



Which staff benefits are right for my business?

Learn how to decide what benefits are right for your business and staff.

Choosing whether to offer staff benefits such as paid time off, health insurance, retirement plans, and tuition assistance, etc., can be a hard decision. Often, cost and affordability are primary factors. While compensation is likely the number one factor in an employee's choice to enter and stay in a job, benefits are also a critical piece of their decision. Certainly, the cost of employee benefits adds another expense to your balance sheet; however, you must not minimize the cost *savings* and value benefits bring to your business.

There are many ways to implement benefits for your staff. When exploring the possibilities for adding benefits to your compensation packages, enter with an open mind and assurance that you can find the right combination within your budget to meet your needs.

Why should I offer benefits?

As a child care provider, there are many reasons why you should offer benefits, and here are a few of them:

- **Staff feel more satisfied and more valued.**
- **You retain staff more easily.**
- **You become more competitive in a tight labor market.**

Providing benefits does not have to be an all or nothing concept. There are different benefits that can be offered, with varying price points (some may be little to no cost, some may be more significant) and even small increases in offerings can make a difference in a tight labor market. You may be wondering where to start and what your options are. Most importantly, you want to be sure that regardless of what benefits are offered, your employees can:

1. See the value in them.
2. Easily understand them.
3. Easily access them.

What are some common benefits?

Depending on your company size and whether individual employees meet certain requirements, there may be some benefits that are legally required of you (workers compensation, Family and Medical Leave Act (FMLA), and even medical insurance). There are other benefits that are not required but are common amongst employers and are a critical decision-making factor when choosing a place of work. While this is not a complete list, here are some of the [common benefits](#) that a company can offer employees:

Paid Time Off. Paid time off (PTO) is one of the most common benefits and is widely appreciated amongst staff. This can include holidays, vacation, and sick days. Having the opportunity to access PTO can improve staff's overall well-being which can help reduce stress and burnout, especially in a job as demanding as child care. There's no hard and fast rule on how many PTO days should be offered, and the amount of time offered can gradually increase with more time on the job.

Health Insurance. Health insurance is usually one of the first things that come to mind when someone thinks of the term "benefits" and is highly sought after by employees and job candidates. As such, if there is any one benefit worth offering to your employees, health insurance is one to consider. In addition to medical, this benefit can include dental, vision, and prescription coverage. Options within this offering range from full insurance to telehealth only to discount programs. Typically, you would find a benefits provider and offer your employees certain benefits from that provider. You could cover a portion of the cost and the employee would pay a set amount per pay period toward the cost of their plan. Alternatively, another option is to simply coordinate the health plan coverage for your staff, offering coverage without financially contributing to the employee's elected coverage.

Blue Cross Blue Shield and Aetna are two private insurance companies that were frequently named by child care providers across various states.

Small businesses can also help their staff sign up for the Affordable Care Act (ACA). The ACA is the comprehensive health care reform law that provides affordable insurance for individuals. This law addresses health insurance coverage, health care costs, and preventative care. Health insurance premiums continue to decrease in 2022 and are based on family size and income. To learn more about affordable health care options visit the state's [health exchange website](#).

Retirement. Retirement plans allow employees to build financial savings to help them meet their personal long-term financial goals. While employees who opt-in will need to contribute their desired amount of salary per pay period, the benefits that are provided by these plans are 1) individual tax savings and 2) the ability to receive a set amount, or a match to their contribution, by their employer. This will allow their contributions to grow faster, setting them up for higher earnings during their retirement. There are several types of retirement plans, each with their own requirements and advantages. Here's a quick summary of the plans:

| Plan | Employees | Tax Advantages | Advantages | Disadvantages |
|--|---|---|--|---|
| Simple IRA or Simple 401(k) Learn more. | 1 to 100 (including self-employed or sole proprietor) | Employer contributions are deductible for the business. Employee contributions are pre-tax. | <ul style="list-style-type: none"> • Easy to set up • Employer and employee can make contributions • No tax filing requirements | <ul style="list-style-type: none"> • Contribution match required • Lower contribution limits • Immediate vesting |
| SEP IRA Learn more. | Just you or you and employees | Employer contributions are deductible for the business. | <ul style="list-style-type: none"> • Easy to set up and manage • Contributions are deductible • Large contributions allowed • Contributions can vary by year • No tax filing requirements | <ul style="list-style-type: none"> • 100% employer funded • Immediate vesting • No catch-up contributions |
| Individual or Solo 401(k) Learn more. | 1 (self-employed or sole proprietor) | Employer contributions are deductible for the business. Employee contributions are pre-tax. | <ul style="list-style-type: none"> • Contribute as an employee and employer • Potential to borrow from the plan • Early withdrawal possible | <ul style="list-style-type: none"> • More administration and management • Annual tax filing |
| 401(k) Plan Learn more. | All sizes of companies with employees | Employer contributions are deductible for the business. Employee contributions are pre-tax. | <ul style="list-style-type: none"> • Contributions are deductible • Tax credits may be available • Potential to borrow from the plan • Vesting schedule available | <ul style="list-style-type: none"> • More administration and management • Annual tax filing |

Supplemental Insurance. Supplemental insurance programs include coverage such as short or long-term disability, accidental and other plans to cover unexpected critical health events. Employee Assistance Programs are another example of supplemental insurance which could give them access to programs to address mental health and other well-being supports. These are typically more affordable than offering medical insurance, however, do not replace it.

Tuition Assistance and Staff Development. Staff professional development is an integral part of the child care business model. Not only are there requirements around staff trainings, but the more knowledge your staff have in child development, the better the experience will be for the children in

care. Many providers find they can provide these benefits for staff through participating in programs such as:

- [Unified Virginia Quality Birth to Five System \(VQB5\)](#)
- [VDOE Scholarship program](#)
- [G3 \(Get a skill. Get a job. Get ahead.\)](#)
- [Pathfinders - Virginia Early Childhood Foundation \(vecf.org\)](#)

Child Care. Offering discounted child care to your staff's own children is a great benefit that most child care programs find easy to implement. Not only will this benefit give staff peace of mind, but it can also help them to afford the expense of child care which is usually a drain on their personal budget.

Bonuses. The ability to receive bonuses is a benefit that many employees value, especially during these times as staff have had to work harder, longer hours, and under challenging circumstances. There is an opportunity to reward hard-working employees for this additional effort through temporary pay increases and bonuses. To learn more about this benefit and structuring bonuses, see [How Can I Financially Reward My Staff?](#)

I'm ready to offer benefits, now what?

Now that you know your options and have decided what benefits are right for your business at this time, you may be wondering how you'll go about implementing them. In [How to Implement Staff Benefits](#), we review the different platforms to use to administer your benefits and determine the affordability of certain benefits.

For more help on understanding and offering employee benefits, register to connect with a business coach at <https://www.vecf-cses.com/register-for-free-coaching>.