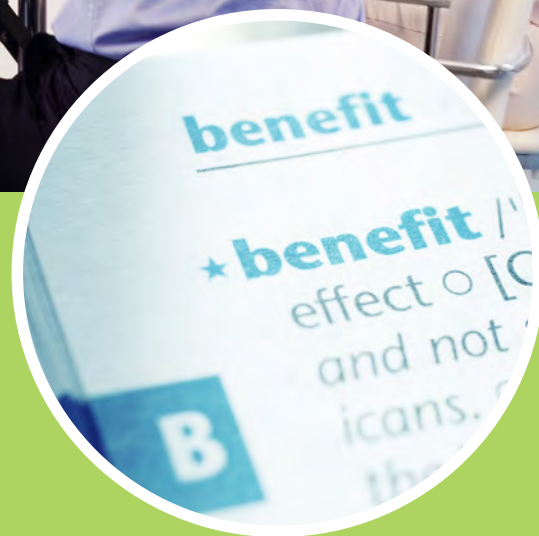




# GENERATION SPECIFIC BENEFITS

a question for the ages

AN ARTICLE BY **emphas!sHR** CEO  
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For employers of all sizes, workplace diversity is an important part of a company's culture—and in a very real sense, the company's business itself. More and more studies come out supporting the value of diversity in the workplace; combined with the social and regulatory pressures to increase workplace diversity, it's a human resources topic that should be on every employer's radar.

When we talk about diversity, many think first of diversity in ethnicity, gender or background. But there's another definition that sometimes falls out of that spotlight, and that's diversity in employee age. Not just in age, in fact, but in generation. Ironically, this less-talked about diversity element can be one of the trickiest to handle from the HR perspective—making it literally a question for the ages.

## WHO ARE WE REALLY TALKING ABOUT?

There's no universally-accepted date range for what constitutes a generation in the sociological sense, but you'll no doubt be familiar with these general group and their approximate ages.



So, there you see the potential for a workforce ranging in age from 20 to 70, and while not every industry and every business has equal representations of each, many do—and the key to ensuring the best recruitment and retention of this key diversity element is understanding where (and when!) each generation is coming from. It means knowing what they value, how they like to be rewarded, how they handle challenges and how they see their futures playing out.



**Baby Boomers** are the product of the population surge following World War II, born between 1946 and 1964.



**Generation X** are those born between 1965 and 1980, though the name comes from a 1991 novel following several youths coming of age in the boomtimes of the 1950s and 1960s.



**Millennials** are those born between 1981 and the mid-nineties, reaching adulthood with the dawn of the new millennium.



## THE BOOMERS ARE BACK—IN FACT, THEY NEVER LEFT

In the grand scheme of things, businesses don't rely on Boomer-generation expertise like they used to. Nevertheless, Boomers remain a significant part of America's workforce, with more than half of them still working, including 80 percent of the youngest Boomers, and about a third of the oldest. If you have Boomers in your workforce, you likely know that they can be among the most productive and influential people on the floor due to their decades of experience.

So what keeps the Boomers so active in the workforce? For many, it's the lukewarm economic conditions since the collapse of 2008, which was smack in the middle of what should have been a normal retirement age for many of them. Market crashes depleted retirement accounts and forced many to stay in—or return to—the workforce.

Boomers as a group are less likely to openly discuss the connections they see between benefits and their lifestyles. They tend to shy away from detailed conversations about their futures. They think about it as much as anyone else, but are harder to engage in a strategic way.

## KEEP AN OPEN MIND—AND AN OPEN EAR

Any group of people working together will have individual priorities, hopes and expectations, and multi-generational workforces are no exception. It takes time and effort to listen to what matters to them and design recruitment and benefit strategies to match. And make no mistake, it does require a commitment of resources to the HR function to make it work, though there are ways to tap external expertise to help simplify matters and speed up the process.

Without going down the easy-but-precarious path of demographic generalization, it still pays to have a broad understanding of generational attitudes and trends. After all, we're talking about people born and raised in a world that may be subtly—or radically—different than the one we're all sharing today. Let's go through our three main generations and tally up some generally-reliable estimations of what resonates, what falls flat, and what's reasonable to offer.

% + \$ = ?

**A STAGGERING 68%  
OF WORKING-AGE  
PEOPLE (25-64)  
DID NOT PARTICIPATE  
IN AN EMPLOYER-  
SPONSORED PLAN**

## DID YOU KNOW

only 9% of baby boomers have 300,000 - 500,000 saved away for retirement.

37% of baby boomers have less than 50,000 put away for retirement,

It you're earning \$50,000 a year at 30 years old - you should already have 20,000 saved in retirement.

*Are you investing in your 401k, an IRA...  
paying off your tuition loans?*

# WHAT BOOMERS WANT—AND HOW TO APPROACH THEM

Retirement and encroaching senior citizenship color many Boomers' perceptions of their workplaces. When it comes to benefits that resonate with their priorities, it probably comes as no surprise that retirement plans, profit sharing and health insurance rank highest. But their overall reluctance to engage in detailed conversations about these complex topics can make it a real challenge to connect them with breakthrough benefits.

Proactive, one-on-one engagement is the best way to break this logjam. Boomers tend to crave simplicity and direction in their benefits—they want great returns on their 401(k)s but are loathe to sit through an all-day review of thirty allocation options. They want suitable life insurance but don't want to wrestle with analyses of premiums and payouts. They often don't think to participate in other age-appropriate benefits like financial planning or estate planning, simply because they seem too complicated.

*I've found that scenario creation is an effective tool for getting feedback from, and explaining benefit options to, Boomer employees who need encouragement to engage. When HR goes through a checklist of plan options and deductibles, the Boomer shuts down and won't engage. When HR lays out a role-playing scenario, on the other hand, the Boomer sees value and empowerment in finding his own way—provided HR has given him or her the map and an idea of where the destination is.*

## THE PROS IN HIRING BOOMERS AS PRO'S!

- EXPERIENCE
- DEPENDABILITY
- LEADERSHIP
- FINANCIALLY STABLE



# GENERATION X— AN UNCONVENTIONAL TAKE ON CONVENTIONAL BENEFITS

Technically savvy and raised in a period of general prosperity, it's probably no surprise that Generation X accounts for about 40 percent of the total workforce in America today. In their prime earning years, they have concerns that go beyond themselves—72 percent of them are married and 62 percent have dependents. As a group, they are pragmatic and technology-oriented as the youngest generation to adopt the computerized world rather than being born into it.

Beyond just their age, Generation X is distinct from the Boomers in that they have less confidence in the apparatus of the welfare state—Medicare, Social Security and so forth—and therefore are more willing to rely on their own initiative to guarantee their comfort today, as well as their security in the future. They are comfortable switching jobs and even careers, again reflecting a certain degree of distrust in the systems that had served their parents.

Consider these examples. Generation X employees show the biggest gaps between their life insurance needs and their actual coverage—40 percent greater than the insurance gap of Americans as a whole. Likewise, their interest and participation in retirement plans diminishes steeply with increase salary levels, suggesting that they are more confident and comfortable seeking their own solutions rather than trust established institutions and traditional methods to cover their long-term needs.



**REACHING THE GENERATION X EMPLOYEE** - In spite of their collective worldview, conventional benefits like health and life insurance still hold appeal for Generation X. Ancillary benefits like dental and vision plans also rate highly. Their stage of life also means that they are suitable candidates for other lifestyle benefits, specifically those relating to matters of childrearing and divorce, such as availability of legal services.

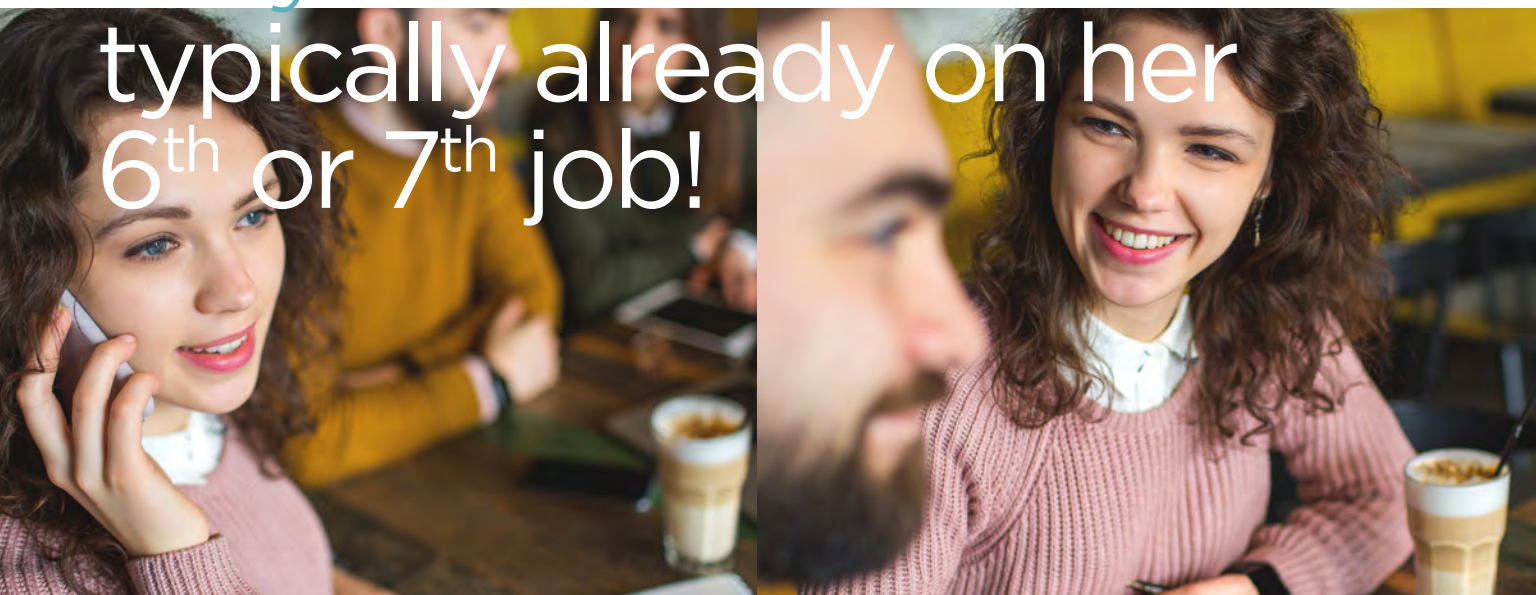
*Communication with Generation X employees is often best handled informally, and their familiarity with technology makes them quite comfortable with automated or online benefits enrollment or delivery systems. In contrast to Boomers, they are generally confident and proactive enough to seek their own answers from supplied materials, and would be distrustful of the hand-holding that facilitates the process for Boomers. Because Generation X is comfortable with switching jobs, it's critically important for employers to maintain a good feedback loop with them to ensure their engagement and satisfaction are where they need to be.*

# MEET THE FUTURE: THE MILLENNIALS

Things really start changing when we get to Millennials. There may be no other generation so thoroughly examined, evaluated and judged (with various verdicts, depending on who you ask). But one thing that you can count on when Millennials make up a significant part of your workforce is that they definitely speak a different benefits language than either the Boomers or Generation X.

In terms of employee loyalty, they are even more mobile than Generation X, with a 26-year old Millennial typically already on his or her sixth or seventh job—and more than half of those periods of employment lasted less than a year. But this is the new reality, and since Millennials are already the largest living generation, and about to become the largest segment of the workforce, it's vitally important that you understand what benefits matter to them and how you can help extend their longevity in your employ.

26-year old Millennial is typically already on her 6<sup>th</sup> or 7<sup>th</sup> job!



## A MILLENNIAL-FRIENDLY BENEFITS CULTURE

More than any other generation, Millennials are less likely to focus on long-term benefits such as life insurance, health plans or retirement plans. They also demonstrate less understanding and interest in seeking out benefits options and using them to weigh their employment and retention decisions.

As a group, Millennials are more attuned to benefits that support flexibility in lifestyle and schedule, such as unlimited time off or other work-life balance programs. They also like benefits that pay personal development dividends in the short term, like continuing education assistance and skills training opportunities. This emphasis on development, and their ease with a less-structured work schedule, both help explain why Millennials are also more comfortable with performance-based salary structures. To them, it's less about punching a clock and more about showing results on their own terms.

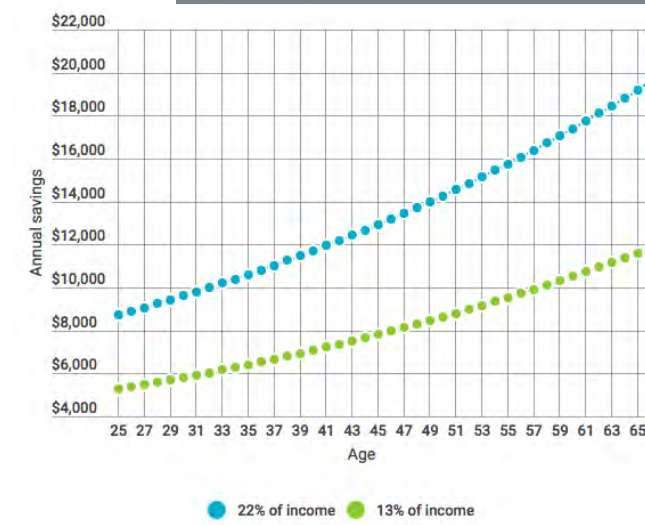
Lastly, it's well known that Millennials collectively place a great deal of emphasis on social awareness and progressive policies in a workplace. This can take the shape of company participation in a charitable organization's annual fundraising event, in-house environmental sustainability events or other acts of social conscious that help Millennial employees feel like their contributions benefit the community as a whole as well as enrich themselves financially.

*More so than with any other generation, Millennials demand a greater degree of listening on the part of the employer. They see personal validation in helping guide a company's vision and its role in society, and to find that validation, they need the employer to seek and consider their counsel. They are quick to adopt flexibility and lifestyle benefits but require a great deal of coaching in order to fully understand, appreciate and participate in more conventional benefits like insurance or retirement plans. To them, such benefits are too abstract to rate highly as a priority.*

## How much to save?

### SAVING FOR RETIREMENT IN A SLOW-GROWTH ECONOMY

CULATIONS ARE BASED ON A 25-YEAR-OLD WITH AN ANNUAL INCOME OF \$40,000, WHO RECEIVES 2% YEARLY INCOME INCREASES UNTIL RETIREMENT AT AGE 67 AND WHO SEEKS TO REPLACE 80% OF INCOME IN RETIREMENT.



# HOW CAN ONE EMPLOYER SERVE SO MANY DIVERGENT NEEDS AND STYLES?

All this knowledge will only carry an employer so far. Chances are that your workplace is centered around one or perhaps two of these generations, though representation of all three is fairly common as well. And as I hope I've made clear so far, each generation has its own valuable strengths as well as specific needs—compounded by the fact that when one drills down to the individual level, these strengths and needs are even more diverse.

It can be a steep challenge to build out a benefits plan elaborate enough to accommodate every possibility, which is why inclusion of a dedicated outsource HR partner may be a good idea if you find your HR resources stretched thin already. Working with a professional team will quickly provide you with a picture of what your employees value most—and how much of it you can reasonably afford to provide for them.

A nearly-universal best practice is the idea of informal feedback sessions to supplement—or even replace—the formal annual review process. These informal touchpoints offer more opportunity for employees to share their thoughts as well as to receive feedback from managers, making them an important pipeline to help inform your HR policies and benefits plans. If you are more interested in listening than providing employee feedback, surveys are another way to gain insights, a service you can easily access from a dedicated HR firm if your business lacks the infrastructure to run it.



In the end, we are all individuals. But as with any element of diversity, it's short-sighted to ignore the factors that make each of us unique. When you consider not only age, but generation as a factor, you can see how the world we are born into must somehow come to terms with the world we are living in now—and come to terms with those of other generations as well—in the place where we each spend 40 (or 50, or 60) hours a week.

It's a complicated exercise but one worth undertaking, because failing to fully realize the potential of any generation's gifts would be a tragedy indeed. Working with a qualified outsource HR partner is one way you can help improve recruitment and retention across.