

UNLOCK EMPLOYEE POTENTIAL WITH AN

Effective and Appealing Total Rewards Program

Employers are adding holistic benefits and introducing programs designed to improve employee satisfaction.



WHAT IS A TOTAL REWARDS STRATEGY?

A Total Rewards Strategy is an approach that organizations take to structure and manage employees' compensation and benefits programs, encompassing both financial and non-financial incentives. It considers the needs and expectations of the workforce to provide them with positive experiences, mitigating turnover and bolstering engagement.

THE TOP 5 TOTAL REWARDS ELEMENTS

Salary and related compensation have long been the cornerstone of a benefits package, but now company benefits go beyond incomes to support employee well-being.



Compensation

- Salary
- Variable pay
- Stock options
- Bonuses

In 2022, many employers raised their base pay between 5-7%. Nevertheless, it remains among the top three reasons why employees consider leaving their current employer, indicating that pay raises alone may not be enough to address employee retention challenges.¹



Benefits

- Health insurance
- Dental coverage
- Vision plans
- PTO and other leave plans
- Life and disability insurance
- Retirement plans

These traditional benefits continue to be an important part of attracting and retaining employees.



Well-being

- Employee Assistance Programs to help with relationships, finances or mental health
- Internal groups that connect employees along shared experiences or interests
- Diversity, equity and inclusion (DEI) initiatives to seek equality amongst diverse employee populations
- Remote and flexible work schedules to improve work/life balance²

Employees want to be valued. Those who feel cared for are 92% more likely to feel engaged at work.³



Recognition

- Public acknowledgement of achievements such as certificates or awards
- Performance rewards including monetary rewards for specific achievements, such as exceeding sales targets or completing a project on time and on budget
- Promotions when they have achieved key milestones
- Celebration events such as birthdays, work anniversaries and project completions with a team lunch or happy hour

Employee recognition should be a continuous effort that reinforces the values and behaviors that contribute to the success of the organization.

Offering regular recognition, feedback and opportunities for growth helps employees feel valued, appreciated and motivated to perform their best.



Development

- On the job training
- Workplace education
- Tuition assistance
- Professional certifications
- Memberships reimbursement

Educational and career-focused programs help employees improve their skills and knowledge. They can also contribute to higher job satisfaction.

According to LinkedIn, the level of interest in professional development may vary by age, with individuals aged 18 to 34 showing the highest preference for opportunities related to career growth (35%) and learning and skill development (31%).⁴

WHY DO YOU NEED A TOTAL REWARDS STRATEGY?

Adopting a Total Rewards Strategy can offer various benefits, including:

- Promoting employee satisfaction
- Enhancing employee recruitment and retention efforts
- Demonstrating the employer's commitment to employees' needs and values
- Encouraging employees to develop new skills and capabilities
- Creating a culture of fairness and transparency
- Addressing evolving employee needs and preferences, as a Total Rewards Strategy takes a holistic approach to understanding employees beyond their paychecks

Overall, adopting a Total Rewards program can help organizations create engaged and motivated employees, reduce turnover and effectively compete for top talent in an increasingly competitive job market.



¹ "US 2022 Inside Employees Minds Report." Mercer. 27 Oct. 2022.

² Gardner, Rhonda. "What is a Total Rewards Strategy? A Practical Guide." Academy to Innovate HR. 2023.

³ MetLife. "The Advantages of Employee Care: Creating Human-Centric Employee Experiences and Work Environments." 2023.

⁴ LinkedIn Learning. "2023 Workplace Learning Report: Building the Agile Future." 15 Feb. 2023.

This information was developed as a general guide to educate plan sponsors and is not intended as authoritative guidance or tax/legal advice. Each plan has unique requirements, and you should consult your attorney or tax advisor for guidance on your specific situation.

©401(k) Marketing, LLC. All rights reserved. Proprietary and confidential. Do not copy or distribute outside original intent.