



ONE SIZE DOESN'T FIT ALL:

The Benefits of a Changing Workforce

BY DANA KAZEL



In the current economic climate, logic would suggest employers don't need to try as hard to offer an attractive benefits package. After all, many employees are simply thankful to still have a job. Thus, benefits become a lesser priority.

But the reality is that health insurance costs continue to skyrocket at a time when many employers are looking at every possible avenue to cut spending in order to prevent layoffs. The result is companies working harder than ever to provide acceptable benefits at an affordable rate.

"In tough economic times there is little incentive for employers to offer healthcare benefits," said Jim Skurla, acting director of the Bureau of Business and Economic Research at UMD's Labovitz School of Business and Economics. "However, in some cases, it may not be easy to reduce benefits. Negotiated employee contracts may be

in place or health care providers' programs may have been set up for a set time period with changes only allowed during open enrollment periods."

The greater challenge for companies may be what's to come in the area of retirement benefits, said Drew Digby, regional analyst for Minnesota's Department of Employment and Economic Development. "One thing we haven't read a lot about that I think we're going to read a lot about in the next six months," said Digby, "is the mix of retirement benefits that people offer, especially if you have your independent market-based retirement accounts. People are going to look at that and go, 'Oh, my, how are we going to recover from that?' So retirement benefits are an even more important piece of that right now and folks are thinking, 'How do I cut back to make

sure I put enough into retirement?'"

Current conditions aside, smart business owners know that benefits are becoming nearly as important as salary in attracting and retaining top employees.

"Almost every major employer is rethinking the mix that they give their employees," said Digby. "Every year there's some new product that employers are doing to hopefully keep their health care costs down and keep their employees happy."

Of course, the biggest way to keep health care costs down, according to Digby and Skurla, is to keep employees healthy.

Skurla described a "carrot or stick" approach as one trend more employers are adopting.



“An example of the ‘carrot’ is wellness programs that offer reimbursements for going to fitness centers,” said Skurla. The more forceful “stick” approach, meanwhile, would be banning smoking from buildings and on the property to encourage smokers to quit.

Further complicating the benefits formula for many employers is the multiple generations currently in the workplace. The soon-to-retire baby boomer likely favors far different benefits than the just-out-of-college millennial.

While more attention has been focused in recent years on generational differences in the workplace, the issue is nothing new.

“This is a problem that employers have faced for decades,” said Skurla. “A one-size-fits-all approach in most organizations leaves some people unhappy because there are benefits they will not use. A cafeteria style, or flexible approach to benefits, can help solve this problem. But this approach can be expensive and complicated to manage because of the multiple options that can be selected by each employee.”

It’s the employees in the middle, ages 40-55, who may soon need the most attention of all, predicts Digby. This is a group that has encountered a changing work environment and changing expectations throughout their careers. Whereas their parents likely worked in one place for their entire careers, and their children are entering the workforce fully expecting to change jobs and careers multiple times, many in this middle group started with one set of expectations and now has another. This is particularly evident in the retirement benefits they may have accrued.

Because of high costs, pensions are becoming a thing of the past for all but the largest employers. That’s not all bad for workers who want the portability of taking a 401(k) or 403(b) tax sheltered annuity with them each time they change jobs. But for this middle group, they may be stuck managing funds in multiple accounts.

“They probably have a mix of retirement funds,” said Digby. “And their voice has kind of been quieted because of the more vocal people at either end of the scale. The boomers have been very vocal and then the young people are very vocal. And those in the middle I don’t think

we’ve heard from enough. There’s a lot of that generation where they’re not really sure what’s going to happen, because they know boomers are changing the whole board as they retire, and the post-boomers are wondering, ‘What’s going to be left for us?’ There are a lot of studies about younger people and social security. They have very little faith in it, but it’s still a piece of their retirement puzzle and

they’re just kind of all waiting to see what happens to that as boomers retire.”

“Puzzle” seems to be the key word for employers and employees interlocked in an ever-evolving game where the only thing changing more than the rules and expectations are the costs. Whether all the pieces will ultimately fit into a picture of good health and retirement depends on the ability to fit them together. **D**

Changing With the Times: HOW ONE LOCAL EMPLOYER HAS ADAPTED THE BENEFITS IT OFFERS



Duluth-based maurices recently celebrated the opening of its 700th store. With 6,000 employees in 44 states, the company is constantly evaluating its benefits package, comparing it to other retailers and local businesses to ensure it remains competitive while meeting the needs of its workforce. The result is an ever-evolving package that wins praise for its traditional benefits, as well as less than traditional perks.

Maurices Benefits Manager Cindy Kerr identifies health care costs as a tremendous concern for the company. “We see this issue as a joint responsibility between maurices and our associates,” said Kerr. “maurices provides excellent coverage including preventive care covered at 100 percent, reasonable co-pays and out-of-pocket annual limits. Associates pay 20-25 percent of the

cost of premiums with maurices covering 75-80 percent of the health care costs of associates and their families.”

Added Kerr: “Associates are responsible for helping control costs by being encouraged to get preventive care, use in-network providers that provide a discount on their services, use a special mail-order pharmacy program for expensive maintenance drugs, pre-certify certain procedures to make sure they are medically necessary and use a 24/7 nurse line to help make informed decisions and avoid the emergency room for non-emergency care.”

For its part, maurices has actively promoted health and wellness for several years, offering such perks as an on-site workout facility, maurices CREW – a weight loss/fitness support group led by volunteers within the office, lunch hour exercise options that have

included aerobics, strength training, yoga and tai chi, plus community speakers on health, wellness, fitness and nutrition topics, an annual health fair and a Grandma’s Marathon spaghetti lunch in honor of associates participating in one of the races.

“This year as a part of our wellness initiative, we added disease management services to our plan,” said Kerr. “Associates with chronic conditions can voluntarily participate in a program with telephonic nurses to provide education and support to improve their quality of life and manage their condition and the related costs. Also, our plan will begin to send confidential letters to associates reminding them to get preventive care if records show they have not had these visits according to the recommended schedule. The plan will also contact associates if they have claims for prescriptions that could cause an adverse reaction when taken together.”

Beyond health care, maurices offers a 401(k) savings plan to employees after one year on the job. Workers contribute through payroll pre-tax deductions and get a company match of 50 percent on the first 5 percent they save. maurices employees also can purchase stock in parent company Dressbarn at a 10 percent discount through payroll deduction.

Other benefits available reflect the growing trend of employers to offer more flexibility as perhaps the greatest perk of all. Kerr lists as examples: “Changing sick and personal days to a more flexible ‘choice’ time model, flexible work schedules and remote workers.” Tuition assistance and adoption assistance also are available.


Lastly, the company has developed a listing of “convenience

benefits,” which give employees discounts on things like local restaurants, florists, cell phone contracts, home computers and also to provide perks like sample sales, chair massage and dry cleaning pickup.

The payoff for such perks is a win-win situation. According to Kerr, “These changes have helped us continue to recruit and retain the talent we need by meeting the needs of an ever-changing work force.” **D**

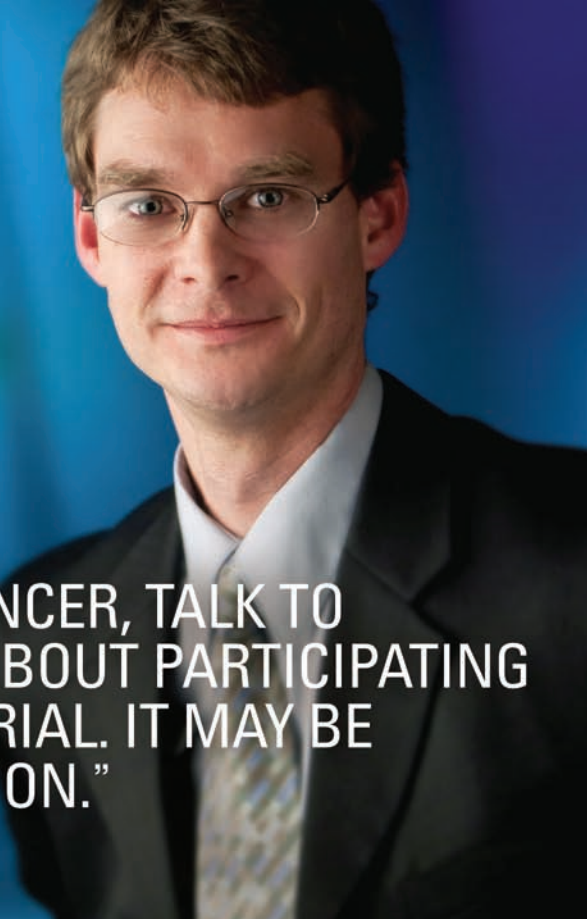
Dana Kazel is a Duluth-based writer.





SMDC Medical Center
Duluth Clinic

The soul and science of healing.



BRET FRIDAY, MD, PHD
HEMATOLOGY/ONCOLOGY

“IF YOU HAVE CANCER, TALK TO YOUR DOCTOR ABOUT PARTICIPATING IN A CLINICAL TRIAL. IT MAY BE YOUR BEST OPTION.”

From our experts, for your health:

JUST ONE THING .com