[The 3 Pillars of Benefits Administration Success]

“We’re different!”

For over two decades, nearly every client has told us how unique they are.
You probably feel the same way about your company. The differences are obvious as it relates to industry, demographics, and culture.

However…

Experience tells us that despite a company’s uniqueness, benefits administration success is built on three universal, time-tested pillars.
Without adherence to all three success pillars, your benefits administration programs will be sitting on a shaky foundation.

So, what are these pillars?

Pillar #1: Financial Due Diligence

Some companies only focus on financial due diligence.

Frankly, that’s shortsighted.

Financial due diligence is important for every aspect of business. It is sensible to intermittently benchmark your total cost of ownership and results compared to other available options. It is prudent to carefully watch investments within benefit programs. It is critical to regularly review your benefit administration providers to make sure your provider(s) are delivering the quality and value you expect.

Most benefit professionals understand the importance of financial rigor, but lack a disciplined process that demonstrates that financial due diligence was applied to measure the reasonableness of provider fees.

Due to ever tightening budgets, employee benefit professionals leave themselves open to questioning without a rigorous and disciplined approach to financial due diligence.

Clients often know their outsourcing provider is charging above market for core services and special projects (change orders), but they feel that it is too painful to change providers, the plans are too complicated, or they want to stay with their provider/consultant due to the length of the relationship.

We understand. These are important considerations as well, which is why financial due diligence must be balanced with the other two pillars, which brings us to…

Pillar #2: Employee Engagement

You can have low and predictable fees and well managed benefit programs, but if you have low engagement, your benefits programs can't be considered a success.

It is sensible to work towards the outcomes most important for both your organization and the employees who serve your organization.

There are many ways to increase employee engagement with respect to benefits. Some situations require more personal attention and counseling. Other situations are better addressed with innovative technologies and tools.

You have numerous options in this area. Be creative. Make employee engagement a top priority for your team.

Pillar #3: Governance and Risk Mitigation

No organization or fiduciary officer wants to face legal challenges, but often benefits administration executives think financial due diligence is enough to mitigate risk.

It isn't.

How will your organization defend why you made the decisions you did five or ten years ago? How will your organization defend why exceptions were made for one person, but not another?

Solid governance includes creating documentation of your decisions and enforcing policies that are uniformly applied. Governance gets overlooked because it's the least exciting part of benefits management, but it's critical to your success.

Companies are aware that investments in plans can be a source of significant liability. Few appreciate that plan administration can also be a source of considerable liability and expense beyond contractual fees. Moving to a provider involves creating detailed plan requirements and procedures. However, these may be susceptible to human error and gradually erode over time. Many organizations do not know whether the provider is in fact following the procedures. How does your organization know if your benefit plans are managed in a compliant manner?

Effectively mitigating risk that can result from inaccurate plan administration requires diligence and going beyond the periodically reported performance metrics. Periodic and in-depth examinations of plan operations – both in-house and outsourced functions – can provide insight into areas ripe for process improvement and how procedures may be improved to reduce potential liability.

Balancing the Three Pillars

Your benefit plans should be as unique as your organization. There is no “one right way” to balance these three pillars. That’s why we begin every project by understanding your needs, your issues, your priorities and the outcomes that are most important to you. We help you stay aligned with your organization’s values and priorities.

When you evaluate your benefit program using this framework, your discussions will be based on evidence.

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