



3 Benefits Enrollment Tips for Small Businesses

As a small business owner, you know that a benefits package can boost your ability to attract and retain talented employees, as well as increase productivity and lower costs associated with employees being out of work because of sickness or injury.

While benefits are an important safety net for your employees, the endless number of options, cost comparisons and administrative efforts can be overwhelming, especially with all the changes due to the implementation of the Affordable Care Act, or health care reform.

If your employees aren't enrolling in the benefits you offer or seem apathetic toward their options, it may be they don't understand the solutions available to them.

Approximately 60 percent of employees don't understand their health care benefit options.¹

To help make this year's open enrollment a success, here is a list of the top three benefits enrollment tips.

1. Take advantage of tax credits.

If you offer your workforce health insurance and employ 25 or fewer full-time workers, your business is eligible for the Small Business Health Care Tax Credit. To be eligible, small businesses are required have 25 or fewer full-time equivalents whose average annual wages are no more than \$50,000.

Small Business Health Care Tax Credits can be worth up to 50 percent of a small business' premium costs.²

Note: As of 8/26/13, irs.gov states that employers with **fewer than** 25 employees are eligible for these credits, however Internal Revenue Code Section 45R states that the term "eligible small employer" means an employer which has **no more than** 25 full-time equivalent employees for the taxable year.

2. Consider current and new options.

While many small businesses try to simplify with one plan option, benefits are not one-size-fits-all. The soon-to-be retiree will have different insurance and 401(k) needs than a single mom or soon-to-be new parent. Providing employees two or three options can help them tailor an overall benefits package for their unique situation. To expand the options you provide without adding costs to your bottom line, look into voluntary benefits options, such as accident, cancer, life and short-term disability insurance.

Some 59 percent of employees say they would likely purchase voluntary insurance benefits if offered by their employer.³

3. Communications is key to benefits understanding.

Benefits can be confusing. Many employees say they make mistakes during open enrollment that can cost them up to \$750, often by choosing the wrong levels of coverage.⁴ While workers acknowledge these mistakes, they may not be comfortable speaking up and asking for help. In fact, 90 percent of employees choose the same benefits

year after year, and only 26 percent say they always understand everything that is covered by their policy.⁴ Effective communication is essential to help employees understand their benefits options – to improve employee engagement with the benefits you are offering:

- » **Communicate year-round about benefits** to remind employees of the important health and financial choices available to them. Be sure your communications are written in easily understood terms and are targeted to the appropriate workforce segment so they are relevant.

More than 2-in-5 workers agree that a well-communicated benefits program would make them less likely to leave their job.³

- » **Use multiple avenues to communicate enrollment details**, such as home mailers, emails, videos, benefits booklets, worksite meetings and online tools or portals to help ensure your employees don't miss out on important benefits. Employees prefer to get their employee benefits information and advice from multiple resources, including their company's HR professional (30 percent), company intranet (17 percent), benefits booklet (17 percent), and/or benefits provider's website (12 percent).³
- » **Be sure to make enrollment information available to spouses and partners.** Many studies indicate that spouses of workers are often the decision-makers when it comes to benefits decisions.

Women make approximately 80 percent of health care decisions for their families.⁵

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Sources

- ¹ ADP Research Institute, (July 2011), "Employee Benefits Communications: There's Room for Improvement," <http://www.adp.com/tools-and-resources/adp-research-institute/insights/insight-item-detail.aspx?id={BF7C9CA0-9130-4511-8460-C1B7A3B279B6}>, accessed on August 26, 2013.
- ² Internal Revenue Service (2013). Small Business Health Care Tax Credit for Small Employers. Accessed on August 26, 2013, from <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>
- ³ 2013 Aflac WorkForces Report, a study conducted by Research Now on behalf of Aflac, January 2013, captured responses from 1,884 benefits decision makers and 5,299 employees across the U.S.
- ⁴ 2013 Open Enrollment Survey of the Aflac Workforces Report, a study conducted by Research Now on behalf of Aflac, August 2013, among 2,001 consumers ages 18 and older of whom 1,622 were employed full-time and 379 were employer part-time.
- ⁵ United States Department of Labor, "General Facts on Women and Job-Based Health," www.dol.gov/ebsa/newsroom/fshlth5.html, accessed on August 26, 2013.