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Banyan Consulting is pleased to present our monthly newsletter. We hope the articles in this and future editions will provide insight into an array of employee benefits topics.

We appreciate your feedback! If you have a topic for future discussion, please let us know.

Generation Y & Benefits Communications Issues

Generation Y is filling up the workplace and the world. Employers who want to gather, engage and keep these workers must know their preferences and styles of communication. This is especially true in the aspect of workplace benefits. Employers' ability to attract and keep these younger employees is becoming an important part of ensuring long-term success in business. The Baby Boomers are starting to retire in larger numbers and will continue to do so in the future. Since the younger generation has different needs, preferences and expectations, companies must approach benefit package designs in a different way. If employers resist these necessary changes, they could face losing employees and their competitive edge. This means they'll be left behind in the business world, which is progressing faster each year. There are several things employers and HR managers need to consider about adapting to the new generation of workers.

1. Generation Y members are usually less financially stable. In comparison with older generations, the younger generation appears to be much more irresponsible with money and financial obligations. Almost half of the individuals in the younger generation pay bills late, have significant credit card debt and are not setting away money for financial emergencies. This generation also switches jobs frequently.
2. Generation Y prefers personal communication. While previous generations favored the traditional way of looking for benefits

information in the workplace, the younger generation prefers personal communication. Although most people think this generation is constantly wired, they tend not to look online for resources. They feel that all resources and information should be brought to them. However, older workers are more likely to look for blogs, forums and other valuable sources of online information independently. The younger generation members are also more likely to ask family members or friends for such information.

3. Generation Y values strong benefits but they're usually under-insured. Although most of the individuals in this generation think that benefits are the most important aspect of a job, they often have inadequate insurance. However, they're the group of workers who are least likely to take advantage of insurance in the workplace. This includes disability, life, accident insurance and major medical plans.

Opportunities For Benefits Communication

In the research for a clearer opportunity for employers to engage Generation Y workers, the research of benefits communication appeared. Workers in this generation usually rate employers unfavorably for the effectiveness of benefits they offer. There are several steps employers can take to boost the effectiveness of communication between themselves and these younger workers. The following are a few valuable suggestions:

- Implement one-on-one counseling.
- Employ several forms of communication.
- Make content interactive and engaging.
- Use the proper technology for the message.

As benefits decisions continue to shift toward employees, the workers of Generation Y will become more enthusiastic toward the information and products required to manage personal financial security. Employers have the opportunity to build a better ROI by properly evaluating the benefits they offer. They must also evaluate the methods of communication used to appeal to individuals who are part of Generation Y. By doing this, employers will enjoy a more engaged, productive and loyal workforce.

Benefits Education Boosts Employee Morales

Although the morale of many employees is below an optimal level, benefits education continues to be effective in boosting satisfaction in the workforce. More than half of employees in the United States feel that their employers value their work. However, this number seems to have declined from the average percentage in recent years. There may be several different reasons for a

continuously low morale among employees. The reasons they're not bouncing back are mostly due to varying personal experiences and situations. However, a benefits education program that is structured properly can be highly effective in boosting engagement. It is also a low-cost way to gain interest among employees.

In a world where many employees have experienced salary freezes or witnessed their colleagues being laid off, it's important for employers to invest more time in communicating benefits options with them. This makes employees feel valued. Research shows that most employees don't feel that their valued in the workplace, so this issue should be a top priority. In an economy with jobs in high demand, employees feel more insecure and replaceable. They may not know how expensive and detrimental it is for employers to replace them and hire new employees. They may also doubt the longevity of the companies they work for. It's important for employers to show how much they value their employees. They should shift some of their attention from the areas in which their business is affected by the economy to finding better ways of engaging employees with benefits education.

A benefits education program that is structured properly may have a significant impact on workforce satisfaction. If employees rate their benefits education favorably, they are more likely to rate their employers as very good or excellent. The same ratings usually also apply to the workplace. However, if employees feel that their benefits education is poor, they're more likely to give their employer and workplace poor satisfaction ratings. Employees who rate their benefits education highly also say they would be more likely to continue working for their current employer. They usually say that they would stay with the employer if they were offered identical benefits packages and pay elsewhere. Workers give life to businesses. They're the most important elements for success in such a challenging business world. In the fluctuating economy, employers must work hard to show their employees how much they care. Neglect or care for an individual's well-being is often what destroys or builds loyalty. If the employees experience benefits, the entire business also benefits. It's much more difficult for a business to survive without content employees.

Banyan's Fall Seminar

GET YOUR DUCKS IN A ROW

In 2012, your employee...

- asks for an early 2012 W-2 form including the cost of the health plan. Are you ready?
- would like to enroll her same-sex spouse in the health plan. Can she?
- wants to change all of his employee benefit elections mid-plan year. You say he cannot. He says he wants to see proof. How do you prove it?

- requests a copy of her new 4-page Summary of Benefit Coverage included in PPACA. Where do you get it?

If you're unsure how to answer these questions, join us on 10/27/11 to learn the answers to these questions and more!

Click here to read more on [Banyan's Fall Seminar](#)

Featured Link

Curbing FMLA Abuse: Policies Restricting an Employee's Travel While on Paid Sick Leave

This post was contributed by Jodi Frankel, a new Associate in McNees Wallace & Nurick LLC's Labor and Employment Group. Jodi graduated from the University of Virginia School of Law in May 2011 and sat for the Pennsylvania bar exam in July 2011.

So your employee recently posted photos of herself lounging poolside with margarita in hand while out on FMLA leave. Can you do something more than just compliment her nice tan?

Earlier this year, in the case of *Pellegrino v. Communications Workers of America* (PDF), a Pennsylvania federal court answered yes. The court upheld the termination of an employee for violating a work rule that restricted employee travel outside the immediate vicinity while on FMLA leave.

Under a policy in its employee handbook, CWA provided sick pay to eligible employees on approved medical leave. Such wage replacement, however, was subject to certain restrictions. Specifically, employees were required to remain in the immediate vicinity of their homes while on sick leave unless they were seeking treatment or attending to ordinary and necessary personal or family needs. Employees also were permitted to leave the immediate vicinity if they received express permission from CWA.

Denise Pellegrino, a CWA employee, was out on approved FMLA leave following surgery. She also received sick leave pay under the CWA policy. While out on leave, Pellegrino took an unapproved week-long vacation to Cancun, Mexico. CWA learned of Pellegrino's travels and fired her; at the time of her termination, Pellegrino had yet to return from FMLA leave. Pellegrino sued claiming that CWA had unlawfully interfered with her right to take FMLA leave. CWA claimed that her termination was unrelated to her status under the FMLA, but rather because she violated its leave policies. CWA said it would have terminated Pellegrino regardless of whether or not she was on FMLA leave.

While the court agreed that Pellegrino was entitled to unpaid leave under the FMLA, it found no evidence that CWA's sick leave policy or its decision to terminate her employment while she was still out on leave improperly interfered with her rights under the FMLA. In fact, the court noted that to the extent the CWA policy provided a wage supplement, it might have actually encouraged employees to take advantage of their rights under the FMLA.

In its ruling, the court noted that "the FMLA does not shield an employee from termination if the employee was allegedly involved in misconduct related to the use of FMLA leave." Similarly, companies have the right to create and enforce leave policies, including policies designed to rein in FMLA abuse, so long as such policies do not abridge an employee's rights under the FMLA. Where a sick leave policy has been adopted, the employer has the discretion to enforce it through means such as termination. The court further noted that, even in the absence of an explicit policy limiting employee travel while out on FMLA leave, an employer might reasonably terminate an employee for taking a vacation while receiving sick leave pay.

Sick leave policies similar to CWA's were previously upheld by courts in Pennsylvania. Such policies have included requirements that employees absent on sick leave stay at home during working hours, that employees obtain medical authorization and employer permission to leave the home, and that employees be subject to calls or visits by their employer.

The Pellegrino case underscores the court's growing concern with FMLA abuse and provides precedent for restrictive sick leave policies. However, an employer who suspects that an employee is abusing FMLA should conduct a thorough investigation and allow the employee to explain his/her conduct before taking immediate employment action.

Client Spotlight

Infrastructure is honored to announce that it was selected as the Company of the Year in the Business Review Achievers 2011 program.

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