

Benefits CANADA

Intergenerational Differences in Benefits Needs and Wants

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There has been a lot of discussion about intergenerational differences in benefit needs and wants. There are now four generations represented in today's workforce—the traditionalists (born pre 1945) the boomers (born from 1946 to 1964), generation X (born from 1965 to 1979), and now the millennials (born after 1980). Each grew up in a different world—a world that has shaped their needs and wants related to employee benefits. The boomers are generally risk averse, focusing on stability, wealth accumulation—steady as she goes—don't make any waves. Millennials are motivated by one thing—what's in it for me—and immediate gratification. Whatever you have to offer —give it to me now and it had better be good. Does any of this ring true?

However, it's probably a mistake to stereotype the benefit needs of employees born in any particular generational band. It's not hard to find people born in the boom that are thinking and acting like those born in the '80s.

For HR management, it may be best to take another view of your employee benefit programs and how they respond to both employee needs and those of the business.

- Flexibility makes sense for a lot of reasons—it always has. Broadening the scope of what could be considered an employee benefit—not because of intergenerational differences—but because innovation and creativity can enhance the employment brand. Innovation in health spending accounts, for example, has little to do with responding to generational differences, and everything to do with cost containment and cost management.
- Technology advances have been spectacular in the last 10 years. Who even heard about social networking or a wiki in the era when Jean Chretien was prime minister? Technology is for the delivery and communication of employee benefits and increasingly, it can help sponsors capture information about employee preference. Understand the tech aptitude of your employee population and respond accordingly.
- Listen to your employees and do not make generalizations. Seek out their opinions on their needs and wants, and be prepared to follow-up and make the required changes. It has often been said that when implementing a more flexible benefits arrangement, the plan sponsor is doing so for the 10% to 20% of the employee population that really values “choice.” This hasn't changed, the needs of today's generation entering into the workforce are not materially different than 10 or 20 years ago. The millennials are characterized as demanding more work/life balance, but what boomer doesn't want that, too? Do not make assumptions.
- And finally, approach plan design with both generational and cultural flexibility in mind. With immigration expected to be an increasingly important source of new workers in the future, it is important to understand how culture may impact on the benefit needs and wants of these new employees. For example, some cultures do not believe in life insurance, and therefore allowing these employees to opt out of this coverage may be worthwhile in an effort to attract and retain these workers.

Understand the dynamics in your workforce and in the market where you'll recruit workers, to maximize the return from an investment in a benefits program. Do not generalize about the needs and wants of different demographic groups. Use technology to help you understand and respond. Ultimately, increased flexibility to allow each of us to design our own benefits and/or compensation package can help manage costs, add to the employment brand and respond to the needs of employees. A generation later, it still makes sense.

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