



2024 Report

HOW TO BOOST FSA AND HSA PARTICIPATION

And save your company money!

Table of Contents

03

Why boosting enrollment matters

05

How to calculate your company tax savings

07

The role of carryover and “easy use” features

08

Why a good education plan matters

09

How to build an enrollment plan

11

Proven ways to boost enrollment

13

Success stories

14

Bringing it all together with your benefit administrator

Why boosting enrollment matters

Human resources departments across the country manage their open enrollment process every year. It's their employees' once-a-year chance to elect benefits and get the coverage that best suits their needs.

In addition to choosing their core health insurance plan, employees are also asked if they would like to elect a tax-free savings plan, such as a Flexible Spending Account (FSA) or Health Savings Account (HSA).

Most companies do a one-time information blast to their employees about these options, resulting in low participation rates. Despite good intentions, many companies see less than 20% participation in their FSA and HSA benefits.

Low adoption is largely due to a lack of effective communication and benefit education as most employees don't understand the value of signing up for pre-tax plans. An astounding 47% of employees don't understand their benefits, according to a survey reported by MetLife. In the same study by MetLife, 76% of workers who understand their benefits are happy and 82% believe their benefits give them a greater sense of overall stability.

With an easy 30-40% tax savings on the line, many employees are leaving money on the table and companies are missing significant FICA savings.

Depending on the contribution amount, a 10% increase in FSA enrollment for a 1000-person company could be as much as \$23,300 in additional payroll tax savings. Extrapolate that over several years, and that number is impactful to a bottom line.

Navia analyzed FSA and HSA enrollment patterns across its 10,000+ clients—ranging from less than 50 to more than 100,000 employees—to bring you a deep dive into how to increase your FSA and HSA participation. This guide offers a variety of actionable ideas for making benefit enrollment more engaging for employees, and more profitable for employers.

You will learn:

- **How to calculate your company's enrollment savings**
- **The role of carryover and "easy use" features**
- **Why a good education plan matters**
- **How to build an OE plan**
- **Proven ways to increase enrollment**
- **Success stories and lessons learned**
- **Tips for partnering with your Benefits Administrator**



Many companies see less than 20% participation in their FSA and HSA benefits.

62%

62% of employees wanted more help understanding their benefits.

Metlife 2023 Survey (2)



As a result, benefits managers can observe noteworthy savings with each new participant signing up for the program.

5

Calculate your company's FICA savings



It's straightforward to calculate your company's FICA savings. The FICA federal tax eliminated is 7.65%, or \$0.0765 cents of every dollar contributed to an FSA or HSA. The national average annual Health Care FSA (HCFSAs) contribution is \$1,400, so you can take $\$1,400 \times \0.0765 to get \$107.1 in FICA savings for each of your HCFSAs participants.

For example, a company has 1,000 healthcare FSA participants enrolled. Applying the average annual contribution of \$1,400, the company tax savings from FICA would be \$107,100 annually ($\$107.1 \times 1,000$ participants).

If the company increases its enrollment by 10%—adding 100 new participants—that adds another \$10,710 in FICA savings, totaling to \$117,810 in annual savings. When you extrapolate that total over three years, the company saves \$353,430.

By encouraging and facilitating participation growth, the benefits team can save their company big!

7.65% \times 1.4K $=$ 107.1

FICA TAX SAVED FOR
EVERY CONTRIBUTION

AVERAGE FSA
CONTRIBUTION

FICA SAVINGS FOR
EVERY PARTICIPANT

\$10,710 $=$ 100

ADDITIONAL FICA SAVINGS W/ 10% GROWTH

NEW PARTICIPANTS W/
10% INCREASE

Example uses a company with 1K Healthcare FSA participants

Carryover and “easy use” features

Many employees state the “use it or lose it” policy for FSAs as their number one reason for not electing. Following that is the worry that when they need to use their funds, it will be difficult to get reimbursed or pay for their services.

To overcome these obstacles, employers should consider adding the “carryover” feature to their FSA plan. FSAs have a use-it-or-lose-it clause, but the carryover feature allows participants to roll over some unused funds into the next plan year. The IRS sets the maximum carryover amount each year. For 2024, the maximum carryover amount is \$640.

This feature is only available to HCFSAs and Limited Purpose FSA plans. Implementation of the carryover feature can be accomplished with a simple amendment to the plan documents. Although there is a cap on the amount of carryover, it provides employees with a sense of reassurance that if they select the maximum election amount option and end up not spending any of it, the remaining amount will roll over to the following year.

Another key to lowering objections is choosing a benefits administrator who has “easy use” benefit features. These could be like easy claims submission through a mobile application and web portal, a debit card loaded with their FSA/HSA funds, and mobile pay.

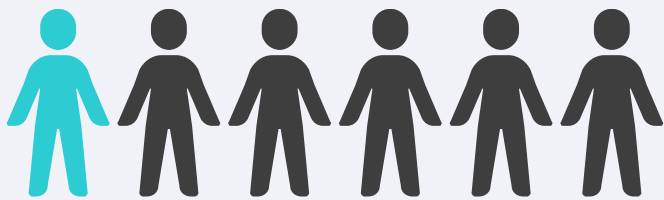
Before you start to tackle increasing participation, it's important you offer FSA and HSA features that help employees feel confident in choosing these benefits.

\$640

2024

Carryover Maximum

Why a good education plan matters



1 in 6 employees regret the benefit choices they made last year.

Metlife 2023 Survey (2)

50%

50% of employees say having a better understanding of their benefits would make them more loyal to their employer.

Metlife 2023 Survey (2)

As the workforce moves into the “Big Stay” era, research shows that employees will be more intentional about their benefit selections during open enrollment to improve their overall job satisfaction.

With the current economic situation, two-thirds of the workforce states this year’s open enrollment is extremely important.

It is critical that employers amp up their open enrollment education efforts to empower employee confidence during open enrollment season.

Start with a good plan

Once you are ready to properly lay the groundwork for improving participation, we recommend being proactive and building an open enrollment education plan. Here is a suggested framework for what your plan might include:

01 **Begin with a survey**

Survey employees before, during, and after enrollment to find out what benefits interest them and how they would like to learn about these benefits. (Survey Monkey is a popular tool). The key is to ensure employee needs are not overlooked during the benefit decision making process.

02 **Benchmark and set enrollment goals**

One study indicated that 66% of employers were disappointed with the amount of participation in their voluntary benefit programs. However, employers who set enrollment goals were less likely to be disappointed with their enrollment results. Write down your enrollment goals to promote accountability. Start by benchmarking where you currently are and then set realistic, incremental goals.

03 **Identify a budget**

Devise a budget that carefully tracks all costs associated with open enrollment and identify areas where you can save or cut expenses. For example, Navia saved \$200K on their open enrollment activities when we switched to a hybrid model of virtual and in-person activities. Also keep in mind motivational costs and don't be afraid to bribe your workers! Who doesn't like freebies? Prizes help increase excitement during open enrollment, especially among millennials and gen z (18-40). So don't forget to include prizes in your budget—or better yet, ask your vendors for contributions.

04 Pick a theme to tie together communications

Employees are engaged and open to learning if you can grab their attention and keep them entertained. A theme helps unify communications and makes emails, postcards, etc. immediately identifiable. A creative company once picked a "Raiders of the Lost Ark" movie for their open enrollment theme. One of their out-of-town vendors caused quite a stir attempting to "smuggle" rubber snakes through airport security. Sometimes it's simply better to ship booth props.

05 Work with your administrator to identify education/enrollment tools

Your benefits administrator is your biggest asset in this process. Partner with them early and often as they should be able to provide you with education materials and activities to engage your workers.

06 Get organized by compiling an open enrollment calendar

Start from the date open enrollment ends and work backwards. Large groups require more time, while smaller groups do not have as much overhead and can opt for a shorter timeline. Set deadlines that leave plenty of room for things to go awry. No one wants frazzled employees nor cranky benefits staff.

07 End with a survey

After it's all done, send another survey out to find out how you did and how you can do better next year! There is no better way to reach your audience than by hearing what they want directly from them.

www.naviabenefits.com/benefit-education-resources/

Navia Benefits Academy is a one-stop shop for
our client's benefit education needs



Navia Benefits Academy



Educational
resources & tools



Benefits
Academy
Postcard



Live Q&A
general
webinars



Custom
webinars &
videos



Benefit
videos



Email
campaign



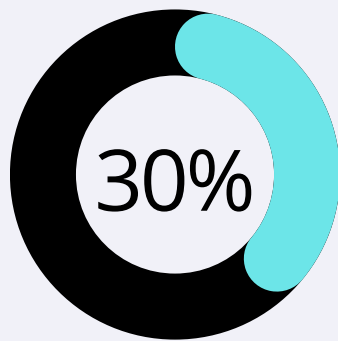
Raffle
prizes



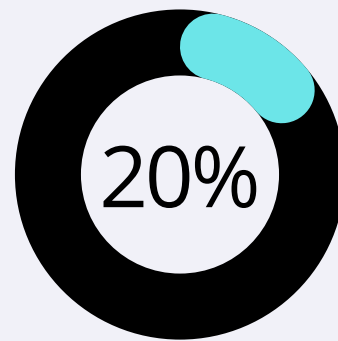
Year-round OE
services

Proven ways to increase enrollment

The average enrollment rate for FSAs is less than 20%. Navia boasts an average 30% enrollment rate for its FSA benefit, with some companies well over 40% participation.



Navia



U.S. average

Once you have the right product features in place, Navia's data indicates that **good education and using the right channels for engagement** are the two biggest contributors to increased enrollment.

However, capturing employees' attention and impacting their behavior is a tricky business. The following pages outline what Navia has discovered works best.

Two biggest contributors to increased enrollment



Good Education



Effective Engagement

Navia has **three full years of data** closely tracking the effectiveness of its open enrollment education program. A consistent trend is starting to emerge with only a 1-2% deviation in effectiveness year-over-year. This consistency supports our conclusion that clients who participate in our education program will see a noticeable increase in participation.

The following analysis looks at enrollment results across Navia's 10,000+ clients

Navia sees an average 11-16% annual increase in FSA and HSA participation when employees participate in a benefit education activity.

Webinars see an average 16% increase and direct email campaigns see an average 11% increase.

Companies who do nothing see an average 5% increase. Those who host a traditional, in-person benefit fair with no education component only see a 6% increase.

Education webinars and email campaigns have the biggest impact on boosting enrollment



Benefit Webinars



Email Campaign



In-person event



No activities

	2023	16%	11%	6%	5%
2022		16%	9%	3%	5%
2021		14%	10%	0% *COVID	4%

Success stories

FSA case studies

Large technology company



Benefit Webinars

10% increase (431 new participants)

FICA Savings:
\$46,161

Medium healthcare company



Benefit Webinars

17% increase (259 new participants)

FICA Savings:
\$27,738

Large healthcare company



Virtual Booth & Benefit Webinars

28% increase (576 new participants)

FICA Savings:
\$61,691

FSA & HSA case studies

Small education company



Benefit Webinars



Email

HSA: 27% increase (118 new participants)
FSA: 7% increase (36 new participants)

FICA Savings:
\$3,856

Medium technology company



Benefit Webinars

HSA: 16% increase (207 new participants)
FSA: 11% increase (132 new participants)

FICA Savings:
\$14,138

Small dental care company



Email

HSA: 19% increase (11 new participants)
FSA: 53% increase (51 new participants)

FICA Savings:
\$5,463

Bringing it all together

Partnering with your benefits administrator is key! They should help you do most of the heavy lifting when it comes to providing educational materials and effective ways of engaging with your workers.

Based on Navia's research, here is what we recommend to most of our clients:

01 **Reach out to your benefits administrator early in your OE process**

It is important to engage early with your benefits administrator to ensure open enrollment readiness. Become familiar with the open enrollment services offered by your administrator. Navia offers a comprehensive Open Enrollment Guide to all clients, providing detailed information about the available benefits and enrollment procedures. Additionally, our simple sign-up form streamlines the enrollment process for hassle-free participation. We work closely with our clients to make sure they have what they need for a successful open enrollment that will grow participation.

02 **Allow direct-employee communication**

Clients who experience the most significant growth in participation are those who share their employee eligibility list and enable direct communication with employees for benefit education, often through SMS text or custom email campaigns. This approach not only empowers administrators to educate employees about benefits but also enables HR teams to focus on other critical areas.

03 **Identify your target audience**

Determine the demographics of your workforce and tailor your communications to their preferences. Boomers (60-78) like the printed word, PCs, and are not big on mobile phones; Gen-X (44-59) are comfortable with PCs, tablets, mobile; Millennials (28-43) are graphically oriented, embrace their mobile devices, and like incentives; Generation Z (12-27) like to share content, mobile is their platform of choice, very image oriented, especially videos, and follow the popular trends of their age group.

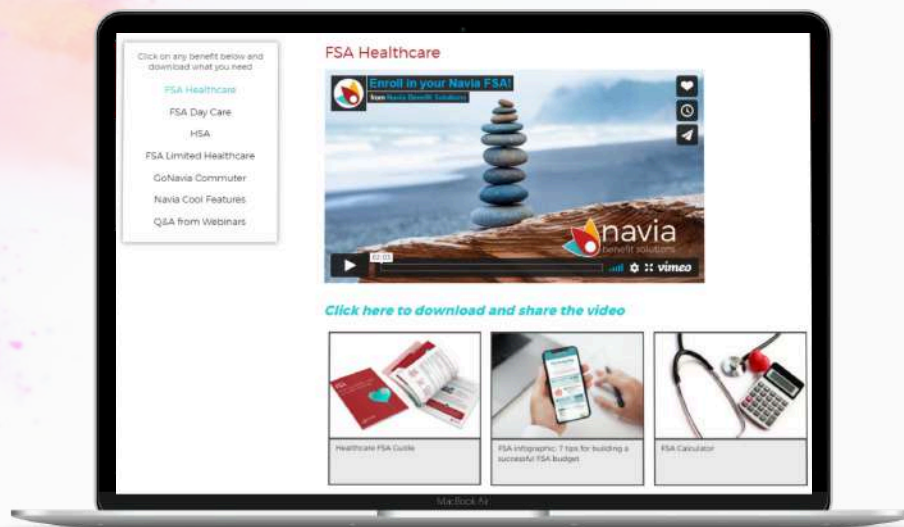
03 Identify your target audience continued

The way in which different generations process data varies, as evident from the data presented. It's possible to satisfy multiple groups if links are included that pique the interest of individual groups. Example: a link to a testimonial and a link to a graphically appealing product brochure can appeal to millennials and Gen X.

And once you've considered targeting by age group, don't forget that most work forces are still split between onsite employees and remote employees. Leveraging webinars and virtual benefit fairs can solve communication/education for both groups. We'll talk more about virtual vs in-person activities later in the article!

04 Provide a central repository for education:

Ensure employees can reach the data they need by establishing a central repository for open enrollment information and ongoing educational information. Navia provides a [Benefit Education Academy hub](#) where clients and participants can get everything they need.



Navia Benefits Academy

www.naviabenefits.com/benefit-education-resources/

05 Navia educational materials help clarify benefits

Here is a partial list of the educational materials Navia offers:

- Recorded benefit education webinars are available on the Navia website.
- Email campaigns provide a series of communications during the company's OE month.
- Benefit videos offer detailed descriptions of FSAs, HSAs, and other benefits.
- The tax savings calculator helps employees predict the favorable impact of participation.
- Slide decks and product guides help workers understand available products.
- Tutorial videos and slide decks describe unique product features.

Navia's resources help facilitate open enrollment with a step-by-step approach that puts information at the fingertips of employees looking to make important enrollment decisions.

06 Identify the right channels of engagement

There are a variety of communication channels you can use to reach your employees. Let's look at recent studies that break down the effectiveness of each channel and some proven education methods that Navia's clients have found effective in increasing participation.

Navia surveyed more than 500K employees about how they prefer to receive information about their benefits.

Channel of engagement	Employees preference
Email	41%
Webinar/live Q&A	38%
Website self-serve	31%
Text	13%
Benefit fairs	5%

07 Consider Employee Benefit Statements

Employee Benefit Statements can help an employee see how much the company is investing in the employee. These colorful and graphically rich documents recap all the benefits an employer is providing, ensuring the worker can see the many ways the company values him or her. It can make the employee much more receptive to the enrollment process but also serves as reinforcement for why a worker should stay with the company. Research shows employees who get communications from their employer about their benefits are twice as loyal to that employer.



On your way to a successful open enrollment

Remember, companies have much to gain when they stop viewing open enrollment as simply a routine process and see it as a revenue opportunity. Start early, make a plan, engage with your benefit administrator.

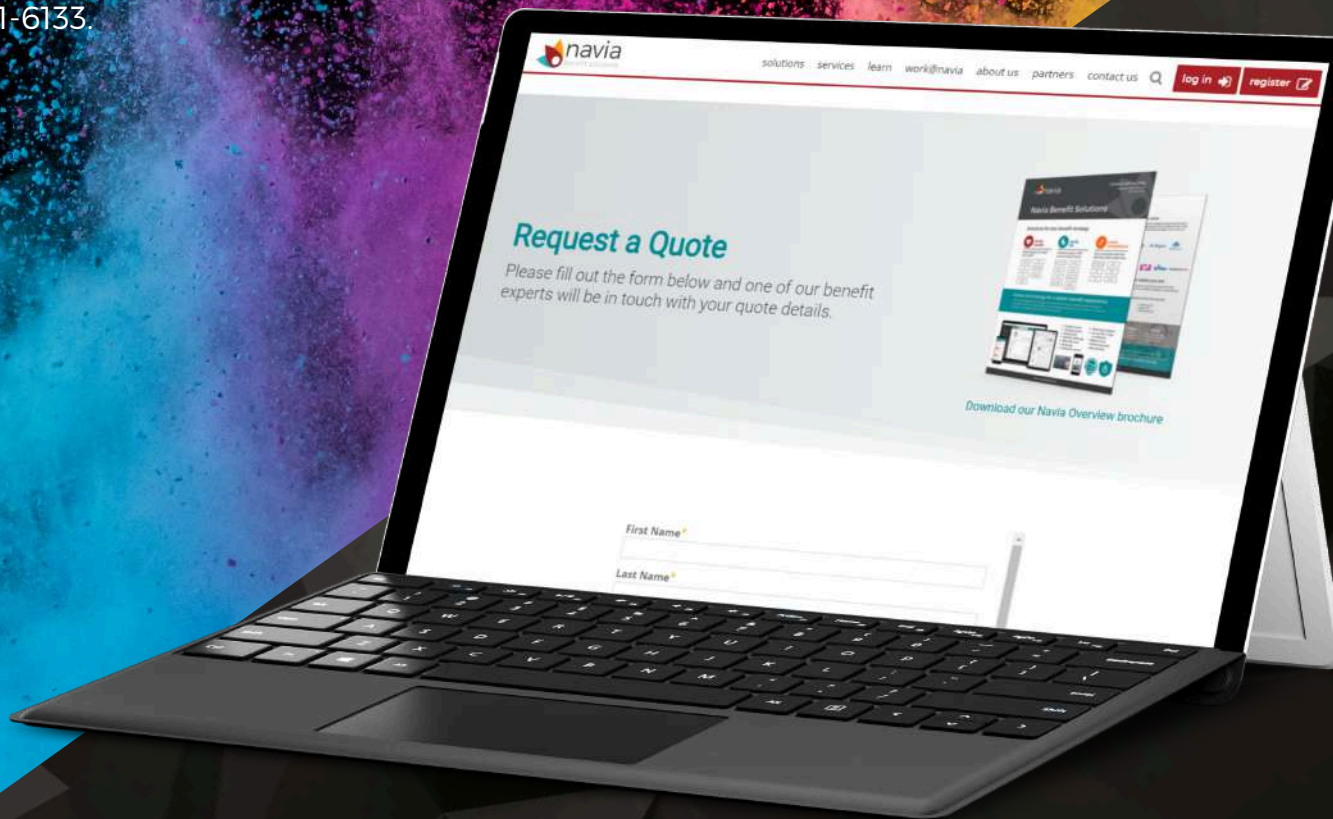
Good education and using the right channels for engagement are the two biggest contributors to increased enrollment. It is always a good time to start planning for your next open enrollment, regardless of when your benefits year begins.

By aiming to increase tax savings for your company and employees, you can ensure a successful and beneficial enrollment season.

Ready to boost your benefits experience?

Request a quote from Navia anytime and we will respond promptly with the help you need! **[Request a Quote here.](#)**

You can also contact us at
sales@naviabenefits.com or
1-866-831-6133.



01 Lowering the Obstacles to Successful FSA Usage

<https://dpath.com/lowering-obstacles-fsa/>

02 Employees Who Want Happiness and Stability Can't Overlook Benefits

<https://www.metlife.com/about-us/newsroom/2023/september/employees-who-want-happiness-and-stability-cant-overlook-benefits/>

03 How to Boost OE Announcement Participation

https://www.beekeeper.io/blog/benefits-communication-get-higher-open-enrollment-participation/?utm_campaign=%5BOld%5D%20Whitepapers%20-%20Do%20not%20use&utm_medium=email&_hsmi=148641336&_hsenc=p2ANqtz-9ejiQqjNaw3aZw1hmugsNEZanzyfr5YRg0xXpDY7ZwTCzI6uRUpcwgvusCELigKhyXKrj1ARyXzadTRZ2f8gSe5hPKxQ&utm_content=148641336&utm_source=hs_automation

04 Employee Benefits in 2023: The Ultimate Guide

<https://www.forbes.com/advisor/business/employee-benefits/>

05 Number of the Day: Benefits Knowledge

<https://hrexecutive.com/number-of-the-day-benefits-knowledge/>
