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Benefits Insights

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6 Key Employee Benefits Trends for 2023

Over the last few years, almost every aspect of the workplace has changed, leading to many unforeseen challenges. Unfortunately, many of the challenges that plagued workplaces in 2022 will likely continue in 2023 and beyond. In particular, current labor challenges are forcing employers to find ways to balance rising costs and inflation while providing employees with benefits they value and need. Understanding this year's key employee benefits trends can help employers assess whether their offerings meet employee demands and needs so that they can attract and retain talent.

This article discusses six key employee benefits trends for 2023.

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1. Addressing Health Care Costs

Finding ways to reign in rising health care costs while keeping benefits affordable is critical for employers in 2023. This won't be easy; many organizations' budgets may be limited due to the economic downturn and ongoing labor market issues. Planning and implementing multiple strategies to manage health care costs can help employers develop cost-saving strategies, such as the following:

- Modifying health plan designs
- Incorporating health care analytics
- Improving employee health care literacy
- Investing in telemedicine
- Incentivizing employees to seek cost-effective care options
- Revisiting cost-sharing arrangements

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2. Prioritizing Employee Well-being

Employee well-being is a priority for many employers in 2023. Most employees are experiencing elevated stress, burnout and poor mental health due to inflation, increased job duties and the lingering effects of the pandemic. While many employers enhanced their mental health and well-being benefits to better support workers in response to the pandemic, more employers are expected to prioritize employee well-being in 2023.

Employee benefits, perks and wellness programs are expected to become more holistic to address employee mental, physical and financial well-being. To this end, employers are planning to implement the following methods in 2023:

- Expanding employee assistance programs to address burnout and other well-being challenges
- Offering online resources, classes and articles to better support employees
- Providing managers with training to recognize employee behavioral issues
- Steering employees to appropriate resources
- Conducting anti-stigma behavioral campaigns
- Offering workplace flexibility, such as flexible start and stop times, four-day workweeks and unlimited paid time off

3. Focusing on Reproductive Health

The U.S. Supreme Court's decision to overturn *Roe v. Wade* impacts employee benefits considerations in 2023. Perhaps the most significant impact is bringing a renewed focus to reproductive health. The Supreme Court's ruling eliminating the federal constitutional right to abortion care has led to a patchwork of state laws on this type of health care. This will create challenges for employers as they try to find ways to support their employees' needs and provide competitive benefits. Many employers are increasingly providing employees with family-friendly benefits, such as paid parental leave, paid adoption leave and surrogacy benefits. Others are providing specialized benefits to support women's reproductive health by offering the following benefits:

- Family planning assistance
- High-risk pregnancy care
- Pregnancy, lactation, postpartum and menopause support
- Travel benefits

4. Expanding Voluntary Benefits

It's no secret that workers are currently experiencing financial strain due to inflation and the economic slowdown, which means providing valued benefits is even more important this year. In 2023, expanding voluntary benefits may be an effective way to offer benefits that helps workers avoid financial setbacks and stretch their dollars without raising costs.

Voluntary benefits are unique in that they're optional; employees can select the coverage that matters most to them. While dental and vision care continue to be standard voluntary benefits, nontraditional offerings are becoming increasingly popular. The following are some of the most popular voluntary benefits in 2023:

- Accident insurance
- Critical illness insurance
- Hospital indemnity insurance
- Disability insurance
- Life insurance
- Identity theft protection

- Pet insurance
- Student loan repayment assistance

5. Embracing Pay Transparency

Pay transparency is expected to become the norm in 2023. Not only are more states and localities implementing pay transparency laws, but pay transparency is also becoming more important to workers. Employees value transparency because it holds employers accountable for providing similar wages for similar roles. Organizations that provide pay transparency information tend to receive more applicants. By disclosing salary information and ranges to applicants, employers can save time and money in recruiting by ensuring candidates don't reject job offers due to insufficient pay. To meet employee desires, employers may consider implementing practices such as publishing pay scales for their open positions.

6. Continuing Flexible Work Arrangements

Finding work-life balance is one of the most effective ways to improve employee mental health and well-being. Some employers have helped employees find this balance by offering remote and hybrid work. Employees generally feel happier and more productive when working from home. Flexible work arrangements can be a powerful retention tool for employers who have embraced them. Remote and hybrid work can also benefit employers by allowing them to gain access to a larger talent pool and save on overhead costs.

Summary

While the best strategies will vary by workplace, being aware of current benefits trends can guide employers as they strategize and take action. Recognizing these trends can help employers to respond in meaningful ways to help keep employees healthier, happier and more productive.

Reach out to Bryson Financial for more information on today's benefits trends.

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