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8 ways Alight Worklife<sup>®</sup>  
helps employers  
optimize costs



alight



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# Introduction

## **Organizations face new pressures**

Rising challenges around talent retention, benefits costs and the push for efficiency continue to put pressure on organizations of all sizes. As the business landscape becomes more competitive, HR leaders need proven transformation strategies to tackle these issues. Here, we examine these key challenges more closely and discuss how integrated employee experiences are helping organizations overcome their toughest HR challenges.

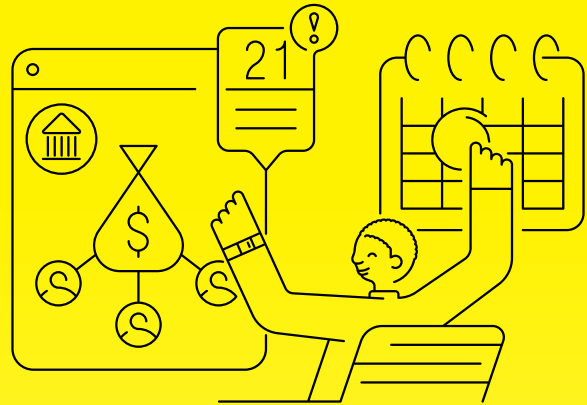
## **The departure dilemma: exploring employee exodus**

### **A striking departure**

Consider this striking statistic: in 2022, 51 million US workers voluntarily left their jobs. To put this in perspective, the US workforce comprises about 165 million individuals. Crunching the numbers, it's evident that roughly a third of the workforce chose to depart in 2022. Adding to this, the average cost of employee turnover is around \$18,000, driving employer turnover costs to over 900 billion dollars.<sup>1</sup>

Examining employee retention more closely reveals insightful fragments:

- Every month, 3 to 4.5 million US employees quit their jobs.<sup>2</sup>
- A substantial 45% of the American workforce is actively looking for better positions.<sup>3</sup>
- US employers are spending approximately \$2.9 million daily in search of replacements.<sup>4</sup>



## **Managing benefits costs: navigating financial challenges**

### **Anticipating rising costs**

Turning to benefits costs, McKinsey projects a potential 9–10% increase in health-related expenses by 2026, owing to inflationary pressures of renegotiated provider contracts.<sup>5</sup> In addition, labor costs, including wages, benefits, and other expenses associated with employees, are expected to increase by 6.5% to more than \$13,800 per employee in 2023.<sup>6</sup> These projections pose challenges for employers aiming to provide attractive benefits while containing costs.

## **Boosting efficiency: the power of engaged employees**

### **Gains from engagement**

Lastly, enhancing productivity and efficiency is paramount. Empirical evidence showcases that companies with highly engaged employees boast 21% higher profitability compared to their less engaged counterparts, highlighting the significance of a motivated workforce aligned with organizational goals.<sup>7</sup>

<sup>1</sup> <https://info.workinstitute.com/hubfs/2023%20Retention%20Report/Work%20Institute%202023%20Retention%20Report.pdf>

<sup>2</sup> <https://www.apollotechnical.com/employee-retention-statistics/>

<sup>3</sup> <https://legaljobs.io/blog/employee-retention-statistics/>

<sup>4</sup> <https://hailo.com/blog/employee-engagement-8-statistics-you-need-to-know/>

<sup>5</sup> <https://www.mckinsey.com/industries/healthcare/our-insights/the-gathering-storm-the-threat-to-employee-healthcare-benefits>

<sup>6</sup> <https://www.bls.gov/eci/home.htm>

<sup>7</sup> <https://legaljobs.io/blog/employee-retention-statistics/>

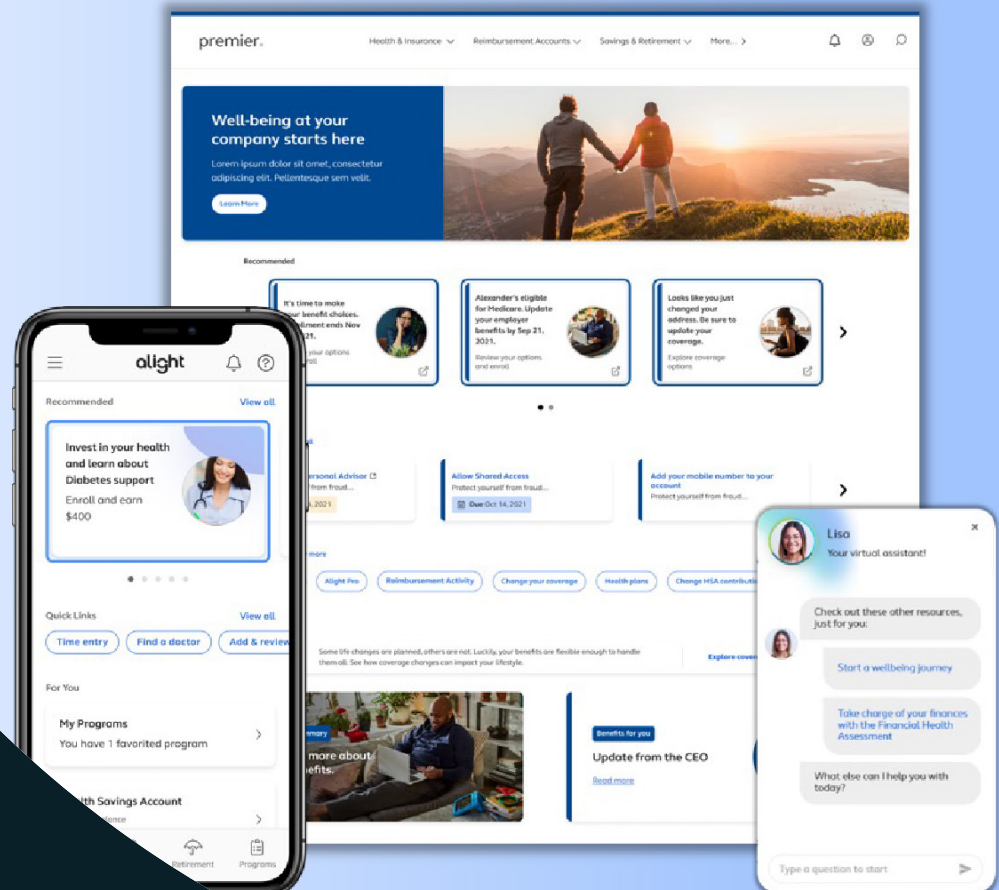
# HR transformation: Alight Worklife can help

Alight empowers organizations to transform their HR function and stay competitive by addressing top talent, cost and efficiency challenges. Our flagship AI-powered platform, Alight Worklife, achieves this by promoting holistic employee wellbeing through an integrated employee experience solution.

Specifically, Alight Worklife supports talent retention, cost optimization and productivity for global companies in three key ways: First, it provides employees a centralized platform integrating benefits, payroll and other HR services into one intuitive interface. This simplifies and improves the employee experience. Second, it offers a range of physical, mental and financial wellbeing solutions tailored to individual needs. This promotes better health outcomes and greater engagement. Third, it leverages AI and advanced analytics to provide data-driven insights. This enables more strategic decision-making around benefits, compensation and other HR investments. Together, these capabilities optimize HR spend while enhancing productivity, satisfaction and retention.

Agreeably, in today's competitive landscape, organizations are under intense pressure to optimize costs across all functions, including HR. This ebook dives into how the Alight Worklife platform empowers HR leaders to make data-driven decisions that optimize costs for benefits, compensation and other programs.

**Let's get started.**



# Drilling down into cost optimization

Here are the ways Alight Worklife helps HR leaders to save cost:

1

## Cost reduction from personalized healthcare and wellbeing

Alight Worklife takes a comprehensive approach to improving employee health and reducing employer healthcare costs; here's how:

- Health Navigation services connect employees to guides who can coordinate care, find cost-effective providers and resolve claims issues
- Social diversity data helps target lifestyle or health intervention communications to the appropriate people
- Personalized wellness programs, including fitness, nutrition and mental health, are tailored to individual needs through the Alight Well platform
- Diverse wellbeing and life enrichment programs in the Alight Wellbeing Marketplace supplement employer plans
- The full ecosystem of HR and benefit programs are integrated into Alight Worklife for ease of use and value-based analytics
- Digital health coaching with personalized tracking reminds employees of their health goals

### Key cost saving opportunities:

- Increased use of preventive services and better management of chronic conditions reduces the need for expensive treatments, ER visits and hospitalizations
- Proactive outreach to high-risk individuals closes care gaps, improving health behaviors and reducing lifestyle risks
- Targeted programs, like diabetes management, generate measurable cost reductions by improving outcomes
- Critical insights and actionable data enable optimization of health investments for greatest impact and savings

By improving workforce health, Alight Worklife's integrated platform simplifies delivery of impactful programs, while tracking usage and outcomes. This demonstrates the tangible financial benefits for employers from reduced healthcare spending through strategic health and wellbeing initiatives.

## 2

## Higher FICA tax savings from AI-powered interactions

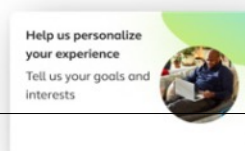
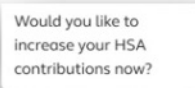
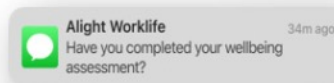
Alight Worklife leverages AI technology to optimize costs by increasing the adoption of pre-tax programs like FSAs and HSAs. The platform offers the following features:

- 1:1 personalized campaign delivery for targeting persona groups across channels
- Out-of-the-box campaign content library that promotes reimbursement participation programs across key moments that matter
- Always-on web and mobile recommendations that increase engagement
- 24/7 chat support from “Ask Lisa” virtual assistant to educate employees on reimbursement program options

### Key outcomes:

- Higher FICA tax breaks for employers with increased employee participation in reimbursement programs
- Greater employee awareness and adoption of tax-savings programs
- Improved engagement throughout the enrollment process via tailored guidance
- Maximized program impact through data-driven automation and personalized outreach
- Larger payroll tax advantages with increased program participation

Alight Worklife’s AI capabilities boost employee participation in tax-advantaged programs and deliver impactful cost savings to employers. Not only does Worklife make benefits enrollment easy and accessible, the personalized and omni-channel approach to engagement supports decisions that improve overall wellbeing.



### 3

## Cost reduction from automation of payroll processing

By automating manual payroll processes with Alight Worklife, major cost savings opportunities are possible. An end-to-end payroll administration and processing solution within a single platform, Worklife drives organizational efficiencies that might otherwise prove difficult.

### Key benefits include:

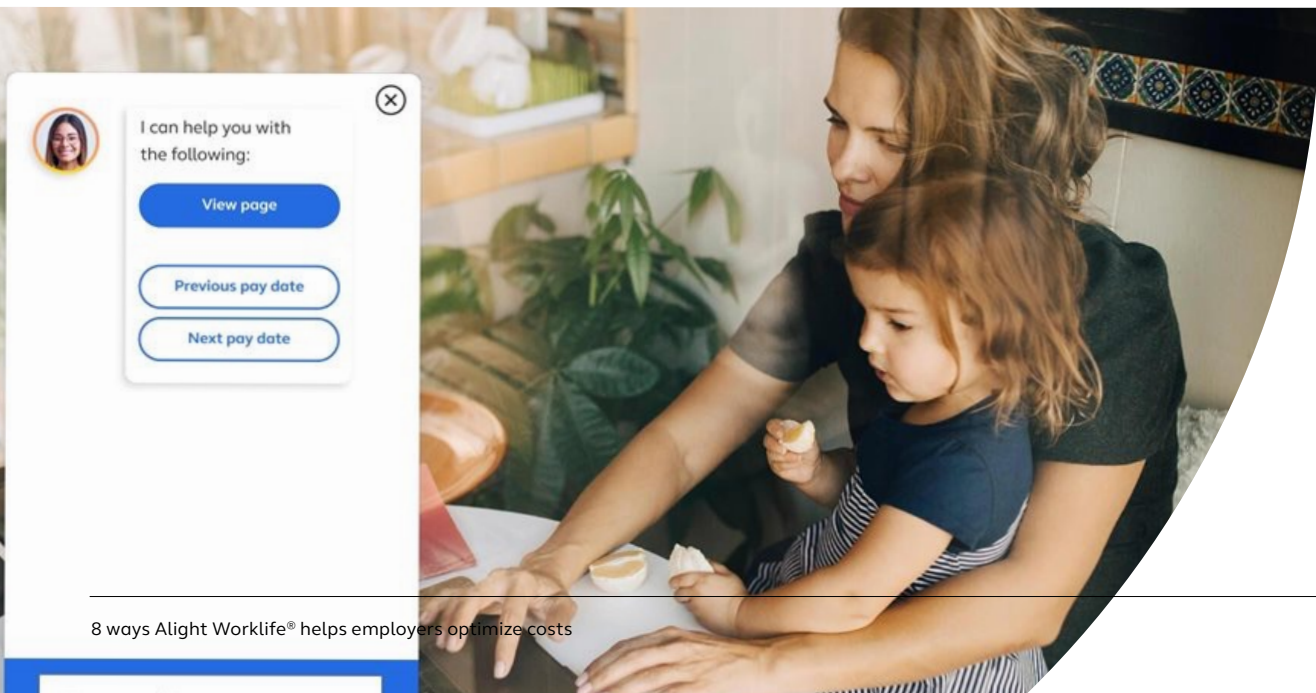
- Reduction in payroll leakage from errors and overpayments to employees or contractors
- Automated pay calculations for salary, hourly and overtime policies
- Streamlined tax calculations and automatic deductions from source
- Auto-generated pay statements, W2s and required filings
- Real-time reporting on payroll costs, liabilities and more

By eliminating manual processes, organizations can significantly reduce payroll administration costs and reduce time spent on mundane payroll tasks. Worklife automation also minimizes compliance risks and filing errors, creating further cost savings through penalty avoidance.

### Key areas of organizational cost savings include:

- Payroll processing – by reducing time spent on manual work
- Compliance – by minimizing time spent on corrections and violations
- IT overhead – by avoiding common glitches of disparate systems
- Vendor fees – by avoiding the need for multiple system contracts and purchases

Through better allocation of HR staff resources, organizations can redirect payroll staff to more strategic initiatives and core business.



## 4

# Cost reduction through efficient leave management

Employee leaves of absence is a major cost area that's optimized by Alight's solutions. Our centralized leave management services deliver significant efficiency gains and cost reductions.

**Key capabilities include:**

- Automated tracking and administration of all leave types
- Compliance expertise to avoid regulation violations
- Targeted programs before, during and after the leave to prevent unexpected absenteeism
- Visibility into leave patterns to improve workforce planning
- Faster return-to-work for employees on leaves
- Self-service tools that empower employees and managers

By streamlining leave management processes, organizations can substantially lower costs in the following areas:

- HR overhead – by reducing staff time spent on leaves
- Compliance risks – through avoidance of fines and lawsuits
- Overtime – by improving absence planning and visibility
- Lost productivity – by getting employees back to work faster
- Unnecessary absences – through proactive absence management

In addition, Alight's leave solutions provide long-term cost optimization through increased efficiency, accuracy and compliance.





## 5 Reduced costs from streamlined benefits administration

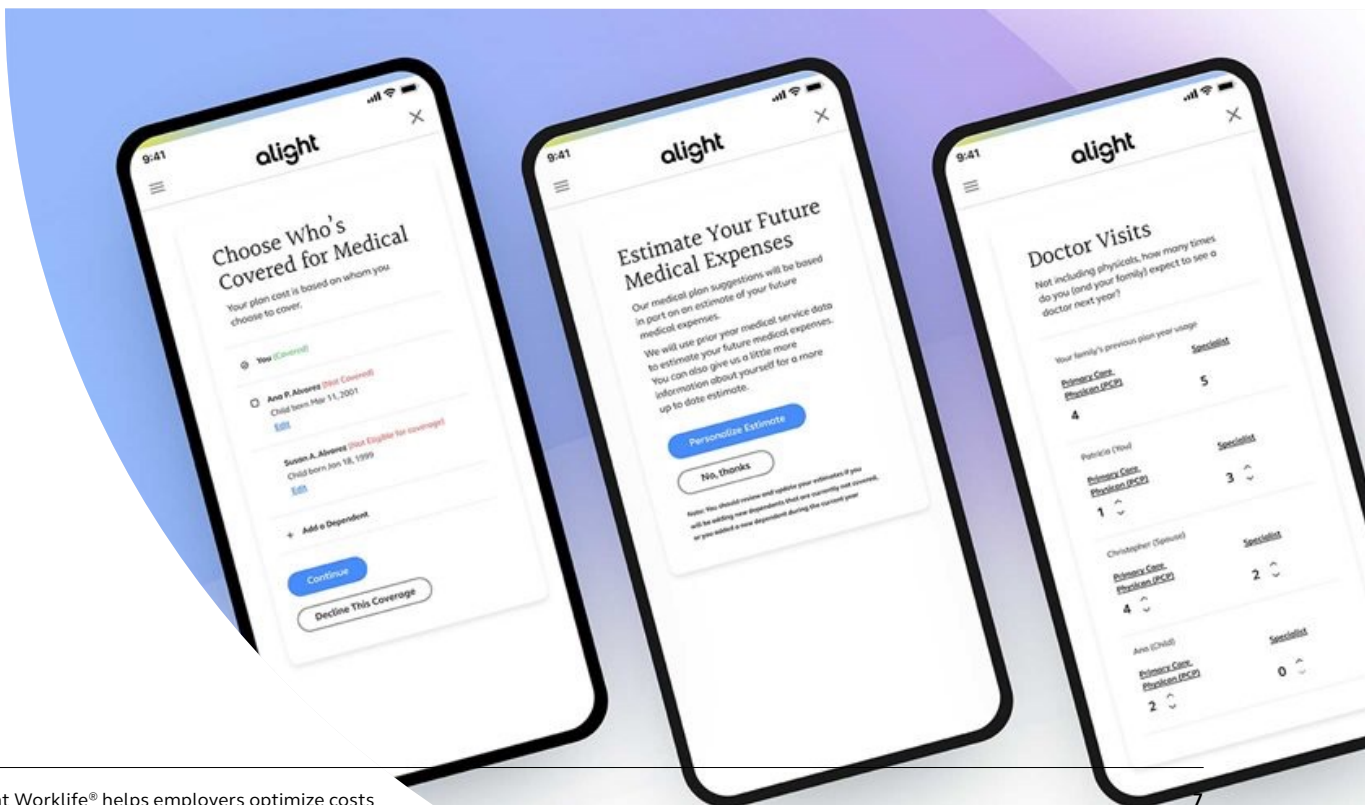
Alight Worklife lowers benefits administration costs for employers through:

- Online self-service enrollment, which eliminates manual processing
- Automated rules engines that approve common changes without oversight
- System triggers that initiate digital workflows and eliminate paperwork
- Validations and audits that minimize errors before they require correction
- Digitized storage that cuts mailing and paperwork costs

This enables significant cost reductions by:

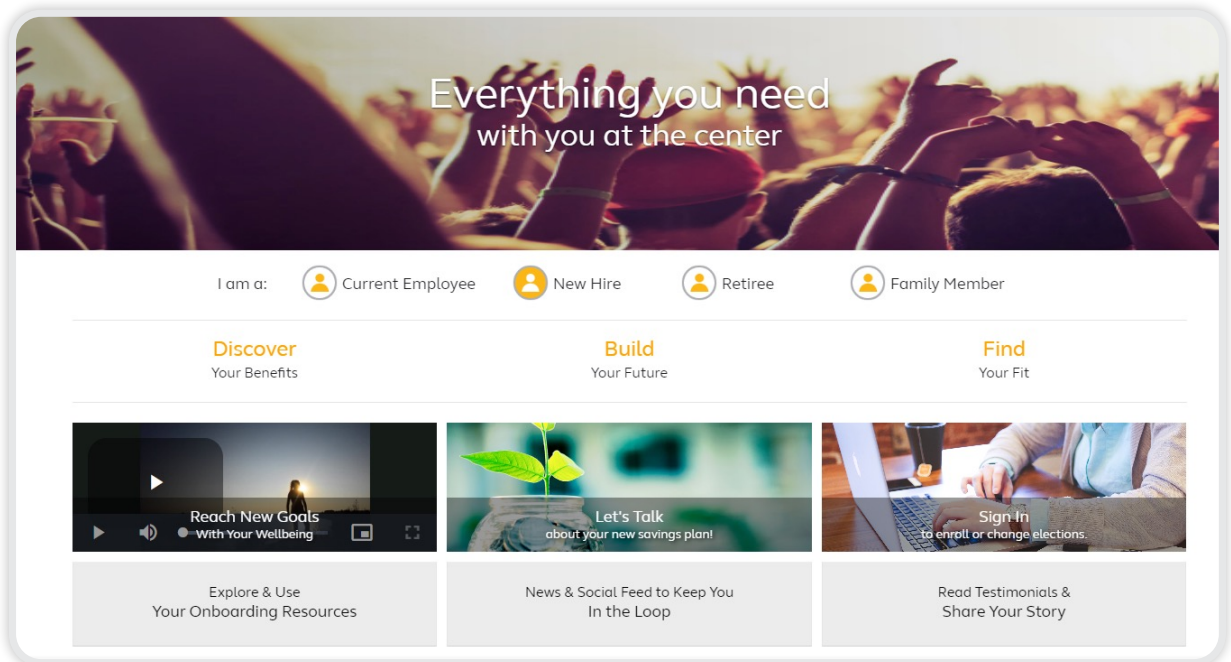
- Streamlining high-volume, repetitive processes through automation
- Alleviating administrative burden and overhead
- Preventing errors and rework through digitization
- Optimizing staff capacity and resource allocation
- Enabling strategic focus by automating transactional activities

The advanced automation of Alight Worklife moves documents between systems without the need for mail or paperwork. Workflows are digitally configured by set rules, empowering employees to manage changes via self-service, meaningfully reducing costs to the organization.



## 6

## Cost reduction from reduced employee turnover



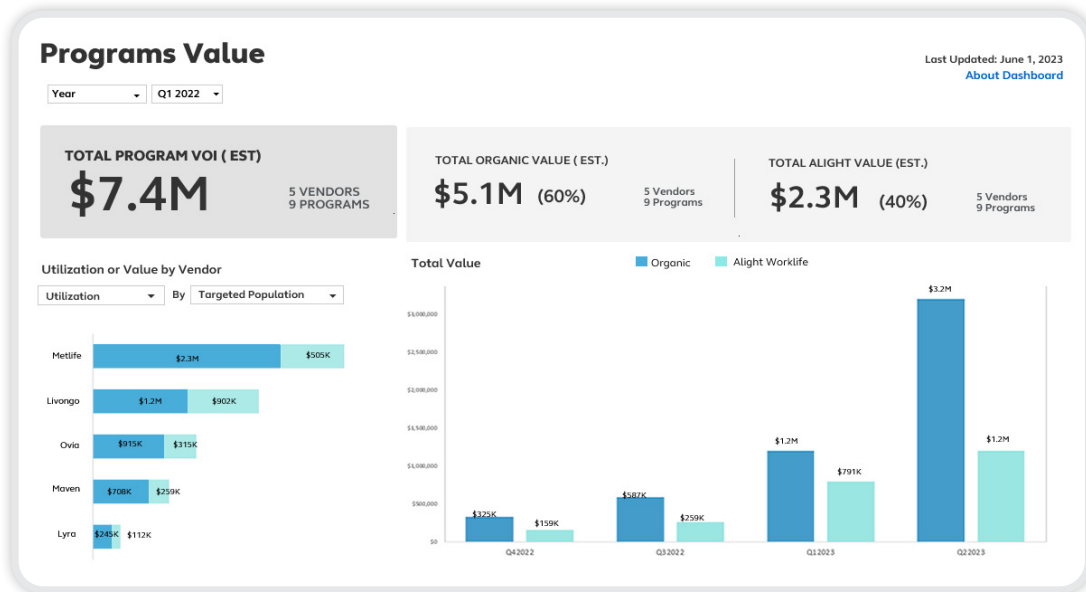
Alight Worklife's integrated retention tools enable:

- Personalized onboarding and total rewards statements for improved engagement
- Pulse survey distribution to identify concerns early
- Flight risk and dissatisfaction flags before turnover happens
- Exit survey data to address systemic issues driving attrition
- Monitored metrics (i.e., retention rates) to identify leading indicators

Retention optimization offered by Worklife reduces regrettable turnover and associated costs. From new hiring to lost productivity, Alight Worklife provides the data-driven tools needed to gain deep insights into retention risks and crafts targeted initiatives to respond.

## 7

## Cost optimization from wellbeing program analytics



Alight Worklife's powerful analytics portal delivers:

- Interactive dashboards for complete visibility into benefits utilization, participation and more
- Low program adoption identifiers to inform decisions that reduce or reallocate funding and control costs
- Benchmarking that enables the scaling of overpriced vendor contracts
- Monitored spending to facilitate proactive adjustments to budgets
- Participation and engagement metric comparisons to pinpoint areas in need of promotion
- Easy access to data to enable continuous assessment and course correction
- Full value from benefits investments

With real-time insights, employers can:

- Reduce or reallocate funding for underutilized programs
- Renegotiate or cancel overpriced vendor contracts
- Proactively adjust budgets based on projections
- Boost engagement in high-value offerings
- Tightly align investments to organizational needs and priorities

Alight Worklife gives employers the visibility to make fact-based decisions that reduce ineffective spending and maximize ROI.

## 8

## Compliance risk and cost reduction from automation

Evolving regulations at all levels of government can create hidden costs for benefits administration and require HR teams to continually review plans and manually update programs. Risk from non-compliance penalties and lawsuits from missed changes can be high. Alight Worklife automates compliance to address these challenges with:

- Rules that automatically update as regulations change
- Processes that adapt seamlessly to back-office operations
- Federal regulatory tracking that's handled and monitored by Alight specialists

**Key advantages:**

- Reduces risks and costs of non-compliance
- Avoids audits by operating from a current, compliant baseline
- Eliminates redundant work by reconfiguring HR, benefits and payroll systems with each change
- Enables geographic consistency amidst diverse regulations
- Frees HR to focus on strategic initiatives

Purpose-built solutions like Alight Worklife automate regulatory compliance, saving significant time and risk.



# Real cost savings with Alight Worklife

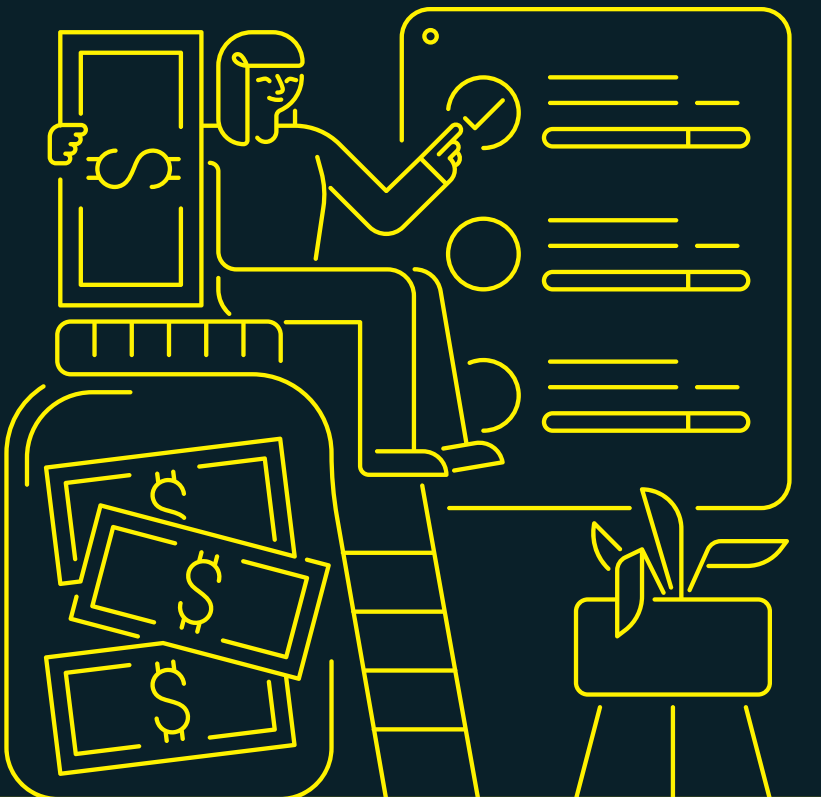
## Customer results

- Siemens Energy implemented Alight Healthcare Navigation (part of Alight Worklife) and achieved the following savings:

**\$2.4M** in validated claims savings from the promotion of healthy behaviors and reduction in healthcare hassles for employees and their families; 9 out of 10 employees were pleased with their doctor recommendation

**\$80K** in productivity savings during Q4 2021; Alight's Healthcare Navigation saved more than 1,600 hours of time, in addition to generating **\$2.4M** in total claims savings

- A consumer goods manufacturer achieved a substantial **227%** ROI within the first nine months by investing in healthcare navigation solutions
- An energy services company experienced a notable **17%** decrease in payroll costs and a significant **35%** decrease in employee calls by leveraging Alight's payroll and HR services



## ROI analysis

### Alight Worklife ROI analysis<sup>8</sup>

**\$1.9M** of annual savings for a 10,000-employee strong organization, in which 8,000 employees are enrolled in a medical plan. Model assumes other key assumptions using industry datapoints. Savings are projected to come from:

- Healthcare cost (claims) ↓
- Employee productivity ↑
- Employee turnover ↓
- Financial stress ↓
- Retirement readiness ↑

### Alight Financial Path<sup>9</sup>

**\$2.1-\$4.6M** NPV of expected net savings if 25% of 10,000-employee strong organization use Alight Financial Path for three years, with the usual turnover/retirement rate. Model assumes other key assumptions using industry datapoints. Additional benefits not modeled: healthcare claims savings and wage garnishment payroll savings. Savings are projected to come from:

- Tax savings from increased employee HSA, FSA, DC FSA contributions
- Tax savings from increased Non-HDHP to HDHP migration
- Additional value in reduced healthcare costs from HDHP migration
- Decrease in employee time spent at work on finances
- Decrease in employee absenteeism
- Decrease in employee turnover related to financial wellbeing
- Decrease in retirement age

<sup>8</sup> <https://mainstayadvisor.com/go/alight/onepercent/index.html?client=ALIT>

<sup>9</sup> [valueapps.alight.com](http://valueapps.alight.com)

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# Alight: your trusted partner in HR transformation

Left unmanaged, benefits administration costs, health risks, turnover and compliance requirements will continue to drain HR's time and budgets. Alight Worklife creates an integrated HR ecosystem that captures payroll, benefits, wellness, surveys and analytics in one centralized place giving organizations more control over spending and increased levels of employee engagement. By transitioning to Alight Worklife, companies replace inefficient manual processes with advanced automation, and can leverage the platform's AI-powered personalization to encourage adoption of tax-advantaged programs. A data-driven analytics portal helps HR identify benefits utilization trends and make quick corrections to areas where benefits consumption is low, and turnover-reduction tools help minimize costs by targeting and supporting disengaged employees. Along with built-in compliance features, the Alight Worklife solution provides a comprehensive way to connect benefits, technology and people. Organizations leveraging the full Alight Worklife suite have an advantage in controlling costs amidst rising health, administration and retention challenges, and automating processes that drive true digital transformation.

**Start your HR transformation today** with help from Alight Worklife. Contact us to see how we can optimize your costs to give you a competitive advantage in the marketplace.