

# HR Insights

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## How Employers Are Responding to Record-high Inflation

The U.S. inflation rate has increased by 9.1% year over year, according to the Bureau of Labor Statistics (BLS). The BLS also reported that this is the highest the inflation rate has been since 1981. This has led to significant price increases across many consumer goods, and employers are responding in various ways.

As employees face increased financial difficulty during this time, it has become crucial for employers to respond. While every employer may take a different approach to addressing inflation and its impact on their employees, the following are some common strategies that have emerged.

### Reevaluating Employee Benefits

In response to inflation, many employers are altering their benefits offerings to help mitigate the effects employees are facing. For example, employers are offering options such as student loan repayment to help employees with budgeting and expenses at a time when prices are high and employees are looking for ways to cut costs.

### Continuing Remote Work

Offering remote and hybrid work schedules is another way employers are coping with soaring inflation. Reducing the amount of time employees spend in the office helps cut back on expenses such as gas or other transportation expenses that come with commuting. It can also help decrease the cost of day-to-day things such as buying lunch or coffee at work.

### Increasing Compensation

Many employers are considering pay increases to offset record inflation rates. According to data released by Gartner, 63% of executives plan to make compensation adjustments in response to high inflation. Of course, it may not be feasible for many employers to match salary increases to the current rate of inflation. For some, the alternative would be implementing smaller increases that align with their respective budgets.

### Combating Rising Health Care Costs

Health care costs are also rising with inflation. Savvy employers looking to attract and retain top talent are avoiding raising copayments, deductibles and other out-of-pocket costs for employees. This allows employees to save some extra money and allocate it to other essential needs.

### Offering Retirement Benefits

Some employers are increasing education efforts surrounding retirement options. Retirement plans are often quick to be cut during times of financial difficulty, so employers who are promoting those benefits are likely to be viewed more favorably by



current and future employees. In times of financial uncertainty, employees value employers that make an effort to ensure their stability; heightening the conversation around retirement options is a great way prove to employees that an employer cares.

### **For More Information**

Inflation is at record-high levels, and its impact on employees has led employers to respond in various ways. From altering benefits offerings to increasing salaries, employers are responding to inflation in ways that are geared to help their employees during this time.

For more inflation-related content, contact Houska Insurance today.