

Effective Employee Benefits for Nonprofits Begin with Culture

By Harrison Newman, Vice President, Employee Benefits Consultant, Corporate Synergies
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What would you say if I asked you to name the most important aspect of your nonprofit organization's benefit plan that starts with "C"? Did "cost," "coverage" or "carrier" immediately spring to mind? While those are very important, the most important aspect is CULTURE. Effective employee benefits for nonprofits start with understanding your employees' needs and values.

Most organizations use their employee benefits to help attract and retain top talent. For nonprofits, this is even more important – while salaries at nonprofits will usually benchmark below average, their benefits will usually be in the top quartile. In a recent national survey, 66% of nonprofit leaders named offering competitive pay as a top challenge.¹ This places more weight on the benefits offering and more importance on employee satisfaction with their benefits package.

Understanding people and culture is the key to building employee benefits for nonprofits while controlling costs.

Each nonprofit is different and what appeals to their ideal employee is different too. Your employee benefits package is an extension of your organization's mission and values – it reflects what matters to you and your employees. However, unlike straight-forward salary, benefits offerings can take many forms which can be overwhelming without support. When properly crafted, it is an essential asset for recruiting and retention, but if mismanaged, it can become a liability. Healthcare plans alone offer an array of options for coverage, carrier, deductible and more, all of which may be more or less attractive to different populations. Then there are important [voluntary benefits](#) to choose as well.

A recent case illustrated the importance of considering culture: A nonprofit organization's claims had risen substantially which led to an unbudgeable cost increase. The audit revealed that many of the claims came from spouses and dependents, not the actual employees. The math – and advisors – were telling them to add a spousal surcharge to the plan to reduce the risk.

However, while this solution would have benefitted the COST side, it would have harmed their CULTURE. As a family-oriented organization with a largely young workforce, reducing the value of the benefits for families wasn't the place to cut costs. Doing so would have undermined one of the perks employees valued and could have led to dissatisfaction and a sense that the employees were being devalued as well. It was clear costs would be better managed through other means. A robust [employee education campaign](#) can help participants make more cost-effective decisions.

¹ [Nonprofit Finance Fund](#), "2018 Survey Results"



Cost can often prevent us from being our best self. With unlimited resources, offering enticing employee benefits would be easy, but how do you balance this with managing the cost? One key is to understand what your employees truly value, so you can best allocate your funds. Do they prioritize out-of-network benefits, an enhanced mental health program, fertility benefits, or a strong work-from-home program? These aren't mutually exclusive, of course, but with finite resources, it's important to know which perks matter most.

When crafting a benefits program, the first step is to work with your HR and benefits consultants to build and understand your unique culture and the unique needs of your workforce. Often benefits decisions are made based on COST first, but nonprofit organizations should lead with CULTURE and work with their partners to help manage cost.

Don't just spend like other organizations do, spend because your employees and your culture find value in it. ■

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