



The Generation Series from Purchasing Power®

Beyond the Generations: Ultimate Customization

Matching Voluntary Benefits
to Segments within Generations

February 2017

This Purchasing Power special report:

- Discusses the new way to customize benefits for today's workforce;
- Defines the different personas within the generations;
- Outlines survey results that indicate which type of voluntary benefits each of the personas say are important;
- Identifies specific non-traditional voluntary benefits that each persona would like their employer to offer; and
- Offers recommendations on how to use this information to provide the next stage of customized voluntary benefits.

The purpose of this report is to assist both brokers and employers in structuring benefit offerings based on the makeup of a company's workforce that will further support recruitment and retention efforts.

Introduction

Attracting and retaining employees is a bigger challenge for employers today than it has been in years. In a thriving economy and positive job market, workers want more money and benefits, and won't hesitate to move to another company to secure a better offer.

In the current marketplace, employees have more flexibility to seek out employment opportunities that better fit their needs and wants rather than remain in a position for job security. In fact, 45 percent of employees say that they would be likely or very likely to look for other jobs outside their current organization within the next year.¹

While overall employee satisfaction is higher than it has been in years, workers report low satisfaction with their benefits.² Consequently, employers are looking for innovative ways to differentiate their benefits packages in this competitive marketplace.

Customizing benefits is the name of the game right now. Everyone is talking about the generations and their specific preferences. However, within the generations there are different personas that don't fit the overall generalization. Unique personas are critical in employee benefits because of the vastly different needs of workforce populations.

Employers must craft a strategic benefits package to compete in today's talent marketplace. Voluntary benefits are at the forefront of this effort because they provide employees expanded choice and the ability to personalize their benefits.



Benefits and Employee Satisfaction

Employers are worrying more about staying competitive in the marketplace today than about controlling costs.³ And with two-thirds of employers reporting difficulty filling fulltime positions, meeting the challenge to attract and retain top talent is a priority.⁴

Employees might be content with their jobs, but they are wanting more. Employee satisfaction is at its highest level in 10 years, yet workers report low satisfaction with their benefits, compensation, time off, and “respectful treatment of employees” at work.⁵

Now is the time for employers to take note. Many employees want it their way and they are seeking out new job opportunities that better meet their needs and wants. The message is clear to employers. To hire and retain top employees, get smarter about benefit plans. Although 78 percent of HR professionals believe employees are satisfied with their company’s benefits package, only 68 percent of employees report being very or somewhat satisfied with their overall benefits.⁶

The benefits that a company offers are critical to employee retention. In fact, 60 percent of employees are likely to take a job with lower pay but better benefits. Further, 42 percent of workers say improving their benefits package is one thing their employers can do to keep them in their jobs.⁷

Regardless of their generation, all employees place a high level of importance on overall benefits when determining job satisfaction or consideration. In today’s diverse workforce, several generations of employees are working side by side, each with a different expectation of benefits important to them.

As the workforce continues to diversify, it’s challenging to build benefit packages that appeal to employees at every stage of life. This is where voluntary benefits become a true differentiator for employees.⁸





The Voluntary Benefits Explosion

Benefits in general are constantly changing and it's been quite a while since they've been one-size-fits-all. Voluntary benefits are practically exploding in their importance in the benefits package because companies can use them to appeal to a more diverse workforce. Whether core or non-traditional, voluntary benefits certainly provide the means for customization of the employee benefits package.

Motivated by the need to meet the changing needs and lifestyles of an increasingly diverse workforce, 92 percent of U.S. employers believe voluntary benefits and services will be important to their employee value proposition over the next three to five years.⁹

Traditional voluntary products can fill in the gaps in core benefits left by scaled-back benefits, higher deductibles and more consumer-driven health plans. The non-traditional voluntary products in the marketplace provide a wide array of benefits that employees can choose from to enhance their lifestyle, protect their well-being and improve their financial wellness.

However, non-traditional voluntary benefits are gaining momentum as a differentiator for employers, and as a necessity for employees who want to supplement their financial safety net and enhance their personal lives. Non-traditional benefits provide choices to employees while they create a new level of excitement and engagement.¹⁰

Voluntary Benefits Customization 2.0

There is more to customizing benefits than age and gender alone. Within each generation are income, lifestyle and age segments that can dictate varying preferences in benefits.

Customizing benefits by generation is still very viable, but it's important to take into consideration additional segments in each that can influence benefit choices.

The Three Generations

Each generation views work, life, money and finances in different ways. Looking at their characteristics and what they perceive as important gives us a glimpse of the benefits they prefer.



Baby Boomers (born 1946 – 1964)

Baby Boomers' work ethic is driven and committed, and they believe that rewards come after paying one's dues and building a career. Their greatest fear is losing their pension, savings or job and being unable to retire. Keys to job retention for Baby Boomers are salary, job security and health benefits. They want to count on medical insurance and back-up care for their parents. Some Baby Boomers are in second careers.



Generation X (born 1965 – 1979)

Gen Xers' work ethic is balanced and flexible with a 'work hard, play hard' attitude. They believe in accumulating skills by taking on diverse projects. Their greatest fear is being overshadowed by Millennials and being overlooked for promotions. Keys to job retention for Generation X are salary, autonomy, independence and promotion, promotion, promotion! Their benefits needs include income protection, family support, customizable plans, automatic retirement management and retirement education.



Millennials (born 1980 – 2000)

Millennials' work ethic is that professional fulfillment matters more than salary. They expect rapid promotion and meaningful work or they seek other opportunities. They often juggle many jobs and move from job to job more frequently. Their greatest fear is silence, unplugging, routine and eternal internship. Keys to job retention for Millennials are personal relationships, multiple tasks and fast rewards. Their benefits needs include portable benefits, forced savings, financial education and concierge services.

Segmenting Across the Three Generations

There are eight personas that fall across the three generations indicating a departure from the typical generational characteristics.¹¹



Content Boomer:

Baby Boomer, mid/high income (\$50,000 to \$100,000), age 52-70

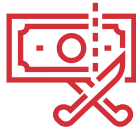


Flourishing Family:

Gen Xer, couple with children, moderate/high income (\$50,000 - \$125,000), age 38-46

Budget Living:

Older Millennial/Younger Gen Xer, low income (under \$50,000), age 34-44



Urban Crew:

Older Millennials/Younger Gen Xer, low income (under \$50,000), age 30-40



Balanced Bliss:

Gen Xer, mid/high income (\$50,000 to \$100,000), age 41-51



Settled in the City:

Gen Xer, couple with children, moderate income (\$50,000 - \$100,000), age 43-50



Savvy Starters:

Younger Millennial single or couple, low/moderate income (\$35,000 - \$75,000), age 25-34



Cultural Mix:

Younger Gen Xer, low/moderate income (\$50,000 - \$75,000), families with children, age 36-44

Characteristics of the Eight Personas

Employees working full-time who fall into these eight personas revealed their financial wellness status and opinions about the voluntary benefits their employers provide during a recent Harris Poll.¹²



56% have \$2,000 or more in emergency savings for unexpected expenses that may arrive.



50% are saving for retirement.



38% have a planned monthly budget that they try to stick to.



30% live paycheck to paycheck.



7% have borrowed from their 401k to pay for current needs.



61% say their employer offers the right amount of voluntary benefit choices for their needs.



16% have \$2,000 or more in emergency savings for unexpected expenses that may arrive.



22% are saving for retirement.



28% have a planned monthly budget that they try to stick to.



65% live paycheck to paycheck.




5% have borrowed from their 401k to pay for current needs.



44% say their employer offers the right amount of voluntary benefit choices for their needs.




Balanced Bliss




54% have \$2,000 or more in emergency savings for unexpected expenses that may arrive.




57% are saving for retirement.




42% have a planned monthly budget that they try to stick to.



35% live paycheck to paycheck.




13% have borrowed from their 401k to pay for current needs.



59% say their employer offers the right amount of voluntary benefit choices for their needs.




Savvy Starters



36% have \$2,000 or more in emergency savings for unexpected expenses that may arrive.




50% are saving for retirement.



39% have a planned monthly budget that they try to stick to.



51% live paycheck to paycheck.




7% have borrowed from their 401k to pay for current needs.



65% say their employer offers the right amount of voluntary benefit choices for their needs.




Flourishing Family



39% have \$2,000 or more in emergency savings for unexpected expenses that may arrive.




51% are saving for retirement.




34% have a planned monthly budget that they try to stick to.



34% live paycheck to paycheck.



8% have borrowed from their 401k to pay for current needs.



62% say their employer offers the right amount of voluntary benefit choices for their needs.



Urban Crew



21%

have \$2,000 or more in emergency savings for unexpected expenses that may arrive.



23%

are saving for retirement.



32%

have a planned monthly budget that they try to stick to.



66%

live paycheck to paycheck.



2%

have borrowed from their 401k to pay for current needs.



47%

say their employer offers the right amount of voluntary benefit choices for their needs.



Settled in the City



55%

have \$2,000 or more in emergency savings for unexpected expenses that may arrive.



59%

are saving for retirement.



45%

have a planned monthly budget that they try to stick to.



34%

live paycheck to paycheck.



12%

have borrowed from their 401k to pay for current needs.



61%

say their employer offers the right amount of voluntary benefit choices for their needs.



Cultural Mix



26%

have \$2,000 or more in emergency savings for unexpected expenses that may arrive.



39%

are saving for retirement.



51%

have a planned monthly budget that they try to stick to.



42%

live paycheck to paycheck.



13%

have borrowed from their 401k to pay for current needs.



46%

say their employer offers the right amount of voluntary benefit choices for their needs.

Segmenting Personas within the Generations

A large portion of the employee population within each generation fits the average description of that generation. We refer to those as “mainstream.” But those who don’t fit the mold fall into a particular segment within the generation. In some cases, a segment may transcend into a portion of the next generation. This chart illustrates how the segments line up within the generations.

Baby Boomers (52-70)

Mainstream Boomers

Content Boomer
(52-70)



Generation X (37-51)

Mainstream GenXer

Balanced Bliss
(41-51)

Cultural Mix
(37-44)

Budget Living
(37-44)

Flourishing Family
(38-46)

Urban Crew
(37-40)

Settled in the City
(43-50)



Millennials (16-36)

Mainstream Millennial

Budget Living
(34-36)

Urban Crew
(30-36)

Cultural Mix
(36)

Savvy Starters
(24-34)



Benefits by Purpose

Looking at non-traditional voluntary benefits by purpose helps employers prioritize offerings. Purposes can be classified as buying and banking options; lifestyle and convenience options; personal care and improvement options; and financial safety nets.



Buying and banking benefits give employees alternative ways to save, spend or borrow. They help employees who are underserved by traditional financing options or who want access to services that aren't generally available to them otherwise. These options include paycards, short-term loans, employee purchase programs, employee discount programs, credit union and flexible spending accounts.



Lifestyle and convenience benefits allow the employee to take advantage of cost savings that they wouldn't get otherwise because they are getting these benefits from their employer. Plus, by paying for these through payroll deduction, they have the convenience of one less bill to worry about. Among the lifestyle and convenience benefits are child care, elder care, pet insurance, auto insurance, adoption assistance, auto insurance, cyber security insurance and legal assistance.



When employers offer **personal care and improvement benefits**, they show that they care about the whole employee while also encouraging them to be proactive about their physical, mental and financial health. Among the personal care and improvement benefits are financial counseling services, wellness programs, employee assistance programs and tuition assistance programs.











Financial safety nets offer protection from financial crises that can be potentially devastating for employees. Included in this category are home warranty insurance, homeowner's insurance, identity theft protection and long-term care insurance.

Benefits in each of these categories can appeal to employees of all generations, depending on their priorities and demographics. Profiling the generations through the seven segments, however, shows a more distinctive differentiation.



The recent Harris Poll asked respondents from the eight personas to prioritize the categories of non-traditional benefits of most interest to them (#1 being first priority):¹³

Benefit & Purpose	 Content Boomer	 Budget Living	 Balanced Bliss	 Savvy Starters	 Flourishing Family	 Urban Crew	 Settled in the City	 Cultural Mix
Buying & Banking Benefits	2	1	1	1	2	1	1	2
Lifestyle & Convenience Benefits	1	4	2	4	1	4	2	1
Personal Care and Improvement	4	2	3	2 (tie)	4	2	3	3
Financial Safety Nets	3	3	4	2 (tie)	3	3	4	4









Buying & Banking Benefits are generally rated the benefit of most interest among the persona types.



Specific Voluntary Benefit Preferences

According to the same Harris Poll survey, full-time employees in the seven personas indicated their interest in the following benefits, with #1 being the benefit they are most interested in:



Benefit	 Content Boomer	 Budget Living	 Balanced Bliss	 Savvy Starters	 Flourishing Family	 Urban Crew	 Settled in the City	 Cultural Mix
Employee Discount	1	1	1	1	1	1	1	1
Auto Insurance	2	2	4	4	2	2	2	5
Wellness Programs	3	4	2	2	4	4	6	2
Employee Purchase Program	5	3	6	6	3	3	5	7
Tuition Assistance	9	5	5	5	6	6	3	4
Identity Theft	4	8	3	9	5	5	9	3
Legal Assistance	6	7	7	8	7	7	8	6
Child Care	11	9	10	3	8	8	4	10
Pet Insurance	10	6	8	7	9	9	7	8
Elder Care	8	10	9	10	11	11	10	9
Cyber Security Insurance	7	11	11	11	10	10	11	11
Adoption Assistance	12	12	12	12	12	12	12	12
None of These	35%	32%	20%	8%	12%	26%	21%	13%



Putting It All Together

Perhaps the most important takeaway from all of the information presented in this whitepaper is to not over-generalize the generations. While a portion of the employee population within each generation is “mainstream” and fits the average description of that generation, within each generation there are further segments with specific characteristics and needs.

Companies that look beyond the generations will be positioning themselves as trendsetters and moving ahead in the recruitment and retention challenge.

Insights and next steps

- 1. The first step is to segment your employee population.** Break down your employee population by age, then segment by marital status – single or married and with or without children. Narrow even farther by dividing into income levels in order to put them into one of the eight persona buckets. A portion of your employee population will fall into the mainstream generation definition.
- 2. While this isn't scientific, the process does provide a more segmented view** of employee lifestyles and benefits needs rather than lumping them all into one of three generations. It will give insight into the types of benefits the various employee segments believe to be the most beneficial.
- 3. It has implications beyond simply identifying benefits.** Incorporate this information into your year-long benefits communications strategy. Make sure communication is about the benefits available and that communications are customized and not using a ‘one-size-fits-all’ message.
- 4. This segmented approach is helpful at benefits evaluation time as well.** During your annual review when you look at your benefit program to see what's working and not working, be sure to evaluate in terms of the total employee population as well as the segments presented in this whitepaper. Are the benefits that these segments say are valuable available through the program?

5. Refer to this information when considering future benefits. With voluntary benefits that are paid for by employees, it's relatively easy to add benefits. When considering new benefit options, take a look at how current benefits line up with what these segments say are important, and look into adding non-traditional voluntary benefits that will make a difference to the workforce.

6. Good benefits education resonates with every age group. If employees don't understand voluntary options, enrollment will be lower. Keep in mind also that product descriptions should be easy to understand – especially products like disability insurance. Communications should feature simple language, visuals and messages personalized to employees' circumstances. Videos that explain products and present them in a context of real-life examples are popular with many employees.

In addition to creating awareness, communications must encourage employees to learn what voluntary product options are available and what advantage they provide, as well as what it means to their overall financial wellness to have such benefits. Employees who report their benefits communications are easy to understand are nearly five times more likely to find enrollment simple and straightforward.¹³

Millennials in particular can benefit from education about voluntary benefits. While they may view themselves as invincible, they actually have a lot to protect. Yet they are either unaware of voluntary benefits available or reluctant to select them as an option. Yet 69 percent of employees age 25-29 don't participate in any voluntary benefits, while 71 percent of those under age 25 don't own any voluntary products, according to Eastbridge Consulting Group.

7. Benefits education should be on a year-round basis. Much like the marketing adage, you have to see something seven times before you recall it, benefits education needs to be consistent and repetitive. Develop an annual plan on elements of a benefits education program to help employees evaluate their own personal protection needs and make the choices that are right for them. Some benefits may be needed most in different seasons – such as employee purchase programs and discount programs that might be more pertinent around the holidays.



Summary

Organizations that take benefits customization to heart and embrace further segmentation by generations and their demographics will be able to structure their benefits in a way that will attract, retain and engage the talent they need for the future.

As voluntary benefits have become more mainstream, they play an important role in satisfying employees' needs and providing for ultimate customization. Employers looking to differentiate themselves to current and prospective employees are increasingly embracing non-traditional voluntary benefits.

For more information,

Visit [PurchasingPower.com/Employers](https://www.PurchasingPower.com/Employers)



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Purchasing Power, LLC, is one of the fastest-growing voluntary benefit companies in the industry, offering a leading employee purchase program for consumer products and services as well as providing financial tools and resources to improve employee financial wellness. Purchasing Power is available to millions of people through large companies including Fortune 500s, associations and government agencies. Headquartered in Atlanta, Purchasing Power is "Powering People to a Better Life™" through its employee purchase program, financial literacy efforts and corporate social responsibility initiatives. Purchasing Power is a Flexpoint Ford, LLC Company. For more information, visit www.PurchasingPower.com.

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Methodology

The 2016 Harris Poll survey on behalf of Purchasing Power which is referenced in this document was conducted online within the U.S. from August 4-8, among 2,007 adults ages 18 and older. This online survey is not based on a probability sample and, therefore, no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables, please contact the Purchasing Power Marketing Department at programinfo@purchasingpower.com.



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