

PENTEGRA

# 2018 MILLENNIAL BENEFIT TRENDS REPORT



A look at how millennials and Human Resource professionals weigh benefits

 PENTEGRA

## Introduction

At the end of 2017, Pentegra surveyed over 50 millennials—those born between 1980 and 2000—as well as a number of human resources (HR) professionals around the country about the importance of benefits to first-time millennial job hunters.

Our research—which combined online responses and phone interviews—found that the types of benefits that millennials are seeking include the standard insurance coverage, retirement plans, and vacation policies. However, this generation's interests also extend well beyond those cornerstone concerns ... both when they are identifying companies that they would like to work for, and when weighing an offer of employment.

Our report provides a look at exactly how millennial job seekers prioritize—if at all—the variety of employee benefits that may be offered, as well as what the best practices are for this critical stage of the job hunt, as recommended by human resources (HR) professionals and the experts at Pentegra.

Our report aims to provide a resource for employers who want to better understand what this generation wants—the millennial mindset—when looking for a job.

Our research indicates that **both** the quantity and quality of **benefits** offered can be a **crucial** factor for **millennials** embarking upon a **career** when **considering** accepting a position with a **company**.



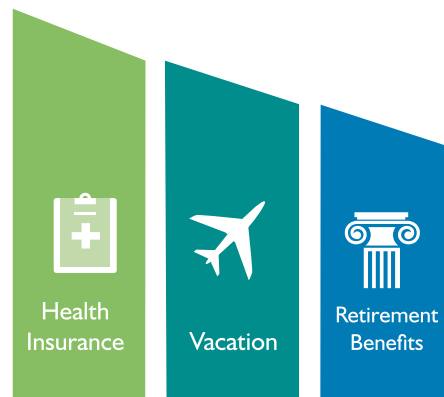
## Results

When asked if they take into account whether a job offers benefits when considering applying, an impressive 96.77 percent said yes. As one millennial commented: "Benefits should be considered just as much as salary. While they may not seem important now, they will be."

When asked to rate five general benefits categories in order of importance, "401(k) Retirement Savings" easily outpaced the others, with 38.98 percent rating it "Extremely Important." Tying for runner-up were "Health Insurance" and "Pension Plans," both of which were ranked "Extremely Important" by 30 percent of our respondents.



On the HR side, we asked respondents to rank 15 benefits categories in terms of what millennial interviewees are most interested in. The top categories were "Health Insurance," which 63.64 percent rated as "Extremely Important," followed by "Vacation" (rated "Extremely Important" by 54.55 percent) and "Retirement Benefits," including 401(k) plans and pension plans, which 45.45 percent rated "Extremely Important." When adding those who rated each of those three categories "Important," each ended up at 100 percent.



Over half – 53.85 percent – of HR respondents said they had noticed an increase in millennial job-seekers asking specifically about benefits. Typically, those discussions took place during the interview process (46.15 percent) or when offered the position (38.46 percent).

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## Understanding Benefits

While the stereotypical millennial is a voracious consumer of information, that does not always present itself during the hiring process.

While our HR respondents said that health insurance was the top benefit that our millennial job seekers asked about, they also said that millennials are not particularly savvy when it comes to signing up for coverage.

“Health insurance is less important for them”, explained one HR Manager, disaffirming what the majority of her peers said, “as they typically don’t have children or in many cases are not even married,” said one HR manager. “There’s an ‘I’m invincible’ attitude that’s more noticeable with this generation than in the past — they don’t really see the need for [health insurance].”

Even when they do talk about health insurance, there is a suspicion among HR professionals that it may be because they feel they should without understanding why.

Call it the specter of the Affordable Care Act, also known as Obamacare. Under that law, if a person’s plan covers children, they can add or keep their children on their health insurance policy until they turn 26 years old. Many of the millennial job candidates that one HR respondent sees are “vaguely” aware of health insurance, but as they can stay on their parents’ insurance plans until age 25, many do not take it “too seriously.”

On the other hand, most millennials seem to be aware of the benefits of having a 401(k), pension, or other retirement savings vehicle. “They’re very savvy about that, and know how a 401(k) should work,” said an HR manager at an accounting firm.

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## Job-Hoppers?

While there is conflicting evidence over whether millennials tend to “job hop” more than previous generations, one thing is clear: They want to be fully engaged in their work, and feel that what they do at their job is of consequence.

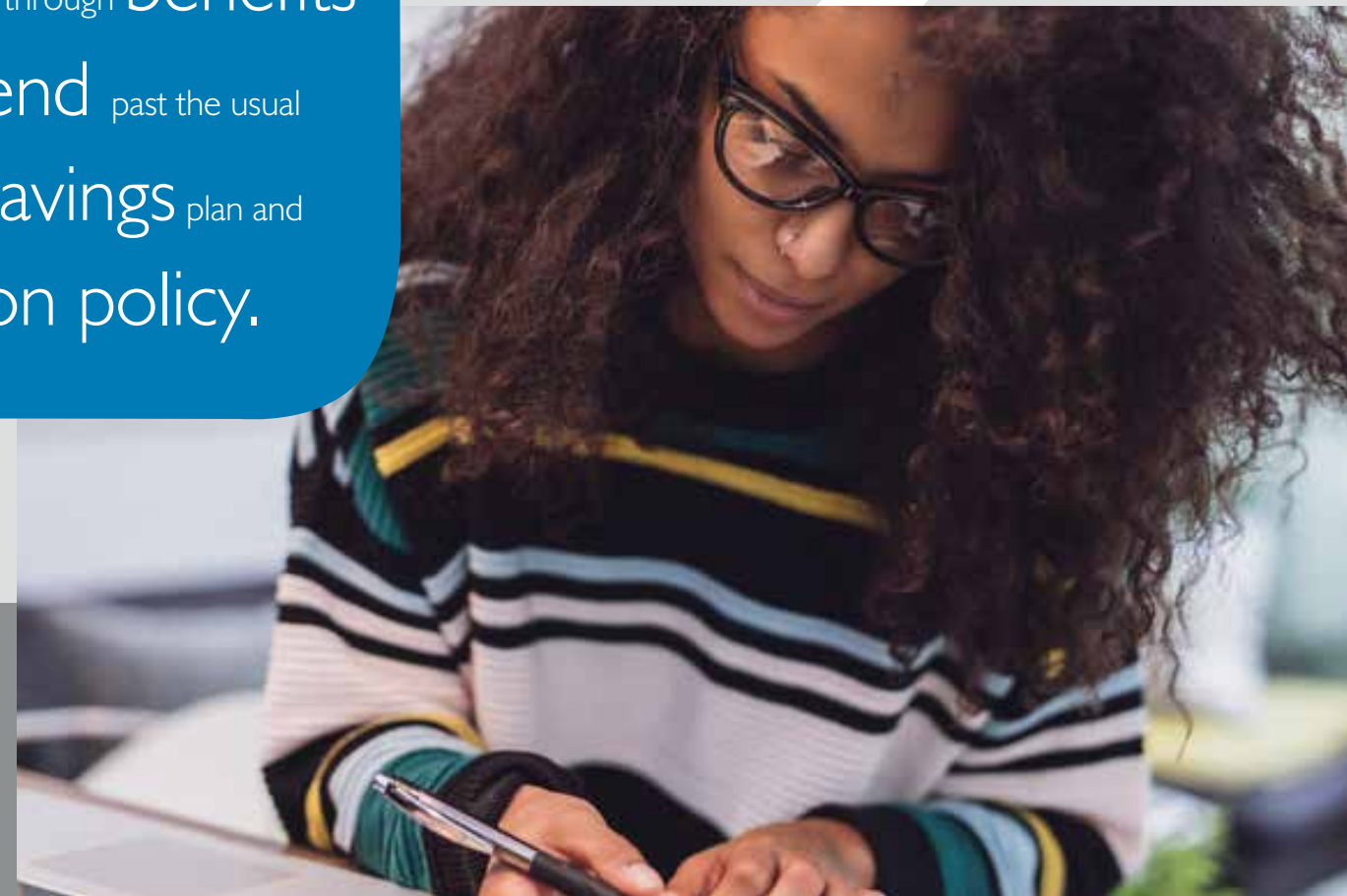
But as opposed to earlier generations, millennials are not averse to the idea of switching jobs, or even careers midstream. In fact, the most recent Gallup poll on the subject reports that 21 percent of millennials have changed jobs in the past year; that 60 percent are open to new job prospect; that only 50 percent plan to be with the same company a year from now; and that half would consider taking a position with another company for a raise of 20 percent or less. “This trend is troublesome for leaders,” Gallup noted, “because these workers currently make up 38 percent of the U.S. workforce. Some estimate that they will make up as much as 75 percent of it by 2025.”

The cost of hiring and training new workers has long been an unwelcome fact of life for employers. According to the Society for Human Resource Management (SHRM), depending on industry and position, direct replacement costs can reach as high as 60 percent of an employee’s annual salary, with total costs associated with turnover ranging from 90 percent to 200 percent of annual salary.

“Examples include turnover costs of \$102,000 for a journeyman machinist, \$133,000 for an HR manager at an automotive manufacturer, and \$150,000 for an accounting professional,” SHRM said. “If these estimates strike you as high, keep in mind that in addition to the obvious direct costs associated with turnover (such as accrued paid time off and replacement expenses), there are numerous other costs.”

Reasons for an employee leaving of course vary, but Gallup suggests that low engagement in the workplace is an important factor to keep in mind. The pollster found that just 29 percent of millennials consider themselves to be “engaged,” or emotionally and behaviorally connected, to their job and company, while 16 percent are actively disengaged – that is, seeking to undermine their company and/or co-workers – while 55 percent are “not engaged,” meaning they are simply going through the motions to get their jobs done.

One way to **engage**—or,  
indeed, **re-engage**—  
employees is through **benefits**  
that **extend** past the usual  
retirement **savings** plan and  
**vacation policy**.



## Work/Life Balance

Flexibility is a major concern for millennials. The opportunity to work outside the standard 9-to-5 routine at the office, and/or telecommute, is important as, again, millennials seek to achieve an optimum work/life balance.

This can, however, cause friction with older work colleagues.

A large body of research indicates that millennials typically tend to be more actively involved with socio-economic issues than previous generations. “Millennials typically hold a global perspective on life and seek meaningful roles on teams consisting of highly committed, motivated coworkers,” wrote the authors of the 2015 Florida International University report, *Millennials in the Workplace: Positioning Companies for Future Success*.”

“They want an important job from the entry level on, and more say in the stuff that goes on,” affirmed one who works for a retirement services company on the east coast. “When they see what they’re tasked with doing as ‘grunt work,’ they don’t listen as much.”

“They really crave feedback,” remarked another who works for a financial consultancy in the Midwest. “They want to know whether what they’re doing is right, and that it’s having a positive effect on the big picture.”

“Millennials are entrepreneurial thinkers who relish responsibility, demand immediate feedback, expect a frequent sense of accomplishment, and have a high need for organization engagement and support,” the report declared—an assertion that a number of our HR respondents confirmed.

While such engagement is important, so is “having a life” outside of work. While that may be a given for most people, it appears to be particularly critical for this younger generation.

“It’s all about the work/life alignment,” said a group hospital services administrator at a health care organization whose headquarters are in Denver. “During the interview they ask about benefits, but what they primarily ask about is schedules – they want to make sure they’re fulfilled in their work and outside of work.”

“It’s all about the **work/life alignment**, they want to make sure they’re **fulfilled** in their **work and outside of work.**”



According to a recent Ernst & Young survey, millennials are almost twice as likely to have a spouse or partner working at least full-time as are Baby Boomers (78 percent to 47 percent). “Finding time for me’ is the most prevalent challenge faced by millennial parents who are managers in the U.S. (76 percent) followed by ‘getting enough sleep’ and ‘managing personal and professional life’ (67 percent),” it noted.

As a result, millennial employees are increasingly looking for ways of combining work and life, both at the office and outside of it. One firm created an employee advisory committee in response to demand driven primarily by millennials, with the results ranging from on-site picnics, ice cream socials, and Halloween costume parties to cornhole tournaments and regular bowling outings.

“They want to be friends with their co-workers, have lunch together, see them on the weekends,” the firm’s HR representative said. As they start having children, she noted, interest in on-site activities tends to wane a bit, “although they will invite each other to their kids’ birthday parties. It’s still all about combining their personal life with their work life.”

An accounting firm in Albuquerque has also formed various committees focused on extracurricular activities at the behest of its millennial workforce. “We have a wellness committee that’s all about eating right and getting enough exercise even with your busy schedule,” the company’s head of HR said. “And we now have a committee that plans events for employees that in some cases include their families.

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## To Flex or Not to Flex?

According to an Ernst & Young survey, millennials value parental leave so much more than earlier generations that 83 percent of them said they would be more likely to join a company offering such benefits; 38 percent said they would move from the United States to another country with better leave policies.

"Telecommuting and flex time are very important parts of the discussion," remarked one of our HR respondents. "Young professionals are very interested in having that flexibility. We look at it on a case-by-case basis. It depends on the position."

"Flex scheduling is huge," agreed another HR respondent. "With the older cultures, that was never up for discussion. Now the attitude has changed, and our company has as well. There's more of a 'let's work together' approach – if you need Tuesdays and Thursdays off for school, then you can make it up in other ways, whether that's longer hours here or more hours at home. It's a 'you take care of me, and I'll take care of you' attitude now."

"After competitive pay and benefits, the top things employees say are very important in a potential job are: 'being able to work flexibly and still be on track for promotion, which was tied at 74 percent with 'working with colleagues, including my boss, who support my efforts to work flexibly.'"

One must sometimes tread lightly when implementing a flex-time or telecommuting policy, they caution. "The older people who have 20-plus years feel [their younger colleagues] are getting something that they didn't get," said the director of operations at a Cincinnati company. "And that has caused some resentment sometimes. They don't feel the need to work from home, and they like to come to the office but can get upset at what they see as other people 'getting away with something'."

The ability to work **flexible**  
hours, or even work from **home**  
on a regularly **scheduled**  
basis, has become of nearly  
**universal interest**  
to **millennials.**



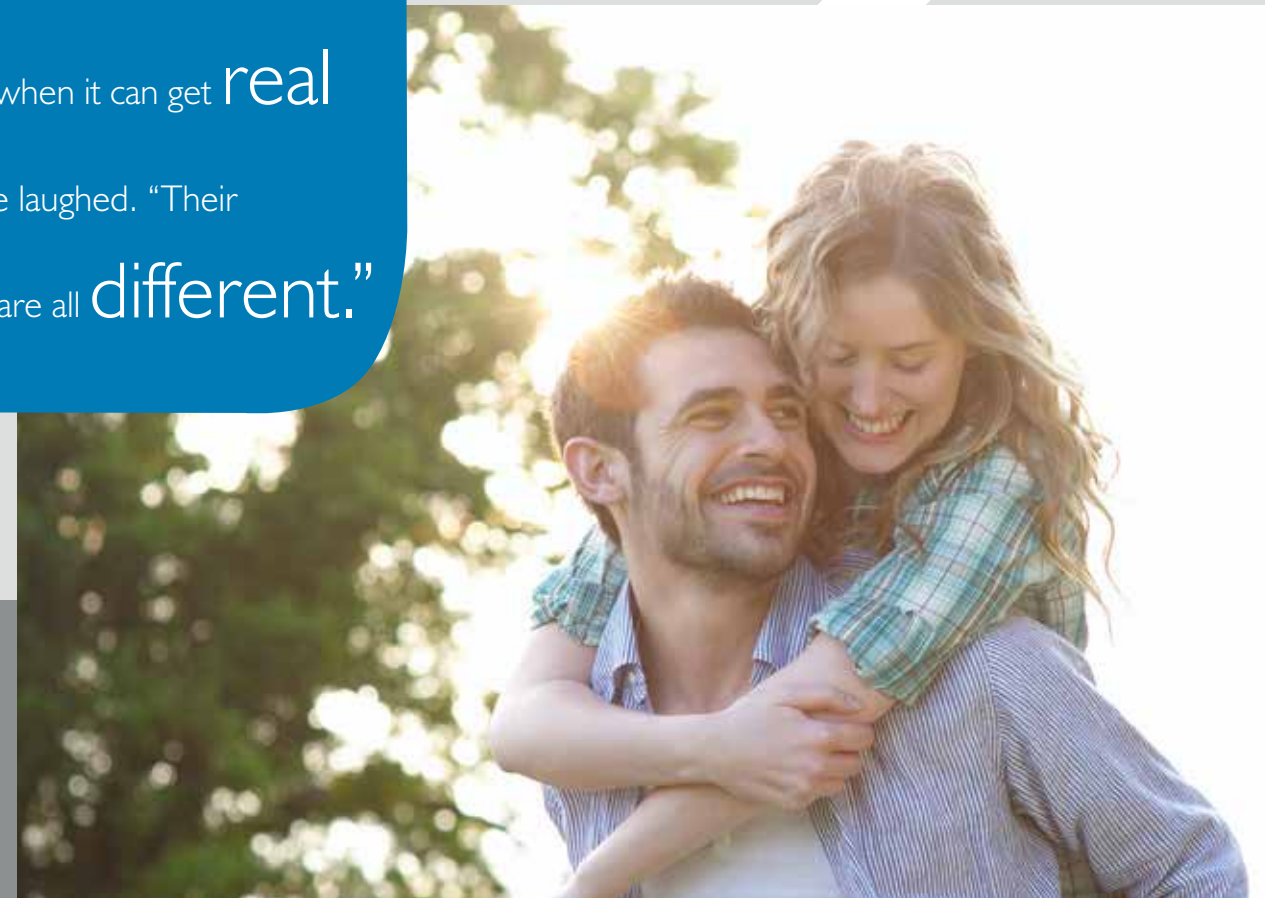


"It can be challenging with different generations working in the same building," admitted another in the Southwest. "Each generation has to be approached a bit differently. When you're dealing with Baby Boomers, Gen X'ers and millennials all at the same time—that's when it can get real fun," she laughed. "Their expectations are all different." "We often have cases where a 25-year-old is working with a 50-year-old," said the health care professional. "We have to really make sure that they all understand each other."

"Our company feels that as long as they're working and being productive, it doesn't matter if their hours are 7:30 to 4:30 every day rather than 8 to 5 or 9 to 5," said another. "With laptops and phones these days, it isn't like it used to be."

Working from home "can be an issue due to cybersecurity concerns, and it's sometimes hard to monitor whether they're actually working a full day or not," said another, located in Westchester County, N.Y. "Still," she said, "many are allowed to work from one up to three days a week from home, depending on schedules."

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## Recommendations and Advice for Millennials

When it comes to interviewing for jobs, HR professionals feel that millennials are lacking in some traditional skills. These range from scheduling and then not showing up for interviews to wearing inappropriate clothing to not having done sufficient research about the company they are ostensibly looking to join – not to mention how to properly discuss benefits.

With all of this information, both statistical and anecdotal, on hand, what do millennials and HR professionals consider important tips to keep in mind when entering a job interview? The answers were sometimes surprising.

“A lot of times they come in and don’t know what to ask,” said another. All of our HR respondents encouraged interviewees to ask about benefits, especially if they are unclear as to what they actually consist of—advice that our millennials also offered.

“Showing up is always a good idea,” the HR pro at the non-profit said sardonically. “I’ve had a lot of them not even show up for interviews, or after the interview I’ll call them and they won’t respond.”

“I had one person answer their cell phone in the middle of an interview – not just pick it up but actually have an entire conversation,” said another in amazement.

Overlooking such faux pas – the inappropriateness of which should be obvious to those of all ages – the main concern among our HR respondents was just as simple: Knowing what company one is interviewing with.

“First and foremost, Google the company to help understand what they do,” advised one. “The interviewees I’ve seen who do that really stand out. Take the time to learn about the company to show that you really are interested.”

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## Recommendations and Advice for Employers: Inside the Millennial Mindset

There are some solid conclusions we can draw from our survey and interviews that lead into suggestions for employers:

1. **Consider loosening rules that may may be dated.** “We do it this way because we’ve always done it this way” has never been much of a justification for a given process, but with millennials it can be particularly counterproductive. Can you offer flexibility when it comes to the workday? Is telecommuting an option once or twice a week? Be prepared to offer the same arrangement to older workers if you follow this path.
2. **Encourage interaction among all employees.** Forcing employees to socialize is a tall order—especially if they come from different age groups—but providing opportunities for workers both inside and outside the office can be valuable. Remember: Work/life balance is an important part of the millennial mindset. Experiment with a company picnic or Halloween party, and consider putting a millennial or two in charge. Be open to their suggestions of other social events. This can result in knitting your workforce more tightly together – which in turn can help retain employees.
3. **Deal with job-hopping with competitive benefits.** Again, there is conflicting evidence as to whether millennials really switch jobs more than other generations, but retaining valuable employees has always been a challenge. Offering a strong set of benefits—including an attractive retirement vehicle—can help keep you ahead of your competitors.
4. **It may not be as hard as it sounds.** By the same token, employers should not feel that millennials have all the power when it comes to negotiating. The national unemployment rate at the end of 2017 was 4.1 percent, while the millennial unemployment rate has been recently estimated to be as high as 12.8 percent. This can be explained in part by older generations staying in the workforce longer, but whatever the reason, it gives rise to the possibility that it is the employer who wields more power during the negotiating process.



## Advice and Recommendations for Millennials from Millennials

Our survey also provided consistent themes from millennials when approaching the interview process.

- “Understand the company’s 401(k) plan and eligibility requirements”
- “Fully understand all your options, understand what coverage you need as an individual and what makes sense for those needs.”
- “Do your homework on benefits, know what benefits are being offered and make sure you understand what is being offered.”
- “Negotiate benefits! They are almost always more flexible than they make it seem. Also, if insurance options are really confusing to you, seek help. With Obamacare, there are people whose job it is to help consumers pick their insurance. Consult the open market, and see if they have a better plan.”
- “Ask questions; don’t settle for being unclear. If you are not happy with what is being offered, negotiate if at all possible.”
- “Be an educated consumer and look at the benefits plans before just signing up for one and expecting it to be the best fit for you.”
- “Make sure the wages are worth the benefits.”
- “Make sure they have health insurance – that may seem unimportant when younger but it’s huge in the real world.”
- “Many first-time job seekers are too concerned with their salary to worry too much about what their benefits hold. Benefits are everything.”





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