



How to Implement Staff Benefits?

Learn your options to administer staff benefits and determine affordability

How do I offer staff benefits?

First, you should understand what benefits you would like to offer based on your organization and employee's needs, goals, and budget, then think through the types of benefit providers that will help you to make it a reality. Here are some benefit providers that you may come across:

Private insurance (these are the traditional insurance providers like a Blue Cross Blue Shield or Aetna). The most common type is a group plan purchased by the employer that covers employees, and possibly their family members. These plans may cost less than an individual seeking their own plan however could still have a price tag that may be too costly for the average child care provider's budget. You can set how much of the costs you would cover vs. the employee. You can buy these plans directly from an insurance provider, a broker, or your state's [health insurance exchange](#).

Outside of offering company-sponsored health insurance, you can still support your employees on an individual basis in accessing low-cost or free health insurance through the Affordable Care Act marketplace. You can help ensure that employees are aware of what they may qualify for and facilitate a connection for them to work with a free Health Care Navigator who can walk them through their options.

To learn more about affordable health care options, [click here](#).

Existing Payroll companies and online services (like Gusto, Paychex, Zenefits, and others). Employers may be able to purchase group insurance and supplemental plans through their payroll provider. They can act as a broker streamlining the process and help you find plans that fit your needs.

Professional Employer Organizations (PEOs) offer a way to outsource HR functions of your business and they cover things like payroll, employee handbooks, benefits, etc. PEOs serve as professional employers of their client's employees. PEOs allow for small businesses to offer benefits that are usually associated with larger companies as they're able to leverage their large network of employees to offer more affordable rates for insurance and benefits.

A shared services network or other platforms for collaboration (e.g., [Virginia Shared Services Network](#), Chamber of Commerce). By participating in these networks, you can receive discounts on certain benefits through companies that partner with the network (such as medical, telehealth, dental, and

vision). You could also have access to money and time-saving services like insurance brokers and enrollment specialists to guide you through the process of setting up a benefits plan. Typically, membership fees to join these networks are low or no-cost.

Determine what you can afford

Some benefits can be offered at little cost! Remember, there may be invisible costs that offering benefits can help mitigate. Costs associated with employee turnover, such as recruiting, interviewing, training, and onboarding, and vacancies in classrooms can be potentially offset by offering benefits. [Talk with a child care business coach](#) to understand just how much employee turnover is costing you and to explore planning your budget and cashflow to begin offering benefits. Below are some key considerations for health insurance and tax credits that can offset the cost of implementing certain benefits.

Health insurance

Health insurance offerings are incredibly varied. Costs are based on:

- Number of employees covered
- Location
- Ages of employees and their dependents
- What percentage of the health insurance premium you would like to cover? You can choose:

NO OR LOW COST: To arrange a group insurance plan for your staff without paying any premiums. This places 100% of the plan cost upon the employee.

HIGHER COST: To cover a portion of the insurance premium for your employees. Typically, this portion begins at 50%. This places the remaining portion of the plan cost upon the employee. Employees can add family members to the plan at their own expense.

HIGHEST COST: To cover a portion of the insurance premium for the employee plus dependent(s) (typically a spouse or child).

Tax savings alert! Small businesses can benefit from a tax credit that **will reimburse you for half** of your contributions toward your employee's premiums as long as you cover at least 50% or more per employee. There are other guidelines that you must meet, which in most cases a typical small-to-midsize child care business would. For example, if an employee's monthly premium is \$235 and you pay 50% of that, you would be eligible for a tax credit of \$58.75. That translates to annual costs of \$1,410 for you however you would receive back \$705 when you file your return.

For more information, visit the [Small Business Health Care Tax Credit and the SHOP Marketplace for VA](#). There, they give an example of starting costs for health care insurance plans. Remember:

1. These figures do not include dependents. If you choose to cover dependents' premiums as well, these costs will rise.
2. Costs can be much greater than those outlined in the table based on your circumstances and selections.

Retirement

Small businesses that start up a retirement plan can benefit from the Setting Every Community Up for Retirement Enhancement (SECURE) Act tax credit. Eligible employers may be able to claim a tax credit of up to \$5,000, for three years, for the setup and administrative fees associated with starting a SEP, SIMPLE IRA, or 401(k) plan. [Learn more here](#) and be sure to talk with your tax professional about this tax credit opportunity.

What should I look for when selecting a benefits provider?

Once you've thought through the criteria that an employee must meet to be eligible for benefits, you may next think about the cost, how they will be administered, monitored, and tracked within your system.

Here are some questions that you should be sure to have answered as you decide on benefits to offer:

1. Is this benefit affordable for the long-term? What will be the return on my investment?
2. Does it fit the unique needs of my employees? Will they find value in it? If I want to increase staff retention, for example, will this benefit help?
3. What are the total costs including fees and time to administer the benefit?
4. What are the pros and cons of offering this benefit/selecting this benefit provider?

Final Thoughts

Many child care providers view offering staff benefits to improve their operations by boosting morale, decreasing staff turnover, and investing in the longevity of their most important asset – their staff. However, providing benefits can also offer financial benefits through tax deductions, credits, and time savings. Once you decide to offer benefits, be sure to document your policies, and update them as things change. While you are not required to offer certain benefits, you are required to follow the benefit policies that you have set forth. We recommend updating your policies and reviewing benefit offerings at least annually. This will help you stay on top of your needs and your employees' needs as they change.

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