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FOR IMMEDIATE RELEASE

Tailoring Compensation & Benefits

WOULD RADICAL APPROACH BENEFIT WORKERS AND EMPLOYERS?

CHICAGO, April 16, 2018 – As companies ramp up recruiting efforts for members of the millennial and Gen Z generations, employers are finding that traditional compensation offerings – salary, health, and retirement benefits – are no longer sufficient to draw top talent. Meanwhile, older workers, an increasing number of whom are remaining in the workforce, prioritize health and retirement benefits and are also taking on the challenges of paying for college or caring for aging loved ones. With these priorities in mind, should employers offer perks and benefits that match the current lifestyles of their workers?

According to a recent survey conducted by global outplacement and executive coaching firm Challenger, Gray & Christmas, Inc., 78 percent of companies are actively recruiting millennials and 56 percent of companies are targeting members of Gen Z in their efforts.

“Technology has changed where and how people work. Employees who are able to utilize technology to work more efficiently from anywhere often prefer remote work to coming into an office every day,” said Andrew Challenger, Vice President of Challenger, Gray & Christmas, Inc.

“Meanwhile, there are roughly 34 million workers aged 55 and over, and their needs are much different from their younger counterparts. It may make sense, especially as companies find themselves in a tight labor market, to begin offering benefits that speak to the priorities of their workers,” added Challenger.

The average company spends around 32 percent of the total compensation expense per employee on their non-monetary benefits package, according to the Bureau of Labor Statistics. Generally, around 7 percent of this total goes toward legally required employee benefits, like social security and unemployment, but the rest is given at the discretion of the employer.

For many companies, when they extend a job offer, they provide a benefit plan that allows very few choices for the employee. While these plans are often differentiated based on job type or position level, they do not allow employees to make individual choices about compensation.

But would compensation packages with a greater degree of customization be better for organizations?

“There’s no question that people would benefit more from different types of coverage at different points in their lives. The benefit to companies is that they stand out as a good company for workers, therefore attracting talent and potentially retaining that talent,” said Challenger.

For example, young workers value student loan repayment options, so companies may begin to offer help in this area. According to data from the Federal Reserve, the class of 2016 had an average student loan debt of over \$37,000, making it difficult for workers to save money or pay for current expenses. According to the Challenger survey, 23 percent of companies are currently offering student loan assistance, while 73 percent plan to offer this benefit in the future.

Meanwhile, workers who want to start a family may value money for fertility treatments. For instance, Facebook, Apple, and Google offer egg-freezing benefits for their female workforce, while Starbucks offers IVF coverage to workers, including part-time baristas.

For workers with children, money for college, larger amounts of paid time off, or unlimited vacation time and onsite child care would be of value. While these benefits are not widely offered, in the case of time off, the cost could be minimal to employers.

As workers get older, so do their parents, which means older workers might look for programs and benefits that would help them support their aging parents. According to a 2013 article by [Next Avenue](#), 81 percent of Americans plan to help take care of their parents. As the United States population continues to age, this will only become an increasingly sought-after benefit.

“If a company keeps the total worth of the compensation the same, but simply rearranges the shares of the benefits, costs of providing these programs could be comparable. Also, by focusing on employee needs, the company may be able to reduce turnover, which will in turn reduce costs overall,” said Challenger.

“In order for this to work, HR would have to relate to applicants and employees on a personal level. By knowing who will benefit the most from altered compensation packages, HR can make employees feel more involved in the process,” said Challenger.

“There could be pitfalls to this kind of customization, however. Companies must be careful not to employ any discriminatory distinctions that might marginalize one group over another or offer better benefits to one group, which could be seen as discriminatory. Otherwise, this kind of customization could be a win-win for workers and their employers,” he added.

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