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## Businesses and Employees Agree: Health Benefits Are Do-or-Die in the War for Talent

### Two Studies Reveal Connection Between Health Benefits and Finding Top Employees

ROSELAND, NJ -- (Marketwired) -- 05/03/16 -- Benefits plans at work continue to be a key consideration for companies looking to acquire and retain top talent, according to two recent surveys of businesses and employees.

Despite the fact that small and midsize businesses (SMB, 1-499 employees) accounted for 80 percent of all jobs created in the United States last year, hiring is still a struggle for firms that are trying to run and grow a business and find themselves with limited time and resources to devote to recruiting.

*Please note: ADP on April 28 hosted a free webinar on ways for employers to make their companies a talent magnet. Interested participants may view a replay of the webinar by clicking [here](#).*

How to stay competitive? SMBs are realizing the importance of health benefits to attract the best employees and encourage them to stay for the long haul, and two studies show that employers and employees agree.

A recent [ADP® study](#) reveals that a vast majority of SMBs that offer health insurance see health benefits as a "must have" for recruiting and retaining their best employees. The study surveyed more than 600 employers at U.S. companies with one to 150 employees. It found that 75 percent of small\* and 95 percent of midsize businesses currently offer health insurance. Further, one of the top reasons they gave for offering health insurance is to stay competitive with other companies vying for top talent.

"In order to stay competitive, small businesses need to enhance their overall compensation packages with higher wages, bonuses and, most important, health benefits," said John Ayala, president of ADP's Small Business Services division.

Added Tom Perrotti, president of ADP's Major Account Services division: "This research reaffirms what we found in the latest [ADP Midsize Business Owners Study](#). About 70 percent of midsize\*\* employers reported benefits were very important in retaining and attracting quality employees."

There are many ways SMBs can attract and retain hard-working employees, including raising wages and thanking employees for their contributions to business success.

The same research found 24 percent of small and 49 percent of midsize businesses said they intend to raise wages this year. Further, the majority of SMBs (58 percent of small and 89 percent of midsize companies) said they had plans to thank employees in this past year-end. Those surveyed selected cash bonuses as the preferred method of showing appreciation, with 27 percent of small and 40 percent of midsize companies using cash bonuses/awards.

A second study showed that "top talent" agrees on the importance of a good benefits package. In a survey of nearly 6,000 worksite employees<sup>+</sup> conducted by [ADP TotalSource®](#), the largest Professional Employer Organization (PEO) in the United States -- 64 percent of worksite employees indicated the benefits program their employer offers helped attract them to work there. More telling? Some 65 percent feel their benefits program is a contributing factor to why they stay. The worksite employees also identified medical insurance, dental insurance and 401(k) retirement savings plans as the three most important benefits.

Plan costs were also identified as a primary factor considered by employees when choosing a medical plan. The three most important things worksite employees consider when choosing their current medical plan?

1. The size of paycheck deductions.
2. The amount of co-payments they owe for each doctor visit.
3. Deductibles that need to be met before the health plan pays claims.

"The cost of health insurance continues to impact employee paychecks, copays and deductibles," said Maria Black, president, ADP TotalSource. "As a trusted partner, we discuss these factors at length with our clients to determine the best mix of robust benefits and out-of-pocket costs that will work well for our clients and our worksite employees."

\*10-49 EEs

+ worksite employee's surveyed worked for employers with < 150 employees

\*\* 50-999 EEs

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