

Importance of Educating Gen Z Workers on Benefits

It always takes more time than usual to onboard new employees – particularly ones who are new to the workforce altogether – to your employee benefits plans.

Keep in mind that the ritual of choosing a benefits package is a brand-new experience for people who are new to the workforce, and you should prepare to educate new employees on how to effectively choose and use their new coverages, as well as all the details like premiums, deductibles and out-of-pocket expenses.

The importance of this can't be overstated. If they are not educated on their options and how health plans work, those new to employment can make poor decisions that could have serious financial repercussions. Indeed, a 2021 study found that 29% of Gen Z respondents are carrying medical debt.

If you can help them avoid amassing medical debt, and if they can get the most out of their benefits, you can increase worker satisfaction and retain key talent.

To help these new recruits get the most out of the benefits you offer, you can start by focusing on the following:

School them on health insurance

To many new Gen Z recruits, signing up for health insurance and actually using their benefits is a foreign concept. Many of them may have stayed on their parents' health plans and they may have no idea exactly how it works. Take the time to help your new hires understand the math behind choosing the right plan for them.

You'll need to set aside time to teach them about:

Their share of premiums – Explain to them that the payment of health insurance premiums is split between the employer and employee, and that their share of premium may vary depending on the health plan they choose.

Deductibles – Explain how deductibles work and that depending on their plan they may pay the full price for health care services until they've met their deductible. This is especially important if they are signing up for a high-deductible health plan (HDHP).

Copays – Every plan has a different copay that your employees are liable for. Typically, the higher the premium up front, the lower the copay. And some copays may only kick in after an employee has met their deductible.

In-network vs. out-of-network care – Most health plans have networks with which the insurer contracts to receive preferential rates that they negotiate with providers. It's important

that health plan enrollees understand that if they seek care outside of the network, they may end up paying for the care themselves with no assistance from the insurance company (except in some circumstances).

Relate to them the high cost of going out of network and the importance of seeking care from in-network providers. Also teach them how to find in-network care and how to shop around for different treatments and procedures.

The freebies – Under the Affordable Care Act, health plans are required to cover a list of 10 essential services, particularly preventative procedures like colonoscopies.

Tax-advantaged accounts – If you offer health savings accounts (which must be tied to HDHPs), flexible spending accounts or health reimbursement accounts, it's important that you explain how they work, and how employees can fund these accounts with pre-tax dollars.

The various accounts have different rules for what services or medical costs can be reimbursed by these accounts. Explain how and if they can carry over excess funds at the end of the year to the following year for FSAs and HRAs, and how HSAs can be kept for life and that they can invest the funds in those accounts much like they would a 401(k) plan.

Financial wellness

Most students in the U.S. get very little, if any, education about managing their finances, and it's falling on employers to help their workers make smart financial decisions so they don't find themselves swimming in a sea of debt or not having any funds set aside for emergencies.

HR teams and managers can reduce this stress by implementing programs to help educate new hires to understand their benefits packages, particularly if you offer a 401(k) plan. You can teach them about these tax-advantaged accounts and the importance of saving for retirement.

If you match their contributions, explain how that works, particularly how the longer they stay with you the more they are vested until they reach 100% after a certain number of years of service.

Continuing education

You can keep the benefits conversation going all year by having an open-door policy for your employees if they have questions or concerns about their benefits.

Most plans include a number of resources and websites where they can get a full picture of their benefits and how they work.

The takeaway

Educating your Gen Z employees about the benefits they receive from your organization, and helping them make the right decisions, will boost their overall job satisfaction.

The work you do will also show them their employer cares about their well-being, health and financial success. That builds loyalty and helps you retain key talent.

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