



The ROI of flexible benefits

A conjoint analysis of the perceived value of benefits with flexibility and choice

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Employee benefits that flex to fit everyone's life



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The growing demand for flexible benefits

The workplace has changed dramatically due to the macroeconomy. Inflationary pressures, rising costs, the threat of a possible recession, stress, burnout, and mental health issues at an all-time high, layoffs, quiet quitting, the list goes on and on. People and businesses everywhere feeling the effects.

In times of such economic uncertainty, employers and HR leaders are in a unique position to focus on forward-thinking programs and proactively respond to ever-evolving market pressures. Employees rely on benefits more than ever to provide support and additional financial security beyond their salaries.

Those who do not offer attractive benefits programs risk losing top talent in need of support. Worse yet, doing nothing can result in further losses in productivity with employees quitting or coasting due to insufficient support. And with Gen Z, Gen X, Millennials, and Boomers all part of today's workforce, employers are tasked with supporting unique individual needs across a spectrum of variables. Due to this need, providing flexible benefits that are valuable on an individual basis has become imperative.

Yet, until recently, many companies have been compelled to rely on benefits programs that leverage point solutions in an attempt to meet individual employee needs. While point solutions may offer some results, using multiple options to try to meet individual needs is problematic.

The fragmented approach presents a multitude of interconnected issues, such as:



Administrative burdens

The employer team needs to implement and manage multiple solutions that can be time consuming, inefficient, and costly.



Usage barriers

Employers and employees need to utilize multiple access points for benefits, which leads to frustration and low usage.



Substantial cost

Managing and offering multiple solutions comes at a high price for hours spend on oversight.



Difficulty scaling

Offering multiple independent solutions lacks the flexibility to respond to evolving workforce needs.

Faced with these challenges, employers are seeking innovative approaches. They wish to remove the burdens presented from implementing and managing countless point solutions as a means of solving for employees' individual employee needs. These employers understand the value of new and modern approaches to providing flexible benefits, but may struggle to quantify the return on investment for benefits that are adaptable.

To help connect the dots, Forma partnered with Aon to administer a survey that quantifies how employees value benefits with flexibility and choice.

How flexibility and choice impact value

Benefits flexibility drives value because it puts choice in the hands of employees. When employees have the ability to choose what's important for them, naturally programs are utilized more. But how does one quantify that value?

Conjoint analysis has been used for decades to identify the customer value of product features and the employee value of reward elements. Forma partnered with a third-party administrator to administer a conjoint analysis that measures how employees perceive the value of benefits with a focus on flexibility and choice.

This white paper is the result of the analysis, which demonstrates that flexibility in benefits design positively impacts perceived value. It specifically demonstrates how much employees appreciate the concept of flexibility and choice when it comes to their benefits and shows the dollar value that employees place on being able to choose benefits that matter to them. This is a direct way to show ROI for the funds companies invest in lifestyle spending accounts and can help HR leaders build a business case for the additive value of these programs to their finance teams.



What are flexible benefits?

In short, a program that offers employees a variety of choices. The construct is flexible and adaptable in nature, giving employees the freedom to choose benefits that are meaningful to them and support moments that matter.



Core benefits

- Medical
- Dental
- Vision
- 401k



Lifestyle Spending Accounts

- Fitness & Wellness
- Remote Work
- Learning & Development
- Student Loan Assistance
- Caregiving
- Financial Wellness
- Pet Care
- Legal Services
- Team Building
- Emergency Relief
- Commuter Assistance
- Supplemental Healthcare
- Dental & Vision
- Employee Meals & Nutrition
- Diversity, Equity & Inclusion
- International Healthcare
- Adoption & Fertility Support
- Donation Assistance



Pre-tax Accounts

- Health Savings Accounts
- Flexible Spending Accounts
- Health Reimbursement Accounts
- Commuter

A closer look at the participants

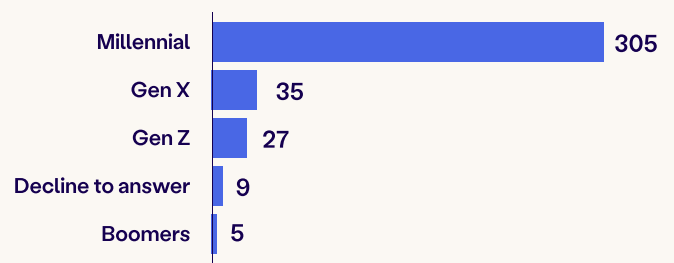
The survey was administered in May and June of 2022 with 381 employees participating. Participants represented multiple industry segments and demographic variances in tenure, family and marital status, employment level, and generation.

Survey demographics

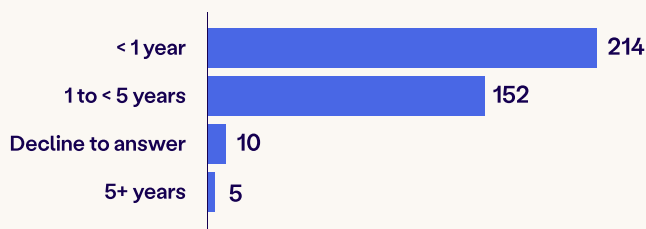
Number of participants by industry segment



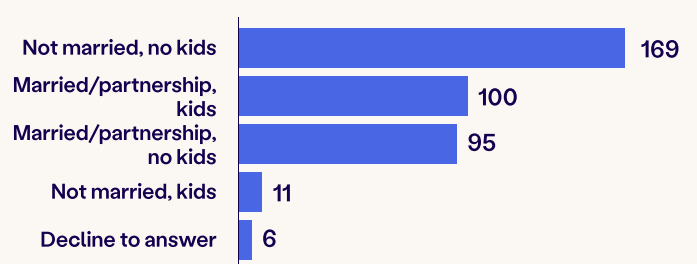
Number of participants by generation



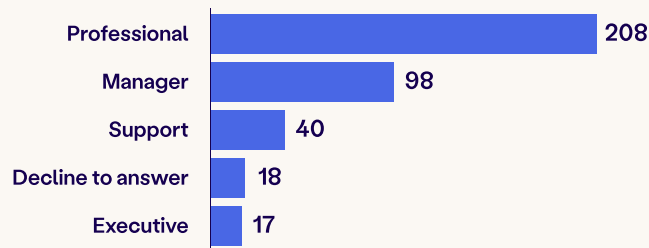
Number of participants by tenure



Number of participants by family status



Number of participants by employment level



Survey design and methodology

The Forma Research and Aon team used an adaptive conjoint design to determine the value of benefits. This type of analysis is custom in nature and adapts based on each response. As a result, we were able to evaluate several factors and extract the most valuable insights from each respondent.

The survey was comprised of the following components:

1 Participants were asked to make ten hypothetical choices, each of which included up to three benefits (e.g., 401k contributions, paid time off, and spending accounts for fitness equipment) and varying contribution amounts (e.g., \$2,500, \$1,500, or \$500—as well as 1, 3, or 5 days off).

- 2 Employees' responses influenced the subsequent choices presented to them. The way they chose these packages allowed us to make a precise estimate of their perceived value for each benefit – including flexibility.
- 3 From respondents' choices, we are able to learn the implicit trade-offs that they make. For example, do they value \$500 in 401K contributions more than \$500 in exercise equipment? What if they would receive \$1,500 in exercise equipment instead – would they then choose the exercise equipment?

With this methodology, we were able to learn about employees' preferences and quantify the exact perceived dollar value differential between different benefit types.

Adaptive design factors

Sample survey scenario

Option A

Financial wellness: You receive up to \$500 as a contribution to your 401K retirement savings account

Family/relationships: You receive up to 3 days of paid time off for dependent/elderly care

Working from home: You receive up to \$2,500 for home office equipment (including desk/chair/computer)

Option B

Financial wellness: You receive up to \$2,500 as a contribution to your 401K retirement savings account

Family/relationships: You receive up to 1 day of paid time off for dependent/elderly care

Working from home: You receive up to \$1,500 for home office equipment (including desk/chair/computer)



Strongly prefer A



Somewhat prefer A



Neutral



Somewhat prefer B



Strongly prefer B

Analyzing the perceived value of benefits

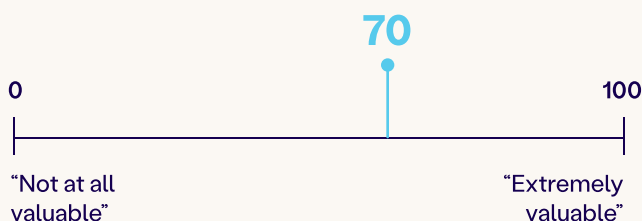
As a baseline, we set out to determine how employees value their benefits overall. This information is important for two reasons.

- 1 It provides a benchmark from which to measure the impact of various supplemental benefit options.
- 2 It indicates the survey population is representative of U.S. employees as a whole because the score is consistent with other organizations the third-party administrator has surveyed.

Rating the perceived value of overall benefits

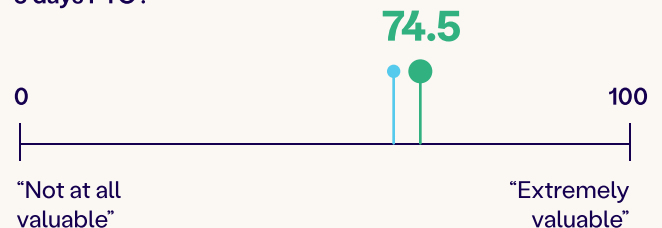
Respondents were asked to rate the value of their current benefits package on a scale of 0 to 100, with 0 being not valuable at all and 100 being extremely valuable. For the entire survey population, the value score averaged 70. The rating confirms that employees were generally satisfied with the overall value of their benefits, but also that there was some room for improvement.

Question: How would you rate the value of your current benefits package with your employer?



With the 70-point baseline value for how employees viewed their benefits program, we were also able to gain a holistic view of how each benefit impacted the perception of the total value of the benefits program.

Question: How would you rate the value of your benefits package with your employer if given an additional 5 days PTO?



For example, an additional five days of paid time off boosted the perceived value of overall benefits to 74.5, an increase of 4.5 points to the 70-point baseline view. The results show that each benefit added value to the overall benefit program rating.

Understanding benefit preferences

Based on participants' choices about various benefit types, we were able to calculate values that reflect their preferences. We were able to look at the types of benefits presented in the survey and show how each ranked in order of importance to participants (with 1 being the most preferred and 17 the least) and how much additional value participants felt each benefit added to the overall benefits package.

 You can view the details of results on page 9.

Benefits preference results

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	5.2	75.2
2	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	5.1	75.1
3	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.8	74.8
4	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.8	74.8
5	Additional PTO: You receive up to 5 additional days of paid time off	4.5	74.5
6	Home Office Needs: You receive up to \$2,500 for home office equipment (including desk/chair/computer)for working from home	4.1	74.1
7	HSA: You receive up to \$2,500 as a contribution to your Health Savings Account	4.1	74.1
8	Mental Health Support: You receive up to \$2,500 for mental health and wellness products/services (e.g., online counseling, employee assistance program, stress management classes)	4.0	74.0
9	Financial Wellness: You receive up to \$2,500 in financial wellness products/services (e.g., financial counseling, stock purchasing plans)	4.0	74.0
10	Learning and Development: You receive up to \$2,500 to pay for professional development classes	3.8	73.8
11	Family and Pet Care: You receive up to \$2,500 to pay for care products/ services (e.g., daycare, pet health insurance)	3.7	73.7
12	Tuition Reimbursement: You receive up to \$2,500 for tuition assistance	3.6	73.6
13	Student Loan Repayment: You receive up to \$2,500 for student loan reimbursement	3.6	73.6
14	Dependent Care PTO: You receive up to 5 days of paid time off for dependent/elderly care	3.6	73.6
15	Fertility: You receive up to \$2,500 in coverage on fertility services like IVF, surrogacy, egg-freezing	3.4	73.4
16	No choice: You receive \$2,500 worth of supplemental benefits but those are chosen for you by your employer	3.4	73.4
17	Adoption Assistance: You receive up to \$2,500 in financial support for adoption services	3.2	73.2

Benefits preference analysis

Using the benefits preference results, we were able to gain insight into the way employees view the value of each of the benefits. In addition, we were able to use the data to inform additional findings.

It became clear that respondents displayed:

A strong preference for benefits with choice

The results indicate that flexibility in benefits design impacts perceived value. Inherent to each of the top benefit enhancements except for the “no choice” option is the ability for an employee to actively choose which benefits they value more. Including a “no choice” option provided a comparative opportunity to strip away that ability to choose, or the ability for benefits to be flexible in terms of meeting employees’ wants and needs. Ultimately, this allowed us to measure the value of choice and flexibility in benefits design.

The survey shows that when employees are allowed to choose their benefits, it increases the overall value they assign to their benefits programs. Compared to an unnamed benefit in which the employee has no choice in how the funds will be applied (employer decides where funds are directed), every other benefit demonstrated a higher point value increase besides assistance for adoption (which is only valuable to a small subset of general employee populations and comes as no surprise).



People prefer choices

15 flexible benefits ranked higher than a set benefit chosen by the employer that landed near last at 16 out of the of 17 benefit options offered in the survey.

A strong appreciation for lifestyle benefits

Benefits that support employees’ lifestyles proved to be highly valued. The top five benefit choices all center around lifestyle with lifestyle benefits ranking second, work-from-home benefit ranking third, health/wellness ranking fourth, and additional time off ranking fifth. Considering the fact that lifestyle benefits are much newer to the benefits landscape, it is extremely important to note that lifestyle benefits demonstrate high value for employees.



LSAs holds up to industry favorite 401k

There’s a mere .1 difference between an LSA and 401k. This shows that people view lifestyle spending accounts almost equal in terms of value to employer-sponsored 401k contributions. While a 401k contribution ranks first among the benefits presented in the survey, an LSA funded with the same amount is a very close second.

A desire for more overall

In the table on page 9 the survey presented three subsidy amounts to respondents: \$500, \$1,500, and \$2,500—as well as three PTO day options for one, three, and five days off. As expected, respondents preferred the highest subsidy amount/PTO day allotment and therefore only the \$2,500 subsidy and 5 days of PTO are included in the table for comparative purposes.

Benefits preference analysis (cont'd.)

An understanding of tax-advantaged accounts

It wasn't surprising that contributions to a 401k account or health savings account ranked highly among respondents. These accounts are considered core benefits by most and those who understand their tax advantages also understand the power of these employer subsidies.

A preference for material vs. non-material benefits

Funding for products or savings are seen as more valuable than funding for advice or counseling. The selection of product/services shows up multiple times in the top ranked spots whereas counseling ranks 8th.

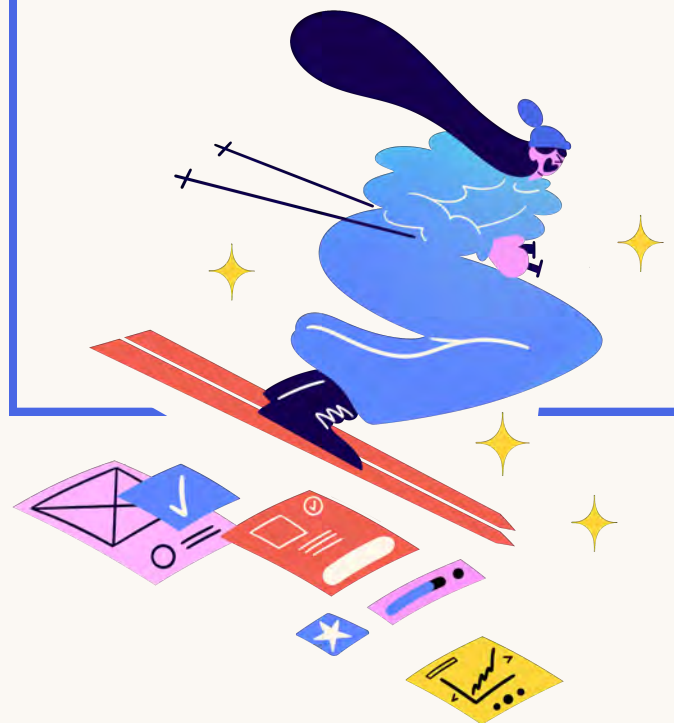
Recognition that not all benefits have value for all individuals

Benefits that only impact a small portion of the population (e.g., adoption services, dependent care) rank lower in the list. As the number of individuals who use them is relatively low, in the aggregate of the population, these benefits have a low ranking. However, these benefits have a high value for the individuals who use them.

While it's important to provide support for categories of employees, such as parents, a more valuable alternative to offering point solutions focused on parental care would be to implement a benefit designed to give choice to the employee. This flexibility would allow them to spend the dollars on the types of support that matter to them, thereby increasing the value of the benefit. This model of benefits meets the needs across employee populations more consistently.

No choice ranks low, 16 out of 17 options

The survey included a "no choice" benefit in which \$2,500 was offered in the form of an unnamed benefit – one for which the employee had no knowledge or choice. This enabled us to compare the value of a known benefit – the benefit that that respondent would take if given the choice – to one that is unknown or chosen by the employer. While the set option had value to employees, **the no-choice benefit ranked 16 out of 17 benefit options in the survey.**



Benefits preference demographic results

We were also able to analyze the benefits preferences of various demographic groups relating to job title, years of tenure, family, and generation. The tables in this section show a summary of findings broken out by various demographics.

Employees with 1+ years of tenure

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	5.7	75.7
2	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	5.6	75.6
3	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	5.3	75.3
4	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	5.3	75.3
5	Additional PTO: You receive up to 5 additional days of paid time off	4.9	74.9

Employees with <1 year of tenure

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	4.8	74.8
2	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	4.7	74.7
3	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.3	74.3
4	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.3	74.3
5	Additional PTO: You receive up to 5 additional days of paid time off	4.2	74.2

Benefits preference demographic results (cont'd.)

Professional and support employees

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	5.3	75.3
2	Lifestyle: You receive up to \$2,500 in lifestyle allowances (personal development, leisure, daily convenience, etc.)	5.1	75.1
3	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.8	74.8
4	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.8	74.8
5	Additional PTO: You receive up to 5 additional days of paid time off	4.5	74.5

Managerial and executive employees

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	4.9	74.9
2	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	4.9	74.9
3	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.6	74.6
4	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.6	74.6
5	Additional PTO: You receive up to 5 additional days of paid time off	4.4	74.4

Benefits preference demographic results (cont'd.)

Gen Z employees

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	4.2	74.2
2	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	4.2	74.2
3	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	3.9	73.9
4	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	3.9	73.9
5	Additional PTO: You receive up to 5 additional days of paid time off	3.7	73.7

Millennial employees

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	5.3	75.3
2	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	5.1	75.1
3	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.9	74.9
4	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.8	74.8
5	Additional PTO: You receive up to 5 additional days of paid time off	4.6	74.6

Benefits preference demographic results (cont'd.)

Gen X and Boomer employees

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	5.2	75.2
2	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	4.9	74.9
3	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.6	74.6
4	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.5	74.5
5	Additional PTO: You receive up to 5 additional days of paid time off	4.4	74.4

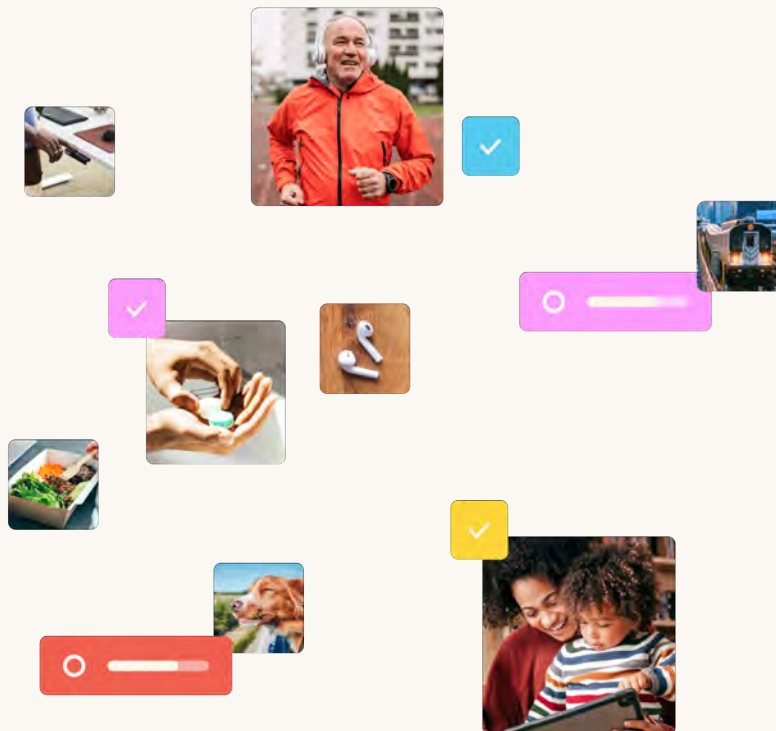
Employees with kids

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	5.1	75.1
2	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	4.9	74.9
3	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.6	74.6
4	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.6	74.6
5	Additional PTO: You receive up to 5 additional days of paid time off	4.3	74.3

Benefits preference demographic results (cont'd.)

Employees without kids

Rank	Benefit	Value rating of benefit enhancement	Total value of benefits program
1	401K Match: You receive up to \$2,500 as a contribution to your 401K retirement savings account	5.2	75.2
2	Lifestyle Spending Account: You receive up to \$2,500 in n LSA covering lifestyle allowances (personal development, leisure, daily convenience, etc.)	5.1	75.1
3	Food Subsidy: You receive up to \$2,500 in work from home account covering food subsidies	4.8	74.8
4	Health and Wellness: You receive up to \$2,500 for physical health and wellness products/services (e.g., exercise bike, massage services)	4.8	74.8
5	Additional PTO: You receive up to 5 additional days of paid time off	4.6	74.6



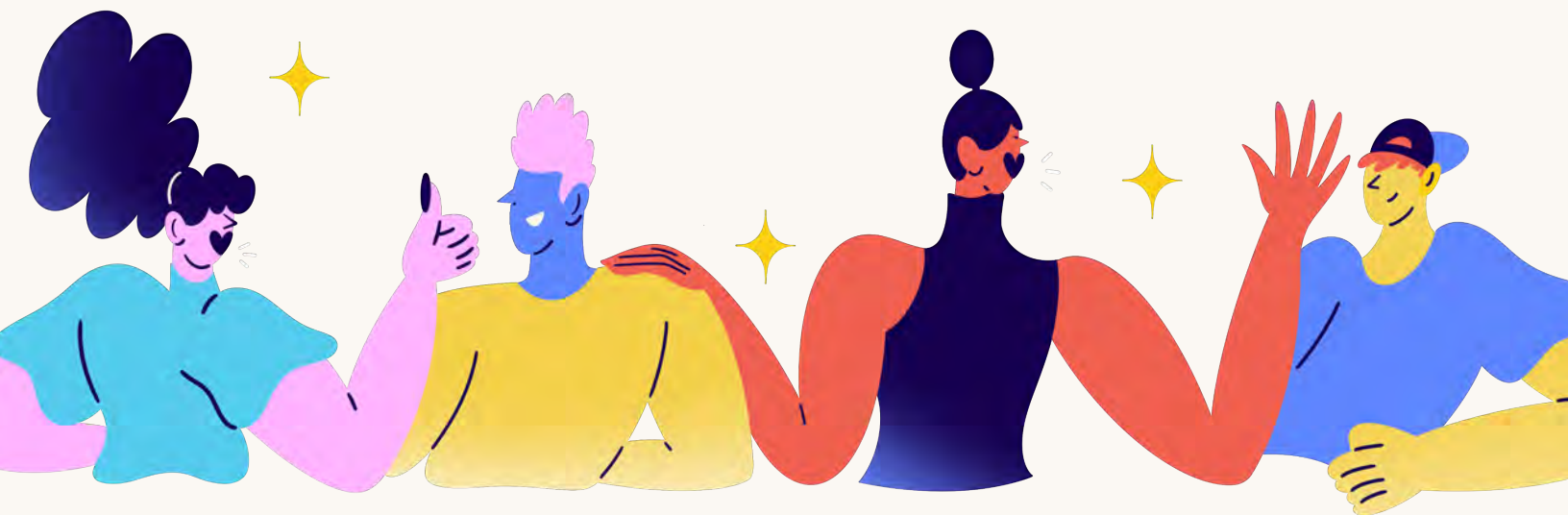
Benefits preference demographic analysis

We found that, overall, the top five benefits areas are pretty much the same across all demographic groups. These include 401k contribution, lifestyle allowance, working from home (food subsidy), health/wellness allowance, and paid time off.

However, there were a few things to pay attention to:

- 1 Gen X, Boomer, and Millennial employees tend to prefer 401k contributions over lifestyle allowances while for Gen Z employees, these benefits are tied. This could be because for Gen Z employees, retirement is in the more distant future.
- 2 Similarly, professional and support employees value 401k contributions more than any other benefit presented to them while for managerial and executive employees, 401k contributions and lifestyle allowances were tied (possibly because their income level gives them a greater comfort level around retirement savings).
- 3 Gen Z employees, professional and support employees, and managerial and executive employees seem to value the benefit options less than other employee groups. This could be because direct compensation is a more prominent and relevant concern for them.

To satisfy the needs of a workforce with a skew toward any of the above demographics, employers should survey their employees so they can direct benefits investments toward the areas their employees value most.



Quantifying the ROI for benefits flexibility



The survey shows that when employees have choice in their benefits, the perceived value of their overall benefits program increases. Now we will review how much that additional value is worth in return on investment by quantifying this additional value in terms of dollars. We calculated this dollar value for each of the benefits enhancements.

Benefits flexibility allows employees to customize their own benefits package and we found that an individually optimized plan is valued much higher than a no-choice plan. Using the example of \$2,500 in lifestyle funds compared to \$2,500 in “no choice” supplemental benefits, our analysis demonstrates an additional value of \$1,250. Here’s how:

Calculating perceived value

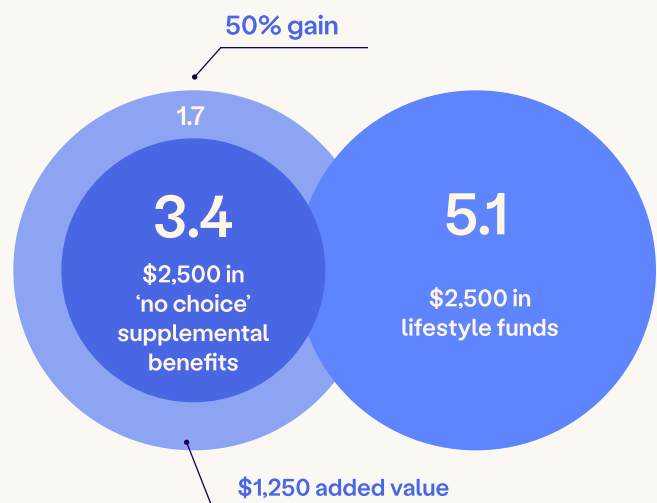
- 1 The perceived value increase of \$2,500 in lifestyle funds is 1.7 points higher than for the ‘no choice’ option.
($5.1 - 3.4 = 1.7$)
- 2 The additional 1.7 points is a gain of 50%.
($1.7 / 3.4 = 50\%$.)
- 3 Taking 50% of \$2,500 yields \$1,250 in value gained.
($.5 \times \$2,500 = \$1,250$)

Flexibility and Lifestyle Spending Accounts prove highly valuable

When given the flexibility to choose, a **Lifestyle Spending Account (LSA)** demonstrated **50 percent more perceived value** compared to a set benefit chosen by the employer.

The ROI of choice and an LSA

Employees choosing a **lifestyle benefit** proved to have an **additional \$1,250 of value** beyond the \$2,500 stipend, an added value of \$795 for a \$1,500 stipend, and \$250 for a \$500 stipend.



The ROI of flexible benefits

Benefit	Value rating of benefit enhancement	Percent increase of perceived value compared to "no-choice"	Added dollar value perception (ROI) for \$2,500 stipend	Added dollar value perception (ROI) for \$1,500 stipend	Added dollar value perception (ROI) for \$500 stipend
401k	5.2	53%	\$1,324	\$795	\$265
Lifestyle	5.1	50%	\$1,250	\$750	\$250
Work from home (food)	4.8	41%	\$1,029	\$615	\$205
Health and wellness (equipment)	4.8	41%	\$1,029	\$615	\$205
5 days PTO	4.5	32%	\$809	\$480	\$160
Work from home (office equipment)	4.1	21%	\$515	\$315	\$105
HSA	4.1	21%	\$515	\$315	\$105
Health and wellness (counseling)	4.0	18%	\$441	\$270	\$90
Financial wellness (counseling)	4.0	18%	\$441	\$270	\$90
Professional development	3.8	12%	\$294	\$180	\$60
Pet care	3.7	9%	\$221	\$135	\$45
Tuition reimbursement	3.6	6%	\$147	\$90	\$30
Student loan repayment	3.6	6%	\$147	\$90	\$30
Dependent care 5 days	3.6	6%	\$147	\$90	\$30
Fertility treatment etc.	3.4	0%	\$0	\$0	\$0
No choice	3.4	0%	\$0	\$0	\$0
Adoption support	3.2	-6%	-\$147	-\$90	-\$30

Matching the top benefits with choice

Employers are using lifestyle spending accounts to add flexibility to their benefits programs. This is a welcome enhancement and useful in attracting and retaining workers. We modeled how those not offering flexible benefits would have to compensate for this in order to compete with those that do. What we found was that in order to stay competitive, employers that don't offer flexible benefits would need to invest a significant amount of money into their current employee benefit programs to offset the loss in perceived value.

Consider a company with 1,000 employees and an investment of \$2,500 per employee. Using an average of the top five benefit options with flexibility since many employers can't compete with the top benefit, we can see that employers would need to provide an additional \$1,088 in funding per employee just to break even. That means that an organization with a workforce of 1,000 employees would need to invest an additional \$1,088,235 or more to make up for lack of choice.

Now consider a smaller company of 500 employees that has a lower budget and can invest \$1,250 per employee. Using the same average for the top five benefit options, the total investment of \$625,000 would require an additional \$272,058 in funding to compensate for lack of choice.

The cost to compete with the top flexible benefits

The average ROI for the top five flexible benefits equals \$1,088 per employee when offering a \$2,500 stipend with choice. By providing a set benefit, **a company with 1,000 employees would need to invest an additional \$1,088,000 to compete with the the top options with choice.**



Flexibility and choice are the gold standard of benefits design

Any organization that provides benefits to its employees is already acutely aware of the dollars at stake in doing so. It is imperative for HR leaders to understand whether those funds produce the intended results – both in terms of adding value to employees and to the organization itself.

Given economic pressure, companies need to pay closer attention than ever before to where their benefits budgets are directed. As the evidence in this report proves, there is a clear ROI when offering employees the ability to choose the benefits that matter to them. This choice provides additional perceived value to the overall benefits program that is more cost-effective than investing more funds into other already-established programs.

Looking at the insights and analysis presented throughout this report, there are three key takeaways for HR leaders and benefits decisionmakers:

1 Benefits that are meaningful for each employee significantly boost perceived value. The way employees view the value of benefits that have the same subsidy amount varies. However, overall, we found that receiving the “right” benefit that fits an employee’s need can increase the perceived value of that benefit by up to 53 percent.

2 Benefits that offer flexibility and choice significantly boost ROI. An individually optimized plan is valued much higher than a ‘no-choice’ plan. Flexibility and choice can add millions of dollars at scale in ROI.

3 Lifestyle benefits are a clear competitor. Employees demonstrated a significant preference for lifestyle benefits. These newer options represent a strong investment opportunity for companies as well as a chance for them to demonstrate they care about their employees’ preferences. This is especially true for companies that have a large Gen Z component to their workforce and those wishing to meet the needs of executives.

The findings in this report demonstrate a direct link between the cost of providing benefits and the ROI when those funds are directed toward a benefits design that favors choice and flexibility as opposed to no choice. Understanding and leveraging this connection is paramount for organizations that want their benefits investments to produce tangible results.



Advance with a modern system for modern companies

Forma designs and delivers relevant and modern benefits programs at every scale that are flexible, inclusive, and global.

Designed to meet employees' needs on their own terms while helping employers reap the benefits, Forma serves some of the most successful and innovative companies (including Allbirds, Atlassian, Dropbox, Stripe and Zoom) and manages more than \$500 million in benefits spend every year. With flexible benefits that are delightful, distinct, and designed to support people's wellbeing, Forma helps the modern workforce find harmony at work and in life.

A new level of flexibility

Offer and scale truly personalizable benefits packages, whether you're a team of 100 or 100,000—and meet the demands of an increasingly diverse, distributed, and global workforce.

Efficient administration

The modern way of managing benefits for HR and Finance teams means avoiding complex procurement, administration, and fulfillment. A flexible benefits system offers streamlined vendor management and subsidy control so your team can deliver high-value programs while inflation-proofing your benefits strategy.

A competitive advantage

Whether they're onsite, remote, hybrid, or global, offering everyone in your workforce the flexibility to choose their benefits is the most meaningful benefit of all. Flex benefits programs that are tailored to your organization's values provide an advantage in talent acquisition, strengthen an inclusive culture, and foster workforce wellbeing.

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