

Employee Benefits & Retirement



**In 2023, personalization
will benefit each and all.**



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Setting the Scene

Employee benefits challenges: This time, it's personnel.

Employers face a shortage of skilled workers, higher benefits costs and employees demanding greater work-life balance. Organizations with personalized benefits that deliver quality employee experiences will overcome these challenges, improve recruitment and retention and gain a competitive advantage.

More than half of the workforce is disengaged — and disengaged employees cost employers

34%

of their earnings every year.¹

1. Zippia, "[22 Must-Know Employee Engagement Statistics \[2022\]](#)," September 22, 2022.

What to Expect in 2023

If 2022 was about recovery, 2023 will be about opportunity. HR and benefits managers striving to recruit and retain top talent have directed their focus to benefits as a key differentiator. Benefits managers will design plans that are flexible, agile and personalized to individual employees.



Despite rising costs, employers will strengthen their benefits.

Healthcare costs are expected to rise 6.5%, increasing to more than \$13,800 per employee.²

Fully insured organizations are seeing renewal costs spike as carriers try to recoup unreimbursed COVID-19 claims and prepare for a projected 10% rise in pharmaceutical costs in 2023.³

In addition, an aging workforce means additional employer spending on health benefits, and those postponing retirement require increased contributions from plan sponsors to retirement plans.

But don't expect employers to cut back on benefits in 2023, as it's far more expensive to find a new employee than to keep one.

For example, while only 17% of the U.S. workforce currently has a zero-deductible health plan with fixed out-of-pocket costs,⁴ more employers are considering it, even with higher premiums.

As expected last year, cost pressures are accelerating a shift to self-funded health plans and employee benefits captives. Self-funded health insurance can save 10% to 25%⁵ on non-claims expenses, while self-funded plans and benefits captives allow companies more control over their healthcare services and data.

Self-funded health insurance can save as much as 25% on non-claims expenses.

Also, organizations will go beyond simply offering a retirement plan and will focus on employee financial wellbeing as a whole. Offering employees access to financial counseling, loan programs and other tools like [HUB FinPath](#) helps to create a financially secure workforce that is more productive and loyal.

2. Healthcare Finance, "[U.S. employer healthcare costs projected to increase 6.5% in 2023](#)," August 22, 2022.

3. Kiplinger, "[What Will Happen With Health Costs in 2023?](#)" August 15, 2022.

4. Value Penguin, "[No Deductible Health Insurance: What You Need to Know](#)," August 19, 2022.

5. Cotney, "[Why Large Corporations Prefer To Be Self-Insured](#)."



Flexibility is the key to organizational wellbeing.

Despite the threat of recession, there are still a high number of unfilled jobs (11.24 million in July 2022), and workers are quitting at a rate 35% higher than the national long-term average.⁶

In part due to the COVID-19 pandemic, 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 — which has resulted in lower productivity and engagement. And by 2025, some 22% of the workforce is expected to work remotely.⁷

To keep their organization vital and fully staffed, employers are making their benefits and work policies flexible. Employees are twice as likely to recommend working for an employer when they're happy with the company's flexibility policies.⁸

Nearly one-quarter say they're happier and more productive if allowed to work from home at least once a month⁹ and are 1.8 times more likely to stay at their job when they're satisfied with their work flexibility and work-life balance.¹⁰

But flexibility extends beyond time off and remote work, extending to paid leave policies, with 82% of employers citing paid family leave as "very important," despite only 31% offering this option since the pandemic.¹¹



6. Trading Economics, "[United States Job Quits Rate](#)," August 2022.
7. Apollo Technical, "[Statistics on Remote Workers That Will Surprise You \(2022\)](#)," May 11, 2022.
8. LinkedIn Talent Solutions, [2022 Global Talent Trends: The Reinvention of Company Culture](#), accessed October 10, 2022.
9. Small Biz Genius, "[The Ultimate List of Remote Work Statistics — 2022 Edition](#)," February 4, 2022.
10. MetLife, [The Rise of the Whole Employee](#), accessed October 10, 2022.
11. MIT/Sloan Management Review, "[Cutting Parental Leave Is A Bad Business](#)," September 1, 2022.



Employers will pivot to personalization and delivering quality experiences.

In the face of short-term challenges like labor shortages and high turnover, HR executives and benefits managers are questioning how their organizations will stay resilient in the long term.

Examining benefits through the lens of employees can help organizations adjust and lead in the competition for talent. Expanded working from home, improved leave policies and a focus on employees' mental health are now the norm rather than the exception.

Identifying and delivering personalized benefits that create quality employee experiences can differentiate companies as highly desirable employers, no matter the size or the industry of the organization.

The need for personalized benefits is reflected in priorities. For instance, half of Gen Z and 48% of Millennials say that financial planning services are a “must have” as a condition of employment, but only 40% of Gen X employees and 28% of Baby Boomers say the same.¹⁰



Personalized benefits begin with data analytics that helps identify employees' needs at the individual level. Tools like HUB's [Workforce Persona Analysis](#) can help organizations determine what benefits will best suit an organization's individual employees.

When employers personalize benefits, they will allocate resources toward benefits that employees value most — and do so without necessarily increasing the overall cost of the benefits program.

10. MetLife, *The Rise of the Whole Employee*, accessed October 10, 2022.



Proper preparation precipitates peak performance (for benefits).

The pandemic taught the world a lesson on the value of preparedness in the face of change.

Start with retirement planning: By 2024, 25% of the workforce will be over 55; a third of those will be 65 or older.¹² People are staying in the workforce longer due to several factors, including inadequate savings for retirement, inflation and subpar investment performance in their retirement portfolio.

But although older workers bring expertise and institutional knowledge, those delaying retirement may leave less room for the next generation to advance into leadership positions. In addition, healthcare utilization is higher for older workers than younger.

As a result, organizations will need to prioritize employee retirement preparedness in 2023. They can invest in several options, such as improving their employer match, adding advisory services and evaluating appropriate investment options. These enhanced retirement plan features can help improve the employee experience and improve engagement.



Maximizing the effectiveness of plan improvements requires targeted, personalized communications — the type of communications needed for the entire benefits program.

In addition, providing a retirement plan as part of an overall financial wellbeing strategy can help maximize employee preparation and engagement with their employer. Financial wellbeing initiatives for younger employees (who consider financial planning an important benefit) are just as essential as having strong retirement assistance for older workers.

12. Fortune, "[Here's what an aging workforce means for America's employers](#)," September 20, 2022.



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 2023. Here are some initial considerations:



Dive into data to set goals.

Whether you want to expand Diversity, Equity and Inclusion (DEI), lower turnover or improve employee engagement, determining specific employee benefits goals will drive how you approach benefits in 2023. Data analytics will drive your goals. Work with your HUB benefits specialist to define goals and an approach through data.



Consider captives.

The rising cost of benefits — especially for health insurance — will burden employers throughout 2023. Solutions like health insurance captives or self-insurance can be less expensive and more effective than traditional third-party coverage.



Turbocharge benefits personalization.

Personalized benefits fit the needs and wants of individual employees. HUB's Workforce Persona Analysis and Benefits SmartView benchmarking tools will help provide data-driven insights that support sound decision-making.



Make employee financial wellbeing a priority.

Focusing on financial wellbeing helps workers stay focused, prepares them for retirement and improves retention. HUB financial advisors can provide solutions that meet the needs of your workforce. Tools such as [HUB FinPath](#) give employees individualized paths to help achieve financial wellness taking them from surviving to thriving.

HUB Employee Benefits & Retirement

When you partner with us, you're at the center 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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