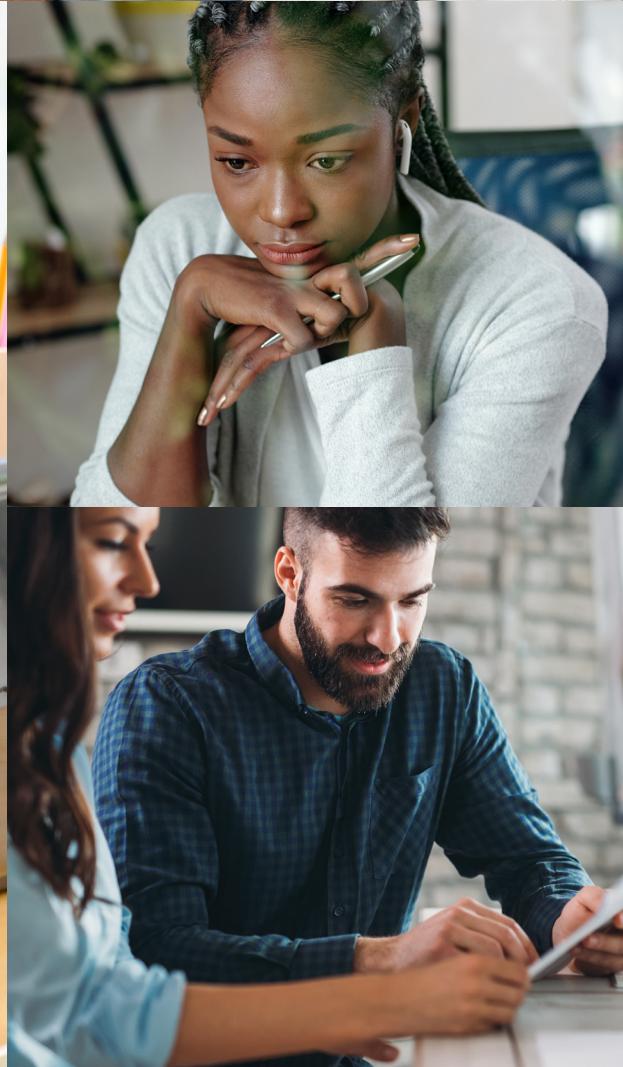


The Future of Total Rewards

A New Playbook
to Maximize the
Employee Experience



Contents

Introduction.	<hr/> 4
Chapter One.	<hr/> 5
The Case for Change	
Chapter Two.	<hr/> 5
Redefining the Employee Experience: Key Business and HR Challenges and Opportunities	
Chapter Three.	<hr/> 9
Financial Wellness: A Powerful Lever to Holistic Well-being	
Chapter Four.	<hr/> 10
The Future of Total Rewards	
Chapter Five.	<hr/> 11
4 Steps to Developing & Communicating a Total Rewards Strategy	
Conclusion: Building A Culture of Care.	<hr/> 15

“ Forward-thinking organizations are creating a compelling employee experience by building a culture of care to help employees stay healthy, financially secure, productive and engaged. This culture of care is the foundation of the future of Total Rewards, one where organizations combine traditional compensation and benefits with a commitment to physical, financial, mental, career and social well-being of employees. ”

– Jeanne Meister, Executive Vice President,
Executive Networks

Introduction.

HR leaders are navigating the future of work amidst unprecedented change, and many of the new ways of working brought on by the pandemic are here to stay for the long-term. According to the [Society for Human Resources](#), 70% of employed Americans would prefer to work remotely on a full-time or part-time basis if given the option, and 35% would accept a salary reduction in return for that flexibility.¹

Close to two years into the pandemic, the "Great Resignation" continues as a substantial number of workers have already switched jobs, and more are actively seeking new opportunities. [The Prudential Pulse of the American Worker](#) finds that 15% of workers have changed jobs since the start of the pandemic, and nearly half (46%) are either actively looking for a new job or considering searching for one.²

HR leaders are taking note. Forward-thinking companies are redefining the employee experience and creating a new culture of care by providing a holistic and flexible Total Rewards program that gives employees a comprehensive menu of benefits to choose from based on what's right for themselves and their families. See Figure 1.



Figure 1:

Create A Culture of Care: Five Levers of Employee Well-being



Chapter One.

The Case for Change

The call for a focus on holistic employee well-being is fueled by a variety of factors, most notably employee burnout and mental and financial stress.

Recent employee data makes one reality clear: employees are dissatisfied, and employers are on notice. The blurring of lines between work life and home life, unmanageable workloads, and worries over job security are leading to greater symptoms of prolonged and acute stress.

[The State of Employee Mental Health in 2021](#), a survey conducted by Ginger, revealed that 69% of workers feel the pandemic is the most stressful time of their professional careers, with 52% of employees experiencing burnout (up from 42% pre-COVID).³

In response, a growing number of employers are actively looking to create and communicate a culture of care that's rooted in holistic wellness to better attract, retain, and engage talent.

Chapter Two.

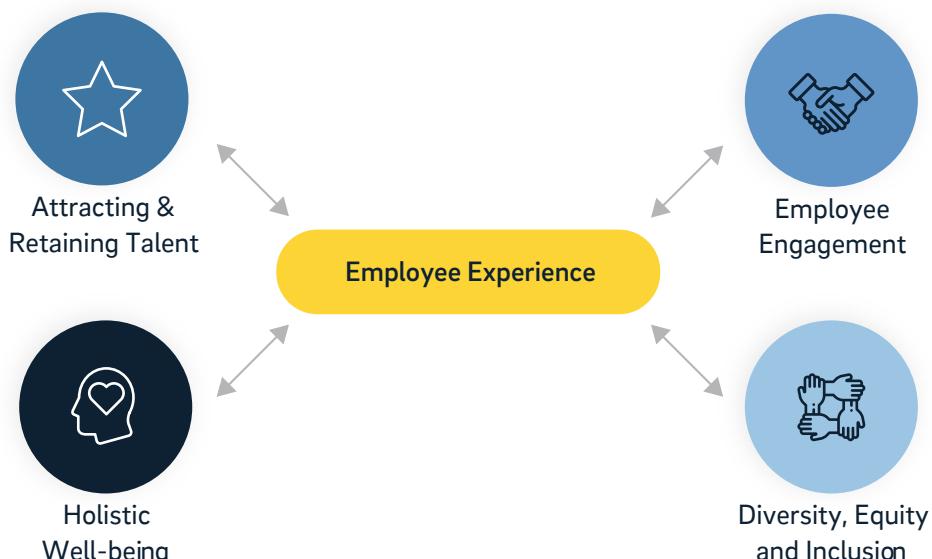
Redefining the Employee Experience: Key Business and HR Challenges and Opportunities

The ramifications of this Great Resignation are playing out across the employee experience. Employees want to work for companies that care about their well-being and are aligned with their values. Employers that recognize the core challenges shown in Figure 2, and can turn them into opportunities for change, will lead the way forward in the future of work.

A deep-dive into four challenges facing businesses and HR leaders today reveals opportunities for redefining the employee experience.

Figure 2:

Key Business and HR Challenges and Opportunities



Challenge 1: Attracting & Retaining Talent

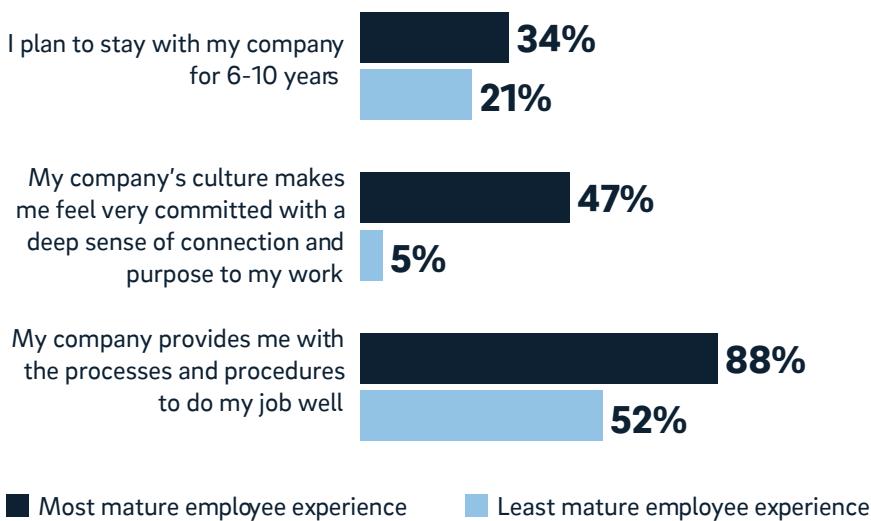
We are faced with a hiring and retention crisis. Attracting and retaining talent today is about more than just compensation. It's about building a reputation for a stellar culture and a great place to work. It's about the employee experience—people want to work in an environment where they're valued and appreciated for their contributions.

The stakes are high.

According to [IDC's Worldwide Perception Survey of Business Consulting Providers](#) (Figure 3), employees that work for companies with a more mature employee experience (those with strategies and practices aimed at empowering people to do their best and be their best) are almost twice as likely to stay with the company for 6-10 years, as compared to employees at companies with a less mature employee experience.⁴

Figure 3:

Employer focus on employee experience has significant impact



Source: IDC's Worldwide Buyer Perception Survey of Business Consulting Providers, 2020

Total Rewards play an important role in the employee experience and in attracting and retaining talent. In fact, 30% of employees surveyed in the [BrightPlan 2021 Wellness Barometer Survey](#) said that enhanced benefits would make them more committed and more likely to stay with their employer.⁵

In addition, support specifically for financial wellness, has a direct impact on retention. The [2021 PwC Financial Wellness survey](#) revealed that 72% of employees stressed about their finances would leave for another company that cares more about their financial well-being.⁶

Employees want personal and professional growth opportunities, career mobility, flexibility in their work environment, and a balance of compensation and benefits to make them feel secure. Companies can demonstrate their commitment to their people and better attract and retain talent by offering the right mix of Total Rewards.



Challenge 2: Employee Engagement

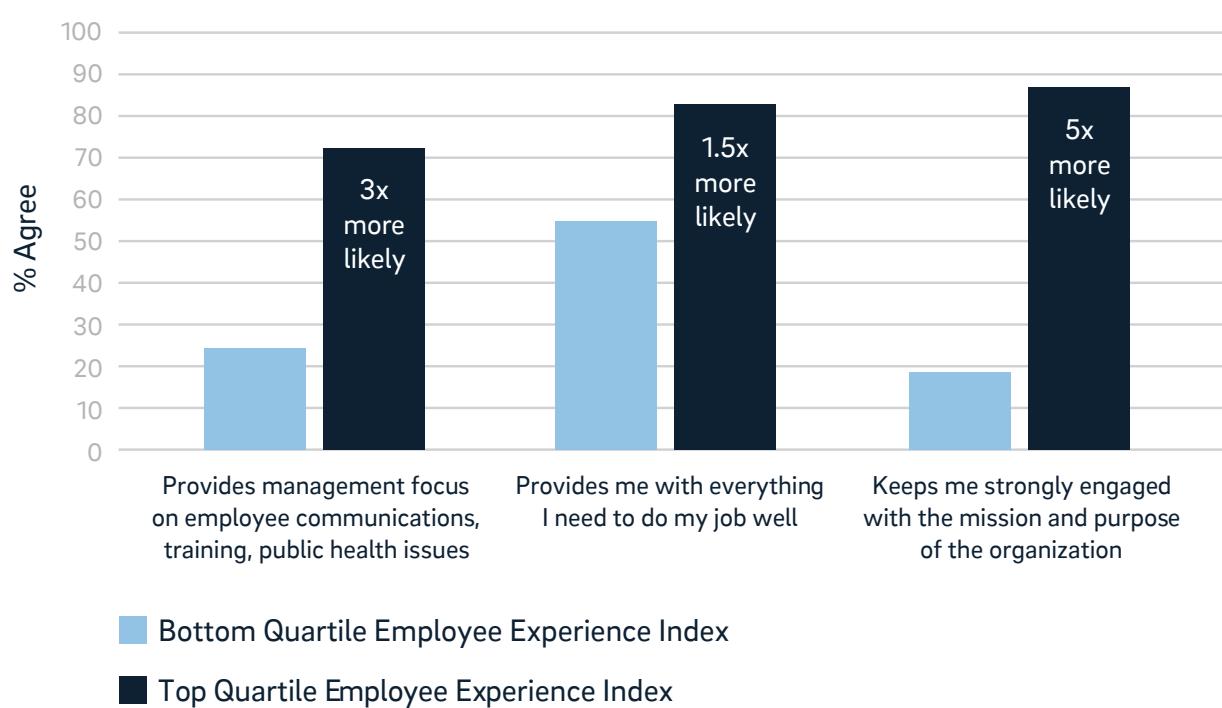
Employee engagement is a key strategic priority for businesses and HR teams, and there is a direct link between Total Rewards and employee engagement. The [BrightPlan 2021 Wellness Barometer Survey](#) revealed that 94% of HR leaders think employers need to re-invent Total Rewards to create a more compelling employee experience.⁷

According to [Gallup's State of the American Workplace](#) report, healthy and engaged employees contribute positively to business results. Gallup

found that highly engaged business units see a 41% reduction in absenteeism and a 17% increase in productivity, translating to 21% greater profitability.⁸

IDC found an organization's resilience increases with the level of employee engagement, trust, commitment and loyalty to the organization (Figure 4).⁹ This is most pronounced in organizations that keep their employees tightly connected to the mission and purpose of the company.

Figure 4:
Business Importance of Employee Engagement



Source: IDC's Worldwide Buyer Perception Survey of Business Consulting Providers, 2020

Organizational Resilience

An organization's ability to respond and adapt to disruptions to optimize business value.

Employee Experience (EX) Index

The EX index is a measure of maturity of employee engagement, trust, commitment and loyalty to the organization.

IDC compared those employers with a "low" score to those with a "high" score to understand the correlation between EX organizational resilience.

Challenge 3: Holistic Well-being

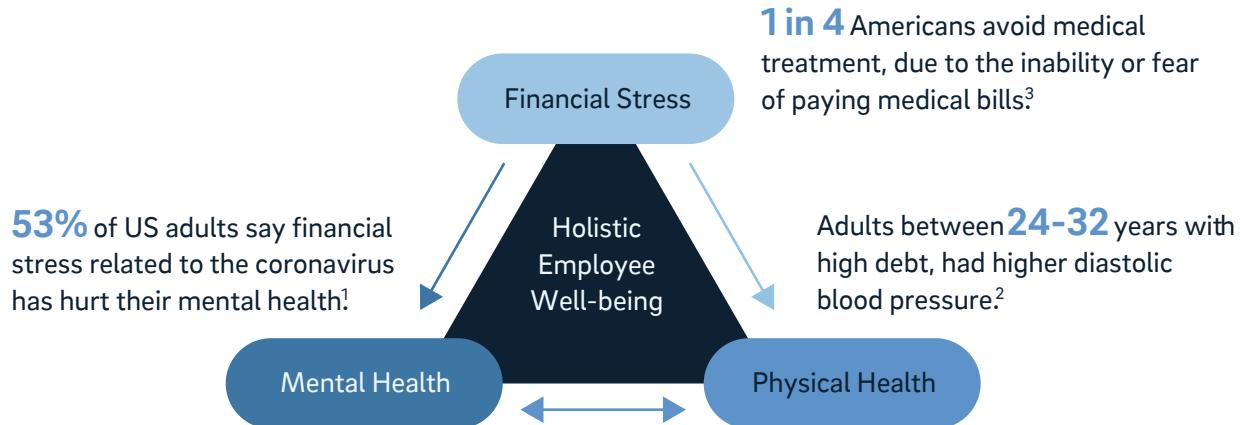
Holistic well-being is about recognizing the need to care for the “whole person,” including their physical, mental, financial and social well-being. This is rooted in understanding that all of these aspects of well-being affect employees’ overall health (Figure 5).

In [The Future Workplace 2021 HR Sentiment Survey](#), 68% of senior HR leaders rated employee well-being and mental health as a top priority.¹⁰ The [Kaiser Family Foundation](#) found that 53% of U.S. adults say financial stress related to the coronavirus has hurt their mental health.¹¹

With financial stress at a record high of 65%, based on the BrightPlan 2021 Wellness Barometer, this is a critical concern. Financial stress also has other wide-ranging implications. Financially stressed employees reported an average of 15.3 hours of reduced productivity each week, as well as negative impacts on their physical and mental health. This reduced engagement and productivity cost U.S. employers nearly \$5B per week*.¹²

Figure 5:

The Connection Between Financial Stress and Mental and Physical Health



1. Kaiser Family Foundation

2. Northwestern University Study

3. Bankrate Survey

Challenge 4: Diversity, Equity & Inclusion

In the [Future Workplace 2021 HR Sentiment Survey](#), diversity, equity and inclusion (DE&I) ranked as the second-highest priority of senior HR leaders.¹³ As the racial justice movement made inequities and biases more visible, the survey shows companies are not just talking about these challenges but are taking deliberate actions to influence systemic and lasting change.

Consider these inequities in financial wellness, which vary greatly according to gender, income, race and access to education:

- [58% of Black and Latino households don't have enough savings](#) to cover 3 months of expenses at the federal poverty rate.¹⁴
- [Women are 10% less likely](#) than men to invest for their goals.¹⁵
- Just [3.9% of students from low-income schools have access to financial education](#), compared to 17% nationwide.¹⁶
- Only [1% of Americans work with a financial advisor](#).¹⁷ This number is likely even lower in underrepresented communities.

Disclosure: Assumes there are 94,257,000 knowledge workers in the U.S. with an hourly wage of \$35.53. Source: Federal Reserve Economic Dataset. For more information, see the full [report](#).

Over the past two years, leading companies have made DE&I a business priority, and this trend is likely to continue. As Figure 6 shows, the [Future Workplace 2021 HR Sentiment Survey](#) of 200 senior HR leaders found that many companies are publicly defining metrics for DE&I (92%), examining compensation for pay equity (96%), specifying inclusive behaviors for DE&I (94%), and forming new partnerships to accelerate DE&I (85%).¹⁸

Figure 6:

Organizations Are Taking Action on DE&I

Define metrics for DE&I

92%

Embed DE&I mindsets in learning programs

96%

Create/expand employee resource groups

94%

New partnerships to accelerate DE&I

85%

A holistic Total Rewards approach is a strategic way to address inequities in compensation and benefits. While organizations work to eliminate pay disparities, they can significantly advance their DE&I agendas with high-value benefits and support structures, such as Employee Resource Groups, that address the needs of their entire employee population.



Chapter Three.

Financial Wellness: A Powerful Lever to Holistic Well-being

Financial wellness is when an individual can meet their financial obligations, feel secure in their financial future, and have the freedom to make choices to enjoy life.

In the past, many employer-driven financial wellness initiatives were focused primarily on supporting a subset of employees—high-net-worth executives. Today, companies are committing to building financial wellness as a key lever to enabling the holistic well-being of all their employees.

As most of an employee's financial life is tightly connected with their employer as the primary source of income, companies are viewed as a trusted source of financial information. [BrightPlan's 2021](#)

[Wellness Barometer Survey](#) found that over 80% of employees want support and guidance from their employers on personal finances—not only for retirement and financial education, but also financial planning, investing, and day-to-day money management.¹⁹ There is also now a growing sense of employer responsibility to address these concerns. According to the [Bank of America 11th Annual Workplace Benefits Report](#), 62% of employers feel extreme responsibility for their employees' financial wellness.²⁰

When financial wellness is tightly integrated with a company's Total Rewards strategy, organizations can better guide employees on their life journey to achieve their financial, personal, and career goals.

Chapter Four.

The Future of Total Rewards

The mandate for change is clear. Employers have a responsibility to re-think their Total Rewards strategy.

Total Rewards is defined as a mix of monetary and non-monetary benefits used to attract, retain, and engage talent and distinguish a company as an "employer of choice". They have traditionally focused on compensation and conventional benefits, such as health insurance and 401(k) plans.

Today, employers must move beyond this traditional view of Total Rewards to encompass holistic wellness programs that focus on elevating the employee experience and creating a culture of care for all employees, their family members, and society at large.

Figure 7:

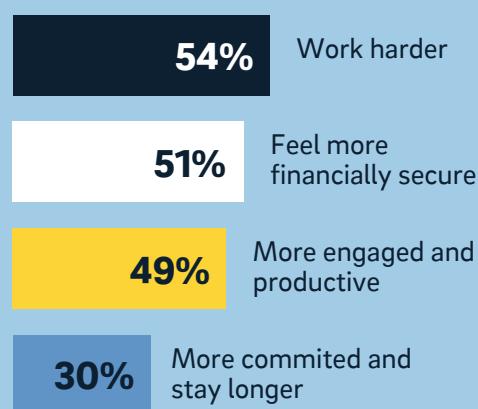
The Future of Total Rewards



The Impact of a Culture of Care

Creating a culture of care not only provides employees with much needed well-being benefits but also delivers tangible business impact. The [2021 Wellness Barometer Survey](#) reports 93% of employees say access to enhanced employer-provided benefits would have a positive impact on their performance.

When asked how improved benefits would motivate them, the survey reports:



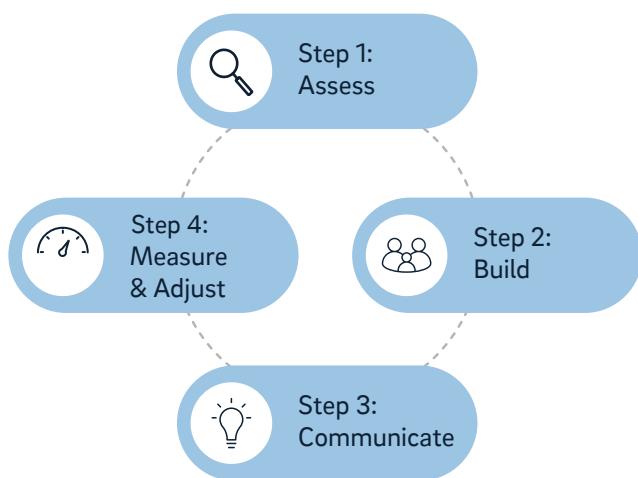
Chapter Five.

4 Steps to Developing & Communicating a Total Rewards Strategy

A Total Rewards strategy and program that focuses on holistic wellness will not only provide employees with the support they need in and out of work, but will also assist companies and their HR teams with attracting and retaining top talent, improving employee engagement and productivity, and promoting a culture of inclusivity and belonging. This in turn will contribute to positive business outcomes and create a workplace in which employees can thrive.

HR leaders can use this four-step process to develop a distinct and compelling Total Rewards strategy.

Figure 8:
How to Create a Next-Generation Total Rewards Strategy



Step 1: Assess Your Current Benefits Package

Review your current Total Rewards strategy and offering to accurately assess how well your program supports holistic employee well-being.

Questions to ask yourself:

- Is your program competitive? How does it compare with the Total Rewards offered by companies that consistently rank as one of the "Best Places to Work"?
- Are the rewards offered incentivizing outcomes your organization is seeking, such as decreased turnover and time-to-hire, and increased employee satisfaction and productivity?
- Are all employee groups well-represented?
- Are there any key gaps from an employee needs perspective that require addressing?

How to assess:

- Conduct a baseline survey on your Total Rewards program and segment findings by key employee demographics (e.g., age, gender, ethnicity, level within the organization, and geographic location) to more accurately understand what your employees value most.
- This survey will reveal whether your benefits are meeting employees' unique needs and where you may need to make some adjustments. Focus future investments on what your employees value most and divest in programs that are not utilized or valued.

Step 2: Build

Now with a clearer picture of what your employees want, you can start to build a Total Rewards program that is well aligned with their needs and expectations.

Ask yourself:

- How can you move from a focus on traditional Total Rewards to one that is aligned with the future of work and supports your employees' holistic well-being?
- How can you ensure your Total Rewards program appeals to the diverse needs of your workforce and sufficiently accounts for all employee segments, such as different age groups, single-parents, employees without children, LGBTQ and other non-traditional family relationships?
- Are there key corporate solution partners you can identify to help you in this journey?
- What selection criteria is key to prioritizing and selecting the right corporate solution partners?

How to Evaluate Corporate Solution Partners:

- Does their philosophy align with yours? Is there a cultural fit?
- Is the company a true partner to the HR team and focused on doing the right thing for your employees first and foremost?
- Do they offer a solution that can be easily adopted and utilized by employees and their family members? Is it personalized to meet the diverse needs of a global workforce?



- Does the vendor recognize diversity and offer the same level of benefits to all? Do the programs cover same sex or domestic partners, do they cover gender transition services, and do application processes also recognize this?



Step 3: Communicate

For Total Rewards to have a positive impact on the employee experience, employees must first understand all the benefits available to them and how to take advantage of them.

It's essential for a company to develop a robust communications strategy that includes awareness, education and decision support. The more your employees understand the scope of your Total Rewards program, the more likely they are to leverage these important benefits and appreciate the value it provides to them and their families.

Does your communications strategy include the following?

- 1. Simplicity:** Are you simplifying communications so it is easy to digest, describing not only benefits and perks, but also how to take advantage of them? Is the enrollment process too cumbersome?
- 2. Branded to your employee value proposition:** Are you giving your Total Rewards communications a consistent look and feel so that they stand out? Do employees understand the underlying philosophy behind your offering, such as flexibility and choice, for example?
- 3. Multi-channel:** Are you taking advantage of various ways to reach your employees, such as: email, video, team messaging channels, all-hands meetings, webinars and Q&A sessions?
- 4. Personalized:** Are you highlighting the most relevant programs for specific employees? For example, some employees may be more focused on paying off student debt, while others may be preparing for retirement.
- 5. Self-service:** Are you providing an easy way for employees to ask questions about Total Rewards? Create a Q&A document, make sure your benefits portal is up-to-date, and provide a point of contact so that employees know who they can reach out to if they need help.

Driving Awareness During Open Enrollment:

Employees are paying closer attention to their benefits and Total Rewards right before and during open enrollment. Effective communication is vital during this time.



Communicate early and often

Let employees know well in advance that open enrollment is coming. Summarize benefits choices and any changes from the previous year so that employees can start to think about their options.



Highlight new benefits

Give special attention to any new benefits you're rolling out, such as financial wellness or mental health resources. Consider decision-making tools to help guide employees to make the right choices for their current situation.



Encourage active selections

As employees choose their plans for the upcoming year, encourage them to consider their current and future needs, factoring in major life changes such as marriage or children.



Highlight the value

A record number of employees are quitting their jobs for reasons that extend beyond pay alone. Explain how the benefits you provide, and the work environment that you cultivate, contribute to employees' overall well-being.



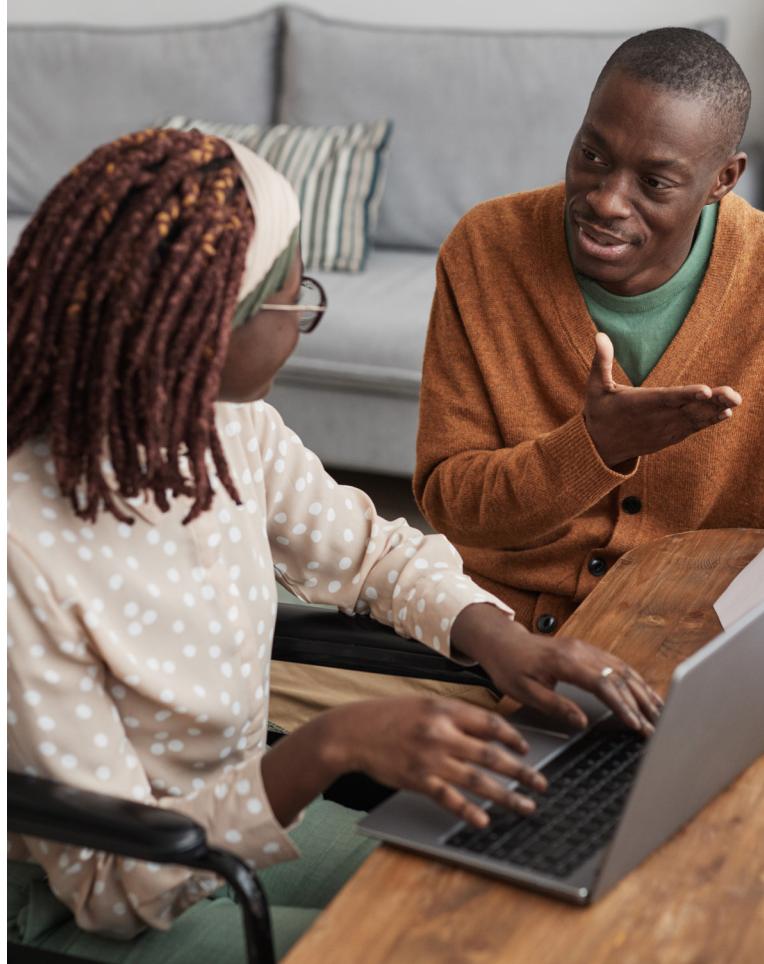
Step 4: Measure and Adjust

Given the significant investment employers make in Total Rewards, it's crucial to have an accurate measure of financial return and track key performance indicators (KPIs). To determine whether your Total Rewards strategy is effective, tie your workforce metrics directly to company objectives, the key challenges facing your business, and the results you're looking to achieve.

Common metrics include:

- Talent acquisition:** Track your overall talent pipeline, time-to-hire metrics, and the quality of your hires.
- Employee engagement & satisfaction:** While formal employee surveys can measure employee engagement and other dimensions of organizational culture, they are typically conducted annually. Shorter, more frequent pulse surveys can give you a more real-time view of employee engagement and satisfaction.
- Voluntary turnover:** Track the percentage of workers who leave the company voluntarily. Validate with exit interview data and look for trends in the reasons employees choose to leave.
- Productivity:** Monitor whether employees are meeting business objectives and any decline or increase in overall output.
- Absenteeism:** Track employee attendance and number of sick days to determine whether your Total Rewards program is having an impact. A focus on well-being can translate into fewer absences due to issues such as stress, anxiety and depression.

Benchmarking can be useful to see how your Total Rewards strategy stacks up against similar companies. By analyzing workforce trends, you will uncover important market insights. With an accurate view of the impact of various benefits offerings, your company can make continuous improvements and use your Total Rewards program as a competitive advantage.



Conclusion: Building A Culture of Care

The Future of Work is here, and organizations must adapt. In the midst of accelerated change in why, how, where and when people work, companies must find ways to create more meaningful and lasting emotional connections with their employees, or they will end up on the losing side of the war for talent.

Forward-thinking companies recognize that investing in the employee experience matters now more than ever. Employees want to work for companies that care about their overall well-being and offer benefits that support them in all aspects of their personal and work lives.

The time is now to re-invent Total Rewards and move beyond compensation and traditional benefits to create an employee experience that embodies holistic employee well-being.

When HR leaders offer and communicate a comprehensive Total Rewards program focused on personalization, inclusiveness and holistic well-being, they are creating a workplace where employees can thrive, develop resilience and positively impact their overall performance.



About Jeanne Meister

Executive Vice President, Executive Networks

Jeanne Meister is Founder, Future Workplace, and Executive Vice President, Executive Networks, the leading company dedicated to peer knowledge networks and business intelligence for senior HR leaders in the Global 1000. Jeanne is the author of three books, including the international best seller, *The 2020 Workplace: How Innovative Companies Attract, Develop and Keep Tomorrow's Employees Today*. Jeanne is also a regular Contributor to *Forbes* and *Harvard Business Review* and was named 21 HR People To Follow in 2021, 100 Most Influential People in HR, and HR Tech Influencer for 2019, 2020 and 2021.



Sources

1. Agovino, Theresa. "The New World of Work." SHRM, 2021.
2. Prudential. "Prudential Pulse of the American Worker Survey." news.prudential.com, 2021.
3. Ginger. "The State of Mental Health in 2021." Ginger, 2021.
4. IDC. "Worldwide Buyer Perception Survey of Business Consulting Providers." IDC, 2020.
- 5, 7, 12, 19, 21. BrightPlan. "2021 Wellness Barometer Survey." BrightPlan, 2021.
6. PwC. "PwC 2021 Employee Financial Well-being Survey." pwc.com, 2021.
8. Gallup. "State of the American Workplace." Gallup, 2017.
9. IDC. "Worldwide Buyer Perception Survey of Business Consulting Providers." IDC, 2020.
- 10, 13, 18. Future Workplace. "The Future Workplace 2021 HR Sentiment Survey." Future Workplace, 2021.
11. Garfield, Rachel. "One in Four Older Adults Report Anxiety or Depression Amid the COVID-19 Pandemic." Kaiser Family Foundation, 2020.
14. Prosperity Now. "Prosperity Now 2020 Scorecard." Prosperity Now Scorecard, 2020.
15. BlackRock. "Annual Global Investor Pulse Survey." BlackRock, 2016.
16. Next Gen Personal Finance. "State of Financial Education Report." Next Gen Personal Finance, 2018.
17. Fox, Michelle. "99% of Americans Don't Use a Financial Advisor - Here's Why." CNBC, 11 11 2019.
20. Bank of America. "2021 Workplace Benefits Report." 2021.



About Future Workplace

Future Workplace is proud to be a part of Executive Networks' global family of HR peer networks and resources for Global 1000 Human Resources Leaders. Through research, peer networks, and online courses via the award-winning Future Workplace Academy, Future Workplace provides continuing professional development opportunities for global HR, learning, and talent professionals. To learn more, visit www.Futureworkplace.com and Futureworkplace.com/academy/.

About BrightPlan

BrightPlan is a leader in Total Financial Wellness. BrightPlan provides a comprehensive solution that addresses all aspects of employees' financial health at every stage of life, and empowers HR teams to enhance the employee experience and better attract, retain and engage talent. Its unique combination of digital platform and human advisors enables employers to deploy at scale while delivering personalization for employees. The company is the first financial wellness solution certified for fiduciary excellence by the Centre for Fiduciary Excellence (CEFEX). For more, visit brightplan.com.

Disclosure:

BrightPlan LLC is an SEC-registered investment adviser that only offers digital investment advice to US residents. Financial advisors are from Plancorp LLC, an affiliated SEC-registered investment adviser. Registration does not imply a certain level of skill or training nor does it imply endorsement by the SEC.

© 2021 BrightPlan LLC