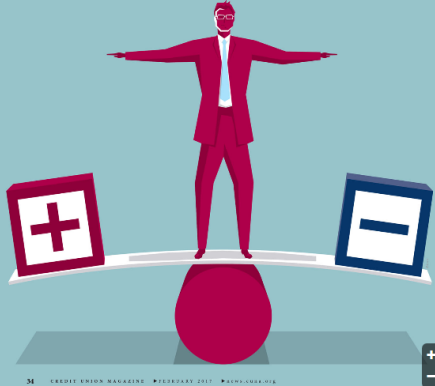


A Benefits Balancing Act

JENNIFER WOLBY



Employers strive to balance rising costs with benefit plans that attract and retain top-notch staff.

Employee benefits play a critical role in staff recruitment, retention, and job satisfaction. But benefits extend beyond employees' health insurance and retirement plans, and touch on all facets of their lives—from wellness programs to flexible work arrangements that allow time for family and outside interests.

"National surveys clearly indicate that employees want choice, relevance, and guidance" in their benefit plans, says Patti Tuoma, president of CUI People Inc., a CUNA Strategic Services alliance provider.

But balancing employees' benefit wants and needs with budget constraints isn't easy. The No. 1 challenge credit unions and other employers face when it comes to employee benefit packages is cost, with rising health care costs topping the list.

Employers expect health care costs to increase 5% in 2017, according to Willis Towers Watson, following increases of 3% in 2016 and 4% in 2015. That translates to per-employee benefits costs of nearly \$13,000 in 2017, up from \$12,338 in 2016.

Among credit unions, 85% say that 2016 health care benefit costs have risen over 2015's levels, and their average reported increase (10%) comes in at double the national average, says Jon Haller, CUNA's director of corporate and market research, citing CUNA's 2016-2017 Credit Union Benefits Report.

In response to rising costs and to mitigate expenses, one-third of credit unions made plan adjustments by

mid-2016, such as increasing employee deductibles and premium contributions ("Top changes CUs made to 2016 health care plans," p. 36).

"Our goal is to provide the best benefits we can afford to our employees," says April Clohes, president/CEO of \$3.3 billion asset Michigan State University Federal Credit Union in East Lansing. "If everyone works together, we can make choices that meet everyone's needs."

While raising employee premium contributions or eliminating benefits will reduce costs, other options exist. Clohes says her credit union eliminated post-retirement health care for newly hired employees while maintaining coverage for existing employees.

Other credit unions, such as Security Service Federal Credit Union in San Antonio, allow employees to enroll in a company-paid, single coverage medical plan at no cost. But staff must first the entire bill for a family plan or a high-deductible health plan.

The latter has smaller premiums and a \$3,000 maximum out-of-pocket cost. But the \$9 billion cost

Focus

► **Remember the benefit plan is a key driver in attracting and retaining employees.**

► **Seek employee input** when designing your benefits package.

► **Sound focus:** Develop strategies to limit the increasing cost of benefits, particularly health insurance.