



# Make DEI Part of Your Employee Benefits DNA

by **Gage Stille** | *Segal*  
and **Tami Simon** | *Segal*

For good reason, diversity, equity and inclusion (DEI) is top of mind for employers. A diverse workforce can increase profits, boost productivity and attract new customers. Companies with diverse teams perform significantly better than their nondiverse peers, according to a McKinsey & Co. report.<sup>1</sup>

Employers are increasingly turning to their employee benefit programs for opportunities to directly support their workforce diversity efforts.

## Employee Choice Matters

When it comes to benefits, employees want options.<sup>2</sup> As people's expectations and workforce demographics change, traditional employee benefits are evolving to offer more choice, personalization and support for employees at each career and life stage.

Employers' expanding reach can be seen in retirement and health benefits. Employers are advancing retirement readiness by providing resources for financial literacy, debt management and expense planning. On the health side, employers have embraced more consumer-focused designs supplemented by robust lifestyle, well-being and mental health services.

This evolution of traditional employee benefit programs may explain why 63% of employees would leave their current employer for better benefits elsewhere, even if the new employer offered equal or lower pay. That was one of the il-

luminating findings of the *Human Workplace Index* survey conducted last fall.<sup>3</sup>

## Benefits Equity Is Key

Despite the evolution of benefits choice, inequities in benefits design could lead to limited access, poor outcomes and high costs. Employees who face physical, financial or social constraints are often unable to fully take advantage of the programs offered by their employers. For instance, benefits are most often underutilized by people who lack the education or time to participate due to competing work-life demands or a lack of resources. Cultural distinctions and language barriers can also act as disincentives.

## AT A GLANCE

- Employee benefit programs can directly support an employer's workforce diversity, equity and inclusion (DEI) efforts.
- Employee choice and equity are important aspects of benefits programs that can reflect an employer's commitment to DEI, which, in turn, will have positive effects on an employer's human resources and public relations goals.
- To maximize the value provided to employees, employers should consider developing a distinct DEI-based strategy for each key program area.

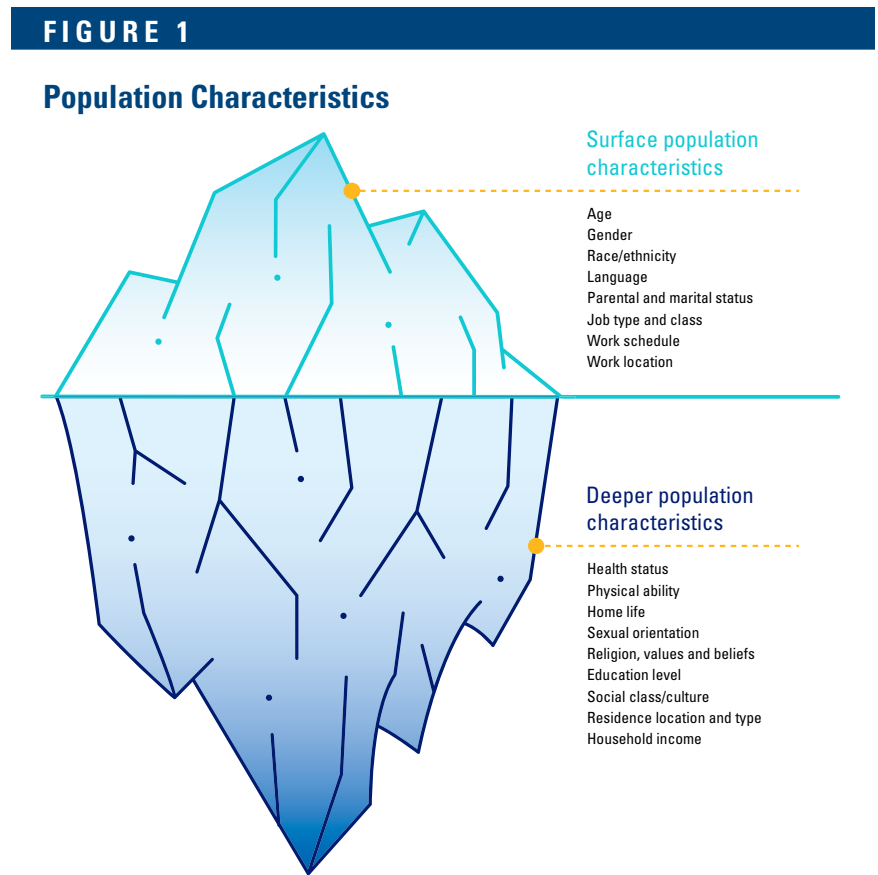
Systemic issues related to the U.S. health care delivery system impact employee health and should be addressed in group health benefits. For example, lack of access to appropriate health care treatments and relatable providers is a well-documented issue for many diverse employees and can be significant drivers of high morbidity in those communities. More than half (53%) of Black patients report that it is hard to find a doctor of their own race or ethnicity, and 39% of Hispanic patients say the same, according to a 2021 Gallup study.<sup>4</sup> These accessibility challenges are magnified when they are coupled with the cultural insensitivity and racial bias that are often present in courses of treatment.

In addition to the health care delivery system, social determinants play a much larger role in population health than once thought. A study published in the *American Journal of Preventive Medicine* found that clinical care accounts for only 20% of the variation in health outcomes across U.S. communities.<sup>5</sup> Socioeconomic status, health behaviors and physical environment account for the remaining 80%. Employee benefit programs should be designed to address social determinants of health when possible.

Similarly, systemic issues can impact employee financial well-being. In some cases, financial employee benefit resources may not address or alleviate the

socioeconomic and cultural challenges that certain employee populations face. Also, financial advisors may fail to deliver services that address employees' most basic financial and asset growth needs. Among employees with access to employer-sponsored retirement plans, Black and Hispanic employees are 2.5 and two times more likely to have financial wellness scores that need attention, respectively.<sup>6</sup> Similarly, female employees have approximately 37% less money in their retirement plans than their male counterparts.<sup>7</sup> In some cases, these lower numbers reflect a distrust of financial institutions held by populations that have been historically discriminated against. Without relevant and relatable resources to help increase financial literacy, reduce debt, participate in tax-advantaged retirement savings plans and maintain income levels, employees may experience lifelong economic insecurity.

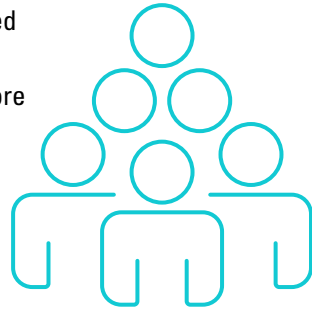
The workplace is another area where systemic factors impact employee perceptions of fairness and belonging. For example, employers should consider designing paid leave programs to reflect the different community, family and personal needs found in diverse workforce populations. Similarly, they may want to take into account balancing various nonwork priorities and responsibilities when designing work schedules while also helping protect employee benefit plan eligibility. Work location, workspace layout and commuting resources should also be considered if an organization seeks to attract a diverse employee population.



**FIGURE 2**

Employees who are satisfied with their employer's DEI initiatives are this much more likely to still be with their organization in 12 months:

**1.6x**



Source: MetLife's 20th Annual U.S. Employee Benefit Trends Study 2022.

Unfortunately, it can be difficult to predict which population characteristics influence the success of employee benefit programs because some are far less visible than others, as illustrated in Figure 1.

**Employees Care About Their Employer's Commitment to DEI**

Benefit programs designed to address various population characteristics have the potential to strengthen DEI. These benefits help employees meet their personal and professional goals, improve recruitment, and create greater employee loyalty and trust. For instance, when deciding whether to ac-

cept a new job, nearly three-quarters (74%) of job candidates look at an organization's commitment to DEI and/or affinity groups compared with only 48% in 2021, according to the MetLife study cited in Figure 2.

Given this growing demand, why haven't more employers considered DEI in relation to their benefit programs? The challenge may be knowing where to start.

**Taking the First Step Toward Benefits Through a Diversity Lens**

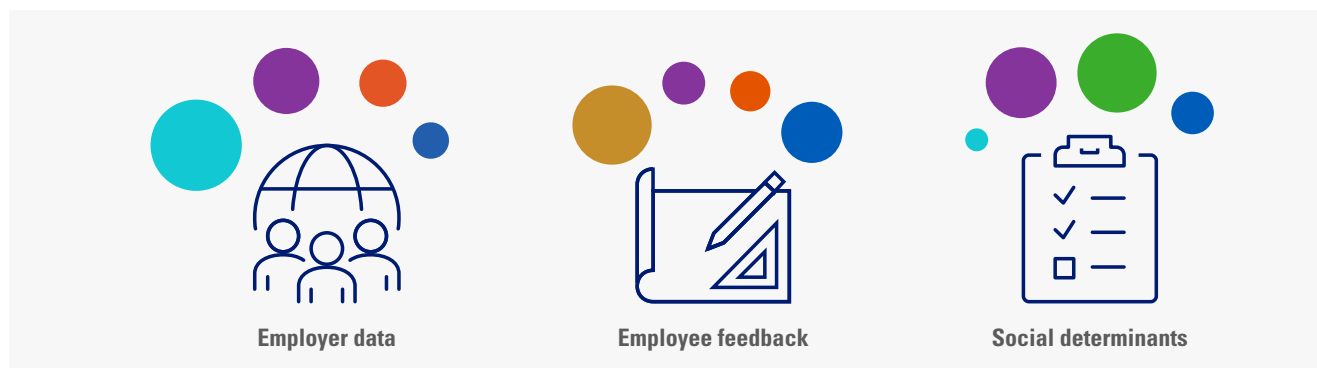
Many employers want to identify potential opportunities to strengthen the equity of their benefit programs. But how do they determine what will generate the best outcome for the greatest number of employees? By looking at the right types of data and asking the right questions.

For instance, employers can glean valuable insights by asking the following questions.

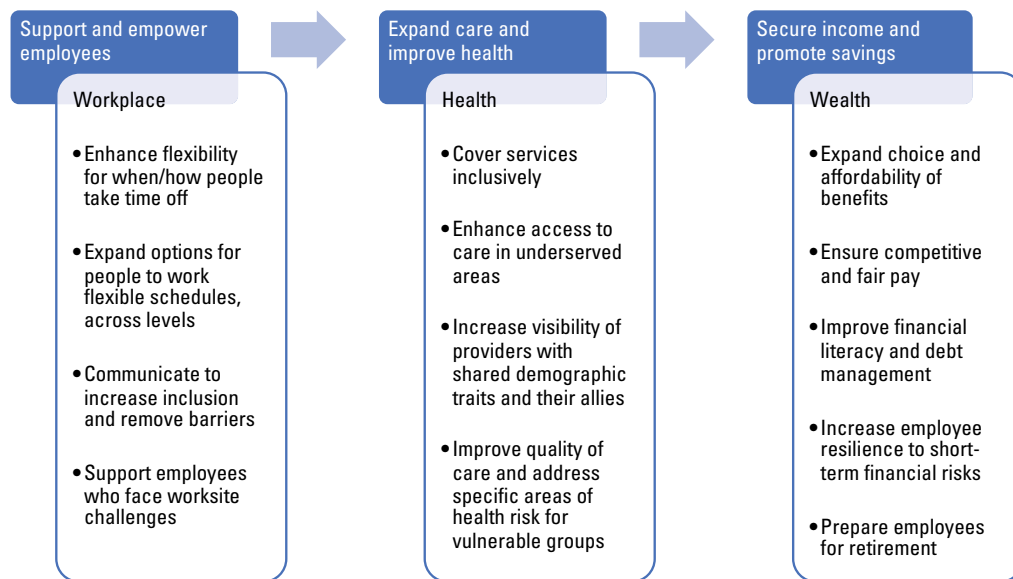
- Why do certain locations experience higher health care claims?
- What's causing the difference between actual and scheduled hours worked?
- Why are some employees unable to save a portion of their paychecks? Why are others compelled to take retirement hardship withdrawals or loans?
- Is there a meaningful nexus between retirement savings and health care claims?
- What is driving employee participation and choice?

**FIGURE 3**

● Benefits consumption ● Health care ● Environment ● Identity ● Income and financial stability ● Workplace support



**FIGURE 4**



Source: MetLife's 20th Annual U.S. Employee Benefit Trends Study 2022.

Using current workforce data in conjunction with employee feedback and social determinants, employers can compare patterns of benefit use with employees' work-life needs to determine where needs are the greatest. Consider the sources of information listed in Figure 3.

### Developing an Employee Benefits DEI Strategy

Applying an equity lens to workforce data analysis can help inform benefits strategy. This may involve reimagining how the organization defines employee benefits and the workforce goals they are designed to meet. Once a vision is made clear, the work to change the programs can begin.

Modernizing benefit strategies requires careful planning. Employers will want to review plan designs and offerings to ensure they are consistent with best practices and legally compliant. This is especially important when trying to improve outcomes for specific employee populations.

To maximize the value provided to employees, employers should consider developing a distinct DEI-based strategy for each key program area. For example, health, wealth and workplace programs can each be defined and managed with


independent objectives that are tied to project actions and outcome measures. Figure 4 provides a hypothetical starting point.

A road map can outline what resources are needed to put the strategy into action. Employers sometimes find it helpful to beta test or roll out new programs in phases. A phased strategy can make it easier to identify unanticipated hurdles and quickly gather valuable participant feedback. With a modern, equitable benefits strategy in hand, careful communication, implementation and execution of that strategy is the next step.

### HR Is PR

Employees aren't the only ones holding organizations accountable to meet DEI goals. Boards of directors, investors, job candidates, community leaders, watchdog groups and customers increasingly expect to see progress. For many employers, this means that corporate social responsibility efforts are a growing part of company culture, reflected in management practices and championed by top executives. To the extent that environmental, social and governance (ESG)

transparency continues to increase at a rapid pace, there will be overwhelming demand to demonstrate that company actions improve inclusion and belonging. Employee benefits and other tangible and measurable workforce programs are a critical component of this organizational reckoning.

The sooner companies realize that good HR means good public relations (PR), the quicker they'll reap the rewards. 

### Endnotes

1. Sundiatu Dixon-Fyle, Kevin Dolan, Dame Vivian Hunt and Sara Prince. McKinsey & Company. "Diversity wins: How inclusion matters." May 19, 2020.
2. Segal. "Employee Personalization: More Important Than Ever." April 27, 2021.
3. Sarah Bloznalis, Workhuman. "Human Workplace Index—The Future of Employee Benefits." November 4, 2021.
4. *Center on Black Voices Study*. Gallup. June 17–July 9, 2021.
5. Bridget B Catlin, Keith P Gennuso, Carlyn M Hood and Geoffrey R Swain. "County Health Rankings: Relationships Between Determinant Factors and Health Outcomes." October 21, 2015.
6. Fidelity Investments. "Total Well-Being Research online survey." 2017.
7. Bank of America. *2021 Financial Life Benefits® Impact Report*. 2021.

### AUTHORS



**Gage Stille** is a senior vice president and national corporate solutions leader at Segal. Prior to joining Segal, he was a principal at Buck and Conduent HR Services. Stille holds a B.S. degree from Cornell University and M.B.A. and M.S. degrees from the Kelley School of Business at Indiana University.



**Tami Simon** is a senior vice president and commercial consulting leader at Segal. Recently named one of the 25 Most Influential Women in Employee Benefit Consulting, Simon is a nationally recognized business and thought leader in human resources and employee benefits and a popular public speaker; she has also testified before the U.S. Congress and federal government agencies on industry matters. She is based in Segal's Washington, D.C. office. Simon holds a B.A. degree from the University of Illinois and a J.D. degree from the University of Iowa College of Law.

### International Society of Certified Employee Benefit Specialists

Reprinted from the First Quarter 2023 issue of *BENEFITS QUARTERLY*, published by the International Society of Certified Employee Benefit Specialists. With the exception of official Society announcements, the opinions given in articles are those of the authors. The International Society of Certified Employee Benefit Specialists disclaims responsibility for views expressed and statements made in articles published. Subscription information can be found at [iscebs.org](http://iscebs.org).



pdf/223