



Small Business Benefit Trends 2021

Employers are standing by
their people in the face of
tremendous challenges

Insights from a survey conducted by Unum
November 30 – December 11, 2020



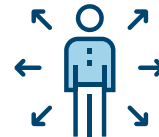
Key trends for U.S. businesses with <250 employees



**FINANCIAL WOES SPREAD
UNEQUALLY AMONG
SMALL BUSINESSES**



**DESPITE CHALLENGES,
BENEFITS PLANNING
LOOKS STABLE**



**HR IS STRETCHED THIN
AND USING OUTDATED
PROCESSES**



**BENEFIT PROVIDERS AND
BROKERS CAN BRING
SOLUTIONS**



Financial woes spread unequally among small businesses

The financial picture for small business is challenging, but the misery is not shared equally. While a sizeable proportion of small businesses were planning to rehire workers or add new employees, just as many were downsizing shifts or hours, or planning layoffs or furloughs. Federal funding kept many afloat in 2020 and continued federal assistance is important to most small businesses.

Almost half of respondents with 100–249 employees said they're planning to hire new people next year, compared to only a quarter of those with under 100 employees.

Small business hiring plans for 2021



PLANNING TO EXPAND

- 36%** Planning to hire new employees
- 23%** Planning to rehire employees who had previously been laid off/furloughed
- 13%** Looking to independent contractors to increase their workforce

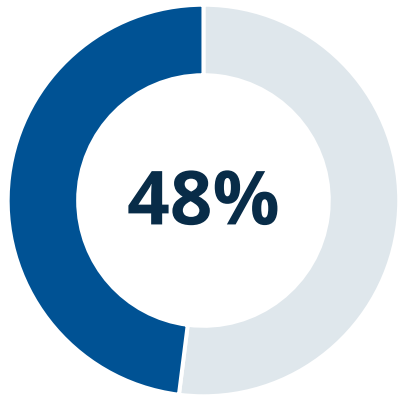


PLANNING TO CUT

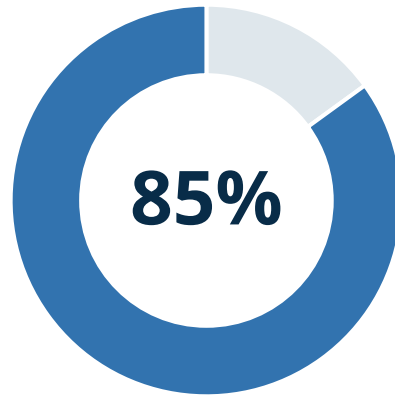
- 29%** Planning reductions in salaries or hours/shifts
- 22%** Planning temporary layoffs/furloughs
- 10%** Planning permanent layoffs

Question: Thinking about your organization's business outlook for 2021, which of the following actions is your organization likely to take in response to expected changes in workforce needs? Respondents could choose more than one answer.

Federal relief funding kept many small businesses afloat — and most think more would help



applied and received federal relief funding under the CARES Act



of those who applied and received CARES funding said it was helpful to maintain operations



77% of all employers surveyed said it was extremely/somewhat important to have access to new/continued federal support for 2021.

Luckily, Congress provided new aid in late December.



Despite challenges, benefits look encouragingly stable

In spite of the economic picture, three-quarters of businesses plan to offer the same or a better benefits portfolio in 2021 vs 2020. About a fifth plan to cut at least one benefit. As the pandemic has made employees more engaged with their benefits, employers should proceed with caution to preserve long-term competitiveness.

"I believe **employees are paying a lot more attention** to what benefits our company offers due to the pandemic."

Unum customer with under 100 employees, from a survey of exclusively Unum customers, November 2020.

Benefit planning changes from 2020 to 2021

Three-quarters of employers will offer the same or a better benefits portfolio in 2021



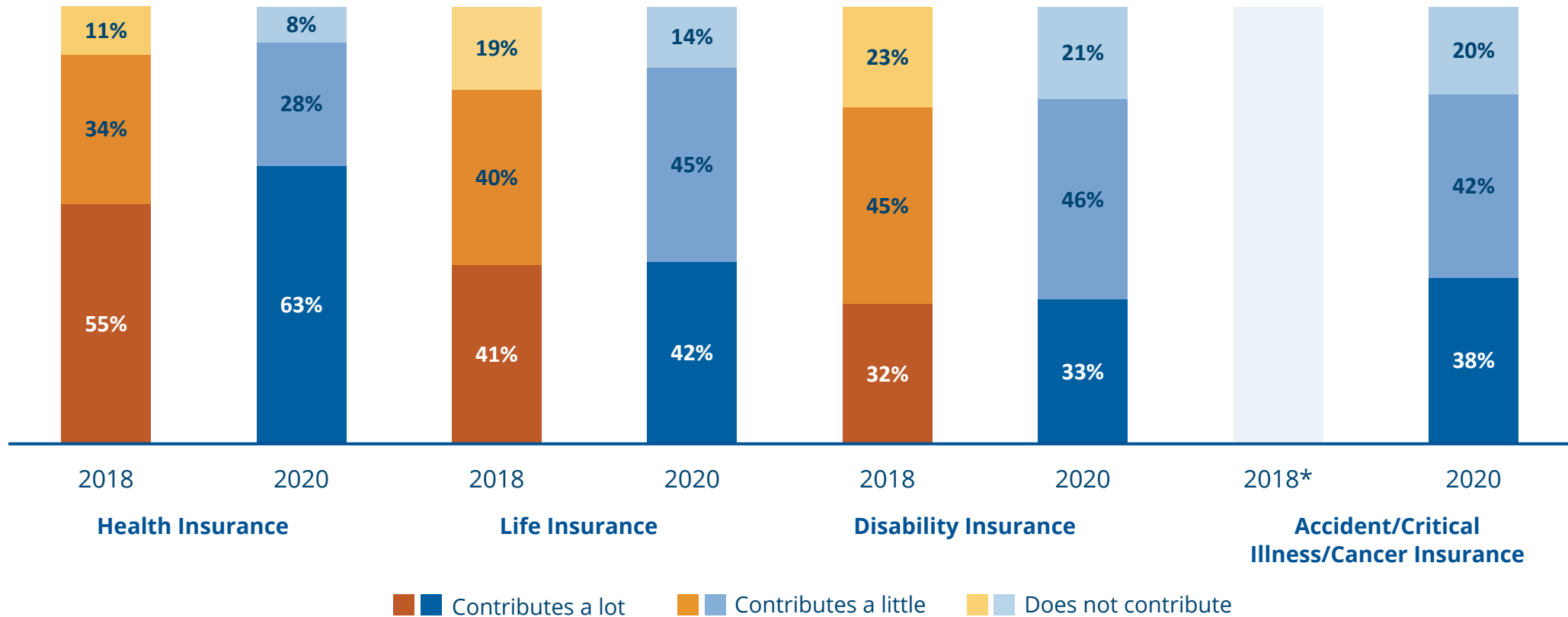


Employers dropping benefits should be careful. They're important long term for recruitment and retention.

According to the [2020 Workplace Wellness Survey](#), **seven in ten employees** agreed that they need their employer's help ensuring they are healthy and financially secure.

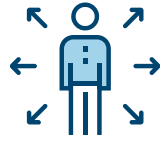
How workplace benefits contribute to feeling financially secure

External survey data reveals that benefits offered by employers are important contributors to employees' feelings of financial security



Source: Employee Benefit Research Institute and Greenwald & Associates, Workplace Wellness Survey 2018, 2020.

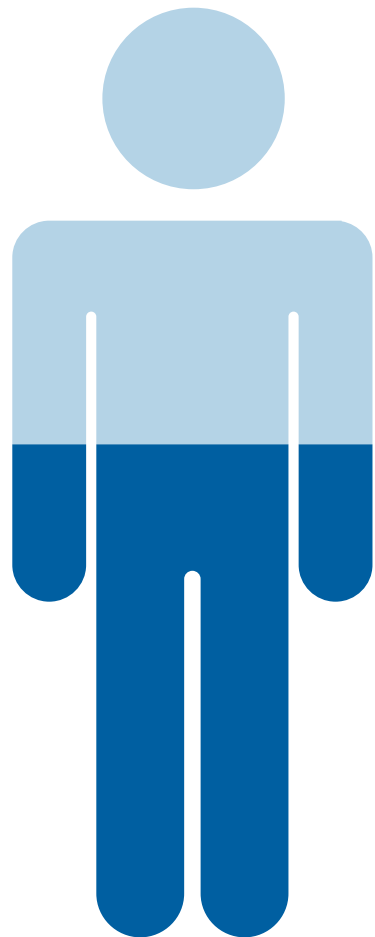
* Not asked in 2018. Question: How does each of the following benefits offered by your employer contribute to your feeling of financial security?



HR is stretched thin and using outdated processes

Few small businesses have the luxury of a large HR team. Many have only one HR person, who wears multiple hats. Outdated, manual processes make their job even harder, as they lag behind in employing digital processes and wrestle with the growing complexity of leave management.

Two-thirds of employers **have not made any changes** to the structure of their organization's HR function as a result of the pandemic.



Multitasking overview

53%

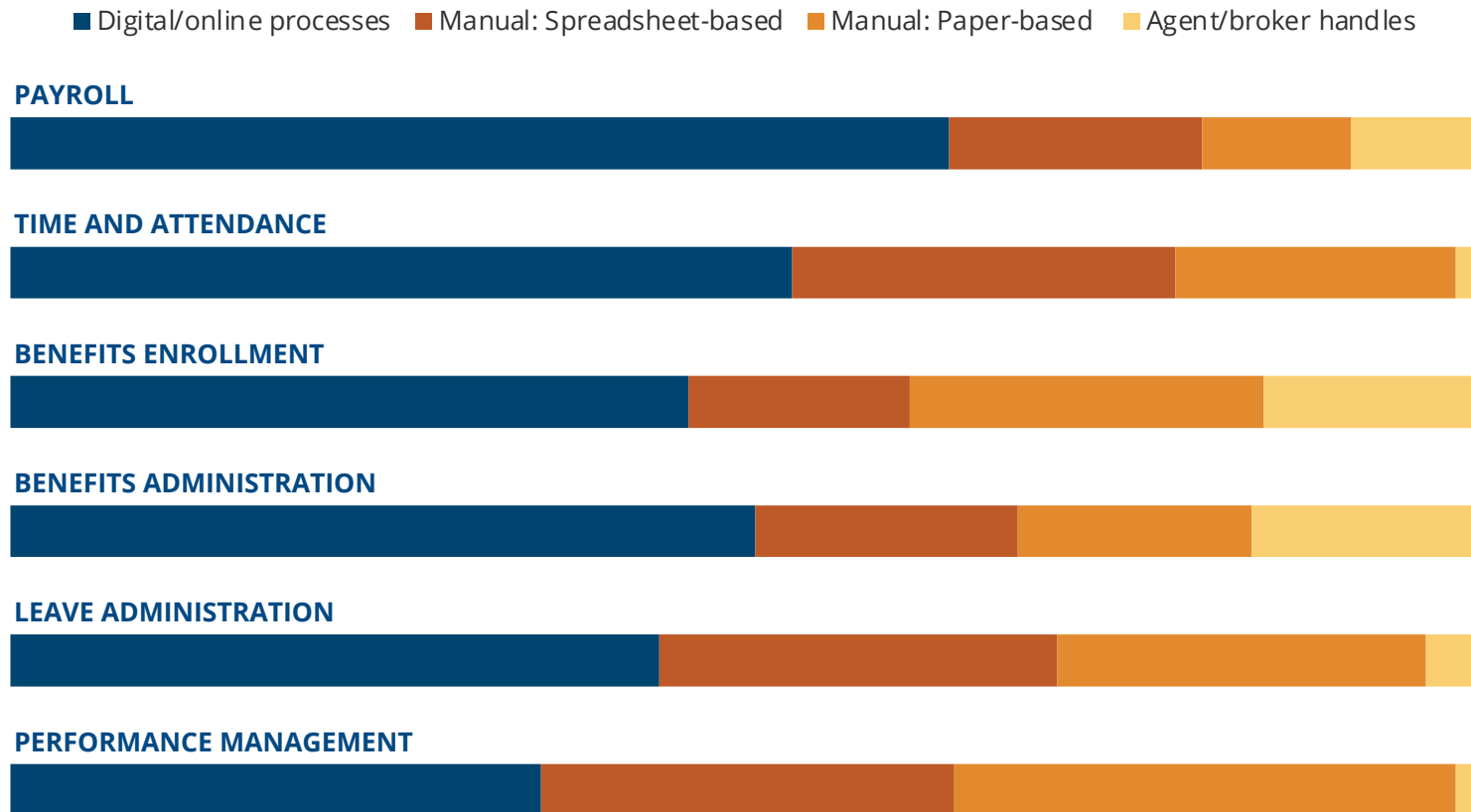
More than half of surveyed employers have **only one person** managing the HR function for their organization.

By company size:

100+ **21%** the HR function is **one of many job functions** handled by that employee.

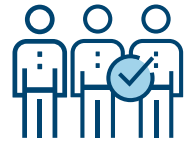
<100 **50%** the HR function **is one of many job functions** handled by that employee.

Outdated HR processes make the job even harder — especially for leave management



YET NO CHANGE ON THE HORIZON

- **Only one-quarter** of small businesses surveyed rely heavily on digital technology to streamline HR processes.
- **A high percentage** use manual processes for leave management and performance management.
- **Two-thirds** have no plans to add new HR technology in 2021.
- **30%** find managing leave and absences “extremely challenging.”



Benefit providers and brokers can bring solutions

As the pandemic makes it difficult to afford new benefits or systems, carriers and brokers can offer technology, services and coverage that can help, including:

- End-to-end digital benefits experiences that **slash HR's time** spent on benefits
- Enrollment systems and education that **help employees make decisions**
- Employee-paid benefits that can help **close the protection gap when benefits budgets are tight**

Benefit providers and brokers can step in to fill gaps when budgets and HR resources are scarce

TECH TO STREAMLINE & SIMPLIFY BENEFITS ADMINISTRATION

- Technology that integrates benefits with HRIS
- End-to-end digital benefit experiences that eliminate time-wasting manual processes

EMPLOYEE-PAID BENEFITS

- Benefits that can be offered at no cost to employers, with rates unavailable on the individual market
- Can close the protection gap when benefit budgets are stretched

EMPLOYEE ENROLLMENT AND HR SELF-SERVICE

- Online enrollment with education and decision tools
- Self-service technology for employees, especially important as more work from home

LEAVE SERVICES

- Help with managing the complexity of short term disability and state paid leaves
- Educational content such as webinars and podcasts with best practices



“If you’re **thinking about dropping benefits due to costs**, reach out to your broker to learn more about employee-paid benefits.”

Kelsey Meteyer Bane, Unum Small Businesses Consultant



Your provider's job is to minimize the time
you spend with them, not maximize it.
Be sure to ask how your insurance carrier
can **make your life easier**.

Shea Treadway

Vice President for Small Businesses
Unum



ABOUT THE SURVEY

- U.S. Employer Insights Survey: Small Business, January 2021. Sponsored by Unum Group.
- Online survey conducted from November 30 to December 11, 2020, focused on small businesses.
- 321 employers, 189 with under 100 employees, 132 with 100–249 employees.
- Wide variety of industries included.
- Respondents limited to persons involved in employee benefits decision-making or administration at U.S.-based organizations.

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Appendix

Processes used for HR functions

What is the primary approach your organization uses to manage each of the following HR functions?

	Payroll	Time & attendance	Benefits enrollment	Benefits administration	Leave administration	Performance management
Digital/online processes	62%	52%	45%	50%	42%	35%
Manual processes	28%	46%	41%	34%	53%	62%
Paper-based	11%	19%	25%	16%	25%	34%
Spreadsheet-based	17%	27%	16%	18%	28%	28%
Agent/broker handles	10%	2%	15%	15%	4%	3%

Figures do not add to 100% due to rounding.