

HUB 2023

Outlook.

Employee Benefits Canada



With a transformed labour market, personalized benefits become a game changer.



Risk & Insurance | Benefits & Retirement | Private Client

What's covered...

Introduction

What to Expect in 2023

- Benefits costs
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- Resiliency
- Equity and inclusion

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Setting the Scene

Reevaluating benefits amidst inflation and labour shortages.

Inflation and rising costs are straining budgets, while employees expect more from their benefits. That's on top of labour shortages that affect recruiting. HR professionals will be examining which benefits — health, disability, leave, retirement and financial — they offer and how they deliver them.

Mental health coverage



of employees feel their employers offer inadequate mental health coverage.¹

Job change



of employees were considering a job change in the second half of 2022.²

1. Mental Health Commission of Canada, "[Extended Mental Health Benefits in Canadian Workplaces: Employee and Employer Perspectives](#)," May 12, 2022.
2. Benefits Canada, "[31% of Canadian employees considering job change in second half of 2022: survey](#)," June 20, 2022.

What to Expect in 2023

Employers will have to accommodate flexible work schedules, offer better financial support and deliver customized benefits to meet employee needs. Organizations will need to weigh these expectations against higher benefits costs and fierce competition for workers. Personalized benefits will be key to finding that balance.



The cost of benefits will rise — along with employee expectations.

Benefits costs will continue to rise,³ stemming from inflation, expanding employee benefits packages and delayed worker retirements.

Rising costs will mean plans may go over budget as employees have high utilization rates of health coverage — especially for dental care and paramedical services — which will continue in 2023. Employees delaying retirement due to inflation concerns⁴ will increase health benefits costs and also lead to significant funding increases for retirement plans.

The increase in costs will affect an organization's bottom line. But with unemployment at record lows and worker shortages expected long term,⁵ cutting back on benefits won't be a viable option for employers.

In fact, about 70% of younger Canadians say they would leave their employer for improved benefits elsewhere.⁶ Organizations will need to allocate funds to offer better benefits that satisfy current staff and attract new talent. They also can leverage HR tech to enhance communications and provide a seamless employee experience that improves benefits uptake and engagement.

With a long-term worker shortage, employers can't cut benefits if they hope to stay fully staffed.

3. Benefits Canada, "[Survey finds cost of employer benefits in Canada set to rise 7% in 2022](#)," October 13, 2021.
4. Global News, "[Canadians delaying retirement amid surging inflation, poll finds](#)," June 17, 2022.
5. CBC, "[In a tight labour market, this is where Canadian workers are going](#)," August 23, 2022.
6. RBC, "[Three quarters of young Canadians more likely to leave their current job for one with better benefits](#)," July 5, 2022.



Personalization means benefits will work harder to attract and retain employees.

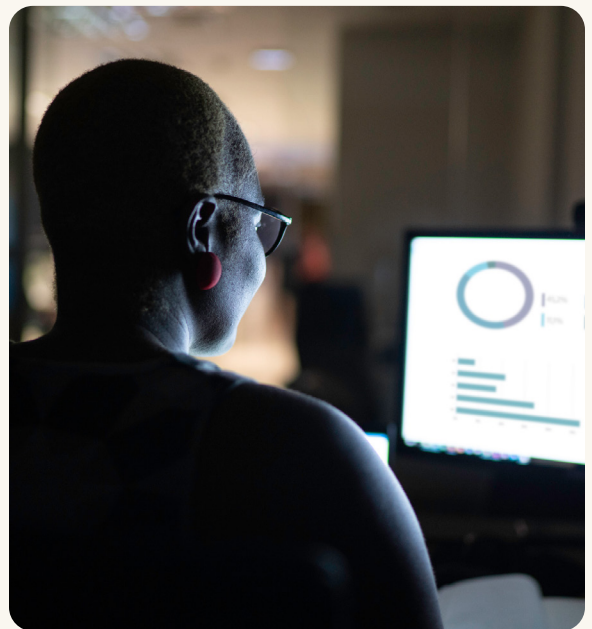
The COVID-19 pandemic led to a profound shift in priorities regarding work, mental health and careers, leading many to leave their jobs for new professional and personal opportunities. Workers are prioritizing their mental health over work demands — especially when they don't feel rewarded for the extra time and effort they've put into their jobs.

Industry observers call this “quiet quitting,” or simply doing a job but not going above and beyond the call of duty. They may not get the carrot but feel the stick.

Organizations and their HR function can find solutions through personalized benefits: *What benefits will best support health and wellbeing — physical, emotional, financial and career — for each employee?*

Embracing data analytics and developing employee personas can help identify what individual employees want from their benefits — whether that's help with childcare, strong health benefits, financial assistance for debt reduction, or training to advance a career. Personalizing available benefits and the communications about them will keep employees motivated and attract new workers.

Given workers' expectations of their employer, the urgency for organizations to embrace personalized benefits is real.



Employers will need to focus on the vitality and culture of their workplace.

In 2023, progressive employers will develop their benefits plans as part of overall risk management strategy.

With labour shortages to continue for the foreseeable future, it's incumbent upon an organization to create a workplace where employees feel valued and safe, where employers provide opportunities for advancement and to excel. This type of culture can help organizations weather economic downturns and unstable markets, keeping their employees dedicated, loyal and productive.

To develop this type of culture, relationships matter — especially the dynamics between workers and their boss, team leader or performance manager.

As a result, forward-thinking organizations will emphasize leadership training in 2023. Managers will need the skills to take care of themselves and others, improving the organization's culture and minimizing toxic workplace behaviour. This investment in management will increase the loyalty of leaders, minimize burnout and increase overall retention.



Employers that approach employee benefits through the lens of risk management will need to emphasize training on workplace violence and offer employees benefits that offer protection against personal risks, such as personal cyber insurance, or provide discounted insurance on personal coverage.

Many also will offer financial wellness benefits beyond a standard retirement plan. Such offerings include financial counseling, tuition assistance, personal loan programs and extra incentives for pre-tax savings plans.



There are new guideposts for a new employment reality.

For employers, immigration will be a key strategy to fixing their labour shortages, and embracing diversity, equity and inclusion (DEI) will help provide a competitive advantage for talent.

Between 2022 and 2025, the government expects more than 1.3 million new permanent residents, which includes more than 243,000 “high-skilled” immigrants. Nearly half of those high-skilled workers are expected to immigrate in 2024.⁷

These new residents will change the workplace in much the same way that millennials and other generations have driven change.

The shift will manifest with employers examining their DEI policies and hiring specialists or benefits advisors to devise a strategy that promotes health and wellbeing through personalized benefits.

Offering personalized benefits that support a diverse workforce requires an in-depth picture of individuals’ needs and a deep dive into data analytics. For instance, an immigrant struggling in an unfamiliar environment and the recent college graduate with significant student loans may not be as concerned with their retirement plan as other workers. Identifying them through data analytics paves the way toward optimizing benefits for all.

Canada will add

1.3M

new permanent residents

and

234K

high-skilled immigrants

between **2022** and **2025**

7. Government of Canada, “[Notice – Supplementary Information for the 2022-2024 Immigration Levels Plan](#),” February 14, 2022.



Make a plan

HUB can help you develop a benefits strategy that will protect the bottom line, support your workforce and build resiliency for 2023.



Elevate benefits.

Make benefits a cornerstone of your HR strategy in 2023. Workers of all generations are expecting more from their benefits — and potential employees now expect top benefits packages as a condition of employment.



Personalize for performance.

Personalized benefits will engage and energize your employees, strengthen loyalty and improve recruiting as potential employees scrutinize benefits packages like never before. And offering personalized benefits isn't more expensive than what you may be doing now.



Dive into the data.

Employee and demographic data are the building blocks for a benefits strategy that will deliver high engagement and will motivate your employees. Tools such as HUB's Persona Analysis and Benefits Benchmarking will enable you to leverage data to deliver personalized benefits.



Consult your benefits broker or consultant.

In an era of labour shortages, quiet quitting and increased immigration, your benefits consultant can help develop a strategic benefits plan that overcomes staffing challenges and delivers employees who are motivated, productive and loyal.

HUB Employee Benefits Canada

When you partner with us, you're at the centre of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB employee benefits and retirement insurance specialist.

Employee Benefits

5th largest insurance broker in the world

6M+ covered lives

650 dedicated benefits brokers

Retirement

7,900 employer-clients served

7,900+ retirement plans under advisement

\$142B retirement plan and private wealth assets under advisement

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