

# Organize Your Rewards Package Around Employees' Critical Life Moments

By Carolina Valencia



To ensure their investments in benefits, well-being offerings, and rewards and recognition programs pay off, total rewards leaders should design their programs so employees can see the organization's end-to-end support during the most critical moments of their lives.

Organizations are experiencing one of the most challenging times in recent history for talent attraction and retention. Fifty-two percent of CHROs identified a shortage of critical talent as the No. 1 trend that is likely to impact their organizations in 2022.<sup>1</sup>



At the same time, employees are experiencing diminished well-being — in multiple aspects — and are disappointed with the support they receive from their organizations. In fact, only 44% of employees and 57% of leaders report they “feel physically well,” and only 35% of employees and 27% of leaders disagree with the statement “I am overwhelmed by my work responsibilities.”<sup>2,3</sup> Moreover, fewer than one-third of employees say their organizations understand which rewards are most relevant to their needs (28% of respondents) and that their total rewards packages satisfy all of their needs (29% of respondents).<sup>4</sup>

## Rewards Packages Are Not Paying Off

Historically, organizations have leveraged the entire rewards package — not just compensation — as a critical tool to attract and retain top talent. During the pandemic, and in some cases even before, many organizations increased the benefits, well-being offerings, and rewards and recognition programs available to their employees in an effort to better meet their needs and expectations. Organizations also became more creative with their total rewards packages — for example, offering virtual after school or summer programs for children or extending employee benefits to dependents.

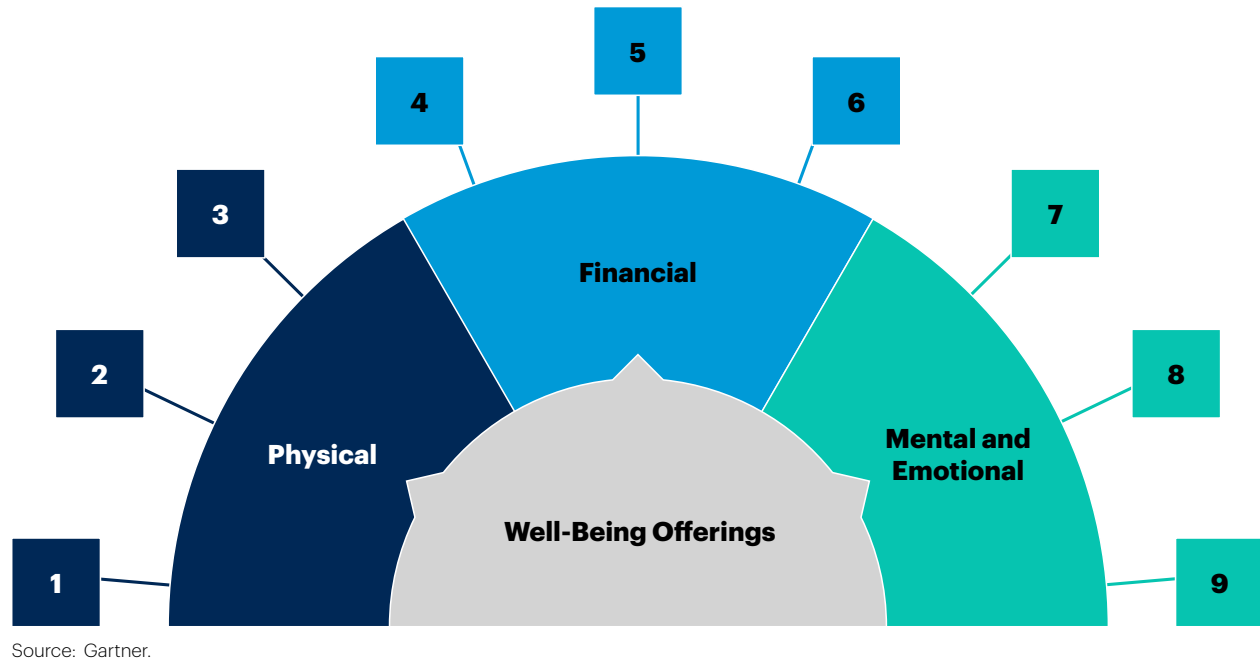
It must then be frustrating for total rewards leaders to realize these investments are not paying off, especially when the success of these efforts is critical.

Organizations are providing all these great benefits, well-being offerings, and rewards and recognition programs that are carefully designed to support their employees, but existing employees and new hires don't know that their needs are being met through the rewards package.

Only 64% of employees believe the benefits packages their organizations provide meet their needs.<sup>5</sup> Only about half of employees (51%) say the well-being communication from their organizations explains how well-being offerings meet employee needs.<sup>6</sup> And only 38% of employees say the benefits their organizations offer were a key reason they chose to accept the job.<sup>5</sup>



**Figure 1. Typical Approach to Organizing Well-Being Programs**



## The Typical Approach: Organize Rewards Packages in Categories

At least part of the reason for this poor return on rewards investment is how organizations have designed their rewards programs and corresponding communication.

Organizations group their rewards into categories, such as compensation, benefits, well-being, rewards and recognition. Each category is then organized into pillars, such as physical, financial, and mental and emotional well-being (see Figure 1). However, this is not how employees organize their lives. For instance, some employees who feel isolated (mental and emotional wellness) start overeating and experience health issues (physical wellness). Or, an employee struggling with debt (financial wellness) is likely to be stressed (mental and emotional wellness).

Well-being benefits may fit neatly into three pillars, but employees' well-being challenges often cut across them.

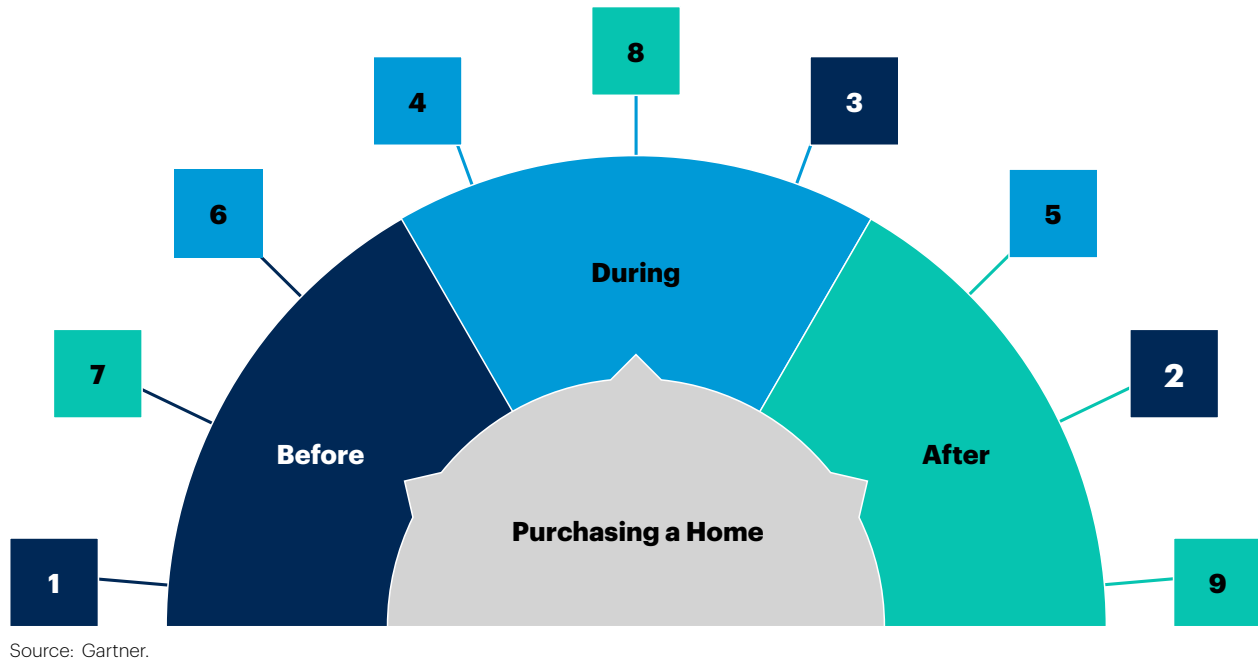
## A Complementary Approach: Integrated Rewards Packages

In addition to the traditional approach, we propose that organizations should take an integrated approach to their total rewards packages. This entails:

- Grouping offerings from different categories of rewards (e.g., compensation, benefits, well-being offerings, and rewards and recognition)
- Making it evident to employees how the organization provides end-to-end support for their most critical needs

One way organizations can do this is by organizing and communicating total rewards packages around key critical moments that matter to employees. For example, rather than grouping all its financial support offerings into a financial wellness category, organizations should group together all the offerings an employee would need for a critical life moment such as purchasing a new home. They can then design benefits strategies around what

**Figure 2. Gartner's Proposed Integrated Approach**



the organization can do to support the employee before, during and after going through that process (see Figure 2).

Taking that example a little further, below are some examples of rewards organizations can provide as they would fit into the proposed framework for buying a home:

#### **Before the Purchase**

- Financial well-being apps that help with savings and planning for down payment
- Education or counseling on how to find the right broker, how to determine the loan that is right, maintaining good credit and/or understanding the local housing market
- Access to trusted real estate agents who give employees special rates
- Lists of resources available to first-time homebuyers (e.g., grant providers)

#### **During the Purchase Process**

- A stipend for the down payment
- Help with the cost of a home buyer's inspection
- Home insurance, either as a core or optional benefit
- PTO for closing day

#### **After the Purchase**

- Education or counseling on managing mortgage payments
- Apps that help with managing dates, paperwork, etc.
- PTO for moving day
- A congratulatory card, message or gift

## **Identify Employees' Critical Life Moments**

The first step in this approach is to identify a finite set of critical life moments (we recommend about 10) that are most relevant to your organization's employee population. Some examples include:

- Getting married/engaged
- Getting divorced
- Having/adopting a child
- Buying a home
- Taking a big trip
- Getting a pet
- Losing a loved one



## Organize Communication Around Critical Life Moments

Total rewards leaders can then create a visual communication organized around each critical life moment (see Figure 3). Each communication can then be used multiple times, in different ways — for example:

- On the company's intranet, easily available to all employees
- On the company's website, so candidates can easily see the full suite of support they could benefit from if they joined the company
- By recruiters, when talking to candidates to make an offer more attractive
- By managers, when their direct reports have questions about what support is available to them
- By managers, when they know one of their direct reports is experiencing a critical life moment

**Figure 3. Communicating the End-to-End Support of an Integrated Rewards Approach**



Source: Gartner.

## Conclusion

At a moment when the talent market is extremely competitive and employees feel overwhelmed and disappointed with their organizations, total rewards leaders must ensure their investments in benefits, well-being offerings and rewards and recognition programs are paying off. One method is to take an integrated approach to support employees end-to-end during critical moments in their lives. To achieve this, we recommend organizing offerings and communication around these moments, so employees can clearly see and utilize the support available to them when they are going through changes and challenges in their lives.

<sup>1</sup> 2021 Gartner CHRO Client Survey: This survey was conducted to collect benchmarks from CHROs on how project management strategies, including shared services utilization and effectiveness and workforce planning, have shifted in light of remote and hybrid work. The research was conducted online from 26 April 2021 through 21 July 2021 and had 69 HR leaders as respondents, with representation from various industries and geographies. The survey was designed and developed by Gartner's HR research team.

<sup>2</sup> 2022 Gartner Leadership Success in the New Environment Employee Survey: This survey was conducted online from 25 January 2022 through 1 March 2022 and contains responses from 3,392 full-time employees, including individual contributors and managers across 13 countries, 23 industries and 20 functions. The survey design and development, administration and data analysis were done by Gartner's HR research team.

<sup>3</sup> 2022 Gartner Leadership Success in the New Environment Leader Survey: This survey was conducted online from 28 January 2022 through 22 February 2022 and contains responses from 1,000 midlevel leaders in 13 countries and across multiple industries. Midlevel leaders were defined and screened based on role title, definition of responsibilities, reporting structure and level within the organization. The survey design and development, administration and data analysis were completed by Gartner's HR research team.

<sup>4</sup> 2022 Gartner Total Rewards Pay Equity and Transparency Survey: This survey was conducted to understand various aspects of organizations' approach to pay equity and communication design. The research was conducted online from 14 April 2022 through 19 May 2022 among 3,523 employees, with representation from various geographies, industries and functions. The survey was designed and developed by Gartner's HR research team.

<sup>5</sup> 2021 Gartner Employee Benefits Survey: This survey was conducted online from 1 November through 25 November 2021 and contains responses from 3,500 full-time employees in 13 countries and 23 industries. The objective of the survey was to understand employees' benefits packages that include medical, dental, vision, financial, education and many more benefits. Survey design and development, administration and data analysis were done by Gartner's HR research team.

<sup>6</sup> 2020 Gartner Well-Being Employee Survey: This survey was conducted to understand to what degree employees are using different total rewards programs at their organizations and the impact that use of those programs has on their overall well-being and engagement. The research was conducted online from 30 October through 1 December 2020 and contains responses from 5,055 employees, with representation from multiple regions, industries and functions. The survey was designed and developed by Gartner's HR research team.

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