

VOLUNTARY BENEFITS FOR VOLUNTEERING EMPLOYEES

by [Steve Brown](#)

This is a great country because people volunteer to do all kinds of things. Whether it is getting the word out to vote, helping out at a child's school or feeding the homeless, people like to volunteer. At a minimum, it gives us a sense of altruism, meets personal needs and makes us feel good inside. Community bankers volunteer all the time for events in their area and employees are a big part of that process. In like fashion, more community banks are "volunteering" benefits to employees, as a way to reduce costs, while improving lives.

Voluntary benefits can run the gamut, but all are designed to reduce costs, offer a competitive edge in recruitment, enhance retention and boost employee loyalty. Popularity of voluntary benefit programs has skyrocketed so much, that studies show 70% of companies with 100 or more employees now offers at least 1 voluntary benefit and 65% of companies with at least 10 employees do so.

The top 5 voluntary benefits offered, according to employer studies are supplemental life insurance, dental, long-term care, vision and legal plans. While many community banks offer some or all of these, the good thing about voluntary benefits is that employees make the choice and are able to customize their selection as a result. Other mainstream offerings banks may consider as part of their voluntary benefits package can include prescription drug insurance, short-term disability insurance, flexible spending accounts and health savings accounts. No matter what types of perks are ultimately selected, bank executives may be interested to know that studies find 84% of employers that offer voluntary benefits say doing so increases loyalty and retention.

We outlined the typical voluntary benefits offered, but what about the atypical just for fun? Here we find employers may offer a gym membership, paid time off to volunteer, health screening, discounts on mobile phones/computers, gas cards, travel insurance, pet insurance, on-site daycare, snacks/beverages, sabbaticals and leadership development programs. Depending on areas of interest, each of these can be enjoyed by employees throughout the company.

Finally, we take a closer look at the pros and cons of a flexible work schedule, since so many banks often wonder about this. When it comes to flexible work schedules, such as 4x10 hour days or working from home, there are many considerations for the bank. Pros include (as shown from multiple studies) better morale, lower turnover, increased productivity, improved quality and reduced absenteeism. To be sure, not every position within the bank is a candidate for this, but for some, it may be worth exploring. Flexible schedules have also been shown to shift management to a philosophy that focuses more on results or contribution and away from personal interaction or hours worked. As for the downside of flexible schedules, they require significant planning to be successful, managers and employees need to be retrained on accountability and performance tracking and the right to a flexible schedule should be continually evaluated against measurable results to ensure it is still working properly.

Whether or not your bank offers voluntary benefits, they are certainly worthy of consideration.

BANK NEWS

Beta Loan Test

The FDIC announced that it will hold a test sale of distressed bank loans in June in order to fine-tune the Legacy Loan Program's sales process.

Stress Test

Regulators are sitting down with the 19 largest banks as you read this to discuss results of their respective stress tests. Results will be released on May 4th.

Lawsuit

California Attorney General Jerry Brown (former and potential future governor) filed suit against Wells Fargo, alleging that investors (including the State of CA) that bought their auction rate securities did so based on "false and deceptive" claims. At issue were claims regarding high liquidity and the "cash equivalent" nature of these securities that proved false when investors went to sell them at the end of 2008.

SunTrust

Largely due to a \$714.8mm goodwill charge and increasing loan loss reserves to \$994.1mm, the bank posted an \$815.2mm net loss for the 1Q.

Bankruptcy Credit

According to a study by FRB Boston, 9 out of 10 individuals who file for bankruptcy have access to credit less than 18 months later (of those, nearly 25% have access to even more credit). Personal filings rose 41% in March from a year prior.

Foreclosures

For the 1Q, the top 26 US cities with the highest foreclosure rates were all concentrated in AZ, CA, FL and NV. Including IL, these 5 states contained almost 60% of all foreclosure filings in the 1Q.

Missing Payments

A study by the Boston FRB finds unemployment and a falling home price are the two biggest factors that lead people to miss mortgage payments. Interestingly, stiff loan terms and high interest rates had a much smaller impact.

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