

THREE THINGS EMPLOYERS
NEED TO KNOW ABOUT:

**COMPENSATION AND
BENEFITS FOR
50+ WORKERS**

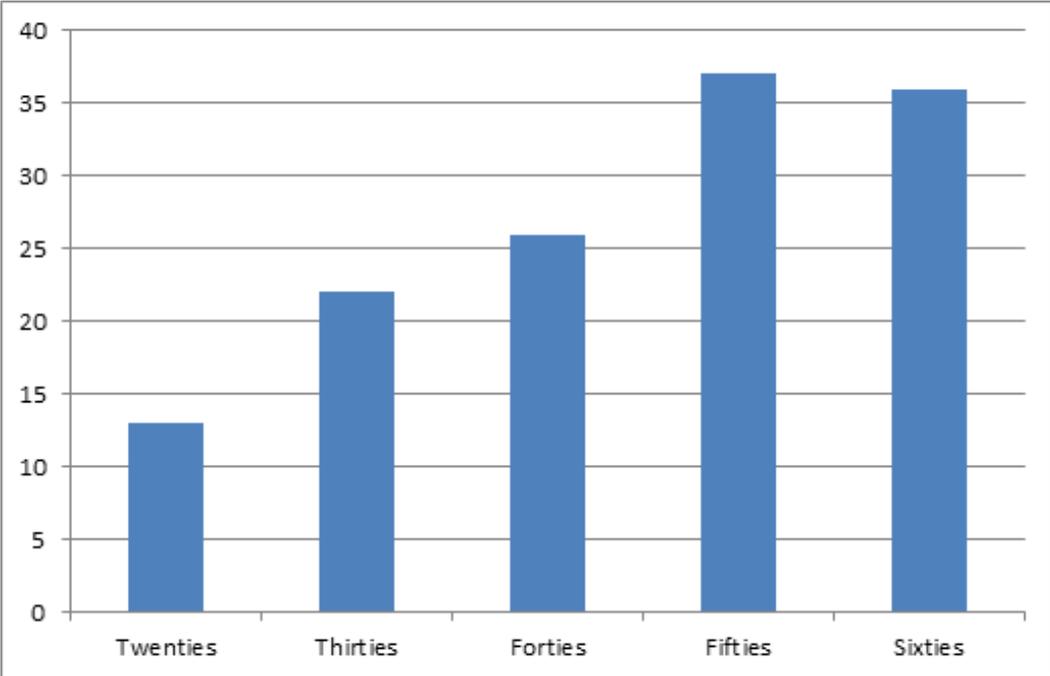
Employers know that competitive compensation and benefits are a key factor in helping them attract, engage, and retain the best talent, but there is less agreement about the best mix of these factors for the retention of older members in a multigenerational workforce.

1. WHY SHOULD EMPLOYERS CARE ABOUT COMPENSATION AND BENEFITS FOR 50+ WORKERS?

Short answer: The most effective mix of compensation and benefits may change as the workforce ages.

Employers understand that compensation and benefits are critically important, but many do not have a plan for adjusting compensation and benefits as the workforce ages. For instance, more older adults are focused on saving for retirement rather than using wages to cover basic living expenses. Hence, a strong 401K plan may be equally or more important than wage and salary amounts as workers age.

Figure 1. Percentage of workers whose greatest financial priority is saving for retirement, by age



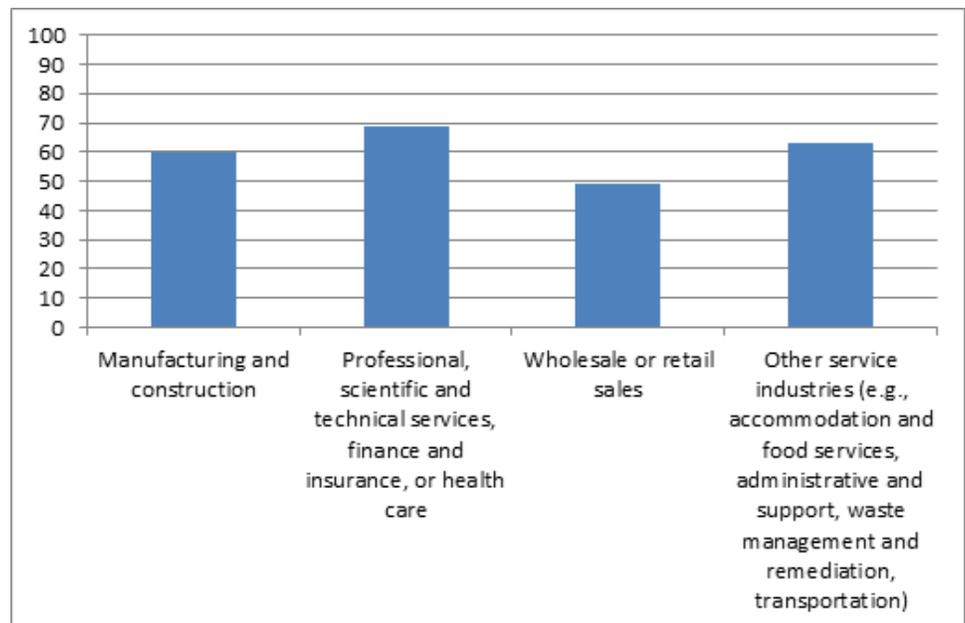
Source: Collinson, C. (2015). Retirement throughout the ages: Expectations and preparations of American workers. 16th annual Transamerica retirement survey of workers. Los Angeles: Transamerica Center for Retirement Studies.

2. ARE CERTAIN INDUSTRIES LESS COMMITTED TO AND INTERESTED IN COMPENSATION AND BENEFITS FOR THE 50+ WORKFORCE?

Short answer: Yes, top leadership at organizations in wholesale and retail sales place less emphasis on compensation and benefits for employees of all ages.

Wholesale and retail sales organizations are likely to have a lower paid and less skilled workforce. And while these industries do not lag behind in many dimensions of quality of employment, they do tend to fall short of other industries in terms of compensation and benefits. As shown in Figure 2, the 2015 Talent Management Study data suggests that most of this difference is due to a lack of top leadership commitment. While many of the retail and wholesale sales companies in this study provided a range of benefits, such as dependent care benefits, to a substantial portion of their 50+ workforce, a lack of top leadership commitment to competitive compensation signals a serious weakness moving forward.

Figure 2. Top leadership commitment scores to compensation and benefits from the Talent Management Study, by industry



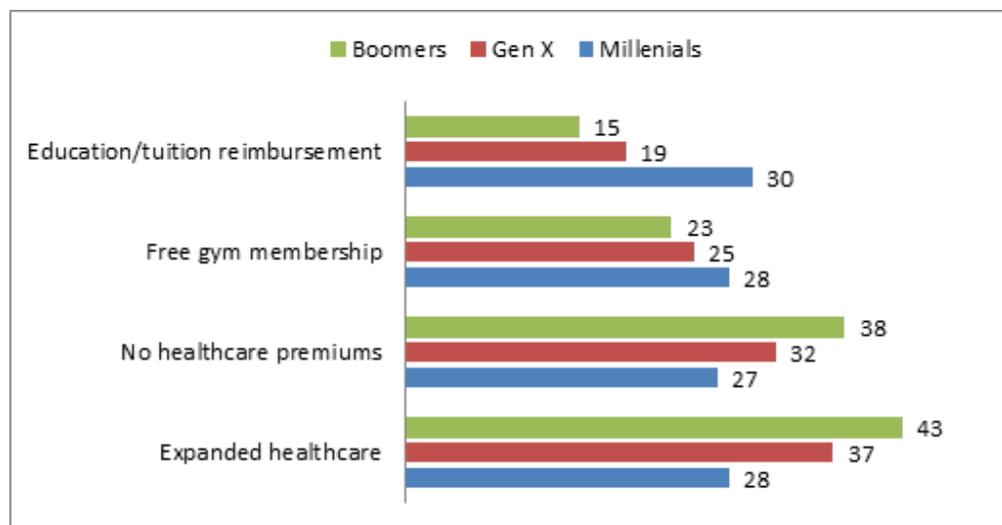
Source: Author's calculations. 2015 Talent Management Study (N=343)

3. WHAT IS ONE OF THE BIG CHALLENGES IN COMPENSATION AND BENEFITS?

Short answer: Finding the mix that works for your workplace demographics, not only now but also in the future.

Favorite benefits differ by age, lifestage, and/or generation. Millennials are more likely to value education and tuition reimbursement, as well as free gym memberships. Boomers are more likely to value expanded healthcare and reduced healthcare premiums. But that does not mean that their preferences will stay the same as they age. When millennials reach their 40s and 50s, they may find that healthcare becomes among their top priorities.

Figure 3. Favorite benefit by age



Source: MassMutual Financial Group. (2015). 2015 MassMutual Generations@Work study. US: Massachusetts Mutual Life Insurance Company.

Consider the following as you fine-tune compensation and benefits:

1. Ensure that your assessment practices give you accurate information about your workforce, not only now, but in the future. Many organizations do not have a clear idea of what their workforce demographics will look like in five or ten years. Without this information, it is difficult to plan adjustments to your compensation and benefits.
2. Take a close look at your benefits to identify gaps related to caregiving. In coming years, increasing numbers of workers of all ages will have caregiving responsibilities. Anyone in your workforce can become a caregiver, and a combination of benefits such as flexible work options, financial benefits, and other supports can help to support employees who are also caregivers.
3. Ensure that compensation and benefits are fair and that workers perceive them as fair. Unfairness, real or perceived, can lead to lawsuits under federal or state laws. Even in the absence of lawsuits, if workers perceive compensation as unfair, their morale will decline.

Want to find out where you stand on compensation and benefits relative to similar employers? Visit our Workforce Benchmarking Tool. Developed in collaboration with AARP (www.aarp.org/employerbenchmarking). The Workforce Benchmarking Tool rates your workforce practices in compensation and benefits, and 7 other areas, against the national average. It then provides practical next steps via a customized report.

ABOUT THE CENTER ON AGING & WORK

Established in 2005, the Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision-making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the center develops the next generation of knowledge and talent management. Since our founding, we have conducted more than 20 studies in collaboration with employers, including the Age & Generations, Talent Management, and Generations of Talent studies.

For more information about the Center, please visit:

<http://www.bc.edu/agingandwork>

Contact us: Center on Aging & Work
140 Commonwealth Avenue—100 McGuinn Hall
Chestnut Hill, MA 02467
Phone: 617.552.9195 • Fax: 617.552.9202
agework@bc.edu

APPENDIX. Example compensation and benefits, excluding wages and salaries

Type of benefits

Some examples of compensation and benefits

Financial benefits

Direct financial benefits, bonuses, and accounts excluding retirement accounts

- Life insurance
- Direct allowances, subsidies, or vouchers to employees for specific dependent care expenses (such as child care or elder care)
- Pre-tax spending accounts allowing employees to set aside money for dependent care expenses (such as child care or elder care) (DCAP)
- Reimbursement for dependent care services needed when employees travel for work, such as a nurse to care for an elderly relative
- Scholarships or educational assistance for employees
- Financial assistance for employees' children who attend college
- Profit sharing benefits
- Performance-related pay
- IF PUBLICLY TRADED Stock options
- Bonuses based on individual goals
- Bonuses based on team goals

Non-monetary Resources for Dependents

Benefits related to dependent care and other family issues

- Ability to use paid sick days to care for a family member who is ill or needs medical attention or ongoing care
- Access to information to help locate child care services in the community
- Access to information to help locate elder care services in the community
- Access to respite care services for employees who have responsibilities for an elderly relative or disabled family member
- Services to help employees' children apply to college
- Seminars on family issues, such as caring for a family member with a medical condition or disability

Leave and Time off

Leave and time off, typically paid

- Paid vacation days
- Paid personal days (i.e., days taken off at an employee's discretion for reasons other than sickness or vacation)
- Paid time off (without specification of use of those days)
- Paid days to volunteer in the community
- Sick leave

Retirement-related Benefits

Pension plans and other supports

- Guaranteed or defined pension benefits where the organization sets aside funds for retirement income of employees
- Defined contribution retirement plan (a 401(k), 403(b) or other retirement plans) where employees can invest a percentage of their pretax earnings in a retirement account