There’s an unusual phenomenon occurring in today’s workforce. Three distinct generations – Baby Boomers, Gen-Xers and Millennials – are working alongside each other at most organizations. At the same time, additional representatives from the Silent Generation and Generation Z are positioned as bookends at opposite ends of the age spectrum, simultaneously placing five age groups in the labor force. While this multigenerational mix has introduced novel concepts to the work environment, such as more flexibility, it also presents new challenges to benefits programs.

With low unemployment and an improving economy, retaining good employees has become a rising concern. To amp up employee satisfaction and loyalty, many companies are considering tweaking their benefits. But with diverse age-related needs, businesses are finding that the traditional one-size-fits-all approach no longer works.

Seasoned workers, valued for their experience and long-term customer relationships, have very different requirements than recent college graduates, who are much less expensive to employ. One group is preparing for retirement; the other is laden with college loan debt. The employees sandwiched between these cohorts are being groomed for leadership positions and have yet other personal concerns.

In 2017 one Northeastern logistics company with approximately 400 employees found itself grappling with its own twist on this multigenerational dilemma. While its Baby Boomers are beginning to retire, executives want these long-term professionals to stay on board to pass along their knowledge bank to younger colleagues. Simultaneously, the company is struggling to recruit fresh candidates to join the established business. For expertise and guidance regarding the role benefits play in these unchartered waters, the company turned to OneDigital. Insights from this experience could be helpful to other organizations facing similar dynamics.
The Conversation

The first step to developing a multigenerational approach to benefits requires an understanding of new workforce demographics. OneDigital jumpstarted the process following a casual conversation with an executive who mentioned that older employees were interested in retiring, and the company wanted to entice them to stay. That led to a discussion about the need of other employees. The client’s educational process began with an overview of the changing employee landscape.

Because no definitive authority exists to name a generation and determine the birth years included, labels and age ranges differ, depending on the source cited. The Pew Research Center, a nonpartisan “fact tank” offers the following 2015 U.S. labor force breakdown (age ranges have been re-calculated for 2017):

<table>
<thead>
<tr>
<th>GENERATION</th>
<th>2015 # OF WORKERS</th>
<th>2015 % OF WORKFORCE</th>
<th>DOB</th>
<th>2017 AGE RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Boomers</td>
<td>44.6 million</td>
<td>29%</td>
<td>1946-1964</td>
<td>53-71</td>
</tr>
<tr>
<td>Generation X</td>
<td>52.7 million</td>
<td>34%</td>
<td>1965-1980</td>
<td>37-52</td>
</tr>
<tr>
<td>Millennials</td>
<td>53.5 million</td>
<td>34%</td>
<td>1981-1997</td>
<td>20-36</td>
</tr>
<tr>
<td>Generation Z</td>
<td>N/A</td>
<td>1%</td>
<td>1998+</td>
<td>19 and under</td>
</tr>
<tr>
<td>TOTAL</td>
<td>154.5 million</td>
<td>100%</td>
<td>1928-1998+</td>
<td>19-89</td>
</tr>
</tbody>
</table>

Source: Pew Research Center

The majority of today’s workforce falls into the middle three groups, with Millennials now comprising the largest percentage of U.S. employees.

A Deeper Look

OneDigital presented deeper insights into the three primary generations employed by the company:

**Baby Boomers:** Baby Boomers are competitive with a strong work ethic. These team players enjoy meeting and are motivated by recognition, want to feel valued and appreciate monetary rewards. They prefer simple language that explains their benefits programs and financial planning, like to visually review financial scenarios rather than have them explained, and want to understand how to conserve their wealth to pass it along to the next generation.

**Also good to know:**
- “According to the Employee Benefits Research Institute, Nearly seven in 10 boomers...ranked their health care coverage as the most important benefit, more so than even traditional pensions and 401(k) plans. Boomers value their health benefits because they’ve arrived at the point in their life where they regularly use them. Most grew up with comprehensive health care coverage through traditional plans.” (Source: Benefits Pro June 14, 2016)
- Some 61 percent of pre-retirees are “terrified” of what health care costs will do to their retirement plans, according to a Nationwide Financial survey conducted by Harris Interactive, released on December 9, 2013.

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Generation X: Efficient and self-reliant, Gen-Xers want their work environment to be flexible and fun. They prefer to operate as entrepreneurs and are motivated by freedom, removal of rules and time off. When interacting with HR, they prefer casual information sessions. They are interested in benefits that will help them build a secure future, desire information about retirement and want employers to match their 401k contributions.

Additional insights:
- “Nearly two-thirds of Gen Xers say not having enough money to retire with peace of mind is something that keeps them up at night,” according to The Wisdom of Experience: Lessons Learned From Millennial, Generation–X and Baby Boomer Investors, a report published September 2016 by American Funds.
- Additionally, the same report indicated, “One in three Gen Xers is worried they are not earning enough money to be able to invest for the future, and a quarter of those in the 37 to 51 age bracket say the same about having to pay off loans and pay for their children’s education.”

Millennials: This ambitious, multi-tasking generation can be tenacious and prefers a collaborative, creative work environment with continuous feedback. While they tend to enjoy participatory interactions, they are motivated by autonomy, trust and time off. Millennials best respond to frequent performance feedback, open communications and prefer multiple communications platforms to address benefits.

Benefits mindset:
- More than seven in 10 Millennials, according to a 2013 Kaiser Foundation survey, rate having health insurance as “very important,” and a similar number feel that insurance is something they need, and that it is worth the money.*
- A 2012 MetLife study found that “Millennials are the most worried about every kind of unforeseen financial risk, from sudden income loss (72% were “very worried”) to un-covered medical costs (63%) to illness and disability (65%) -- in each case, a remarkable 14-15 percentage points higher than Boomers. Millennials are the most likely to be very worried about the financial consequences of their own premature death (54% vs. 39% of boomers).”*  

Putting the Pieces Together
Once the big picture was explained, OneDigital benefits advisors reviewed the client’s employee demographics and how these factors might impact their workforce. Interestingly, as with many companies, executives had never examined the generational breakdown. The composition of the logistics operation included:
- 34% Baby Boomers (134 employees); numbers had dropped by 11 percent over 10 years
- 44% Generation X (175 employees); sector was steady with only a .5 percent drop over 10 years
- 21% Millennials (84 employees); this generation of workers had increased by 14% over 10 years, but the company wanted to accelerate growth.

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The remaining number of employees at 1% was insignificant, split between the Silent Generation and Generation Z.

**A Plan for the Future**
OneDigital developed a comprehensive benefits plan to be considered for the future. Broadly, recommendations included a low-cost health plan with HSA for Millennials and Gen Xers, with a consideration for more traditional health insurance coverage for Baby Boomers. In addition, it was suggested the company should offer dental and vision coverage to appeal to all employees. Long-term care and retirement benefits would appeal to the Boomers – and some Gen X members. To provide additional enticements for the oldest members of the workforce to remain employed, OneDigital also recommended offering cancer insurance and the option to work a reduced number of hours. To enhance the workplace for Millennials, advisors counseled the client to offer flextime, student loan financing and online enrollment options, as well as accident insurance.

**Conclusion**
While this scenario is ongoing – and the outcome has yet to be determined -- the logistics firm is many steps ahead of the market. As Generation Z – with an even different set of needs and motivations -- begins playing a greater role in workforce dynamics, the need for a multigenerational approach to benefits will continue to accelerate. Those who begin discussions with their benefit advisors now will be much better prepared to attract and retain employees on the road ahead.
Generational Differences in the Workplace

Today, people from several generations are working alongside each other, all trying to contribute to the same mission. Use this infographic to better understand your employees and to improve aspects of your organization like work environment, management style, and employee productivity to attract high-performing individuals of all generations.

**BABY BOOMERS (1946-1964)**
- **Work Ethic:** Workaholics, competitive
- **Preferred Work Environment:** Democratic
- **Interactive Style:** Team Player, loves meetings
- **Motivated By:** Recognition, being valued and monetary rewards

For HR manager, Baby Boomers best respond to:
- Honest, simple language on benefits programs and financial planning
- Financial scenarios vs. conversations
- Messages about how to conserve/pass on their wealth to the next generation

**GENERATION X (1965-1980)**
- **Work Ethic:** Efficient, self-reliant
- **Preferred Work Environment:** Flexible and fun
- **Interactive Style:** Entrepreneur
- **Motivated By:** Freedom, removal of rules and time off

For HR manager, Generation X best respond to:
- Casual informational sessions
- Benefits offerings to help build a secure future
- Information on retirement and employers matching 401(k) contributions amounts

**MILLENNIAL (1981-1997)**
- **Work Ethic:** Ambitious, multi-tasking, tenacious
- **Preferred Work Environment:** Collaborative, creative and continuous feedback
- **Interactive Style:** Participative
- **Motivated By:** Autonomy, trust and time off

For HR manager, Millenials best respond to:
- Frequent feedback on performance both good and bad
- Open communication lines with HR & managers
- Multi-platform employee-facing communications about benefits offering open enrollment, etc

**GENERATION Z (1998+)**
- **Work Ethic:** Intense, pragmatic, project-oriented
- **Preferred Work Environment:** Collaborative, fun, flexible and clearly defined chain of commands
- **Interactive Style:** Entrepreneurial, face-to-face, teamwork
- **Motivated By:** Opportunity for advancement, participatory decision-making and being involved

For HR manager, Generation Z best respond to:
- Honest and open communications from HR and managers
- Expansive voluntary benefits offerings
- Messages about how to plan for their financial and physical well-being

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