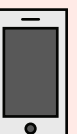
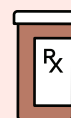
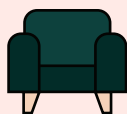




In a Millennial Workforce, Family Friendly Benefits Are the Best Way to Attract Top Talent



Introduction

The war for talent is on – So, what do Millennials look for in their employers?

With the tightest labor market in decades,¹ the war for talent is on, and Millennials are at the center. They make up nearly three-quarters of the workforce² and 90% of new parents,³ and they come to the bargaining table with a distinctive set of expectations and needs. As they launch their own families in an economy marked by rapid rises in healthcare, childcare, and education costs – not to mention forty years of wage stagnation⁴ – it's not surprising that they're looking for benefits to mitigate those expenses. Benefits are even more important to Millennials than they are to the rest of the workforce: *while 79% of all U.S. employees would choose better benefits over a pay raise, for Millennials, that figure jumps to 89%.⁵* When choosing between two jobs with comparable pay and responsibilities, *a full 96% of Millennials say that health benefits are the most important factor.⁶*

As a result, benefits have become a key battleground for attracting and retaining talent. Millennials' demands are driving big changes at leading companies. As Millennials start and grow their families, companies are beginning to introduce fertility support, invest in better maternity care, extend paid leave for both parents, and help new parents find work-life balance. What are Millennials' top priorities when it comes to benefits, and why are they different from earlier generations? We highlight five key trends for employers to consider as they try to attract the top talent under age 35.

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Trend #1

Millennials start their families later.

For the first time in history, *women in the U.S. are more likely to have babies in their thirties than in their twenties,*⁷ and highly educated women are even more likely to delay their first pregnancy until after they turn 30.⁸ Women's fertility decreases after age 31,⁹ and women who do get pregnant after 35 face higher rates of miscarriage, stillbirths, and complications.¹⁰ While popular belief holds that women are the ones with a ticking biological clock, *men's fertility decreases with age, too.* The average age at which American men become fathers is also over 30,¹¹ and couples with older fathers take longer to conceive, with increased rates of miscarriages.¹²

Because they are coming to parenthood later, *Millennials are turning to methods like IVF, egg freezing, and surrogacy more than any previous generation.* These services are not typically covered by off-the-shelf insurance plans, and since their costs can range from tens of thousands to hundreds of thousands of dollars, very few companies can afford to cover them, however desirable they might be. Starbucks covers IVF, but only 26% of companies with over 500 employees do the same.¹³ Facebook and Apple now offer to help employees with some of the costs of egg freezing, but only 4% of employers nationally have followed suit.¹⁴ Since the prices of these services can vary widely at different clinics in different places, many prospective parents struggle to find good information about their options.¹⁵ Meanwhile, for couples who cannot conceive or who choose to adopt, adoption costs can range from \$20,000 to \$50,000.¹⁶ Only 16% of employers offer financial support for adoption, and only 19% offer paid leave for adoptive parents.¹⁴

There is another very serious and often overlooked problem facing older parents in the United States: *older mothers are more likely to be given C-sections than younger mothers,* even when their pregnancies are equally low-risk.¹⁷ The rate of C-sections in the U.S. is already more than twice what the WHO recommends as medically necessary,¹⁸ and performing C-sections in deliveries which don't require them is both more expensive for insurance providers and more dangerous for mothers and babies. Unnecessary C-sections increase the risks of hemorrhages and infections as well as the rates of maternal and infant mortality in the United States,¹⁹ all of which come back to affect employers' bottom line through increased healthcare costs.

As a result, some of the largest and most cutting-edge employers are focused on introducing and enhancing fertility benefits and are seeking out innovative maternity programs. According to a 2017 survey by leading benefits consulting firm Willis Towers Watson, 66% of their employer clients expect to offer fertility benefits by 2019, up from 55% in 2017. And though 84% of their employer clients offer maternity programs through their health plans, companies like Maven, which offers a comprehensive suite of fertility, maternity, and return-to-work benefits, are seeing 500% year-over-year growth as employers seek better options than what currently exists with their health plan.

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Trend #2

Millennials want gender equality as they pursue careers and parenthood.

Nearly half of all Americans are in dual-career couples, and that number is steadily growing.²⁰ *Millennials are more likely than earlier generations to enter married life with the expectation that both partners will share responsibilities at home equally, while giving equal priority to both partners' careers.*²¹ But in practice, things work out differently: *In households with children under six where both parents work full-time, women spend 4.57 hours per day on household chores (including cooking, cleaning, grocery shopping, and caring for children), compared to 2.91 hours for men.*²² New moms who work with Maven share that they are often surprised by the inequality in their marriages during their early parenting years and unprepared for the strain which it places on their relationships with their partners.

One of the most significant steps companies have taken to help Millennial parents establish equality in their relationships is offering paid paternity leave. In recent years, trend-setting companies like Google and Amazon have made a point not just to extend their maternity leave policies, but to offer substantial leave for both parents in the first months of a newborn's life.²⁴ Since the rising cost of childcare is one of the biggest factors driving new mothers to quit their jobs or roll back their responsibilities at work, other companies like Warner Brothers and Patagonia have piloted on-site childcare centers, which, in Patagonia's case, led to a 100% retention rate for new mothers.²⁵ Other companies like Twitter and Etsy offer coaching for new parents and their managers to help them handle common emotions and conflicts during the back-to-work transition in an effective and compassionate way.²⁶ When arrangements like these help women to resume their careers at full-speed after having children, new parents aren't the only ones who benefit: companies also save substantial amounts of money when they avoid employee turnover.²⁵

Trend #3

Millennials seek out products that save them time.^[LTB2]

Whether it's because Millennials are more likely to start dual-career families, or just because of the faster pace and higher demands of modern life, Millennials' consumer practices across all sectors have shown a remarkable preference for saving time. In the food industry, for example, Millennials have shown a much higher preference than earlier generations for ready-to-eat and delivery options with minimal cleanup,²⁷ which has given rise to new companies like GrubHub and Blue Apron. Healthcare is following suit: *71% of all healthcare providers now see patients through some form of telemedicine tools,*²⁸ a change which suits Millennial tastes, since 74% of Millennials would prefer telehealth to in-person visits. Millennials' widespread impatience with the existing healthcare system is spurring the traditional healthcare giants to change their practices – more than half of Kaiser Permanente's patient interactions are now virtual, rather than in-person²⁹ – but it's also creating an opportunity for digital companies to enter the industry and compete successfully with older brands by offering cheaper and faster access to medical advice. Ultimately, making the switch to cover digital health products and programs saves money for employers as well as time for employees, since it replaces the much more costly alternatives of urgent care and emergency room visits for unexpected problems.³⁰ *Within just the last two years, the number of employers who cover telemedicine services jumped from 30% in 2016 to 60% in 2017.*³¹

Many researchers have also noted that Millennials seem to have a broader definition of “health” than earlier generations did, seeking not just the absence of disease, but the presence of ever-improving forms of wellbeing.³² This pursuit of “health” in a broader sense of the word leads to an enormous information overload as Millennials weigh lifestyle advice from online sources on nutrition, sleep, exercise, and more. These same sources shape Millennials' decisions about starting their families: 71% of Millennial parents say that parenting websites, blogs, and forums strongly influence their choices.³³ Given their thirst for health and wellness information, it seems clear that Millennials aren't skipping their traditional doctors' appointments because they're not interested in healthcare: they're doing it because of high costs, weak trust, and very limited spare time.

Trend #4

Millennials solve problems with their smartphones first.

Millennials are the first generation of digital natives to enter the workforce, but that doesn't just mean they use more technology than previous generations did; Millennials use technology in decidedly different ways. The single most dramatic difference is the way that Millennials use smartphones. Half of Millennials check their phone over 50 times a day and spend at least 3 hours on it, while a quarter of Millennials check their phone more than 100 times a day and spend 5 hours on it.³⁴ On the whole, *Millennials moms spend 42% more time on their smartphones than Gen X moms.*³ As a result, not only do Millennials prefer products with digital interfaces over their brick-and-mortar alternatives, but they also *strongly prefer mobile apps over products which require a computer.* Even when Millennial moms do go to brick-and-mortar stores, 80% of them bring their smartphones with them in order to research products before buying them.³⁵ They show similar behaviors when they shop for healthcare, using their smartphones to do research and consume health information outside of traditional doctors' offices, while saving brick-and-mortar visits as a last resort for when their own research fails.³⁶

A new wave of healthcare apps are making it easier than ever to eliminate the brick-and-mortar visit altogether: companies like Insight Optics are integrating smartphone cameras with medical technologies like ophthalmoscopes, so that physicians can provide eye exams remotely,³⁷ companies like Heal are letting Millennials use their smartphones to summon doctors for house calls, while Maven allows Millennials to meet with women's and family health specialists over video or private message and even get a prescription if needed.³⁸ Whereas many healthcare apps that focus exclusively on content and tracking are a dime-a-dozen in the free app store, apps that differentiate themselves by making services easier are the ones providing unique value. In response to this panoply of new ideas, *more than half of employers now offer some sort of health advocacy service* to help employees evaluate their options, compare the costs, and choose their care providers wisely.³⁹

Trend #5

Millennials are very cautious about which companies they trust.

Millennials make their consumption choices with a keen sense of social responsibility. 84% of Millennials don't trust traditional advertising,⁴⁰ while 81% of Millennials say they expect companies to make public declarations of good corporate citizenship⁴¹, and 91% of Millennials say they would switch brands to support one with a good cause.⁴² These convictions explain the spectacular rise of idea-brands like TOMs, which donates a pair of shoes for every pair purchased, and Warby Parker, which does the same thing with glasses. Economists have coined a new term, "buycott," for the practice of pointedly supporting a company by buying from it, in contrast with "boycott," which is pointedly punishing a company by not buying from it. In contrast with earlier generations, Millennials are more likely to buycott, and buycotts have a bigger impact on companies' bottom lines.⁴³ The Millennial social conscience favors the rise of small brands and puts larger, less flexible companies under pressure to acquire when their own products fall out of favor. For companies, the upside of Millennials' social conscience is that Millennials are extremely brand loyal.³⁶ When they find companies which they do regard as trustworthy, they commit for the long haul and become brand evangelists.

When it comes to healthcare, Millennials' social conscience leads to widespread skepticism about a big industry which, when compared with the consumer-focused experiences they're used to in other sectors, looks bureaucratic, monopolistic, and indifferent to consumers'

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tastes. Only 58% of millennials say that they trust their current doctors, and only 41% view their doctor as the single best source of information. In fact, many Millennials aren't forming relationships with primary care physicians at all, preferring just to seek out specialists as the need arises.³⁶ Further, only 20% of Millennial females trust insurance companies and pharmaceutical companies when it comes to their health.⁴⁴ As a result, mission-driven, consumer-focused brands which position themselves outside of the healthcare industry and put patients at the center of their mission are well-placed to gain Millennials' trust.

Millennials' social conscience dictates not just which companies they buy from, but which companies they work for. Better benefits may be the main incentive for Millennials to switch jobs, but better corporate citizenship is also a significant factor. *More than 50% of millennials would take a lower salary to work for a company that shares their values,*^{45, 46} *and 75% would take a lower salary to work for a company that they see as "responsible."*⁴⁷ Since corporate culture is a reflection of brand identity, one of the best ways a company can show responsibility and good citizenship is by setting benefits policies that take care of its employees and reflect the Millennial values of gender equality, family, and wellness.⁴⁸

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Conclusion

Better benefits bring better talent – and lower costs.

Leading companies are winning the talent war by switching to Millennial-focused benefits strategies, and they aren't necessarily breaking the bank in the process. While some Millennial-friendly benefits like IVF are very expensive for companies, digital healthcare options typically save employers money: *companies who embrace digital benefits strategies like mobile apps and telemedicine pay 4.6% less per employee than their competitors do.*⁴⁹ These companies don't add more benefits indiscriminately; they add new kinds of benefits, carefully chosen to reflect the priorities of the Millennial workforce, and they use outcome metrics, not just cost metrics, to evaluate the success of these programs. Companies are treating the health of their workforce as a strategic investment that can pay big dividends in higher retention, lower turnover, higher engagement and productivity, and higher employee satisfaction – all of which translates into a better reputation on the talent market.

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