



The New World of Work

No other event in recent memory has had such a fundamental impact on the economy, and our industry, as the coronavirus pandemic. On May 8, the Bureau of Labor Statistics reported that the U.S. economy lost 20.5 million jobs in April, the greatest monthly decline since they began tracking this statistic in 1939. Decision makers at the federal, state, and local levels weigh the economic benefits of re-opening “Main Street” at the risk of public health. Carriers and other companies operating in workplace benefits face unique headwinds. The world of work is changing fundamentally, as is the workplace benefits business model.

Companies have traditionally offered employee benefits as part of comprehensive compensation packages to attract and retain employees. Like other elements of a total compensation plan, employers can adjust their employee benefit offerings to meet the demands of the marketplace. In periods of low unemployment and a competitive labor market, employers might offer richer benefit plans to attract quality employees. The reverse would be true in periods of high unemployment; competition for labor is not as fierce. In May 2020, the unemployment rate climbed to 14.7 percent, more than four times its January 2020 level (3.6 percent) and the highest level since the Bureau of Labor Statistics started recording the monthly rate in 1948. The question remains, “How long will the unemployment rate stay at this level (or higher)?” A long-term period of high unemployment could change how employers view employee benefits, and to what degree they need to offer a comprehensive benefits package to attract and retain employees.



The coronavirus pandemic will also reprimaritize how employees view their benefits. As employees’ retirement savings have suffered in a declining market, some employers are considering decreasing or eliminating 401(k) and other retirement matching contributions in order to manage costs. Employers also may look to shift the cost of other benefits to employees. Employees approaching retirement may want to increase their retirement savings contributions, leaving fewer dollars for other benefits. At the same time, however, certain benefits, provisions, and supplemental offerings may resonate more among both employers and employees because of the effects of the pandemic. Employee assistance programs, telehealth, mental health benefits, and financial wellness programs will receive more interest and attention.

As society recovers, many predict the world of work will change fundamentally. The pandemic forced companies to create work-at-home solutions; and after a period of adjustment, employers (and their employees) have adapted accordingly. Many foresee remote work having permanence, and some form of hybrid work model emerging. This transformation has a significant impact on the traditional employee benefits business model, which assumes a traditional workplace environment — employees physically in the same location with similar working hours — relying upon group meetings, benefit fairs, and one-on-one enrollments. How does this model need to change to accommodate a new world of work where most employees will work on their terms, both in time and location? What impact will this have on benefits communication, enrollment, and service? Over the past several years, the prevalence of electronic enrollment has increased

CONTINUED ON PAGE 37

COMMENTARY

CONTINUED FROM PAGE 7

significantly. The pandemic will only accelerate this trend. Optichannel approaches — those that engage the employee where, when, and how they want — may prove to be the differentiator in the employee benefits marketplace of the future, as technology and digital solutions take center stage.

Employee benefit organizations face challenges and opportunities. In the short term, companies need to consider the immediate impact of the pandemic on the business environment and how employers adapt to new economic realities. Over the long run, companies must consider what role employee benefits will play in the new world of work. Which benefits will resonate most with employers and employees? What will be the most effective strategies to market, enroll, and service employee benefit plans? While much is still undetermined, the most successful organizations will align their business models to the new world of work. 🌐



**Optichannel approaches
may prove to be
the differentiator in the
employee benefits marketplace
of the future.**





FRAUDSHARE

Account takeover attempts are on the rise across all access points. Now is the time to act. Turn to FraudShare, the only industrywide program focused on takeover attempts. It's an alert system, it's your link to the fraud prevention community, and it's the benchmarking tool you need to effectively allocate resources.

Learn more and schedule a demonstration today:

 www.limra.com/fraudshare
 FraudPrevention@limraloma.com



