

## The Marketing of Employee Benefits: When Done Well, Everyone Wins

by Dan Logan

It's rare in this country that the government, business and employees all agree on something, but they do when it comes to employee benefits. Whether it's health and life insurance, 401(k) plans, voluntary benefits, or group discounts such as gym memberships or movie tickets, good benefits are liked by all. Done well, a good package can drive down employee costs, boost morale and quality of life and attract better employees. One recent study found more than seven in ten employees think a good workplace benefits package is "very important," even if they bear much of the costs themselves.

The menu of benefits is ever changing. Since the creation of IRAs in 1974 after the Employment Retirement Income Security Act [ERISA], risk has gradually shifted to the consumer. And the creation of 401(k)s in 1978 broadened the options and triggered an explosion in the employee benefit market. Today, more than half of all workers get the majority of their financial products through the workplace. And they look to their employer for non-cash benefits towards parking their car, riding the train, or even getting a massage.

The opportunities are vast. But for both employers and employees to fully take advantage of them, we must answer three questions.

1. What is causing this shift in both employer and employee behavior?
2. What does this mean to my business?
3. What is the role of the broker/consultant in the marketing of employee benefits?

To answer the first question, you first need to understand the major trends causing behavior to change:

- The burden of healthcare and retirement costs will likely continue to shift to the consumer. That will in turn lead smart employers to offer more alternative benefits, portability and options to offset the increased burden.
- The traditional family model will no longer be the norm. Alternatives will become more common. More single parents are raising children. More parents are moving in with their adult children. And gay marriage is now legal in two states. This creates a need for a broader, more flexible mix of coverage and more skill in communicating with diverse groups of people. This impacts everything from product design to coverage and cost.
- Technology will make choice and customization more available to more of us. It will help people spend their dollars based on their priorities, and drive down costs in the most rational way.

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- Businesses and affinity groups will create leverage and drive down costs. The number of individuals who purchase auto insurance, eyeglasses, prescription drugs or even a movie ticket as part of a group will continue to increase over time.

### So, what does this mean to your business?

Nearly every business is affected by these trends and their impact on the workforce. You want to recruit and retain the best people and your employee benefit package plays a role in that. And perhaps your business is focused on how to get a product or service to the right employers in this vast and complex space.

In reality, whether you're buying or selling employee benefits, you most likely need the help of a broker or consultant to align you with the right solutions. You'll face a blizzard of options, and that broker/consultant can bring knowledge, objectivity and understanding that's hard to match.

So for a company trying to build the best package for its employees, a broker/consultant is almost always the best choice. And most hire one. This means that financial, insurance and other service companies need to sell through brokers, so it's in their best interests to understand what a broker's looking for. Bottom line, the broker/consultant is key to getting the right benefits to the right companies.

### Employee benefits and the needs of the broker/consultant.

So what must a product provider do to connect with brokers, so they can connect with employers and employees?

- Be transparent, predictable and consistent with the broker/consultant when it comes to your product or service. Do not try to force-fit your product into every situation.
- Understand that most employer/buyers have a distinct population and will build an entire package based on their needs, not the pros and cons of any particular product in the bundle.
- Broker/consultants are moving toward a more holistic model as they come to understand the total benefit offerings of their clients. To do their job well, they must understand a broad range of products that could fit in an overall package. Providers who make a broker's job easier will have an advantage going forward.

Indeed, whether you are buying employee benefits or selling them, it pays to understand the role of brokers and to have a strategy for how you'll use them to connect workers and the products they're looking for.