

Redefining Benefits Eligibility

Seven things to know about part-time and alternative workers.



The New Normal

Today, one in five jobs is held by a [worker under contract](#), greatly reducing the burden on employers to provide benefits. The downside, however, is one of loyalty. Without these “sticky” benefits, these alternative (i.e., “gig”) workers are simply not as motivated to work for you.

Meanwhile, the number of part-time employees in the US continues to climb steadily, [up 9% since 2007](#). Unfortunately, the vast majority of them are unable to obtain benefits through their employer, giving them one less reason to stick around.

As employers adapt to a rapidly evolving labor market, benefits must be part of the discussion.

To attract and retain workers today, employers must think beyond the paycheck. To remain competitive, they must consider how offering benefits to previously ineligible populations of workers can improve retention rates, enhance their reputation as an employer of choice and increase engagement and productivity. As you consider this approach, here are seven things to keep in mind.





First, Some Definitions

Part-Time Workers

The Bureau of Labor Statistics defines part-time work as working fewer than 35 hours per week. The Affordable Care Act (ACA) states that employees who work at least an average of 30 hours per week are considered full time for the purposes of determining employer mandate responsibilities. In both cases, an “employer-employee” relationship exists, allowing the employer the option of offering group benefits or a health reimbursement arrangement (HRA), **including the new individual coverage HRAs.**

Alternative Workers

The **Bureau of Labor Statistics** recognizes four types of alternative workers: independent contractors, on-call workers, temporary help agency workers and workers provided by contract firms. A fifth category of alternative workers is sometimes referenced: crowd workers, those who compete to participate in a project and are often only paid if they are one of the top participants selected. **Alternative workers are Form 1099 recipients.**





1

Part-Time Work is Increasing



Since 2007, the number of part-time workers has increased 9%



More than 75% of part-timers work “voluntarily”



Most Americans who work part-time are considered “voluntary” part-time workers, choosing to work fewer hours due to personal preferences or because of the flexibility their lifestyles demand. Some are working their way through school, raising children, or caring for a parent. The remaining quarter of Americans who work part-time “involuntarily” do so due to the lack of work in their area or in their skillset. Regardless of their reasons—voluntary or involuntary—**part-time workers often find themselves in an economically volatile situation.** Employers who offer benefits demonstrate they care about their workers by helping provide some sort of stability.





2

Alternative Workers Go Mainstream

90%

of employers use alternative workers



64%

of full-time Millennial workers want to do "side hustles" to earn extra money



For many years, people viewed contract, freelance and gig employment as "alternative work," options considered supplementary to full-time jobs. Today, this segment of the workforce has gone mainstream, and 25% of employers say they have little to no processes in place for sourcing and managing alternative workforce sources. Even more telling is that 32% of employers believe their organization's total rewards packages are "not effective" at accommodating the diverse needs of alternative workers, **opening the door for progressive employers to offer creative solutions** to meet the needs of this growing segment of the workforce.





3

Workers Value Benefits

57%

consider benefits a major factor in selecting a new job



83%

would take a pay cut for a better choice of benefits



Today's workers are looking for more than just a paycheck. Employers who offer benefits to a narrowly defined group of "eligible" individuals **fail to fully understand their workers' motivations for coming in every day**. It can also cause feelings of exclusivity, as we learned when contractors accused Google of creating an unequal workforce. The tech giant was not alone when it decided to **extend some benefits to contract workers**, thereby setting a new standard for employers in Silicon Valley and beyond.





4

Benefits Increase Loyalty

73%

of employees believe personalized benefits increase loyalty

80%

of part-time workers who have benefits prefer to stay with their employer 3+ years



When organizations introduce personalized, or flexible, benefits offerings, workers feel like they have a choice. Once they have made that choice and start investing in those benefits through payroll deductions, they are immediately beholden to their own choices, **increasing the likelihood that they will stay with the employer who offered those benefits.** Companies like Starbucks have already begun extending benefits to their part-time employees. These include retirement plans, tuition support, gym membership discounts and even free Premium Spotify accounts.





5

Benefits Confuse Even Full-Timers

80%

can't effectively compare options or maximize benefits

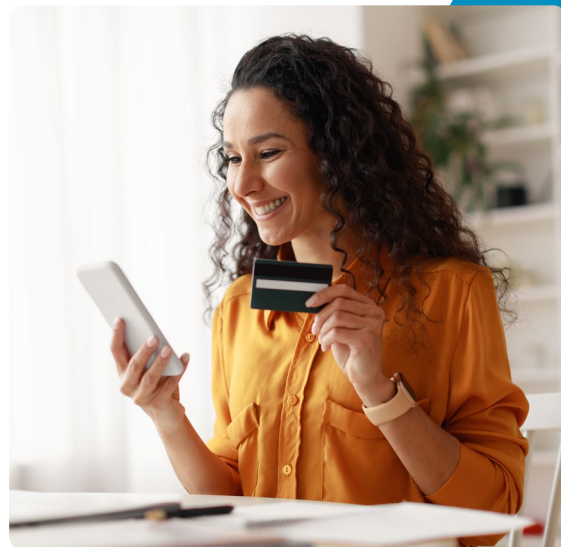


65%

say they are "risk averse"



Data gathered from nearly 500,000 users of Businessolver's MyChoiceSM Recommendation Engine indicate that benefits literacy is very low. We also found that most people are risk averse when it comes to healthcare expenses. But what's really concerning is that these statistics are from benefits-eligible employees. **Think how difficult it must be for your non-eligible populations to secure healthcare coverage on their own.** By providing benefits (or a pathway to benefits in which the employee pays 100% of the cost), you do your employees a great service, especially if the benefits platform includes decision guidance tools to help the employee make the choice that is right for them.





6

Few Employers are Answering the Call



Medical benefits top the list of benefits part-timers want



Only 34% of employers offer healthcare coverage to their part-time employees

According to a [study](#) by the International Foundation of Employee Benefit Plans, the most favorable medical benefits among employees working fewer than 30 hours a week were healthcare coverage (54%), prescription drug coverage (53%), dental and vision care (52%), flexible spending accounts (47%) and health savings accounts (33%). And yet, fewer than 35% of employers offer these benefits to their part-time workers, **opening the door for forward-thinking organizations to distinguish themselves from the competition.**





7

More Eligible Workers Means More Administration... Or Does It?



6 in 10 employers feel overwhelmed with the increased complexity of managing their benefits programs



Only 43% of HR professionals feel their team is appropriately staffed to handle their workload



If the prospect of extending your benefits to a broader population of workers worries you, you're not alone. That's certainly one of the reasons employers have traditionally provided benefits only to full-time employees. **But today's recruiting, engagement and retention challenges are anything but traditional.** It's time for a new approach. As employers look for creative solutions, many will be drawn to arrangements in which the worker has the same enrollment experience as their full-time counterparts but are actually covered in a pool outside the organization's group plan. This pathway to benefits means considerably less administrative burden for the HR team, especially if all the billing and service center calls are handled externally.





Learn More

To find out how Businessolver helps businesses offer benefits to their otherwise ineligible part-time and alternative workforces, visit the Businessolver company website.



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