



Forget gimmicky perks, here's what workers really need from their employers

A ping-pong table and a masseuse on Fridays do little to secure your employees' financial and emotional well-being

Every day I see another article detailing the latest workplace perk. These range from the lavish (like an in-house barista or [free concierge services](#)) to the unconventional (pet-friendly workspaces are one thing, but [fur-ternity leave?](#)) to the obvious (when did work-life balance or natural light become a “perk” for a professional established in their career?).

Extras like these can make employees' lives a little easier and help create a positive work environment. But it's important to not lose sight of what they really are: workplace extras. An employee recreation room with a ping-pong table and a masseuse on Fridays do little to secure your employees' financial and emotional [well-being](#).

Unlike perks, benefits go beyond the category of “nice-to-have-but-could-do-without” and include those material things, like health care, pensions, and 401(k)s that measurably improve employees' lives. It is not just that real benefits are [highly correlated](#) with employee satisfaction, it is that the revelry over the creation of creative employee perks distracts us from serious problems in the workplace—namely, the [retirement crisis](#).

Getting back to real employer responsibilities

What needs to change if we are to avoid the potential repercussions of an entire generation of unprepared retirees?

The first thing that needs to happen is for employers to recognize they have a key responsibility to help alleviate the crisis.

In the last two decades, businesses have offloaded more and more of the responsibility and work surrounding retirement planning onto their employees. A [2016 report](#) from Bipartisan Policy Center found that just over one third of private-sector employees do not have access to workplace retirement savings plans. Moreover, workers today that do have retirement plans are less likely to have defined benefits plans than they were just 20 years ago, leaving most of them with defined contribution plans, primarily 401k's. Between 1998 and 2016, the number of Fortune 500 companies offering defined benefits decreased by around two thirds.

In short, Americans are being forced to manage and set aside money on their own for retirement, and often without any sort of matching program from their employers. And it should come as no surprise to anyone acquainted with the relevant psychological literature, that putting retirement planning in the hands of individual employees is leading to suboptimal results. Humans are [notoriously bad](#) at long-term planning. To paraphrase Jerry Seinfeld, "retirement is future guy's problem; today guy just wants to have a good time and isn't worrying about problems 20, 30, or 40 years down the road."

Public policy has acknowledged this truth of human nature, though it has yet to fix the underlying problem. As Roger W. Ferguson Jr., former vice chairman of the Federal Reserve, [points out](#), the Pension Protection Act of 2006 introduced the "automatic revolution," which allowed employers to [automatically enroll employees](#) in defined contribution plans. Nevertheless, the [median savings](#) in a 401(k) account is still nowhere near the \$1 million, or more amount that Americans need to retire today, hovering at around \$76,000 in 2015.

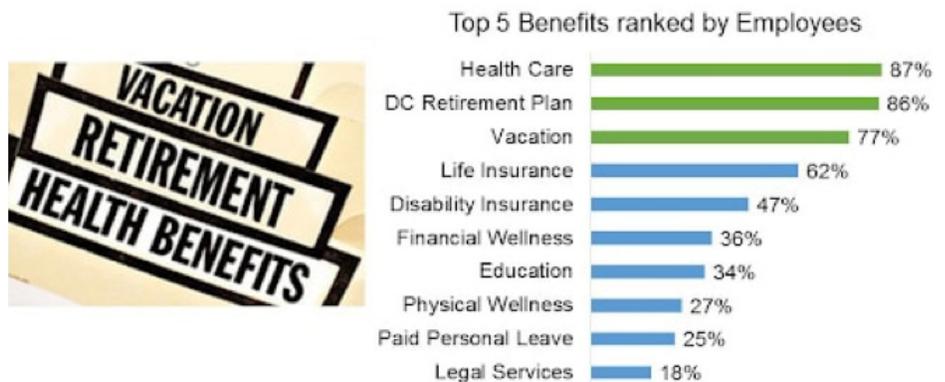
Employers have a moral responsibility—not to mention incentives of their own—to help ensure employees can live out their retirement years in comfort and dignity. That responsibility extends to protecting workers from themselves. This experiment in diverting the responsibility of retirement planning to employees has clearly failed. No one is saying we should go back to a pension system for everyone—pensions, after all, have their own risks—but defined benefit plans had the virtues of being fixed and transparent. Employers should strive to create a system as effective as these once were.

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Let's talk about retirement

There are entire schools of management science dedicated to trying to figure out what makes [organizational cultures](#) tick, and for good reason. The qualities of a workplace culture help determine how engaged, satisfied and productive employees will be. But culture can be put to other purposes, too. Business leaders talk about "fostering a culture of cybersecurity" or a "customer-focused culture." The basic idea behind these recommendations is that carefully choosing the values a company makes central to its identity and then enacting them from the top-down can help organizations achieve whatever its goals may be.

Employees ranked health care coverage, retirement savings accounts and vacation as the three most popular workplace benefits



Source: *Employee Benefits Face Off: Worker Positioning of Retirement Plans in a Benefits Wallet* (2016), LIMRA Secure Retirement Institute



Just like we talk about building cultures around cybersecurity awareness and going above and beyond for the customer, companies that are serious about their employees' well-being should make retirement planning—and [financial literacy](#) in general—a core workplace value. What does that look like? It could mean including retirement and financial planning education in new-hire training, and following that up with quarterly financial education newsletters and seminars. It could mean hiring retirement advisors to meet one-on-one with employees on a regular basis. This all starts with encouraging employees to talk to with one another about their retirement plans and personal finance habits.

Back it up with tangible action

Workplace culture initiatives are effective only when they reflect the decisions of company leadership. For instance, you cannot build a culture around work-life balance if there is a shortage of employees causing everyone to have more on their plates than can fit into a 40-hour work-week. Similarly, you cannot establish a culture of responsible financial planning if you do not provide any kind of retirement savings program. Culture follows from values and action, and trying to influence it without taking any concrete steps comes off as hollow and phony.

Of course, many companies that do have retirement savings programs still have a problem with their employees inadequately saving. How do you get a retirement-aware culture off the ground in this scenario? Something as simple as a gamified approach, in which employees set goals for financial savings and are held accountable by their peers, can be the spark for a major shift in company culture.

From creative perks to creative benefits

Creative perks can be fun, but they do little to improve employees' financial or personal well-being. Benefits are what attract employees and secure their short-term and long-term health. Make meaningful investments in this area and maximize their impact through strategic design of company culture and you will make real differences in employees' lives—building loyalty and increasing engagement in the process. •



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