

# THE INSURANCE INSIDER



## THE POWER OF TOTAL REWARDS

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*“...total rewards present a more inclusive perspective. It goes beyond monetary benefits and recognizes the intangibles that are often the most critical factor in driving performance.”*

Your best employees are likely motivated by more than just money. That’s not to say they don’t care how much they’re paid or whether they have a good pension and benefits program. But sustained commitment to high performance takes more than monetary rewards. To succeed in a high-performance environment, today’s organizations need to figure out how to tap into The *Intrinsic* motivators of their people.

Of course, individuals have different intrinsic motivators, whether it’s the satisfaction of contributing to the greater good or pride in great craftsmanship. But intrinsic motivation almost always has an emotional component—and making that emotional connection is where successful organizations excel.

It begins with the following:

- an emotionally compelling vision for the organization;
- a clear line of sight to help employees understand how their personal actions support that vision; and
- embedded policies, practices and procedures to make it happen.

It means embracing a holistic approach to the employment relationship—one that promotes a comprehensive understanding of what it means to work for your organization. One of the best ways to put this into practice is to get employees to think in terms of their total rewards.

### **Don’t confuse total rewards with total compensation**

A total compensation approach focuses on the fi-

ancial rewards of the employment deal. These are the tangibles—they can be measured and added together to give a dollar value. This dollar value is important to communicate because employees consistently underestimate it. On its own, total compensation offers a one-dimensional view of the employment relationship.

On the other hand, total rewards present a more inclusive perspective. It goes beyond monetary benefits and recognizes the intangibles that are often the most critical factor in driving performance. It provides a structure that allows you to show how your organization’s culture



## TOTAL REWARDS CONTINUED...

and aspirations (your internal brand) shape your employees' work experience.

One of the best tools available to bring this all together is a total rewards statement. Statements naturally attract and hold employees' attention because it's all about them. Multiple studies show personalized statements to be among the most trusted forms of communication.

In addition to showing the personal dollar value of pay and benefits, a well-conceived total rewards statement will overlay information on the other things your organization offers that are important to the employee experience, such as the following:

- your mission and values, and how these will help guide efforts in the year ahead;

- culture and workplace;
- development opportunities, achievement and recognition; and
- quality of life and work-life resources.

Knowing that different age cohorts tend to have different priorities—and motivators—you may even consider varying the message to address the diverse needs and wants of multiple generations of workers. Your youngest employees may be motivated by a good mix of social interaction and a stimulating work environment. The 30- and 40-year-olds may perform at their best when they can balance family time and career development. And boomers may be driven by a chance to leave their mark on your organization through leadership or mentorship opportunities.

Done well, your total rewards statements will identify and promote the non-monetary benefits that resonate most with your employees at the gut level—and help drive intrinsically motivated discretionary effort. After all, isn't that what employee engagement is all about?

*-BenefitsCanada*



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## GEN Y AND GEN Z CONSIDER HEALTH BENEFITS MOST IMPORTANT...

Health benefits, job creation and gender equality top the list of must-haves for Canada's newest members entering the workforce, finds a study conducted by Randstad Canada.

One in three say health benefits are the most important employee benefit they expect. It's more important for gen Y (36%) than gen Z (27%), and considerably more for women (40%) than men (23%).

There are also a number of benefits that they want from their employer:

- work flexibility (four-day weeks, compressed schedule, telework, etc.) (29%);

- training and development (17%);
- individual performance bonuses (10%);
- a stock purchase plan and profit-sharing program (4%); and
- tuition reimbursement assistance (4%).

When it comes to giving back, 82% of young adults say it's important that their employer do so. But it's *how* that's most interesting: creating new jobs locally (31%) was cited as the most impactful way for their current or future employer to support the community—ranking more than twice as important as charitable giving or environmental responsibility.

Gender equality topped the list of expectations when it comes to fostering diversi-

ty, with nine in 10 emphasizing its importance. And it's official—loyal workers are a thing of the past. Both gen Y and gen Z say loyalty is a trait least likely to be associated with their generations.

“In today's diversified employment market, it is important for employers to understand what motivates and inspires both gen Y and gen Z,” says Faith Tull, senior vice-president, HR, with Randstad Canada. “By knowing what drives this emerging group of workers, organizations can shape their talent attraction strategies and position themselves as an employer of choice.”

*-BenefitsCanada*



*“...One in three say health benefits are the most important employee benefit they expect. ...”*

## COSTS, EMPLOYEE PRODUCTIVITY TOP PRIORITIES

As companies focus largely on maintaining employee productivity and controlling costs when designing its benefit programs, a survey finds benefit plans can also greatly improve employee loyalty.

Wells Fargo Insurance’s survey finds C-suite executives and benefit managers cite managing costs and maintaining employee productivity as the most important goals in both the short (12 to 18 months) and long term (five years).

Additionally, C-suite executives (88%) and benefit managers (85%) agree that benefit programs have the most impact on improving employee loyalty as well as increasing employee engagement and lowering company medical costs.

“As the benefits landscape continues to evolve, employers face challenges and opportunities as they adapt to new requirements,” says Dan Gowen, national practice leader with Wells Fargo Insurance’s employee benefits national practice.

With 2015 underway, most companies have made key changes to their benefits plans.

Seven in 10 companies have made or are in the process of implementing changes for covering spouses as well as to increase the percentage that employees must contribute to premiums. Six in 10 have also changed or are in the process of changing options for the type of plan offered.

While most employers have not yet made changes such as moving from fully-insured to self-funded or using private exchanges, the survey found that those decisions and offering a high deductible plan, are the top initiatives now under consideration.

As companies look ahead, they remain focused on managing costs, wellness offerings and family coverage. With wellness leading the list, C-suite executives and benefit managers will focus on coverage of family members, employee attraction and retention during the next five years.

The focus on wellness is very strong with 93% of C-suite executives surveyed anticipating an increase or improvement in the importance of wellness offerings.

“Employers who take a more coordinated approach to integrating wellness programs with their existing employee benefits and productivity solutions will be well-positioned to achieve growth and cost savings,” Gowen adds.



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## FEW WOMEN FEEL THEY'VE ACHIEVED WORK LIFE BALANCE

Canadian women are still struggling to achieve the optimal balance between their work and family lives.

BMO Financial Group's International Women's Day study finds only 47% of women feel they've achieved the right work/life balance, with just 31% reporting that their families provide enough support on the home front to help them succeed at their careers.

However, 68% feel their employer takes steps to ensure they can effectively manage their responsibilities at work and at home.

In terms of what employers can do to help women balance their lives more effectively, women identify the following:

- better benefits (27%);
- flexible time (24%);

and

- sick/family emergency days (21%) and vacation time (18%).

The study also found that 63% of Canadian women feel that staying with one employer over the long term (and being promoted from within) is preferable to switching employers as a way to further their careers. This may be because 74% of women (and 52% of men) say it's more challenging for women to prove themselves to a new employer than it is for men. The top challenges women identified when starting with a new employer include the following:

- establishing a comfortable work/life balance (78%); and
- perceptions regarding family obligations and/or maternity leave (72%).

When asked about what would prompt them to

change employers, the top reasons women reported include the following:

- poor management/bad boss (57%);
- insufficient compensation (54%); and
- poor work/life balance (42%).

"Women need to be empowered to seek out new career opportunities if they choose to do so and not feel that they face barriers because of their gender," says Sandra Henderson, senior vice-president, personal and commercial banking, with BMO Bank of Montreal and a member of the BMO Women and Wealth Committee.

"While it's possible to have a successful 'one-employer' career, the reality of the modern employment landscape is that it's often necessary to make moves to get promoted and secure more compensation."



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