



Perks and Benefits that Drive Employee Happiness

JUSTWORKS.



**BENEFITS &
PERKS**



**HIRING &
ONBOARDING**



**MANAGING
YOUR TEAM**



**KEEPING
COMPLIANT**



**RUNNING A
BUSINESS 101**

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INTRODUCTION

Why Do Benefits Matter?



High turnover rates can affect any business severely. According to a study by SHRM, the **average cost-per-hire for companies** is \$4,129. And when it comes to replacing highly-trained executives, the cost can run into **hundreds of thousands of dollars** — a steep price to pay.

How can you take steps to attract and retain the best talent? Make adjustments to reduce issues like employee burnout, dissatisfaction with the work environment, and a lack of employee engagement, and it can save you money and help you build a strong team.

Perks and benefits can prove vital in employee recruitment and retention. A study by the Society of Human Resource Management found that of employees who said they're considering looking for a new job, 29% said the reason was **to find better overall benefits**.

In this ebook, we'll explore the benefits and perks that matter to employees and drive happiness and satisfaction.



*When employees are happy, everyone wins. One study found that happy people were **12% more productive**.*



PART ONE

Defining Perks & Benefits



To start, it's important to note that “perks” and “benefits” are not synonymous.

Benefits are non-wage compensation in addition to an employee's salary, and cover basic needs. Health insurance, pre-tax transit assistance, stock options, and 401(k)s are some examples of benefits you can consider for your team. Benefits are offerings that focus on caring more for employees' needs than on their wants. Employees may not think about their benefits on a daily basis, but when they have health problems or other situations where benefits could help, benefits become essential.

While benefits are like the main course, perks are more like dessert. Perks are non-wage items with the potential to boost employee happiness and daily performance. A perk could be almost anything, from free food in the office to a free vacation as a reward for meeting a specific goal. Perks may also include factors such as merchandise discounts, a company car, and standing work desks. In short, perks motivate employees, energize them to perform well, and add flavor to their everyday routine.

Are perks or benefits more important for promoting employee happiness?

The answer really depends on the makeup of your workforce and what they value. For instance, a **survey by the Harvard Business Review** found that after health insurance, perks that improve employees' work-life balance are the second most valued offering. Think flexible hours, work-from-home options, and more vacation time. These kinds of flexible options are especially attractive to younger workers.

However, priorities of Millennials and Gen Z may be different from older generations. Think about your own team — or better yet, **survey them** — to determine whether perks or benefits will create greater employee satisfaction at your company.



PART TWO

Benefits that Matter to Employees



Exactly how important is it to offer benefits?

According to an **Aflac WorkForce Report**, 74% of people surveyed agree the benefits their company offers enable their organization to reduce turnover. In addition, 61% agree the benefits their company offers increase worker productivity. In other words, an employee's satisfaction with their benefits can have a big impact on their loyalty, productivity, and decision to stay with a company.

Clearly, benefits matter a great deal. As an employer, where do you begin? To design an attractive, affordable benefits package, consider offering the following components to your employees:

Health Insurance

In a Justworks poll, health insurance benefits were the most expected and desired type of benefit surveyed employees cited when accepting a job offer. 88% of respondents said the quality and options of health benefits were important. However, only 41% of employers surveyed offer health insurance as part of their benefits package.

Recent **Glassdoor Economic Research** looked at the correlation between various benefits and the overall employee satisfaction with a benefits packages. In other words, which benefits matter most to employees? It should come as no surprise that health insurance took the number one spot.

Health benefits are a clear and competitive way to recruit the best talent out there. And for small businesses that are struggling to find access to affordable benefits, services like a **Professional Employer Organization** (PEO) can help.



"Health benefits are a clear and competitive way to recruit the best talent out there."

Tuition Reimbursement

A **survey** by EdAssist found that half of millennials expected their employer to help pay for further education. The survey also found that 60% of respondents would take a job with professional development opportunities over one with regular pay raises. **According to AARP**, tuition reimbursement and training opportunities are also a boon for older workers who want to keep their skills current.

Tuition reimbursement programs are **tax-deductible up to a \$5,250 maximum per employee**. Furthermore, **a 2016 Accenture study** found that for every \$1 health insurance company Cigna spent on its tuition reimbursement program, it got back \$1 *and* saved an additional \$1.29 thanks to lowered rates of employee turnover.



“60% of respondents would take a job with professional development opportunities over one with regular pay raises.”

Vacation Time

While the term “paid time off” is often used interchangeably with “vacation time,” PTO technically refers to a single bank of hours that employees can use when sick, on vacation, in need of personal days, and/or on holidays. By creating a single PTO policy, companies enable employees to manage when and why to use their time off — whether it’s to take a Caribbean cruise, go to the dentist, celebrate a religious holiday, or just hang out at home. Fifty-eight percent of businesses offer bundled PTO plans while 40% offer stand-alone paid vacation plans, **reports Entrepreneur magazine**.

The average American worker receives 10 days of vacation per year, **according to the Bureau of Labor Statistics**. But paid time off (PTO) is not a guarantee. The lack of federal PTO requirements in the U.S. means employers have more or less a blank canvas when it comes to crafting their own policies — allowing you to tailor the policy to what your current and prospective employees really want.

That said, it’s worth being wary of buzzy strategies like unlimited vacation policies, popularized especially by the tech industry. While they sound great on paper, some companies have found that these policies in reality create a competitive environment where employees are unclear about management’s expectations, and ultimately feel pressure to take as few days off as possible.



“It’s important to not only offer vacation time, but also encourage employees to use their available time off.”



Take tech company Kickstarter, which **changed its unlimited policy** to a set 25 days in 2015: “What we found was that by setting specific parameters around the number of days, there was no question about how much time was appropriate to take from work to engage in personal, creative, and family activities,” a Kickstarter spokesperson told BuzzFeed News.

The lesson? It’s important to not only offer vacation time, but also encourage employees to use their available time off. That’s the whole point!

As a final note, make sure you’re aware of all state laws regarding paid leave, particularly if your business is expanding across state lines. It’s crucial that your paid time off or vacation policies are compliant with those requirements.

Retirement Plans

Whether you're an established company or a small startup, you risk losing top talent if you don't offer a 401(k) to your employees. Like it or not, many job seekers expect to see a 401(k) as a part of their benefits package. According to the **15th Annual Transamerica Retirement Survey**, 67% of Millennials would be likely to leave their current employer for a similar job offering better retirement benefits.

The benefit lies in creating a system that enables employees to begin saving for retirement. Without a 401(k) account, employees have to find another — potentially less lucrative — alternative. A retirement account's compounding growth is key to saving money for retirement. Plus, it can be offered at rather minimal costs to your company — especially if you don't offer a company match.

Small businesses under 100 employees may qualify for a special tax credit for offering a 401(k) to their employees. For the first three years, you could get a **tax credit of up to \$500 off per year** for your company. However, it doesn't have to end there. Company matches, if you decide to offer them, are tax deductible. You are offering an additional benefit to your employee and lowering your tax obligations — it's a win-win.

Offering a 401(k) option helps your small business attract and retain top talent and helps your employees start saving for retirement. Basically, it's a benefit to both you and your team.



“Offering a 401(k) option helps your small business attract and retain top talent.”



PART THREE

Perks that Promote Employee Happiness



A Glassdoor survey found that about three in five (57%) people say benefits and perks are among their top considerations before accepting a job. Below are some examples of companies with successful perk programs:

- **Netflix** created a policy offering employees unlimited maternity and paternity leave for the first year after a child's birth or adoption.
- **Starbucks** gives employees the chance to earn a bachelor's degree for free, by offering full tuition at Arizona State University's online program.
- Employees at **Deloitte** can take advantage of the two sabbatical options on offer. The first is an unpaid one-month sabbatical that can be taken for any reason, and the other is a three- to six-month sabbatical at 40% of their base salary that can be taken to pursue personal or professional growth opportunities.
- **Timberland's** volunteer program gives employees up to 40 paid hours per year to serve in their communities.
- **Whole Foods** employees all receive a 20% discount on store purchases. And to promote healthy living, employees get an even better discount of 30% if they meet certain criteria for things like blood pressure, cholesterol, and smoking status.

As you can see, employee perks can range from simple to extravagant. Of course, not all of these ideas are practical for all businesses, so it's important to consider what will be a good fit for your company and your team. Even if your budget does not allow you to put your employees through college or offer them a six-month sabbatical, you can use these examples as a jumping off point to consider what perks you can accommodate.

To help you decide where to start when you're designing your perks package, take a lesson from **400 marketing and advertising executives** who participated in a survey, listing some of the top perks they offer to employees. The results reveal that gym memberships, a work-from-anywhere option, and free food are some of the features employees most appreciate.



PART FOUR

The Recipe for Happy Employees



Clearly, employee perks and benefits increase workplace happiness, employee retention, and overall productivity. Yes, perks and benefits also represent an expense for employers, but they're expenses you can think of as an investment. When you invest in your team and their happiness, it can lead to increased profits and business growth.

If it's not within your means to offer everything employees want, start with the basics — health insurance. When circumstances allow, add other benefits, such as vacation time, a retirement plan, and tuition reimbursement. Don't neglect perks, either. Things like discount vouchers and employee social events all add up to help create a productive, positive work culture.



Medical Insurance



Vacation Time



Retirement Plan



Tuition Reimbursement



CONCLUSION

Justworks Can Help

Justworks team members are experts at helping employers find affordable ways to offer benefits and perks that drive employee happiness and retention. Consider the story of **Imprint**, a Brooklyn, New York-based company.

Justworks helped Imprint to set up 401(k)s for their team. Finding the right retirement plan for employees often involves learning many complicated terms and crunching numbers. But Justworks made the process easy for Imprint, helping the company save time and hassle.

Or take **Creative Mornings**, a business that hosts a monthly lecture series for the creative community. They came to Justworks for payroll and health insurance, but they jumped at the chance to offer commuter benefits for their employees as well.

“We’ve been able to take advantage of Justworks’ transit benefits, so that our team can purchase unlimited New York City Metrocards pre-tax, which is awesome,” said Creative Mornings’ COO.

For these companies and more, being able to offer the benefits and perks their employees love is crucial to retaining top talent and growing with confidence. With Justworks, you can get access to big-company benefits, automated payroll, HR tools, and compliance support — all in one place.



Justworks helps entrepreneurs and businesses grow with confidence by giving them access to big-company benefits, automated payroll, HR tools, and compliance support — all in one place.

Our simple and friendly platform makes work and life easier and more fun to navigate, with benefits that provide the flexibility, customization, and high-end options Millennials want when it comes to their physical, mental, and financial health.

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