

# Outlook.

## Employee Benefits and Retirement

Personalized benefits focused on employee wellbeing will translate into higher employee engagement and retention.





# What to Expect in 2024

As Canadian employers seek relief from labour shortages, the ability to offer personalized benefits will be a competitive differentiator and drive success in 2024. With benefits costs likely to rise, organizations will need to show the return on investment for their expenditures. And to improve workforce stability and engagement, companies will emphasize employee retirement readiness and financial wellness in 2024.



**43%** of companies offer personalized benefits<sup>1</sup>



**66%** of Canadian businesses say it is impossible to offer all the benefits their workers want<sup>2</sup>

1. Results taken from HUB's Outlook Executive Survey, which polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.
2. HR Reporter, "[Survey finds big disconnects around benefits.](#)" March 26, 2023.

# Rising healthcare costs will strain employee benefits programs.

There's no way around it: The cost of employee benefits programs in Canada will continue to rise. To start, healthcare premiums will climb, with dental fees increasing between 5% and 10%, pressuring employers to keep costs down, particularly for employer-sponsored dental plans.<sup>3</sup>

While inflation has slowed,<sup>4</sup> the cumulative effect since 2021 has elevated the overall cost of benefits plans.



In fact, insurers paid \$114 billion in health and retirement benefits in 2022, a 60% rise from a decade earlier. Of that total, nearly \$44 billion were for medical claims, a record amount and a 7.7% bump from 2021.<sup>5</sup>

One driving force behind increased health plan costs is the skyrocketing prices of specialty medications and the introduction of new drugs for off-label use. In addition, the rate of claims may grow, with the shortage of primary physicians translating into less time with patients and greater pressure to write scripts.

As benefits utilization increases, so has the cost of providing these benefits. The competition for talent has prompted many employers to cover the extra costs rather than pass them on to employees, which could hurt recruiting and retention. This scenario isn't new: Many organizations amended their benefits plans the past two years in the belief that they needed to enhance their employee value proposition.

More than half of Canadian respondents to the HUB International Outlook Executive Survey cited rising costs as having an impact on profits in 2024. Rising costs makes finding ways to offer personalized benefits at an affordable cost a major business challenge.

Employers will need to scrutinize drug formularies to minimize off-label product use and determine if expensive new therapies are worth the price. That scrutiny also applies to healthcare costs: If provincial healthcare plans won't cover a particular type of physio treatment, for example, organizations should be wary of covering it.

Engaging an experienced benefits broker will help organizations find these types of savings in benefits plans.

3. The Globe and Mail, "[Dental costs soaring across Canada as fee guides get updated](#)," August 15, 2023.
4. Statistics Canada, "[Consumer Price Index, July 2023](#)," August 15, 2023.
5. Benefits Canada, "[Canadian insurers paid out record \\$114BN in health, retirement benefits in 2022: CLHIA](#)," September 29, 2023.

# Personalized benefits will remain a powerful tool for attracting and retaining employees, as well as improving vitality.

The battle for talent will continue in 2024.

Wages are expected to rise at least 3.5% in 2024,<sup>6</sup> reflecting how worker shortages have put upward pressure on compensation. Low unemployment will make it difficult to find and keep employees: In August 2023, more than four in 10 workers said they plan to change jobs by 2024.<sup>7</sup> Canada as a whole has looked to immigration to relieve the labour crisis, but that may not be a short-term solution for many individual employers.

Benefits can help to open the door for improved recruiting and retention. About 60% of Canadian workers are willing to change jobs for improved benefits, particularly those 30 years of age or younger.<sup>8</sup>

However, only 57% of Canadian respondents to HUB's Outlook Executive Survey are using data and analytics to inform their benefits strategy. In addition, many organizations that do employ analytics in their benefits strategy are not fully leveraging the available data.



At the same time, workers expect their employers to cover an ever-wider range of benefits, whether that's financial education and debt reduction programs or mental health coverage, adoption leave and surrogacy benefits. About one-third of Canadian employees feel the mental health support in their benefits is insufficient.<sup>9</sup>

Personalized benefits programs start with a close examination of the workforce's needs. Tools like HUB's Workforce Persona Analysis can reveal gaps between the workforce's needs and current benefit offerings. Personalized benefits based on data and analytics will put the right benefits into the hands of the right employees, delivering **quality employee experiences (QEX)** that improve recruiting and retention.

6. Payscale, [2023-2024 Salary Budget Survey](#), August 2023.

7. Benefits Canada, "[41% of Canadian employees plan to change jobs by the end of 2023: survey](#)," August 11, 2023.

8. BPM, "[Majority of workers open to changing jobs for enhanced benefits](#)," June 13, 2023.

9. Dialogue, [Canadian perspectives on health, wellness, and employee benefits](#), May 3, 2023.

## Breaking down departmental silos will help ensure programs remain resilient for the long haul.

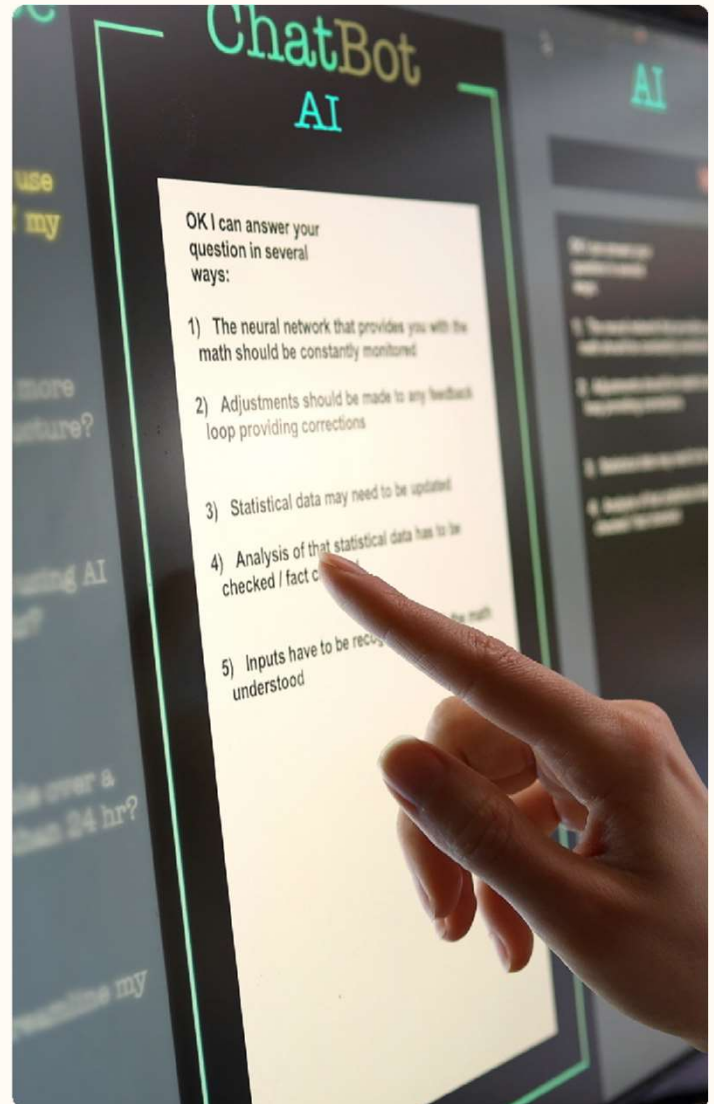
Benefits programs may be unfairly characterized as a necessary evil that hurts the bottom line. Though that perception is false, it may become more prevalent as organizations struggle with profitability and benefits program costs increase.

Indeed, benefits can comprise 5% or more of payroll, and some programs may not deliver the results that the organization expects. Skepticism of benefits programs is likely to increase in 2024 because of rising costs.

HR executives and benefits managers should combat this perception by aligning benefits with organizational goals, which include improving employee wellbeing, financial preparedness, and engagement with the job in the service of boosting recruiting and employee retention.

The “siloeing” of benefits separates benefits programs from the whole of the organization, which can result in a mismatched strategy between the C-suite, HR and technology operations. And only 37% of respondents to HUB’s survey list automation in enrollment and transactions — indicative of an integrated benefits strategy that ensures resiliency — as part of their benefits planning.

Organizations that mobilize their benefits and retirement plans to support employee goals, such as financial literacy and physical wellbeing, will ensure programs deliver the desired results. There’s much opportunity, as HUB’s survey found only 35% of Canadian respondents have robust communications resources available to employees through an app, which can be essential in maximizing ROI.



One company’s siloed benefits program resulted in financial shortfalls, a lack of accurate reporting and poor accountability. A HUB client, the company aligned its benefits program with its actual goals: The organization started offering discounted coverages to meet employees’ needs and leveraged burgeoning digital opportunities to cut the cost of health benefits.

The company eliminated a six-figure deficit, added hundreds of employees to the plan, and put the benefits plan on a path for long-term viability.

# Retirement plans and financial wellbeing education demonstrate care for employees over a lifetime.

Many Canadians live paycheck-to-paycheck,<sup>10</sup> while younger Baby Boomers may delay retirement due to insufficient retirement savings.<sup>11</sup> Roughly half of working Canadians admit they are unprepared for retirement.<sup>12</sup> Nearly 45% of Canadians haven't saved for retirement over the last year; 32% haven't set aside any money at all.<sup>13</sup>

On a more optimistic note, younger generations are beginning to realize the importance of retirement savings. Generation Z (those currently 18 to 25 years old) employees are investing in RRSPs earlier than any generation that came before it.<sup>14</sup>

With money-related stress on the rise,<sup>15</sup> many workers are looking to their employers for help and support. According to the HUB survey, nearly three-quarters of Canadian organizations say they are already focusing on financial literacy and retirement preparedness.

A retirement plan is one benefit that transcends the career lifecycle; it is indicative of employers who care about employees over the long haul. But organizations are finding that long before retirement, financial wellbeing initiatives are key for employees to truly engage with retirement planning.

Employers that couple a strong financial wellbeing strategy with a strong communications plan to engage employees will foster a workforce that is loyal, engaged and productive.

The prospect of building a comprehensive retirement plan and financial wellness strategy may overwhelm some HR leaders, but they can get going immediately with the help of a benefits broker, helping ensure an engaged workforce long into the future.



10. CTV News, "[More than half of Canadians \\$200 away or less from not being able to pay all of their bills.](#)" July 10, 2023.
11. Financial Post, "[Posthaste: Baby boomers delaying retirement have eased labour shortages, but our luck is about to run out.](#)" February 1, 2023.
12. Cision, "[Canadians Have an Evolved Vision of 'Retirement' due to budgetary restraints, Reveals new H&R Block Survey.](#)" April 3, 2023.
13. Benefits Canada, "[Survey finds 44% of Canadian pre-retirees have less than \\$5,000 in savings.](#)" June 16, 2023.
14. CTV News, "[Gen Z investing in RRSPs earlier than previous generations: IG Wealth Management.](#)" February 8, 2023.
15. FP Canada, "[Financial Stress Index 2023.](#)" accessed September 12, 2023.

# Make a plan

HUB employee benefits specialists and financial advisors will work with you to develop a tailored strategy that protects the bottom line, supports your workforce and builds resiliency for 2024. Here are some initial considerations:



## **Elevate benefits.**

Workers expect more from their benefits — and potential employees now demand excellent benefits when considering job offers. Make benefits the cornerstone of your HR strategy in 2024 to improve recruiting, employee engagement and retention.



## **Dive into data to set goals.**

Whether your main HR goals include lower turnover, improved employee engagement or streamlining costs, determining specific employee benefits goals will inform your approach to benefits in 2024. Work with your HUB benefits specialist to define goals and an approach through data.



## **Turbocharge benefits personalization.**

Personalized benefits fit the needs and wants of individual employees. HUB's Workforce Persona Analysis will help provide data-driven insights that support sound decision-making and lead to quality employee experiences throughout the organization.



## **Make employee wellbeing a priority.**

A benefits strategy that focuses on employee wellbeing can help energize the workforce, improve retention and enhance workplace culture. Holistic, integrated solutions that take the employee's entire wellbeing into account will perform better than stand-alone initiatives that have a limited shelf life and effectiveness.



# HUB Employee Benefits

When you partner with HUB, you're at the center of a vast network of experts who will help you improve your profitability, enhance the vitality of your workforce and remain resilient into the future. For more information on how to manage your benefits costs, reduce your risk and take care of your employees, talk to a HUB Employee Benefits advisor. We're here to help.

**5<sup>th</sup>**

largest employee benefits broker in Canada

**\$4B+**

in premiums brokered by HUB in Canada

**660,000+**

covered lives in Canada

**\$37B**

retirement plan assets under management in Canada

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