

# INSIGHTS

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EMPOWERING EMPLOYERS AND EMPLOYEES  
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“Creating a connection between new, younger talent and seasoned mentors is a powerful way to build culture and support recruitment and retention.”

PREPARING FOR RETIREMENT: EMPOWERING EMPLOYERS AND EMPLOYEES  
FOR A SMOOTH TRANSITION **PAGE 6**



# Introduction

**P**roactive planning, simplification, flexibility, and personalization are themes shaping HR priorities and organizational action as employers evolve and hone their employee value proposition (EVP).

The growing need for retirement preparedness presents an opportunity for organizations to integrate succession planning with career growth and mentorship. Seasoned employees nearing retirement can continue to serve the company well by passing along their institutional knowledge to the next generation of leaders.



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Top organizations seek a strong understanding of their workforce needs and prioritize streamlined offerings that can be efficiently put in place. Complexity and choice in total rewards have their upside, but employers' appetite for implementing, tracking, and communicating multiple targeted offerings — such as point solutions — is waning. Employee capacity for engaging with these various solutions is also limited. Remaining flexible and open to offerings that can support all facets of employee health and wellbeing, while maintaining high standards for entry, is key.



The ability to discern investments of time and energy is a challenge but can be supported by solid data analytics, a little bit of trial and error, and improved communication. HR professionals are often asked to do more with less, and meeting the needs of a multigenerational, diverse workforce can be draining. Reducing administrative hassle where possible and strategically expending energy and resources has the important advantage of supporting their own mental health and wellbeing.

To help your workforce achieve their full potential, Gallagher has created an approach to benefits, compensation, retirement, employee communication, and work culture unlike any other. Gallagher Better Works<sup>SM</sup> centers on the strategic investments you make in your employees' health, financial wellbeing, and career growth with a holistic focus on organizational wellbeing.



# Preparing for Retirement: Empowering Employers and Employees for a Smooth Transition

Preparing employees for retirement puts employers in control. Rather than a scramble to replace high-value roles or deal with employees that have “retired at their desk,” a roadmap to achieving retirement goals and organizational succession planning create a retirement-ready workforce and help ensure a productive transition of knowledge and skills.



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More than 4.1 million Americans are set to turn 65 in 2024 and each year through 2027.<sup>1</sup> Yet despite this so-called “silver tsunami,” the number of workers retiring each year is on the decline. Social Security and pension changes, healthcare treatment advances, increased life expectancy, and better work accommodations for seniors are all contributing factors. Still, many do choose to retire, and organizations should prepare for the loss of tenured talent.

# 4.1 million

Americans are turning 65 in 2024 and each year through 2027<sup>1</sup>

Gen X (ages 44–59) represents the largest portion of the workforce for most organizations.<sup>2</sup> A thoughtful and targeted approach to supporting this burgeoning later-stage workforce is well worth the effort. For the pre-retirees' part, solid financial planning that accounts for life's variables is key to preparing for retirement. Employers play an important role in equipping employees with the education and tools needed to properly plan for the future.

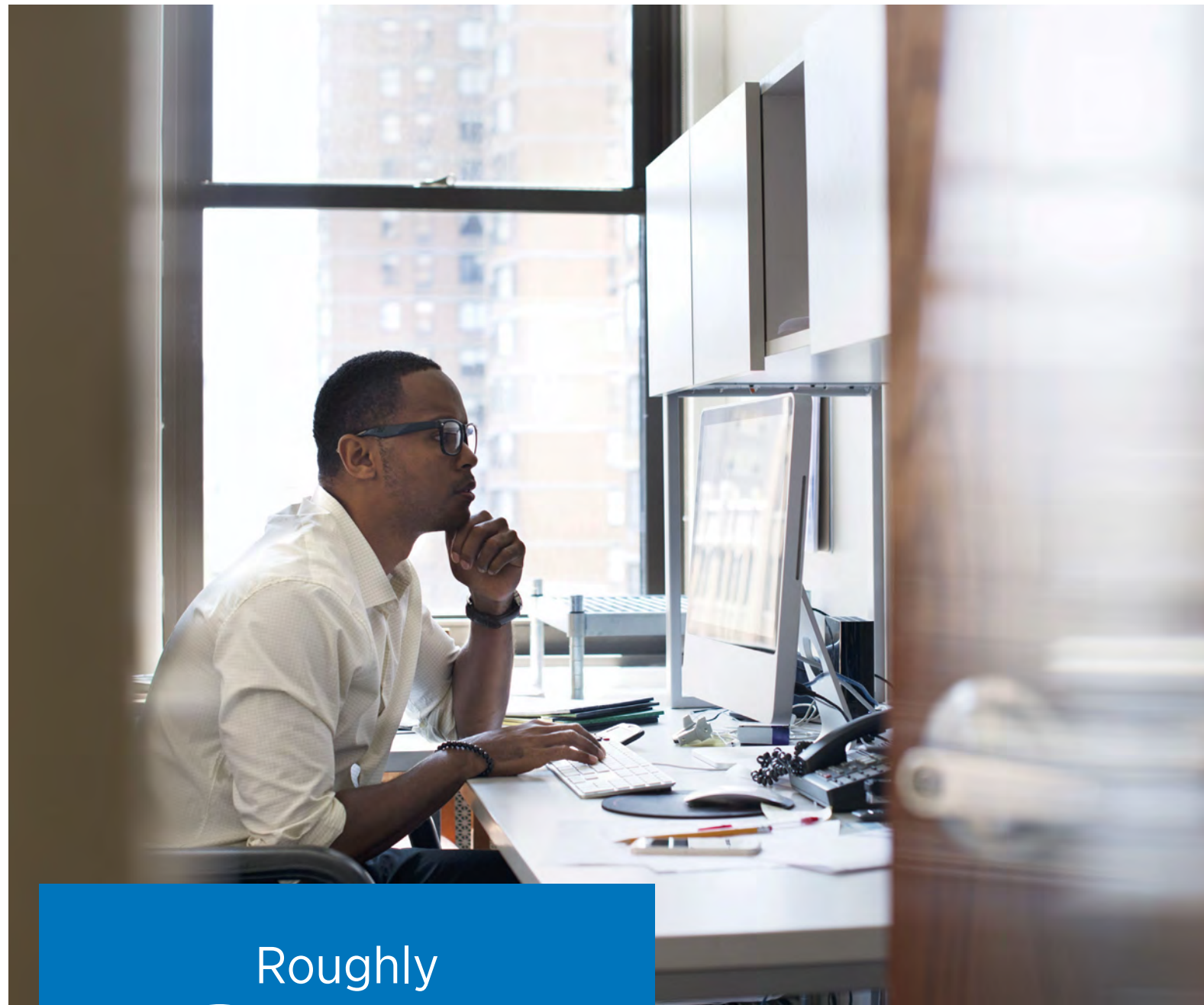
#### Building a generation-specific strategy to connect with employees

Different generations have unique needs and preferences when it comes to benefits. For example, younger employees may prioritize flexible work arrangements and career development opportunities, while older employees may value retirement income planning and healthcare benefits. A generation-specific strategy can increase the odds of successfully connecting with employees of any age.

Leveraging internal data, surveys, focus groups, or external research, employers can gain insights into the specific needs and expectations of each generation. Targeted communications can then help employers effectively reach and engage those different groups. This may involve using various communication channels, such as email, social media, or in-person meetings, and crafting messages that align with the values and preferences of each generation.

#### The importance of financial planning in preparing for retirement

Sixty-one percent (61%) of Americans say they're more afraid of running out of money in retirement than they are of death.<sup>3</sup> Luckily, employees aren't alone on this journey, and employers have a part in helping them financially prepare.



Roughly  
**3 in 5**  
 Americans are more afraid of  
 running out of money in retirement  
 than they are of death<sup>3</sup>

Beyond offering and promoting retirement plans such as 401(k)s or 403(b)s, employers can better equip their employees for the future through access to targeted education and vetted financial advisors. Not only does one-on-one consultation support appropriate retirement income, but it also helps define the path forward for spending accumulated funds while accounting for healthcare costs and lifestyle, among other factors.

Retirement readiness workshops, educational resources, and communications establish financial literacy and address issues for employees. Topics may include: considerations for achieving their desired retirement lifestyle; Social Security and Medicare benefit navigation, including taxes and spousal benefits; retirement income strategies, such as estate planning, health and financial power of attorney, and long-term care; or how to work with a financial planning professional.

Financial planning and preparing for retirement are important for employees in all generations. Careful consideration of how to reach the workforce and motivate investment in their post-career future eases financial stress and helps enable on-time and comfortable retirement.

#### Managing organizational and individual healthcare expenses

Older workers tend to use more healthcare resources than their younger counterparts. As a result, a distinct approach to managing this specific reality is warranted. Employers can manage their own healthcare cost exposure while also encouraging a healthy lifestyle for employees before they retire. Wellbeing programs help to set younger workers on a healthy track and support older workers who seek to maintain their health. These programs often include activities such as exercise classes, health screenings, and educational sessions on healthy living. Additionally, promotion of preventive care through communication and incentives can encourage employees to undergo regular checkups and screenings, which may prevent more costly health problems in the future.

There are various health insurance coverage options for older employees, depending on their age and what the employer has decided to offer. These choices can be tricky to evaluate, and decision-making support can be especially helpful for this cohort of the workforce as they choose the plan that best suits their needs and budget. Preparing for retirement may also include other considerations, including long-term care insurance and use of a health savings account.

#### Deliberate succession planning for business continuity

Gaps in knowledge pose a formidable challenge in managing retirement turnover. Succession planning helps ensure that there's a smooth transition of leadership and key roles within the organization. It helps to identify and develop potential successors who can step into critical positions when needed, minimizing disruptions and maintaining business continuity. Just over half of employers (52%) engage in ongoing succession planning, most often for executive-level positions.<sup>4</sup>

A deliberate and transparent transition process sets the organization and rising leaders up for success in preparing for retirements. This could be an initial discussion between the soon-to-be retiree and succession candidate on interest and expectations, followed by a series of meetings to facilitate knowledge sharing, shadowing, and executive coaching. New leader integration should also provide guidance on common challenges, establish predictable milestones, and include mentoring.

Elder mentoring is a facet of business that leverages the experience and respected authority of seasoned employees near or at retirement age. Corporate elders still have the capacity to contribute value to the organization but may wish to take a step back from the workload they maintained at the height of their career. These individuals can serve as brand ambassadors, sharing lessons learned with the next generation of leaders and demonstrating their pride in the organization.



“Creating a connection between new, younger talent and seasoned mentors is a powerful way to build culture and support recruitment and retention.”

Whether it's a full transition to an elder mentoring role or a hybrid transition, knowledge and idea sharing from corporate elders has the potential to create efficiencies and better leaders across all levels of the workforce. And creating a connection between new, younger talent and seasoned mentors is a powerful way to build culture and support recruitment and retention.

#### Pulling it all together

The aging workforce presents an opportunity for employers to set forth a plan that both supports employees in preparing for retirement and develops future leaders through deliberate succession planning. Organizational readiness mandates a diligent approach to helping employees in all generations financially plan for retirement, mentoring and growing them along a clearly defined career path, and laying the framework for them to eventually become corporate elders and serve as brand ambassadors.

Coordinating resources for employees in an easy-to-access and easy-to-use format is key to communicating and executing the organization's readiness strategy. And by helping employees prepare for retirement, employers help ensure a smooth transition of knowledge and skills from retiring employees to their successors. Organizations that do this well will get the best out of their best asset — their people.

<sup>1</sup>Alliance for Lifetime Income, "Protected Retirement Income and Planning Study," July 2024

<sup>2</sup>Gallagher, Organizational Wellbeing Poll: Generational Characteristics, June 2024

<sup>3</sup>Allianz Life, "Americans Facing a New Retirement Reality," May 2023

<sup>4</sup>Gallagher, Organizational Wellbeing Poll: What's Hot in People and Benefits Planning, December 2023



# Navigating Point Solutions to Meet the Needs of a Multigenerational Workforce



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In today's rapidly evolving workplace, the proliferation of point solutions for employee benefits presents both opportunities and challenges. As organizations strive to meet the diverse needs of a multigenerational workforce, questions arise regarding how to simplify choices, provide adequate options, and maximize the value of investments without overwhelming employees with too much information or too many offerings.



While considering point solutions comes from a place of good intentions, it's not an easy task for employers to find the offerings that are "just right." Because the number of available options can be overwhelming, it takes significant time to evaluate direct B2B pitches and consultant recommendations. This saturation confuses efforts to determine which solutions would genuinely benefit the organization and its employees.

Luckily, strategies can be put in place to build a more curated set of solutions. But it's important for employers to keep employees at the center of their benefits strategy, selecting point solutions based on real and expressed needs — beyond cost or convenience. Regular reviews of employee needs and optimal offerings can help assess the solutions' relevance and effectiveness, and strategic communications can help ensure employees understand, use, and value them.

**Making the right selections in a crowded marketplace**

Over the past decade, thousands of new vendors entered the point solution marketplace for employee benefits.<sup>1</sup> And notably, many solutions also exited. Most employers provide access to between four and nine point solutions, but some offer as many as twelve.<sup>2</sup> Choosing the right options can be difficult, and employers may want to prioritize certain selection criteria above others. Either way, it's vital to emphasize quality over quantity.

**KEY SELECTION CRITERIA FOR POINT SOLUTIONS**

- > Accessibility, including in-person and digital options
- > Cultural and demographic relevance
- > Integration capabilities with current offerings and systems
- > Proven effectiveness in driving desired outcomes

“ When calculating the ROI of point solutions, employers should look beyond standard financial returns to also consider employee satisfaction and engagement, improved productivity, reduced absenteeism, and lower healthcare costs. ”

Point solutions should be accessible to all employees regardless of their location or schedule, and when possible, offer both in-person and digital options. To help with inclusivity, they need to be relevant to the diverse cultural and demographic backgrounds of a multigenerational workforce — ideally supporting multiple languages. And when they seamlessly integrate with existing offerings and systems, the result can be an enhanced benefits package without redundancies. Also important, assertions regarding effectiveness need to be proven and require thorough investigation by employers to help ensure expected outcomes aren't being overpromised.

**Measuring success to optimize investments**

Once point solutions are in place, leveraging data-driven decision-making can improve their effectiveness, which is critical to justifying current and future spend. Engagement rates, health outcomes, and employee feedback can be helpful measurement tools.

High engagement rates often indicate that offerings are well-aligned with employee needs and are being effectively communicated. Improvements in employee health outcomes, such as reduced stress levels or better overall mental health, suggest point solutions are making a positive impact. And employee feedback through regular surveys or other mechanisms can provide direct insights into how employees perceive their benefits and related programs, and what improvements are necessary.

When calculating the return on investment (ROI) of point solutions, employers should look beyond standard financial returns to also consider employee satisfaction and engagement, improved productivity, reduced absenteeism, and lower healthcare costs. However, a guaranteed ROI doesn't make adoption of a new point solution a no-brainer. Organizations also need to consider the implementation efforts, administrative requirements, and tracking.



Additionally, a longitudinal review of claims data can verify whether point solutions are being utilized and producing sustained results. For example, many conditions have multiple comorbidities — such as chronic conditions like diabetes accompanied by mental health concerns. While initial participation in the point solution may increase costs, the level of adherence may well help reduce the severity of the condition and subsequent medical claims and disability costs.

**Developing clear communications to aid employee decision-making**

While point solutions are often meant to address specific health and wellbeing needs, adoption of multiple solutions can add complexity and confusion for employees — even when options are well curated. Too much choice can paralyze decision-making and lead to underutilization. Strategic communications help ensure employees fully understand, use, and value benefits as part of their overall employee experience.

The solution lies in the organization’s ability to streamline communications and make the decision process simpler and more intuitive for employees. Data analytics can personalize benefit communications based on the employee’s health status and previous benefits usage. Understanding the preferences of a multigenerational workforce is also helpful. Each generation has distinct inclinations and communication styles that influence how they receive and process information.

For younger generations, digital and interactive tools may be more engaging, while more seasoned employees might appreciate live support and home mailings or require additional assistance with digital platforms. Regularly educating employees about their benefits through workshops, seminars, and digital content helps them understand the options available to them and the potential advantages and disadvantages of each. Ongoing communication then keeps those options top of mind when life changes create new and different needs.



**HOW TO COMMUNICATE EFFECTIVELY ABOUT POINT SOLUTIONS**



Bundling related point solutions is another worthwhile tactic. This allows employees to more easily recognize which benefits apply to their unique health and wellbeing needs, and improves understanding of how programs work in coordination or independently of one another. Bundling solutions not only simplifies the decision-making process, but it also helps ensure that employees are aware of all relevant benefits without feeling overwhelmed by irrelevant options. Interactive decision-support tools can then guide employees through a series of questions to help them identify and select the most suitable point solutions based on their specific circumstances.

As employers continue to expand their benefit offerings to meet diverse employee needs, the proliferation of point solutions can’t be ignored. By strategically simplifying choices, measuring the effectiveness of initiatives, and tailoring communications and offerings to a multigenerational workforce, organizations can enhance the value of their investments in employee health and wellbeing. In doing so, they not only improve the immediate health outcomes of their employees, but they also set the stage for a healthier, more engaged, and more productive workforce in the long term.

<sup>1</sup>HealthJoy, “8 Keys to Evaluating Point Solutions,” February 2024

<sup>2</sup>Wellframe, “Fighting point solution fatigue in health management,” October 2021

# Finding Ways to Support the Mental Health and Wellbeing of HR Professionals

**HR** professionals are on the whole stressed, overworked, and overburdened. Despite this, it's not unusual for them to put the needs of the organization and its employees above their own. But for all parties to succeed, HR professionals need support to help ensure their mental health and wellbeing thrive.



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HR staffing numbers matter, but there's no one-size-fits-all approach. An employer experiencing rapid growth often needs a team of recruiters, whereas one in stasis doesn't. But even when resource needs exist, hiring more HR staff isn't always an option. In fact, more than half of HR departments report being understaffed and working beyond normal capacity.<sup>1</sup> Since staffing levels are unlikely to change, finding greater efficiencies and creating a culture that minimizes workplace friction are crucial to reducing burnout and helping to ensure that the mental health and wellbeing of HR professionals stays intact.

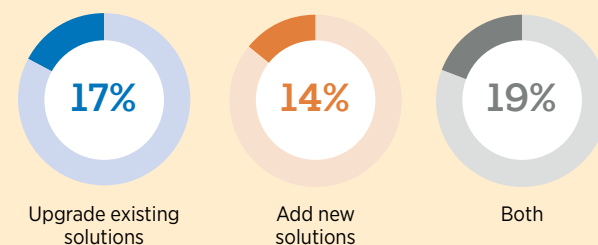
HR teams are often unique in their attributes and in the tasks they execute. Across organizations, teams vary widely, and there's no single model for how they should be structured. Employer size, geographic reach, and even foundational roots can factor into who leads these teams and how they function.

More than  
**1 in 2**  
HR departments report being understaffed and working beyond normal capacity<sup>1</sup>

### Leveraging technology to streamline HR operations

Employers are adopting artificial intelligence (AI) and other HR technologies to increase efficiencies within their HR functions. Half plan to upgrade their current HR tech (17%), add new solutions (14%), or both (19%) by 2026.<sup>2</sup>

#### EXPECTED CHANGES TO HR TECHNOLOGY SOLUTIONS BY 2026<sup>2</sup>



Topmost among motivators, increasing efficiency through process automation is the main reason for HR solution investments (89%). A popular feature of this capability is enabling self-service for all — a win for both the employer and its employees. Other priorities include complying with regulations (51%), supporting the people strategy (47%), and meeting the expectations of employees (46%) or leadership (38%).<sup>2</sup>

While AI and other HR technologies can drive efficiencies and unlock innovative ways to support the workforce, the focus needs to be on getting the basics right. With proper oversight, they can take on high-effort, low-reward tasks, freeing up HR professionals for more strategic initiatives.



### The value in minimizing workplace friction and creating a culture of wellbeing

Even with technology in place, HR professionals need protection from burnout to bring passion to their roles. They regularly deal with workplace conflict and need to be comfortable with the uncomfortable. Having zero-tolerance harassment and other policies in place promotes an environment of psychological safety and demonstrates that the organization cares about the wellbeing of its workforce. This can help limit work-induced stress for HR professionals by reducing the frequency of incidents that require their intervention.

Establishing a culture of wellbeing is easy to aspire to but can be difficult to achieve. It requires a mosaic of initiatives, policies, and programs that support the different aspects of wellbeing. Employers that succeed provide autonomy, freedom to fail, opportunity for growth and development, recognition, appreciation, and meaningful communication. When those aren't present, burnout, decreased productivity, and avoidable departures are more common.

Cultural wellbeing shortcomings are typically rooted in organizational, not individual issues. Reexamining dynamics within an organization can identify pain points and opportunities for improvement. Drilling down to this level is often necessary to help achieve wellbeing for the greatest number of employees, including HR professionals.

### Listening with purpose and communicating with authenticity

To understand the employee experience, employers need to listen to their workforce. This allows them to look ahead and better address any burnout or wellbeing issues that may arise. Listening to feedback from HR employees about their perceptions on compensation and benefits can be beneficial. Equally important are their perspectives on the emotions and values within the organization. While some level of stress is inevitable and even healthy, feeling disconnected or unimportant is a problem.

Mental health and wellbeing resources play a role in supporting employees, but it's critical that they're continually evaluated for efficacy and real-world utilization. Too often, they're deployed in response to stressors and struggles without complementary action to address underlying culture issues. Having the right strategic and tactical vendor partners can help employers better define and meet employee needs.

Shifting how leaders communicate can also be helpful. While recognition of achievement is important, expressions of appreciation may be even more compelling. The former can sometimes be too transactional, whereas the latter connects more to the human experience. As coaches, the best managers support employee development and notice growth, even in the absence of perfection. When employees are committed to putting in the work, recognizing this effort is extremely powerful. And a simple "thank you" goes a long way.

Communicating with transparency and authenticity is key to modern leadership. Employees at every level experience challenges, and expressions of empathy build a sense of humanity and togetherness. It's not always easy, but the ability to notice stress and raise a hand should be lauded. When leadership openly displays a healthy amount of vulnerability, it shows the rest of the organization that it's ok to ask for help. This is particularly meaningful for HR professionals, who often put others before themselves.



“When leadership openly displays a healthy amount of vulnerability, it shows the rest of the organization that it's ok to ask for help. This is particularly meaningful for HR professionals, who often put others before themselves.”

Additionally, respecting time off and the ways in which employees choose to recharge needs to be demonstrated through policies and training. For HR professionals, not having the space to prioritize or receive support for their own mental health and wellbeing makes the workday more difficult for everyone. Hard work should be commended, but it shouldn't be a badge of honor to sacrifice personal time. In healthy organizations, the message should be that time off is available, and employees should use it when needed to care for themselves.

### Strategically investing in HR to drive success

Traditional HR models often funnel up to finance or administrative leads. Some progressive organizations might offer a seat at the executive table for HR. Either model can work, but it's leadership — whatever their background or title — who is responsible for helping to ensure that the voice of HR is heard and valued.

HR is an imperative function for organizations, but that's not always reflected in their budgets. HR leadership needs to be empowered to make a business case for adequate funding, which means looking at the overall health of the organization and being realistic about how much investment is needed to address their group's needs. Unfortunately though, it frequently becomes a question of how to make the most of what they already have.

Dialogue around roles and objectives is vital. These inputs along with other organizational data lead to informed, winning decisions, and establishing a plan can provide greater focus. Being able to see the path ahead and having clarity of what work should be prioritized gives teams the freedom to execute. Certainty of mission and shared decision-making build confidence and a sense of purpose, helping to improve the engagement of those on the team.

Organizations that are serious about sustainability should also consider investing more in the training of HR professionals. For example, currently only about 1 in 5 employers (22%) offer mental health training for leaders, managers, or HR.<sup>3</sup> These roles greatly impact the employee experience and perceptions around workplace culture.

# 22%

Offer mental health training for leaders, managers, or HR<sup>3</sup>

Increasingly, employees are asking themselves if their jobs matter and whether or not they feel connected to their colleagues. This is particularly true among the Gen Z workers, projected to account for 30% of the workforce by 2030.<sup>4</sup> When the EVP doesn't reflect the actual work experience, it creates a feeling that there may be some injustice in the workplace, whether it's real or perceived. Living up to the EVP requires reflection of the end-to-end employee experience and alignment of organizational values.

HR professionals often risk burnout in favor of servicing their employer and its EVP. While advances in AI and other technologies help add efficiency, other types of support are also impactful. Leadership, particularly those atop HR, can minimize workplace friction and help foster a positive culture of wellbeing. By investing in these areas, employers elevate the mental health and wellbeing of HR professionals and improve operational outcomes.

<sup>1</sup>SHRM, "2023-24 SHRM State of the Workplace Report," February 2024

<sup>2</sup>Gallagher, "Workforce Trends Report Series: Organizational Wellbeing," June 2024

<sup>3</sup>Gallagher, "Workforce Trends Report Series: Physical & Emotional Wellbeing," July 2024

<sup>4</sup>Forbes, "Gen Z: They Want To Work Remotely And In The Office," September 2024



# Creating Value and Fostering Inclusion with Flexible Benefits

Today's workforce is truly diverse. It's made up of individuals with different backgrounds, cultures, experiences, perspectives, genders, ethnicities, ages, and more. Flexible benefits can reduce an organization's risk of overlooking an employee's specific needs, helping to ensure that everyone has access to the support they want and require — now and in the future.

Flexible benefits provide employees with a highly personalized rewards experience, allowing them to select options catered to their unique wellbeing requirements and life circumstances. When done well, this approach can address previously unmet needs that have a direct impact on quality of life. It also sends a powerful signal to an increasingly diverse workforce that they're valued, and as a result, can positively impact an organization's ability to attract and retain key talent.

“Flexible benefits send a powerful signal to an increasingly diverse workforce that they're valued, and as a result, can positively impact an organization's ability to attract and retain key talent.”



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While the main purpose of implementing flexible benefits is to help employers stand out from their competition, they also support wellbeing when thoughtfully designed. There can be some challenges to taking this personalized approach to employee benefits and leave programs, but employers that navigate them successfully reinforce their efforts to promote diversity, equity, and inclusion, and get a significant boost to their overall people strategies.

### Factors driving employers to embrace flexible benefits

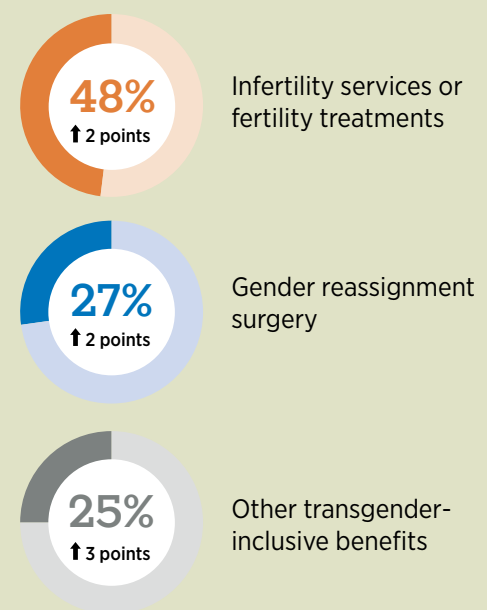
Providing flexible benefits at its core is not a new concept. However, the appearance of flexible benefits has evolved drastically from cafeteria plans to newer versions that are strikingly different — both in their reliance on more advanced technology and in their ability to provide a more tailored and relevant rewards package to meet each individual's unique needs.

Today, employers can deploy more sophisticated analytics capabilities than ever before. Nearly half (47%) invest in HR technology in order to support their organization's people strategy, and another 41% leverage it to manage and invest in employees more strategically.<sup>1</sup> The insights gained from technology help employers identify employee needs at a more granular level. Employers now also have access to a much more extensive and robust set of employee benefits to help them address those needs.

Modern life can present significant challenges for employees, especially those who work full time and have multiple personal or family obligations. Employees may have caregiving responsibilities for children or grandchildren, aging parents, or family members dealing with cancer or other serious illnesses. Yet currently, few employers provide even basic resources for childcare (14%) or eldercare (15%) to help employees balance work and family life.<sup>2</sup>

Particular groups of employees may have specific needs associated with their stage of life, gender, sexual orientation, or other factors. Fortunately, flexible benefits related to family forming and those addressing the needs of the LGBTQ+ population are growing. Infertility services or fertility treatments are offered by almost half (48%) of employers, and about a quarter each cover gender reassignment surgery (27%) or other transgender-inclusive benefits (25%). All three are up 2-3 points from 2023.<sup>2</sup>

### COVERAGE INCREASES FOR INCLUSIVE FLEXIBLE BENEFITS — 2024 VS. 2023<sup>2</sup>



In addition to providing a more extensive and targeted set of employee benefits, some employers are also offering more flexible leave programs. New and notable examples include bereavement leave for loss of pregnancy (39%), grandparent leave for birth or adoption of a new grandchild (4%), and menopause leave beyond sick time (2%).<sup>3</sup> Options like these can have a dramatic impact on employees' job satisfaction, motivation, engagement, and ultimately, loyalty.

### Potential challenges for employers and employees

While budgetary constraints often influence which employee benefits and leave programs organizations invest in, ineffective communication and employee education can lead to a lack of engagement with offerings and an inability to navigate complex wellbeing ecosystems. This may result in a workforce that feels unsupported and programs that are unable to deliver on promised health outcomes or ROI.

It's not uncommon for engagement surveys and exit interviews to reveal that members of the workforce are disappointed or frustrated at the absence of benefits to meet their specific needs that the employer does in fact already offer. That's why it's imperative to provide personalized communications in a way that's appealing and accessible to maximize the value and appreciation of what's offered.

It's also important to strike the right balance in the number of flexible benefits provided. The key is to avoid overwhelming employees while still promoting choice and personalization. An inclusive communication strategy helps ensure employees are aware of the vast array of offerings available to them and can confidently select and use the ones that best meet their needs.

Curating a flexible benefits package that complies with various state, federal, and international legislative requirements can be challenging. Lifestyle spending accounts (LSAs), which are essentially a fixed set of funds that employees can spend on anything from gym memberships to pet sitters, are one strategy worth exploring. They reduce administrative complexity for employers while allowing them to offer more options than they could feasibly invest in on their own. For employees, LSAs may add some complexity but provide an opportunity to choose benefits that are personalized to their unique needs. However, since LSAs are a taxable benefit, employers should consider the potential cultural shift required and the impact on employee financial wellbeing before moving forward.



#### STEPS TO TAKE WHEN IMPLEMENTING FLEXIBLE BENEFITS

1

Assess existing benefit and leave offerings to uncover gaps

2

Identify solutions that support the needs of a diverse workforce

3

Leverage personalized communication and navigation tools

### Building an action plan for implementing flexible benefits

When looking to implement flexible benefits, there are three steps employers should take. These steps help ensure alignment between an employer's health and wellbeing strategy and the diverse needs of their employee population.

Next, insights from quantitative data should be coupled and validated with information learned through qualitative research, such as employee surveys and listening sessions. These can help uncover preferred communication methods, the benefits employees value and need the most, and any benefits literacy challenges. Combining and analyzing both types of research will pinpoint gaps in the flexible benefits package that need to be addressed.

### Identify solutions that support the needs of a diverse workforce

Once gaps have been uncovered, it's important for employers to consider alignment with their other strategic organizational priorities, emerging trends, healthcare marketplace developments, and new and pending legislation before solutioning. With these elements in mind, flexible benefits that address gaps and deliver meaningful value to a diverse workforce can be identified.

### Leverage personalized communication and navigation tools

Employees not only need to be aware of which flexible benefits are available to them but also understand how those flexible benefits support their specific needs. Communications should be tailored to employee preferences and serve information that is relevant and personalized to the individual. Navigation tools — such as data-driven portals, audience-specific benefit guides, and personas highlighting use cases — can help ensure employees select the most appropriate offerings for their needs.

The bottom line for most employers is the importance of striking a balance in their approach to flexible benefits — providing and effectively communicating an optimal set of employee benefits and leave programs that meet the needs of a diverse workforce without overwhelming them or straining the benefits budget. When that balance is achieved, employee and organizational wellbeing flourish.

### Assess existing benefit and leave offerings to uncover gaps

Employers should begin by taking an inventory of their existing benefit and leave offerings. Conducting in-depth research using quantitative data should follow. Workforce demographics help employers understand the intersecting identities and generations they're trying to support. Program effectiveness metrics — such as participation, engagement, utilization, health outcomes, and ROI — can inform whether programs should be sunset or replaced with new offerings that could potentially provide more value. By linking claims data to the social determinants of health (SDOH), employers gain perspective into how the SDOH may be contributing to cost and disparities in health outcomes.

<sup>1</sup>Gallagher, "Workforce Trends Report Series: Organizational Wellbeing," June 2024

<sup>2</sup>Gallagher, "Workforce Trends Report Series: Physical & Emotional Wellbeing," July 2024

<sup>3</sup>SHRM, "2024 SHRM Employee Benefits Survey," accessed October 2024

DATA DRIVES DECISIONS<sup>TM</sup>

# Stopping Conflict from Eroding Workplace Culture

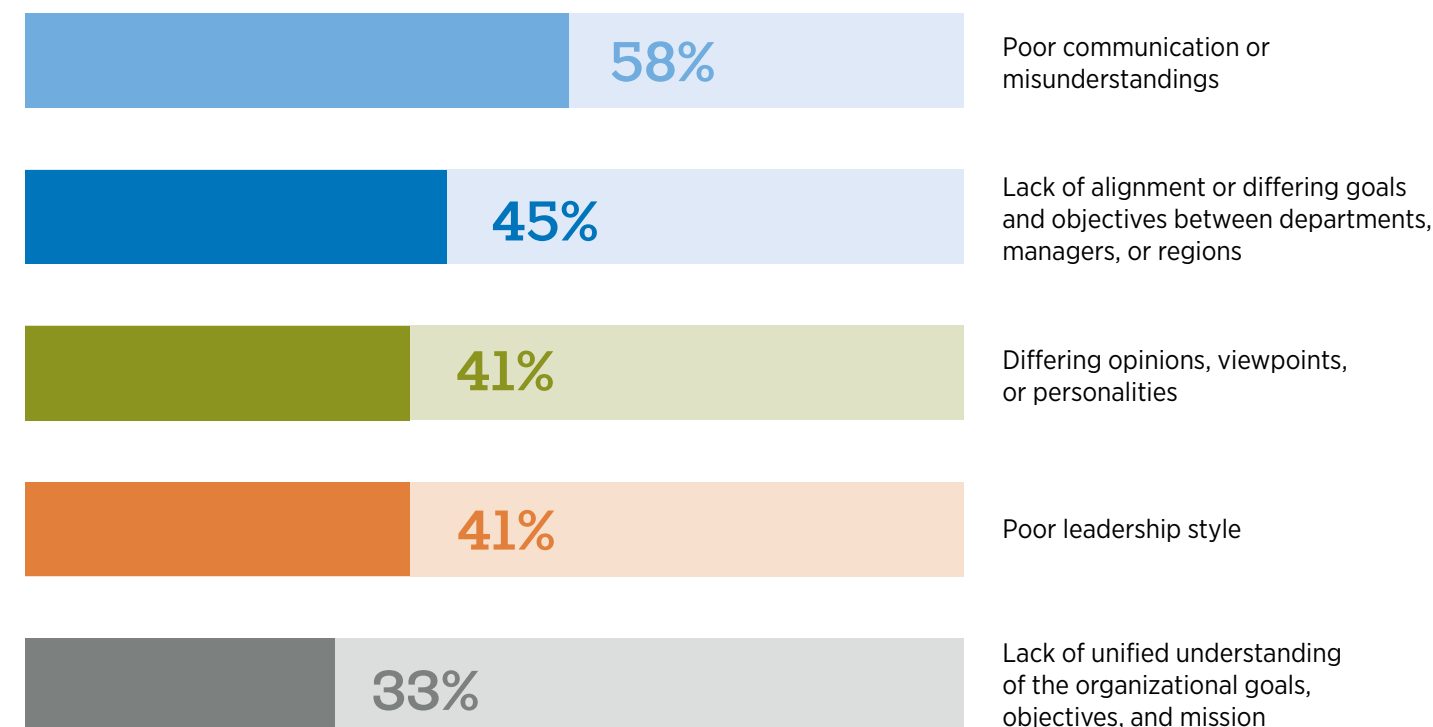
Conflict in the workplace is poised to be at an all-time high this year.<sup>1</sup> Unfortunately, employees feel the divide, and 48% don't believe their managers are well-equipped to handle conflict positively.<sup>2</sup> No matter where the conflict stems from, organizations must create an inclusive, equitable workplace that fosters a sense of belonging in order for individual and organizational performance to thrive.

A recent poll on organizational wellbeing shares insights from more than 250 US employers on what's causing the conflicts and how organizations can prepare their leaders to navigate conflict resolution in a meaningful way.



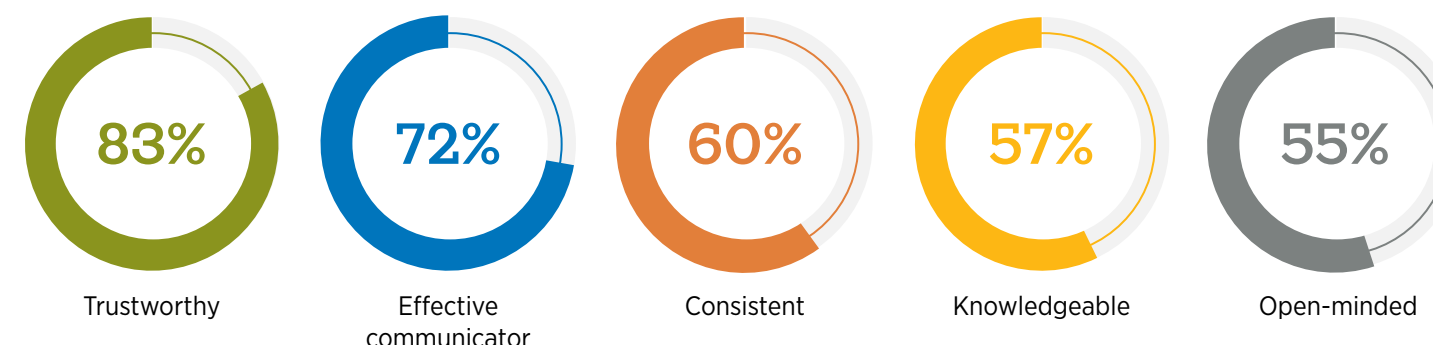
## Main Causes of Interpersonal Conflict<sup>2</sup>

To foster a positive workplace culture, organizations need to understand where conflict stems from and work to address it consistently.



## Important Qualities for Successful Conflict Resolution<sup>2</sup>

More than 3 in 5 think interpersonal conflict is not consistently addressed in their workplace. Managers that demonstrate the qualities below can more easily tackle conflict and often have a positive impact on workplace culture.



### How Employers Feel About Their Workplace<sup>2</sup>

42%

Believe their culture has eroded to some degree in the last year

32%

Say interpersonal conflict is increasing

<sup>1</sup>Harvard Business Review, "9 Trends That Will Shape Work in 2024 and Beyond," January 2024

<sup>2</sup>Gallagher, Organizational Wellbeing Poll: Workplace Conflict, September 2024

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### Your people are your organization's greatest asset.

But daily hardships — like economic uncertainty, personal and family health concerns, and insufficient resources or staffing at work — can take a toll on your people and leave your business struggling with hindered productivity, heightened disengagement, and strained retention.

That's why every aspect of your benefits and compensation program needs to work in concert to promote overall employee wellbeing. Offering robust medical coverage and a competitive retirement plan isn't enough in today's hyper-competitive labor market.

As employees across all geographies, industries, and employer types navigate the ever-changing world, organizations must critically evaluate their people's experience in the workplace — finding unique ways to engage teams, establish authentic connections, and support employee wellbeing overall.

Doing so can help your business attract top talent, motivate employees, and shift the organizational culture so employees feel differently about their work. When organizations find ways to reduce burnout and increase productivity among their people, business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better Works<sup>SM</sup> — a comprehensive approach for strategically investing in benefits, compensation, retirement, employee communication, and workplace culture so you can support your people's physical and emotional health, financial confidence, and career growth at the right cost structures.

From evaluating the demographics of your workforce to surveying and analyzing competitor trends, Gallagher offers you data-driven insights — allowing you to make the most of your investment in talent, deliver a better people experience, and reduce organizational risk.

Even in times of uncertainty, Gallagher's consultants are here to help you optimize your profitability with a strategy rooted in the wellbeing of your people — so you can face the future with confidence.



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