

Inflation and Group Benefits: Practical Ways to Come Out Ahead

Inflation is top of mind for everyone these days, particularly business owners. Over the past 20 years, chartered professional accountants and various industry experts have advised to expect a 6% increase to account for annual benefit inflation in a normal economic environment. These costs are not always born directly as increase in premium, rather, sometimes in the declining buying power of each benefit dollar. In today's "perfect economic storm" and as we navigate this late-pandemic landscape, we are finding higher than typical fee guide increases, increased plan usage and a higher cost of service in nearly every category. The end result is pressure, both hidden and obvious. Dental fees in Saskatchewan have increased an unprecedented 15% in a two year span. Practically speaking, plan members will hit their caps and maximums in this benefit category quicker, as result, even if your most recent renewal premiums have not increased.

We know that a healthy workforce is essential and group benefits are an important tool when it comes to attracting and retaining talent, so how does a business owner navigate plan sponsorship these days and continue receiving the best value for their benefit dollar? One key way to stay ahead is to market your plan every few years. If you have not marketed your plan since before the pandemic, now is the time.

Why? Wouldn't I be better off remaining loyal to one insurer? This is absolutely not the case.

This approach forces insurers to:

1. Compete for your business
2. Justify costs vs. plan usage

By working with an advisor that specializes in employee benefits -- rather than directly with the insurer or general life insurance advisor -- you are benefitting from technical expertise. This approach prompts the broker to:

1. Articulate what is driving plan costs, and develop a plan to communicate this within the group if plan sustainability is at risk
2. Seriously consider whether any components of your plan could benefit from a different risk pooling structure
3. Uncover opportunities for value-add (such as a free employee assistance plan)

While business relationships and loyalty are often key in how you run your business, this is not always the case when it comes to your relationship dynamic with your group benefits insurer. Your plan sustainability matters. If your loyalty and plan management are being taken for granted, it is likely costing you and worth your time to revisit.