

Small Business Benefits: Cost-Effective Strategies for Maximizing ROI

MetLife[®]





The oars of a rowboat help to maneuver and move the boat forward. Rowing requires teamwork in order to successfully navigate – the loss of even one team member can make a significant impact on the success of the endeavor. This is especially true for small business employers who must carefully navigate through these uncertain times in order to remain successful in this economic environment. They are charged with the responsibility of controlling costs and meeting their business objectives, while helping their employees create a secure financial future. Maximizing benefits plans to help achieve important objectives will position small employers for continued growth and garner employee loyalty in order to gain a competitive edge now and in the future.

MetLife, a leading provider of employee benefits to more than 52,000 small businesses in the United States, has tracked and analyzed the impact of employee benefits on small businesses for seven years through its Annual Study of Employee Benefits Trends and Open Enrollment research. At a time when many businesses are struggling to do more with less, MetLife is committed to providing benefit solutions designed, priced and administered to fit the specialized needs of employers with two to 499 employees.

***Small Business Benefits: Cost-Effective Strategies for Maximizing ROI* was developed to help small business employers and brokers navigate through these uncertain times, and to equip them with the necessary tools and resources to help address employer goals of attracting, motivating and retaining their workforce through strategic employee benefits programs.**

Small Business Benefits: Cost-Effective Strategies for Maximizing ROI

There's little doubt that small businesses are a key driver of economic growth. According to the U.S. Census Bureau, 99% of all American companies have fewer than 500 employees, and over half of all American employees work for a small business.¹ Historically, small businesses have created approximately 70% of the economy's new jobs, with U.S. entrepreneurs consistently developing new ideas, products and services that require a motivated and productive workforce.² The economic downturn, coupled with the subsequent credit crunch, has created new challenges for small business owners. While the government is taking steps to stimulate small business growth through the 2009 Recovery Act, COBRA assistance and healthcare reform measures, small businesses may be overlooking a key strategic tool – employee benefits.

Since 2002, MetLife has tracked and analyzed small business employer and employee attitudes toward workplace benefits through its annual *MetLife Study of Employee Benefits Trends*. While traditionally, small business employees (except where indicated small business is defined as employers with 2 – 499 employees) express less satisfaction with their workplace benefits overall than their large-company counterparts, this may be due to the fact that smaller employers simply haven't offered as wide an array of benefits as larger employers. It's not that small business employers don't want to offer a wider array of benefits. They may simply lack the ability to do so cost-effectively given their resources.

With that said, however, insights from the Study reveal that smaller employers may not be leveraging benefits as effectively as they could be and point to several strategies that small businesses can employ to "close the benefits gap" with larger companies without necessarily adding to their overall benefits spend. Even as small businesses are confronted with rising healthcare costs – the average family premiums for covered workers have grown approximately 113% in the past 10 years – there are ways to gain a competitive advantage (while controlling costs) through an effective use of employee benefits programs.³ For most small businesses, this means maximizing the value of current benefits offered, deepening the pool of available benefits, and giving employees the tools, decision support and information required to make smart choices. Take a moment to consider that of all of the areas where employers could focus their investment dollars, employee benefits is one of the few that has held its value. In fact, while most investments have decreased sharply in value over the past 12 months, the perceived value of employee benefits programs has increased.⁴

The "Benefit" of Benefits

For employers to maximize the value of current benefits offered, it is important to first understand how they may help to drive retention and loyalty. Employee retention is the top benefits objective for small businesses, followed closely by cost control and productivity. Retention may be of even greater importance to employers with less than 500 employees because of the impact employee turnover can have on a small business. Recent research shows that small business owners estimate the cost of replacing an employee to be close to \$6,000.⁵ Factor in the time it takes to interview, train and integrate a new employee, and the costs can become excessive.

"Small businesses are the backbone of our nation's economy, and we must protect this great resource."

Presidential Candidate,
Barack Obama, February 2008

¹ U.S. Census Bureau, www.census.gov/epcd/www/smallbus.html, accessed June 2009

² Judd Gregg, "A Budget to Beggar Us", Washington Post, April 1, 2009
<http://www.washingtonpost.com/wp-dyn/content/article/2009/03/31/AR2009033103199.html>

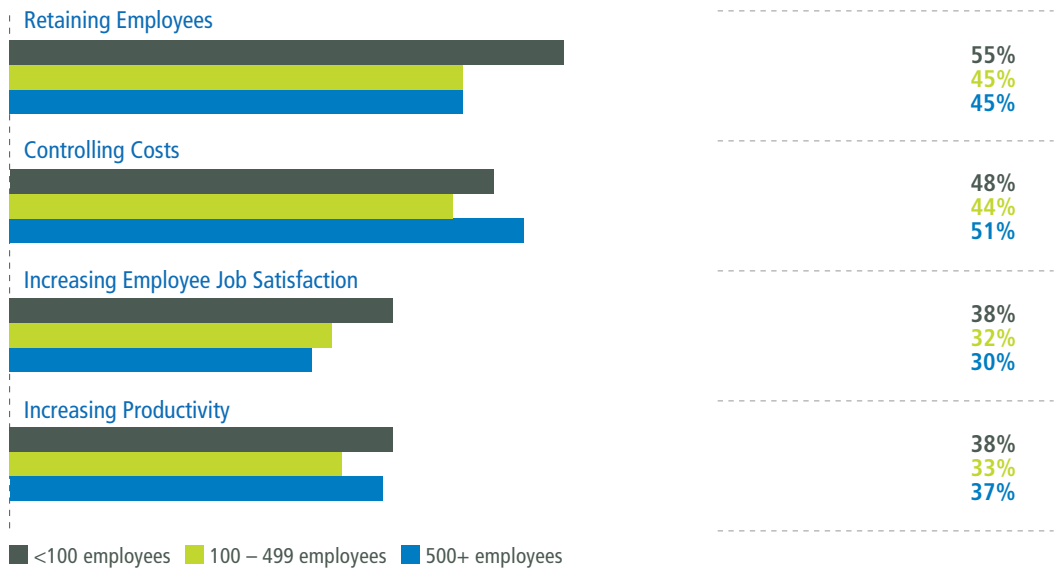
³ Health Research and Educational Trusts, of the Kaiser Family Foundation, Employer Health Benefits 2008 Annual Survey

⁴ MetLife 2009 Open Enrollment Position Paper, MetLife, 2009
<http://www.metlife.com/brokers/benefit-products/open-enrollment/index.html#research>

⁵ Stuart Robertson, "Three Easy Ways to Curb the High Cost of Employee Turnover," Resource Nation
<http://www.resourcenation.com/article/three-easy-ways-curb-high-cost-employee-turnover>, accessed June 2009

Productivity is also increasing in importance to small businesses. For companies with fewer than 500 employees, productivity increased as a top objective from 33% in 2007 to 43% in November 2008. Employee turnover is not only a cost but can also drain productivity as companies use temporary staff or overtime to cover open positions, and colleagues slow their own output as they help a new worker get up to speed. Small businesses may suffer disproportionately when deadlines are impacted by the loss of experienced workers.

Key Objectives



August 2008

Employers were asked to indicate their three most important benefits objectives.

Regardless of economic conditions, benefits are linked to employee satisfaction and retention. In tough economic times, these benefits – and the security and protection they help provide – may become even more valuable. Recent market volatility has made employees more aware of their personal risk exposure, causing 53% of employees to report that they appreciate their workplace benefits more than ever before. Nearly half of employees (43%) say that because of recent economic events they are taking a greater interest in understanding the employee benefits they receive through the workplace.

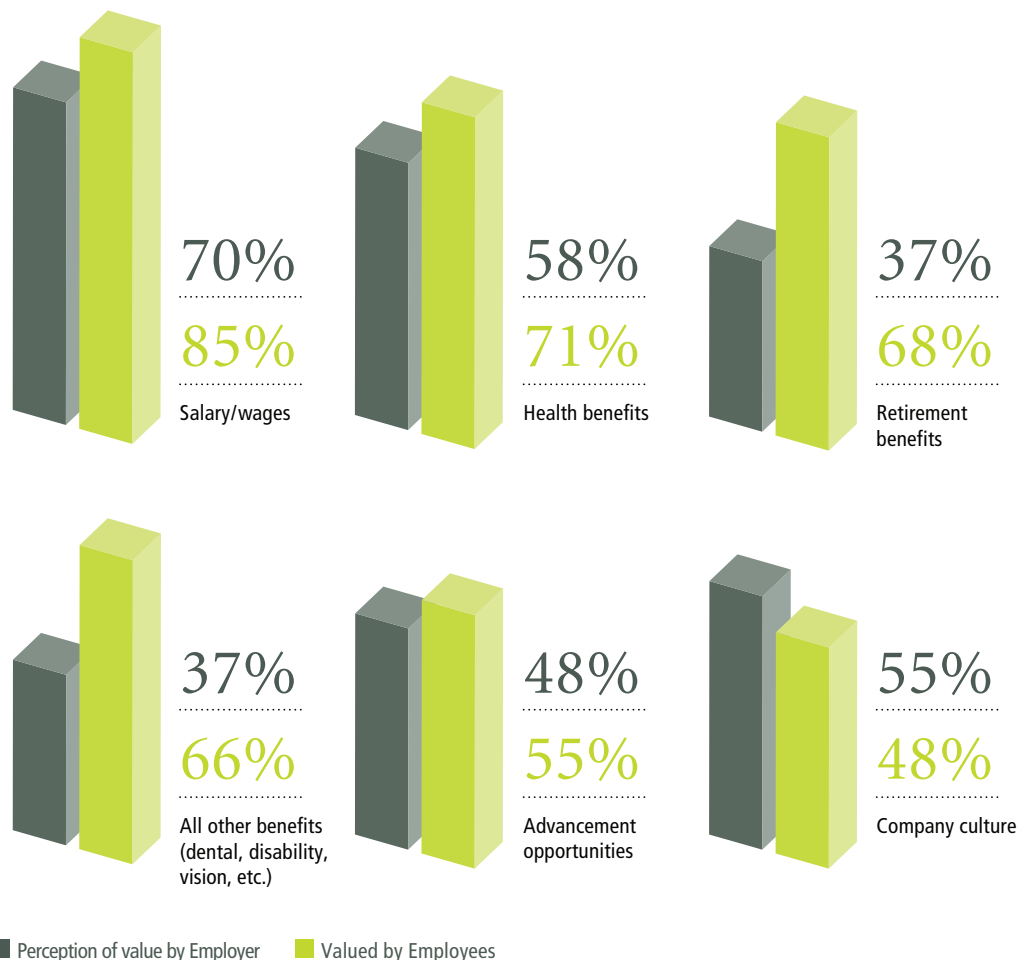
Even more significant is that 28% of employees who work at small companies say that they consider workplace benefits to be the foundation of their financial safety net, and 41% say they obtain the majority of their financial products through the workplace. At this time, small businesses have a tremendous opportunity to satisfy a key employee need by optimizing their benefits offerings. Since employee interest and appreciation in benefits is at a peak, employers will likely see a significant return on their investment.

Small business owners might be surprised to learn just how high benefits rate as reasons for employee loyalty. Consider that approximately seven in 10 small business employees (68%) report that retirement benefits and (66%) report that nonmedical benefits such as life insurance, disability insurance, dental insurance and vision coverage are very important factors contributing to loyalty to their employer, behind salary and wages (85%) and health benefits (71%).

Furthermore, small businesses may not fully appreciate that benefits also influence why employees choose their employer in the first place. One quarter (25%) of employees at companies with fewer than 500 employees indicate that benefits are an important reason why they came to their employer, and 35% indicate that benefits are an important reason why they stay with their employer. Since those percentages increase significantly for larger employers who typically offer more benefits, one can see that small business employers can potentially capitalize on the connection between employee retention and loyalty to refine long-term strategies to maximize benefits dollars spent.

However, a major disconnect often exists between small companies and their employees when it comes to awareness of which benefits truly drive employee loyalty. This lack of awareness can result in a missed opportunity for employers when it comes to retention.

Top Influencers of Employee Loyalty



November 2008

Employees and employers were asked to indicate the importance of various factors of employee loyalty toward their employers.

A significant insight from the Study is that even though retirement and other nonmedical insurance benefits – e.g. life insurance, disability insurance, dental insurance – are a major contributor to an employee’s sense of loyalty in small companies, only 37% of all employees are satisfied with the benefits they currently receive through their employer. And benefits satisfaction correlates with overall job satisfaction. The study found that 73% of all employees surveyed who were highly satisfied with their benefits were satisfied with their job, while just 22% who were not satisfied with their benefits were satisfied with their job – an indicator that attention to benefits satisfaction could have a positive impact on employee loyalty and potentially on retention and productivity.

Where Do Small Businesses Stand Regarding the Benefits They Offer?

Most small businesses do offer some level of core benefits:

- 95% offer medical insurance
- 65% offer dental insurance
- 61% offer disability insurance
- 45% offer term life insurance
- 74% offer defined contribution plans

It’s the “benefits” of these benefits that can help loyalty, retention and productivity goals. For instance, even when asked about benefits where they would pay all the costs themselves, employees indicate they appreciate the convenience of payments and savings discipline through payroll deductions. It is important that small companies communicate these advantages of group benefits – as well as the offering – to their employees in order to maximize participation and employee appreciation. Ninety percent of Americans believe that it is important for companies to offer benefits even if employees pay most or all of the cost.⁶

For employers seeking ways to maximize their benefits offerings to help address productivity, loyalty and retention goals, it’s time to start thinking differently about benefits. There are several low-cost, and no-cost, strategies that small businesses can employ to increase the “benefit of benefits” including the addition of wellness programs, offering a more robust suite of voluntary benefits and harnessing the power of strategic benefits communications.

Addressing Workforce Productivity Goals Through Benefits Programs

In an era of belt-tightening, small businesses have the opportunity to potentially increase employee productivity while controlling costs through items such as wellness programs, work/life balance benefits and the addition of new voluntary benefits.

Wellness Programs: Enhancing Health and Wealth

According to recent industry research, companies save, on average, \$3.48 in medical costs and \$5.82 in absenteeism for every dollar spent on workplace health promotion programs.⁷ Additionally, many preventable illnesses associated with obesity, high blood pressure and tobacco use can be mitigated through the implementation of wellness programs.⁸

⁶ The 2008 MetLife Study of the American Dream, MetLife, 2008

⁷ Ceridian, Executive Briefings: Health and Wellness, 2008
ceridian.com/www/content/9998/15514/15571/15582/15759/executive_brief_health_wellness.pdf

⁸ Ceridian, Executive Briefings: Health and Wellness, 2008
ceridian.com/www/content/9998/15514/15571/15582/15759/executive_brief_health_wellness.pdf

Employee wellness becomes vitally important to small businesses because smaller firms are often hit harder when workers go on extended sick leave – small businesses can't afford to maintain a "reserve pool" of workers to replace those who are absent.

As employees begin to pay more attention to the benefits offered through the workplace, employers can boost the real and perceived value of these benefits by educating employees about the relationship between their health and their finances.

The MetLife Study reveals an important relationship between personal health and personal wealth – specifically, how one's physical well-being may impact current and future financial situations. Employees across all company sizes who assessed their own health as fair or poor also said they were in worse financial shape than their healthier counterparts. According to the Study, 59% of people who assess their medical health as fair or poor say they live paycheck to paycheck, compared to 34% of people in very good or excellent health. It's important for employees to understand the need to anticipate – and plan for – unexpected medical events and situations. Part of this is employees realizing the steps they can take to mitigate the potential for more serious illnesses and chronic absences through healthy lifestyle choices.

According to the U.S. Department of Health and Human Services Centers for Disease Control and Prevention, obesity, diabetes and asthma are some of the leading causes of death, disability and rising healthcare costs in America.⁹ At a time when small businesses are spending, on average, 61% of their total benefits spend on medical insurance, there are many wellness initiatives that can be implemented for little-to-no cost to the employer and can influence future medical costs for the employer and employee.

Employee interest in health and wellness is high – 73% of all employees who participate in wellness programs said the top reason to participate in a wellness program is that "I want good health" followed by "financial incentives or rewards available through my employer" (48%). There are ways that employers can help control escalating health expenditures by promoting healthy lifestyles.

While a formal wellness program may not be an option for small employers, successful wellness solutions can often be implemented for the price of creativity and imagination. Some low-cost ways for employers to help employees reach their health goals include:

- **Provide Access to Discounts:** Many national fitness clubs and gyms offer group discounts to employees. By offering employees the opportunity to reduce stress, increase their energy and achieve weight-loss and overall fitness goals through discounted gym memberships, employers can expect to see fewer sick days and greater productivity from their employees.
- **Help Employees Control Weight:** Like gym memberships, many weight-loss programs offer group discounts. Research shows that employees who strive to lose weight together actually lose more weight than dieting on their own.

⁹ The Power of Prevention, U.S. Department of Health and Human Services Centers for Disease Control and Prevention, 2009
<http://www.cdc.gov/nccdphp/publications/PowerOfPrevention/pdfs/2009-Power-of-Prevention.pdf>

- **Encourage Healthy Behaviors:** Offer smoking cessation assistance at low or no cost. It costs an employer between \$0.10 and \$0.40 per employee per month to offer comprehensive cessation assistance, while the cost per smoker per year costs an average of \$3,383 in medical expenses and productivity costs.¹⁰
- **Give Employees Advice They Need:** With employee concern over their personal financial risk exposure at a high, offering financial planning resources can help employees reduce stress and allow them the freedom to focus on their work. Many financial services companies now offer retirement and financial planning services free of charge to employees through the workplace.

Work/Life Balance Programs

One area where small businesses seem to have an “edge” over their larger-company (500 or more employees) counterparts is in work/life balance – a significant driver of loyalty. Thirty-four percent of small business employers said providing employees with benefits designed to help with work/life balance was their most important benefits strategy. Compare this with 28% of those with more than 500 employees. According to recent research by the Corporate Executive Board, employees who feel they have a better work/life balance tend to work 21% harder than those who don’t.¹¹ Small businesses should fully leverage this work/life advantage and ensure that employees recognize this benefit by effectively communicating the programs and flexibility they have in place.

Programs that can help employees achieve work/life balance, and boost employee productivity, include:

- **Offer Paid Time Off (PTO) Programs:** A PTO program can replace traditionally distinct programs (i.e. vacation, sick and personal days) with a single block of time that gives employees more control over their time. Additionally PTO programs encourage responsible time management and give employees the flexibility to take time off when they need it – not because they need to “use it or lose it.”¹²
- **Consider Telecommuting Arrangements:** In our 24-7 culture, helping employees keep all the balls in the air between work and home can help address productivity, loyalty and retention. Giving employees the flexibility to choose where they work can allow them to be fully engaged in their work without the pressure to leave the office at a certain time to fulfill their “life” duties.
- **Allow Flexible Schedules:** In many industries, a 9-to-5 schedule isn’t necessary to keep the business running and customers happy. In these cases, allowing employees to work a schedule that’s convenient for them, as long as the work is done on time, is a great way to help employees balance work and life.

¹⁰ Adapted from *Employers’ Smoking Cessation Guide*. The guide is available online at www.endsmoking.org
http://www.mihealthtools.org/work/Workplace_Cessation_Implementation_Suggestions.pdf

¹¹ <http://www.executiveboard.com/businessweek/bw-week9.html>

¹² http://www.segalsibson.com/publications/articles/Paid_Time_off_Programs.pdf

Expanding Breadth and Depth with Voluntary Benefits

Another significant opportunity for small businesses to address their benefits objectives of increasing productivity, boosting loyalty and controlling costs is to deepen the pool of available benefits by offering more voluntary benefits and retiree benefits.

Small businesses are less likely than their large counterparts to offer voluntary benefits. Medical coverage is very important – employees overall say it is important in contributing to feelings of loyalty towards their employer. However, since 96% of all companies offer some form of medical coverage, medical benefits may not be a point of competitive differentiation. Smaller companies might consider leveraging voluntary benefits not only as a cost-effective way to strive to increase loyalty and productivity, but also as a point of differentiation to attract top talent and stand out amongst competitors. Technology is making it easier and more efficient for carriers to offer more flexibility and choices for employers in the small market.

The Study shows that 88% of small business employees are interested in their employer providing a greater array of employee benefits that they can choose to pay for on their own. Small companies need to keep their finger on the pulse of what their employees need and want from their benefits offerings. Their size puts them in a good position to communicate with their workers. Understanding where employees may be willing to pay more to get benefits helps small companies control costs and increase the ROI on benefits dollars spent.

Advantages of Voluntary Benefits



August 2008

Employees were asked about the advantages of voluntary benefits.

Availability of Products

	Total ER Offers	<100	100 – 499	500+
Products Offered				
Medical Insurance (Health)	96%	95%	97%	96%
Prescription Drug	87%	84%	89%	92%
Defined Contribution Plan	81%	71%	90%	94%
Dental	75%	61%	88%	93%
Disability	71%	57%	83%	87%
Vision Care	65%	51%	74%	85%
Term Life Insurance (for employee)	64%	50%	80%	81%
Accidental Death & Dismemberment	58%	43%	68%	77%
Long-term Care	44%	27%	54%	65%
Term Life Insurance (for spouse/dependents)	41%	23%	53%	65%
Pension Plan (Defined Benefit)	37%	22%	46%	55%
Critical Illness	36%	28%	44%	46%
Group Universal Life	32%	21%	38%	46%
Whole Life	20%	13%	28%	29%
Group Variable Universal Life	19%	11%	20%	29%
Annuities	16%	10%	19%	26%

August 2008

Employers were asked what products they offered.

Many voluntary benefits, including life, dental and disability options, can be offered with little or no additional cost for the employer. Given the fact that employees are more aware than ever of their own personal risk exposure, and are increasingly looking to the workplace for help, voluntary benefits can be a low-cost way to create goodwill with employees and help them strengthen their personal safety nets. As previously noted, employees also appreciate the convenience of payroll deduction and the ability to purchase these products all in one place without time-consuming research – as well as the favorability of group rates.

In addition to the cost savings that employers can pass on to employees through a group rate, certain voluntary benefits can have a direct impact on employee wellness, and therefore, productivity. Examples of voluntary benefits that can drive this include:

- **Dental Programs:** Dental programs not only treat dental problems, but also provide employees with access to preventative services and access to important oral health education that can help them better understand the links between oral health and overall health. Healthier employees can translate into more productive employees for the company's bottom line. For smaller employers, in particular, who might not yet offer dental benefits, adding

voluntary dental benefits may not only help with employee health but may also help them compete for talent against larger contenders. As an illustration, 65% of employers with less than 500 employees offer dental benefits compared to 93% of employers with 500 or more employees. Offering dental as a voluntary benefit could help close this disparity at little or no cost to the employer.

- **Disability Insurance:** Disability insurance programs help provide employees with the peace of mind that comes with knowing that a portion of their salary will be covered in the case of a disability. Additionally, resources are available to assist disabled employees with access to services and accommodations that can get them back to work sooner when appropriate – a win/win for the employer and employee.
- **Long-term Care Insurance:** Long-term care insurance (LTCI) is another avenue for small business owners to explore when it comes to addressing employer goals of increased loyalty, retention and productivity. According to the U.S. Census, there could be close to 15.6 million working caregivers in the country by 2025 – roughly one in every 10 workers.¹³ And while the financial and emotional responsibilities associated with caregiving take a direct toll on employees, they also affect employers. According to the 2006 MetLife Caregiving Costs Study, businesses lose an estimated \$17.1 billion per year in productivity losses due to caregiving-related workplace disruptions, leaves of absence and reduction in work responsibilities.¹⁴ Despite this, small and mid-sized businesses have been relatively slow to offer LTCI to their employees. The MetLife Study indicated that in 2008, 31% of employers with two to 499 employees offered LTCI, compared to 65% of those with 500 or more employees. Smaller employers can offer long-term care insurance as a voluntary program for employees concerned about their own, or a loved one's, long-term care.

Bundling products with a single carrier may be another way for small business employers to reduce administrative efforts and increase efficiency. Some carriers offer small businesses plans that provide options for both employer-paid coverage and employee-paid voluntary benefits. Employers may choose to provide a certain “fixed” level amount of coverage on “core” products – e.g. life insurance, long-term disability income insurance or dental benefits – for eligible employees. Employees are then able to “buy up” additional coverage of these benefits at competitive group rates through convenient payroll deductions. These plans offer more choices, rate guarantees and one point of administration for small business owners who are often serving many roles within the company.

Rebuilding Retirement Security

Especially during challenging economic times, employees are increasingly looking to employers for guidance on securing their personal financial safety net. This need is especially pronounced with regard to employees' retirement. Forty-three percent of employees at small businesses have taken a greater interest in understanding their benefits because of recent economic events.

¹³ Office of Aging Policy and Information
http://www.dads.state.tx.us/news_info/publications/policy_papers/WorkforcePolicy.pdf

¹⁴ MetLife Mature Market Institute 2006 Caregiving Costs Study
<http://www.caregiving.org/data/Caregiver%20Cost%20Study.pdf>

Due to increased stock market volatility, employees concerns about having adequate retirement income have increased. In November, 17% of all employees surveyed felt they were on track to achieve their retirement goals (down from 23% in August). Perhaps because of this heightened concern, 68% of small-market employees said retirement benefits were an important factor in influencing loyalty to their companies.

Small businesses have an opportunity to help encourage employees to save for retirement by taking advantage of the automatic enrollment provisions for defined contribution plans under the Pension Protection Act.¹⁵ Currently 34% of small businesses automatically enroll new employees and 26% enroll new and existing employees in the company's pre-tax retirement savings plan such as a 401(k) plan.

Retirement Plans Offered

26%

of small businesses with fewer than 500 employees **offer a pension plan**

74%

of those employers with fewer than 500 employees currently **offer a defined contribution plan such as a 401(k)**

55%

of businesses with more than **500 employees** offer a pension plan

94%

of larger employers (500+) **offer a defined contribution plan**

August 2008

Employers were asked which retirement plans they offer.

Guaranteed income that lasts for an employee's lifetime has been viewed by many as the critical missing element with defined contribution plans. Many employees are interested in getting a guaranteed stream of income in retirement. While 42% of small business employees would like for their company to offer an annuity as part of their company's defined contribution plan, just 25% of small employers consider this to be an important strategy.

The areas of employee wellness, financial security and voluntary benefits are opportunities to offer benefits that could contribute to employee satisfaction, productivity and loyalty. It is important for small businesses to understand which of these programs are most meaningful to their employees. Armed with this knowledge, companies can refine retention strategies by targeting benefits dollars to meet these needs and thus maximize ROI and control costs.

¹⁵ Department of Labor, "Pension Protection Act of 2006"

While all businesses – and small businesses in particular – are impacted by rising healthcare costs, the strategies outlined in this Study can help small businesses as they strive to attain a competitive advantage through the use of employee benefits. With small businesses firmly in the “driver’s seat” of the economic recovery, it’s more important than ever that they have the tools and resources needed to recruit, motivate and retain their employees.

Communications: The Key to Achieving Benefits Goals

The final step in realizing the full value of an employee benefits program is an effective communications strategy. Without one, small businesses run the risk of diminishing the impact that these programs have on their employees. Employees who rate their benefits communications as “effective” are 10 times more likely to say they are satisfied with their workplace benefits. They are also about three times more likely to say benefits are an important reason why they remain with their company. However, only 33% of employees at small businesses report that their company’s benefit communications effectively educate them on their benefits options so that they can select the benefits that best meet their needs. There is an opportunity for smaller employers to improve awareness of the benefits program and, in turn, improve employee satisfaction. Simple, yet effective, ways to meet employees’ demand for guidance in the workplace can be easily implemented. Some strategies include:

- **Create the Correlation:** The first step small businesses can take is to help employees make the correlation between their benefits offerings and their financial concerns. For example, seven in 10 employees are concerned about a sudden income loss. However, only one in five employees indicate disability insurance as one of their most important benefits. Create communications that illustrate exactly how these benefits can help employees secure a financial safety net and give them peace of mind.
- **Communicate Continually:** On-going communications also reinforce employers’ commitment to employees, and strengthen employee engagement in the benefits program. For small businesses, which may not have the manpower to develop formal communications materials on their own, a simple letter from the business owner or an “open door policy” with the HR director can go a long way in helping to achieve ROI with little to no additional expense.
- **Provide Support:** Small businesses have the advantage of being “high touch.” Smaller offices and closer quarters mean more opportunities for face-to-face interaction. With fewer employees, senior management may also have personal relationships with employees. Small businesses can use this opportunity to talk about benefits with employees.
- **Offer Guidance:** Many small business employees are yearning for support from their employer to help them make benefits decisions – especially when it comes to retirement planning. Four in 10 employees working for small companies are interested in their employer providing them with access to benefits advisors to help them make decisions on all benefits offerings. A similar percentage (46%) are interested in access to financial planners through the workplace who can help them make decisions about how to invest their defined contribution or other retirement plan money. New programs offered by financial institutions can provide retirement advice at the workplace at no cost to the employer.

- **Change it Up:** Recognize that a diverse workforce will have people who want to receive information in different ways. Consider using a combination of posters/fliers around the office, email communications and access to web sites at work where employees can learn about benefits offerings. Many carriers now provide worksheets and online tools at no cost (like MetLife's Benefits Simplifier at metlife.com/employeebenefits). Giving employees access to the information they want during Open Enrollment is linked to benefits satisfaction. According to MetLife's 2008 Open Enrollment Survey, among those workers that report having access to resources to help them make informed decisions, 82% were satisfied with their benefits offerings — compared to half (51%) of employees who stated that they didn't get the resources they needed.
- **Keep it Simple:** Employees tend to go to only a few key places for benefits information. One common information source is the company's web site, and another is the Summary Plan Description for benefits offered during enrollment. Take advantage of existing tools available from benefits providers and other organizations at low or no cost, but keep these sources of information simple, interactive and easy to use. A helpful option is to embed tools or links in the summary plan documents. The key is to ensure that the materials are straightforward and easily readable, both by the employee and their family members. When employees understand their benefits, they are better equipped to make informed choices and tend to be more satisfied – and confident – in the enrollment process.
- **Keep it Interesting:** Communicate about benefits outside of annual enrollment periods by using events, such as life insurance awareness month (September), disability awareness month (May) and long-term care awareness month (November), to help illustrate the value of the benefit. Holding a "401(k) Day" can be a great way to get employees talking to each other, and possibly a financial advisor, about retirement planning and challenges. Many organizations have all of the information needed for these types of events. Outside sources – including local newspapers, magazines and web sites – reinforce the importance of these events by providing information about them.
- **Survey Employees:** Find out what employees really want. The Study has shown that employees and employers place different levels of importance on various workplace benefits as well as on the communications methods used to educate them about those benefits. A survey can help determine not only whether employees know about the benefits offered, but also how well they understand them. Armed with this knowledge, employers can adjust benefits and communications to ensure employees understand the benefits, thus furthering the goal of increased employee engagement, satisfaction and plan participation. Increased engagement can equal a better return on benefits investments. From an employee perspective, seeing survey responses put into action can make them feel that their opinions are valued. Sample surveys can be found on MetLife's Enrollment Toolkit at whymetlife.com/enrollment.

A Final Word About Small Business Benefits

The economy is forcing everyone to creatively turn challenges into opportunities – and this holds especially true for employee benefits programs, particularly at small businesses. In good times and bad, employee benefits can help employers as they seek to engender loyalty, boost productivity and increase employee satisfaction. While small businesses may be feeling the pinch, there are simple, cost-effective benefits strategies that can lead to significant ROI for employers.

Small businesses that are able to maximize the benefits they currently offer, deepen the pool of available benefits and communicate the value of these benefits effectively will put themselves in excellent position for sustained viability currently and continued growth when the economy recovers. It is important to continue to keep an eye on achieving long-term objectives while taking steps that can contribute to improved results today.

Other Resources for Small Businesses

Tools and resources for open enrollment: whymetlife.com/enrollment

Benefits benchmarking tool: whymetlife.com/benchmarksb

Life Advice – metlife.com/lifeadvice

Small Business Administration: sba.gov

About the 7th Annual *MetLife Study of Employee Benefits Trends*

The data in this supplement is from the 7th Annual *MetLife Study of Employee Benefits Trends*. The Study surveyed employers and employees at two different points in time, August 2008, and November 2008, to assess how employer and employee attitudes toward employee benefits may have changed from prior years, and, more specifically, how they may have been affected by the changing economic climate. Both sets of research interviews were fielded by Gfk Custom Research North America. More than 1,500 interviews were conducted with benefits decision-makers at companies with two or more employees, representing a mix of industries and geographic regions, and more than 1,300 interviews were conducted with full-time employees, age 21 and over, at companies with a minimum of two employees. Except where specifically noted, data shown in this supplement is for those companies with less than 500 employees.

For additional information about the 7th Annual *MetLife Study of Employee Benefits Trends*, please visit whymetlife.com/smallbusinesstrends1.

About MetLife

MetLife is a subsidiary of MetLife, Inc. (NYSE: MET), a leading provider of insurance, employee benefits and financial services with operations throughout the United States and the Latin America, Europe and Asia Pacific regions. Through its subsidiaries and affiliates, MetLife, Inc. reaches more than 70 million customers around the world, and MetLife is the largest life insurer in the United States (based on life insurance in-force). The MetLife companies offer life insurance, annuities, auto and home insurance, retail banking and other financial services to individuals, as well as group insurance and retirement & savings products and services to corporations and other institutions.

For more information, visit www.metlife.com.

MetLife®

Metropolitan Life Insurance Company
200 Park Avenue
New York, NY 10166
www.metlife.com