BRIGHTADVISOR®

Employee Benefits Comparison Guide

Understanding Your Options for Competitive Benefits Packages

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Why Benefits Matter for Your Business

In a competitive labor market, compensation alone does not win the talent war. Benefits are the deciding factor for candidates choosing between offers and the primary reason employees stay when headhunters come calling. For small and mid-sized businesses competing against larger employers, a well-designed benefits package is your most powerful equalizer.

> 78% of employees say a company's benefits package is a significant factor in their decision to accept or decline a job offer, ranking it alongside salary as a top consideration.

> Companies with strong, competitive benefits packages experience up to 50% lower voluntary turnover compared to organizations offering below-market benefits.

The Cost of Getting Benefits Wrong

Benefits are a major investment, typically 25-40% of total compensation cost. Getting it wrong means either over-spending on benefits employees do not value or underspending and losing top talent to competitors who offer more.

- Average cost of replacing an employee: 50-200% of annual salary
- Top reason employees leave: inadequate compensation and benefits (35%)
- Employees who understand and value their benefits are 2x more engaged
- Businesses with 5-50 employees often pay 8-18% more for health insurance than larger groups
- Administrative burden of self-managing benefits can consume 20+ hours/month for HR teams

How This Guide Helps

This guide walks you through the standard benefits tiers, compares your sourcing options (PEO, broker, direct), provides a cost analysis framework, and gives you a practical evaluation checklist. Use it to make informed decisions about your benefits strategy.

Benefits Tiers Comparison

The following table outlines four common benefits tiers. Most small businesses start at Bronze or Silver and work toward Gold as the company grows and revenue allows. Platinum tiers are typically reserved for executive packages or highly competitive industries.

Benefit	Bronze	Silver	Gold	Platinum
Medical	HDHP only	PPO + HDHP	PPO + HDHP + HMO	Full suite with premium options
Dental	Basic preventive	Basic + orthodontia	Comprehensive coverage	Premium with implants
Vision	Basic exam + frames	Standard coverage	Enhanced with LASIK discount	Premium with full coverage
401(k)	Plan offered, no match	3% employer match	4% match + profit sharing	6% match + profit sharing
Life Insurance	1x salary (employer-paid)	2x salary	2x salary + voluntary	3x salary + voluntary
Disability	Short-term only	STD + LTD	STD + LTD + supplemental	Comprehensive (60-70% income)
PTO	10 days + holidays	15 days + holidays	20 days + holidays	Unlimited + holidays
Additional Perks	EAP only	EAP + wellness stipend	EAP + wellness + education	Full lifestyle benefits

Choosing the Right Tier

The right tier depends on your industry, employee demographics, competitive landscape, and budget. Consider these factors when deciding.

- Industry benchmark: Research what competitors and peers offer using salary surveys
- Employee demographics: Younger workforces may value different benefits than experienced teams
- Geographic market: High cost-of-living markets demand stronger packages
- Growth stage: Startups may start Bronze and upgrade as revenue grows
- Retention data: If turnover is high, upgrading benefits often costs less than turnover

> Employer contribution requirements vary by plan type and applicable ACA regulations. Consult with a licensed benefits advisor to ensure your plan design meets all compliance requirements.

PEO vs. Traditional Broker vs. Direct Carrier

How you source your benefits affects pricing, administration, compliance support, and the overall experience for your team. Here is a side-by-side comparison of the three primary approaches.

Factor	PEO (Co-Employment)	Traditional Broker	Direct from Carrier
Pricing Power	Large-group rates pooled across PEO clients (often 10-20% savings)	Market rates; broker shops carriers on your behalf	Small-group rates; limited negotiating leverage
Admin Burden	PEO handles enrollment, compliance, COBRA, ACA reporting	Broker assists but you manage day-to-day admin	You handle everything internally
Compliance Support	Comprehensive: ACA, ERISA, COBRA, HIPAA managed by PEO	Advisory; broker provides guidance but no execution	Minimal; you are responsible for compliance
Technology Platform	Integrated HRIS, payroll, benefits, and onboarding in one system	Depends on broker; may or may not include tech	Carrier portal only; no integration
HR Support	Full HR guidance included: handbook, policies, employee relations	Limited; focused on benefits placement	None
Workers Comp	Bundled; master policy often at better rates	Broker may shop separately; not integrated	Separate policy; you manage claims
Payroll Integration	Fully integrated; deductions automated	Separate system required	Separate system required
Best For	Businesses with 5-150 employees wanting turnkey HR + benefits	Larger businesses with in-house HR team	Very small businesses with simple needs

Businesses with 10-100 employees typically see the greatest value from a PEO arrangement. The pooled buying power, bundled compliance, and integrated technology eliminate the need for separate HR, payroll, and benefits vendors, saving both money and administrative time.

Key Questions to Ask Any Benefits Provider

1. What is the total cost per employee per month, including all fees and markups?
2. Which carriers are available, and can I keep my current providers if I want to?
3. How is enrollment handled, and what does the employee experience look like?
4. What compliance support is included vs. available at additional cost?
5. What happens to my benefits if I leave the PEO or change brokers?

Cost Analysis Framework

Understanding your total cost of benefits requires looking beyond the premium. Use this framework to calculate your true per-employee cost and benchmark against industry standards.

Total Benefits Cost Per Employee

Cost Component	Monthly Cost	Annual Cost	Notes
Medical insurance (employer portion)	$___	$___	Typically 70-80% of premium
Dental insurance (employer portion)	$___	$___	Often 50-100% employer-paid
Vision insurance (employer portion)	$___	$___	Often 50-100% employer-paid
401(k) employer match	$___	$___	Based on match formula and participation
Life insurance (employer-paid)	$___	$___	Basic group term
Disability insurance (employer-paid)	$___	$___	STD and/or LTD premiums
Workers compensation	$___	$___	Rate varies by industry classification
Benefits administration fees	$___	$___	Broker fees, TPA, or PEO admin fee
Other (EAP, wellness, stipends)	$___	$___	Any additional benefits offered
Total Per Employee	$___	$___	Sum of all components

Industry Benchmarks

Metric	Small Business Avg	Mid-Market Avg	Your Company
Total benefits as % of salary	25-32%	30-40%	___
Medical cost per employee/year	$6,500-$8,500	$8,000-$12,000	___
401(k) match as % of salary	2-4%	3-6%	___
Employer benefits cost/employee/mo	$800-$1,200	$1,200-$2,000	___

> If your total benefits cost per employee is more than 15% above the industry benchmark for your size and sector, you may be overpaying. If it is more than 15% below, you may be underinvesting and at risk of losing talent to better-compensating competitors.

Next Steps

Evaluation Checklist

Before selecting or changing a benefits provider, work through this checklist to ensure you are making a well-informed decision.

Step	Action	Status
1	Document current benefits inventory (every plan, carrier, and cost)	
2	Calculate total per-employee cost using the framework above	
3	Survey employees on benefits satisfaction and priorities	
4		

	Research industry benchmarks for your sector and company size
5	Identify top 3 gaps between current offerings and employee needs
6	Evaluate at least 2-3 provider options (PEO, broker, direct)
7	Request detailed proposals with total cost transparency
8	Check references from businesses of similar size and industry
9	Review contract terms: length, cancellation, data portability
10	Present recommendation to leadership with ROI analysis

Questions to Ask Vendors

1. Can you provide a detailed fee breakdown showing every cost component, including any markups on insurance premiums?
2. What is your renewal history? What was the average rate increase for clients last year?
3. How do you handle mid-year employee changes (new hires, terminations, life events)?
4. What compliance services are included? Who is responsible for ACA reporting, COBRA administration, and ERISA filings?
5. What technology platform do employees use for enrollment and self-service? Can I see a demo?
6. What happens to our benefits and employee data if we decide to leave?
7. Do you offer dedicated support or are we routed to a call center?
8. Can you provide references from businesses in our industry with a similar employee count?

> BrightWealth® partners with leading PEO providers to deliver Fortune 500-level benefits to businesses of every size. Our team handles the evaluation, comparison, and implementation so you get the best package at the best price without the administrative burden. Contact us for a complimentary benefits analysis.