

The Business Owner's Guide to Funding Group Benefits

Do you wish you could offer group benefits to your employees? Many small business owners want to offer benefits, and for good reasons. By offering a well-designed group benefits plan, small business owners can attract good employees and remain competitive. They can raise morale and retain their existing employees. Of course, they can also help their employees stay healthy.

However, you may think you can't afford to offer benefits. Financial concerns stop many small businesses from offering benefits. Only 53 percent of businesses with 20 to 49 employees offer some type of health benefits.

Health benefits can be more affordable than you might think. Here's a guide to funding your small business's group benefits plan.

Start Small and Expand Later

When you look at the benefits plans that other companies are offering, you may feel overwhelmed. As a small business owner, you may feel like it's impossible for you to compete with other company's benefits plan. Large companies may offer extensive benefits packages and may provide a variety of benefits that you can't afford yet.

Don't get discouraged. Many of those large companies were once small businesses with limited budgets. They likely haven't been offering expensive benefits packages for their entire history. As they grew, they expanded their benefits offerings, and you can do the same.

At first, start with a small group benefits plan. Choose a plan that you feel comfortable funding in the long term. As your company grows, you can always add more benefits and improve your plan. It's much harder to do the opposite. If you offer an amazing plan at the start, and need to make cuts for budgetary reasons, your employees may be upset.

Offer Flexible Benefits

Today's workforce is very diverse, and that's true at small businesses, too. Your workforce could represent as many as five different generations of people. Some of your employees could be trying to pay off student loan debt, while others will be trying to get ready for retirement. Some could be caring for children, while others may be caring for their parents.

It's hard to meet everyone's diverse needs with a one-size-fits-all benefits plan, especially at a small business. A one-size-fits-all plan that covers everyone's needs could be prohibitively expensive. In these situations, you can fund your benefits plan by offering flexible benefits, instead.

Flexible benefits are straightforward. You can offer a few different benefits packages, and employees can sign up for the ones they prefer. This keeps employees happy, since their benefits cover the things they want. It also keeps you happy, since it helps control the costs of your new plan.

If your budget is very tight, you can offer a very flexible plan, called a health care spending account (HCSA). An HCSA is a fund that contains a predetermined amount of money. Employees can use the money in their funds for any approved health expenses. Since you decide how much money to put in the HCSAs, it's easy to fit them into your budget.

Streamline the HR Department

At many small businesses, the HR department relies on paper-based systems. Managing key functions on paper isn't efficient, and your HR employees may spend a lot of time filling out forms or filing paperwork. Now that your company has grown, you may find that your HR employees need to work long hours to get everything done. You may be paying overtime to the HR employees, which can get very expensive. Adding a benefits plan will only require more administrative time and costs.

Small businesses can simplify their HR processes to become more efficient and save money. By streamlining the department's tasks with technology, like a human resource information system, your employees will be able to get their work done more quickly. They'll be able to finish their work, including managing the benefits plan, in the course of a normal work day. You won't need to pay overtime.