

# TALKING BENEFITS

How to start  
conversations that  
lead to better  
financial wellbeing



Maxxia



Helping employees is at the heart of HR, and that assistance goes far beyond finding and onboarding new staff. HR supports employees at every stage of their work or career, including alerting them to ways they can make their money work harder — and that’s where employee benefits can help.

Offering employee benefits like salary packaging is the first step. Improving understanding of how different benefits support wellbeing, can mean more financial value for your people. Having a strategy for how to discuss benefits effectively, and empower others to have similar conversations, is crucial.



In this guide, you’ll discover how to have the kind of confident conversations that will help engage managers and employees, boost financial wellbeing across the workforce and help deliver a larger return on investment for your program.



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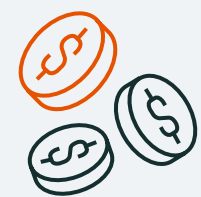
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# The financial wellbeing challenges facing HR

In an increasingly complex financial landscape, where cost of living pressures are a continuing issue, HR teams in Australia are at the forefront of addressing the multifaceted challenges of employee financial wellbeing, including:



**Staying up to date:** The benefits landscape is constantly evolving, and HR must stay informed about new opportunities to enhance employee financial wellbeing.



**Employee awareness and engagement:** Many employees are unaware of the financial benefits available to them or do not fully understand how to use them. HR teams need to find effective ways to educate and engage employees to take advantage of these opportunities.



**Engaging managers:** Managers need to be well-versed in the benefits available and empowered with the right tools and resources to discuss these benefits with their teams.



**A diverse group of employees:** Australia's workforce is diverse, with varying financial needs and goals. Tailoring financial wellbeing programs to meet the needs of different demographic groups, such as young professionals, families, and pre-retirees, can be challenging.



**Utilising technology:** Leveraging technology to increase engagement and accessibility while being effective in behavioural change.

**“The largest gaps between importance and satisfaction [in the workplace] are in base salary, incentives, and employee benefits.”**

- Gallagher Workforce Trends Report, 2024



# The power of benefits in supporting financial wellbeing

Salary packaging and novated leasing are **ATO approved benefits** that provide powerful tools that can significantly enhance employee financial wellbeing. Here's how these benefits support your workforce:



## 1. Increased disposable income

Salary packaging allows employees to pay for certain expenses before tax is deducted from their salary. This reduces their taxable income, leading to potential tax savings and potentially increased disposable income.

Employees can then allocate these savings to other financial priorities, such as paying off debt, saving for a home, or investing for the future.



Employees are now rating their personal finances as important as their own mental health.<sup>2</sup>



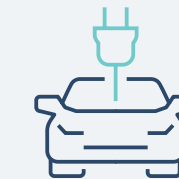
## 2. Enhanced financial flexibility

By incorporating expenses (where eligible) such as mortgage payments, car loans, and utility bills into salary packaging, employees gain greater control over their finances.

This flexibility can help them manage their cash flow more effectively, reducing financial stress and improving overall financial health.



66% of employees say that because of the benefits they receive at work, they worry less about unexpected health or financial issues.<sup>3</sup>



## 3. Improved affordability on electric vehicles

There's been a surge in demand for electric vehicles (EVs) as a cost-effective transport choice. This has been driven by the federal governments EV discount, which currently makes eligible electric and plug-in hybrid cars fringe benefits tax (FBT) exempt via novated leases, unlike petrol cars.

With an **EV novated lease**, employees could pay around the same amount for a new electric car as they would for an equivalent petrol car – potentially saving them thousands of dollars and improving the affordability of EVs.



"With rising fuel costs, it makes more sense for people to switch to EVs, especially when they can access additional tax savings through novated leases as well as save on maintenance and running costs."<sup>4</sup>



# How to talk benefits

## Building effective conversation skills

While many organisations strive to implement a multi-channel approach, including online, digital and internal communications to promote benefits effectively to employees, it's not always possible for busy HR teams to do it all.

Manager-to-peer and peer-to-peer conversations are a cost-effective way to add authentic connection to your efforts. And the research tells us this approach is an effective way to embed awareness into a workplace culture.

Making sure managers understand what benefits are on offer, and encouraging them to spread the word among their team has a vital role to play in the communications mix –after all, managers are so often the conduit between HR and employees.

Here are three ideas that will help transform conversations to further your awareness-building strategies.



### Focus on the 'why'

Communicating the 'what' (the benefit) and the 'how' (the ways employees can access it) only goes so far. According to leadership expert Simon Sinek, honing in on the 'why' of benefits may appeal to the listener's limbic brain, the part that processes feelings like trust and loyalty, as well as decision making. In the case of benefits, the 'why' is that benefits involve ATO-approved savings that make a tangible difference to household budgets. This can be further segmented to speak specifically to an employee's life and work life stage.



### Lose the jargon

It's not just benefits that can be complex—a whole host of HR concepts might be confusing to many employees. It's best to stick to straight talk, free from jargon and acronyms, and without an assumption of prior knowledge. Be prepared to ask questions about what resonates with the individual and their circumstances.



### Listen well

Conveying information effectively and asking the right questions are the first two steps to a meaningful conversation about benefits. Good listening is the hallmark of HR professionals, and it will serve you particularly well here: thinking about the other person in a way that helps them meet their goals will get you off to a great start. Before even starting the conversation it's worth considering, "What does the other person want out of this interaction, and how can I help them with that?"

# How to talk benefits

## The power of social proof (and how to harness it)

The experiences of your employees should be at the heart of your communications. Increasingly, organisations are adopting a 'show don't tell' approach when it comes to communicating their benefits, EVP and employer brand. They are letting their employees tell the story through testimonials, videos and social sharing. These initiatives provide a way for organisations to showcase a more personal, lived experience. Your marketing department is likely already doing this in some form—have a chat to them about how they might be able to help.



Research from Gallagher shows **13% of employees** would like to hear about benefits from co-workers. That's the power of social proof – and it's often underutilised.<sup>5</sup>



Social proof is particularly important to younger employees, aged **18 to 24 years old**, with a quarter indicating they prefer this channel.<sup>6</sup>



**Employees can be the biggest influencers** for your benefits program. Sharing stories can be compelling - try a video or short written case study about what benefit they use and how it's helped them.



## Try a testimonial



*"I never thought I'd be able to afford an EV until I talked to HR about novated leasing. Now I'm in a brand-new BYD for less than what I'd have paid for a petrol car! Good for me and good for the environment."*

- Lisa, IT



*"I've just completed new training in trauma-informed care, and I was able to salary package the cost. So happy to continue upskilling without being out of pocket."*

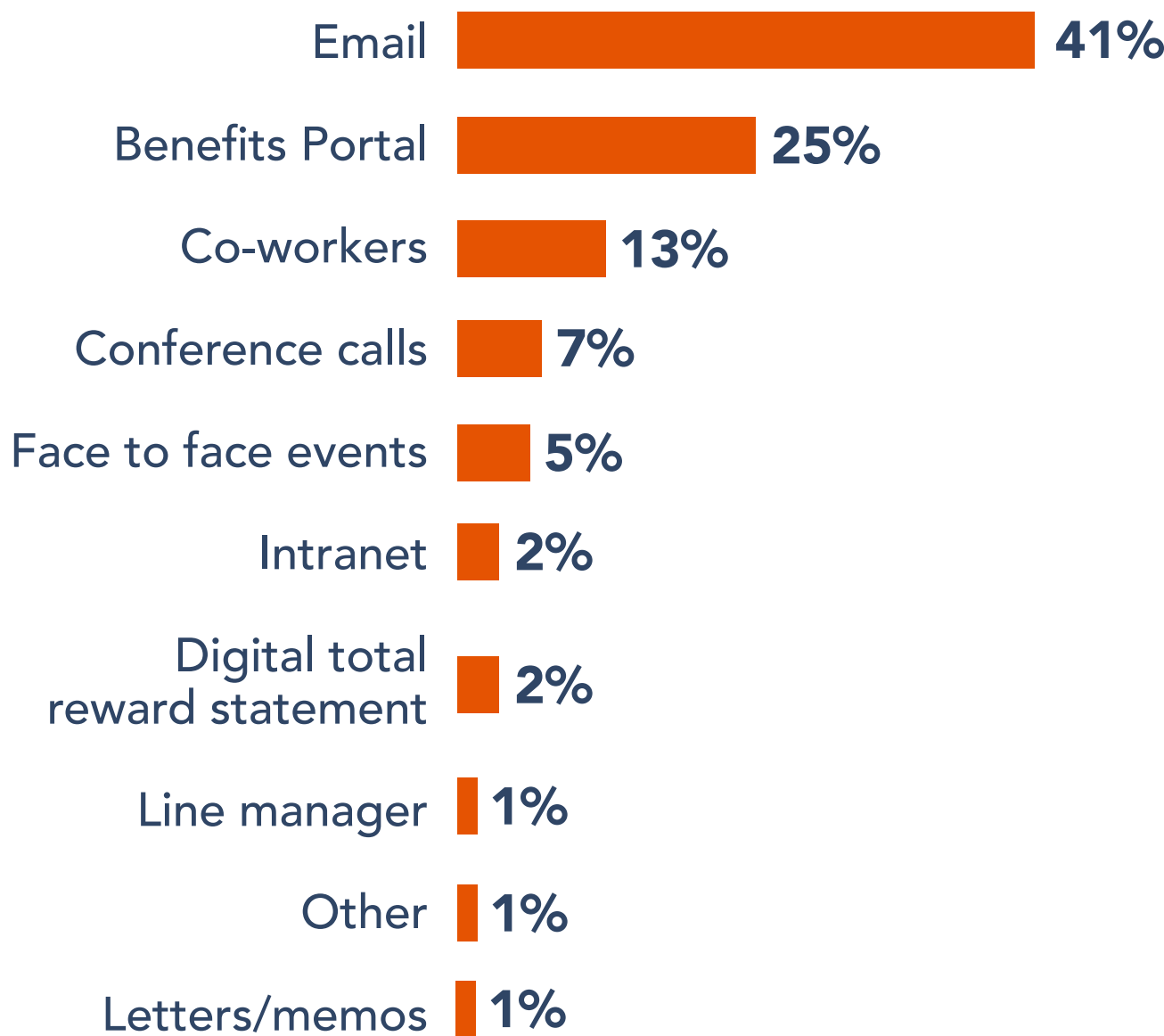
- Pete, specialist X

# How to talk benefits

## Cater for different learning styles

Everyone absorbs information differently, so it's important to have a diverse communication and engagement strategy. Consider collaborating with your marketing department—they're great at planning communications and selecting relevant channels.

### How do you prefer to be kept informed about benefits?



Source: Gallagher Workforce Trends Report 2024

## The Generation Gap



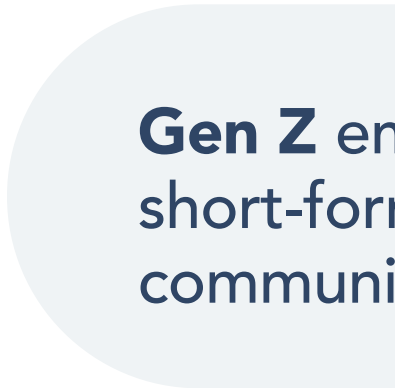
**Baby Boomers** prefer to learn about benefits through in-person conversations



**Gen X** employees look to online resources



**Millennials** prefer video and podcast content



**Gen Z** employees cite social media (i.e., short-form explanation) as their top choice communications source.<sup>7</sup>



# Your conversation calendar

When discussing benefits, it is important to keep in mind people's life stages, as they are likely to have a different set of challenges and needs. The times during an employee lifecycle and annual calendar that are perfect for talking benefits:

## ONBOARDING

Maximise participation and employee engagement with easy initiation of salary packaging, rewards and other benefits during induction.

## END OF FINANCIAL YEAR

Tax time means employees minds are on maximising their money, making it the ideal point in time each year to have a conversation about ATO-approved savings for the year ahead.

## CHANGING LOCATION

Employees moving to a remote or regional area may be able to salary package interest on their mortgage, purchase costs of their house or rent payments. Other salary sacrificing/ packaging expenses may also be available for those relocating for work.

## COMING UP TO RETIREMENT

With salary sacrificing/ packaging, eligible employees can use funds from their pre-tax salary to make additional contributions to superannuation. This may not only reduce taxable income now but increase the amount of money they have to fund their retirement.

## PROMOTION/PAY RISE

A boost in pay may be a good time to upgrade to a new car or switch to an electric vehicle. A novated lease enables an employee to salary package the lease repayments and running costs of a new car and save even more dollars if they choose an eligible EV.

## REQUESTING ANNUAL LEAVE

Saving for a holiday or break from work may mean employees are seeking ways to boost their household budget.

## GROWING A FAMILY

Starting a family is a time when people turn their minds to protecting their family with insurance. Disability/income protection insurance helps replace earnings if an employee can't work due to sickness or injury so they can concentrate on their health. With salary sacrificing/ packaging eligible employees can pay disability and income protection insurance premiums with pre-tax dollars.



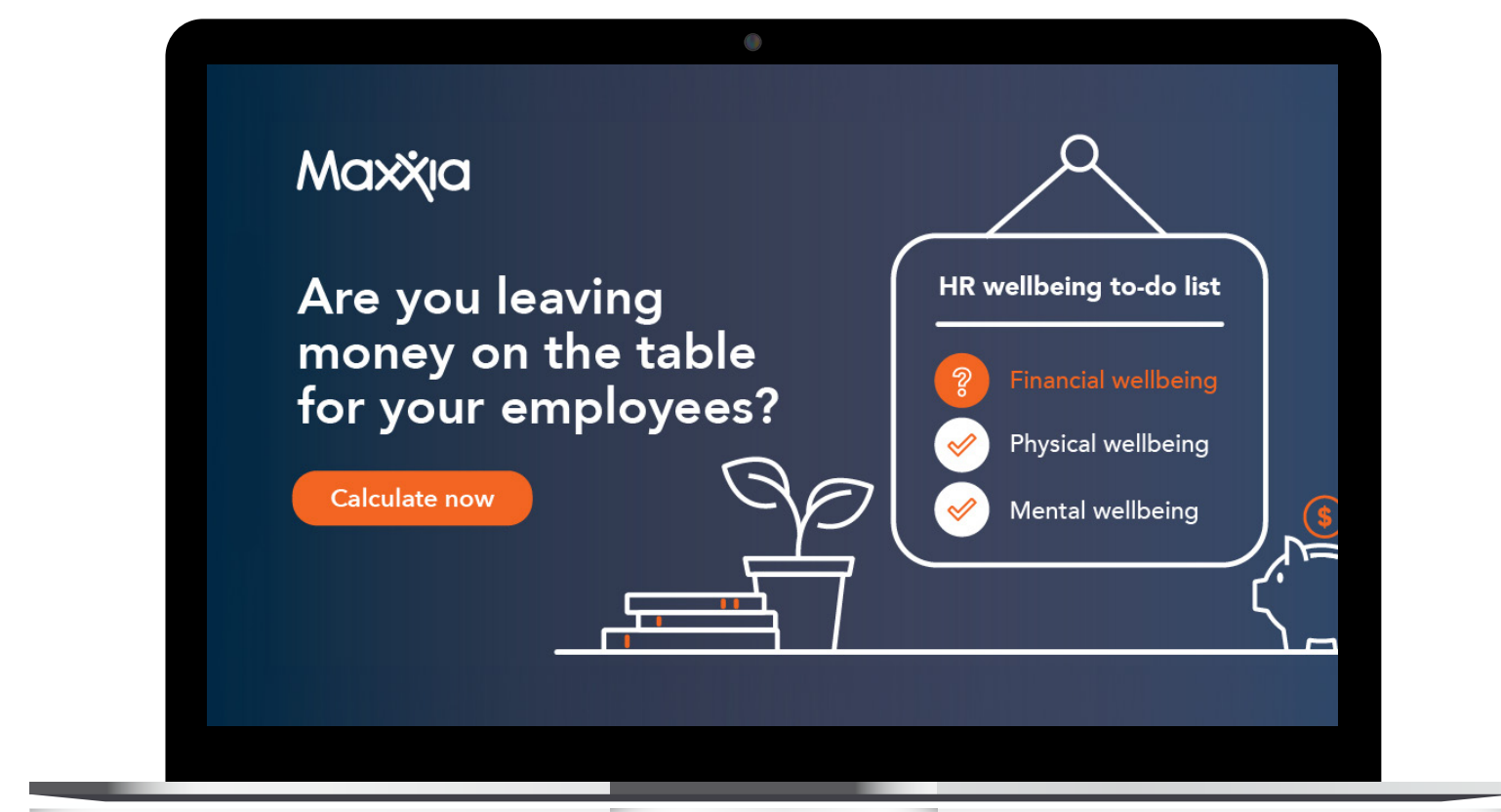
# A quick guide to employee benefits

## What are employee benefits and how can they help?

Ordinarily, an employer takes out income tax from an employee's pay and deposits the remainder into their bank account. Employees then pay all their living expenses – including rent or mortgage, car repayments, insurances, groceries and utility bills.

But with salary packaging, the employer still pays the same salary, but can help you pay those same expenses (if eligible) before tax is taken out.

This means your taxable income could go down, your disposable income could go up, and with some of these expenses already taken care of, you could have more money for other essentials and surprises. You can discover what your employees might be able to save on tax with [our calculator](#).



Depending on your sector, employees could be eligible to salary package a range of expenses, including:

- |  |  |  |
|--|--|--|
|  Additional superannuation              |  Aged care & disability costs for a loved one |  Car parking                              |
|  Childcare                              |  Clothing                                     |  Disability / income protection insurance |
|  Financial advice                     |  Groceries                                  |  Health insurance premiums              |
|  Holiday accommodation and venue hire |  Laptop                                     |  Rates                                  |
|  Rent and mortgage                    |  Utility bills                              |  Education                              |

# A quick guide to employee benefits

## Industry-specific benefits



### Health and Charity / Not for Profit

Living expenses, meal entertainment, novated leasing, work-related expenses, education expenses, remote area benefits



### Education

Novated leasing, work related expenses, education expenses, remote area benefits



### Mining & Resources

Superannuation, novated leasing, work related expenses, portable devices, FIFO benefits, remote area benefits



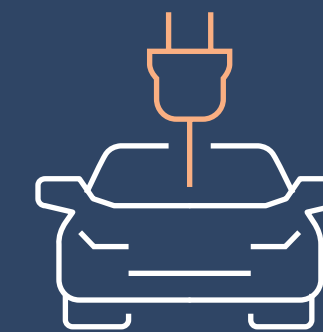
### Public Sector / Government

Superannuation, novated leasing, remote area benefits, work related expenses, portable devices, education expenses



### Private Sector

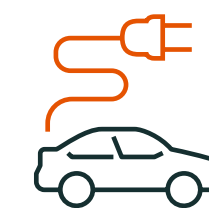
Superannuation, novated leasing, remote area benefits, work related expenses, portable devices, education expenses



## Electric Vehicle novated leasing

The average Australian household is spending **17% of its income on transportation**, after costs increased by more than three times the national inflation rate in 2023.

Electric Vehicle (EV) Novated Leases are an effective way to deliver more financial value to employees.



Eligible electric and plug-in hybrid cars are currently fringe benefits tax (FBT) exempt when purchased via novated leases, unlike petrol cars.



This means all payments are made from the employee's pre-tax salary, potentially reducing their taxable income.



This could mean making similar payments on an EV that you would on an equivalent petrol car – despite the EV potentially retailing for considerably more.



# Supporting good money habits

Good money habits are fundamentally about behavioural change. We know that 'nudging' people to make informed financial decisions can support long-term positive financial habits. Technology plays a crucial role in delivering these nudges, making it easier to engage employees in good money decisions.

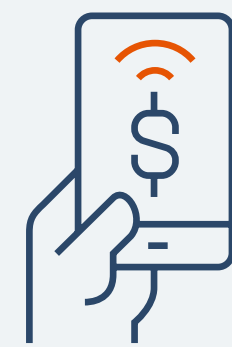
## Taking benefits to the next level

At Maxxia we're supporting employees to get proactive with their benefits by providing useful 'nudges' to help them do more with their money. A new digital employee experience is coming late 2024.

Employees will be able to easily see how much they've saved, providing a regular reminder of the extra value their benefits deliver. With the new Maxxia app and online employees can:



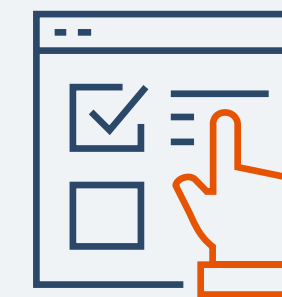
Understand their potential savings from salary sacrificing/ packaging at a glance



Get timely alerts to ensure employees don't miss out on pre-tax spending



Easily update their details if circumstances change to avoid admin hassles



Add or remove benefits as lifestage changes occur



Access a personalised benefits wallet to make self-service claims quick and easy

This experience will revolutionise the way employers and employees interact with their benefits and is set to become the market benchmark for benefits management.

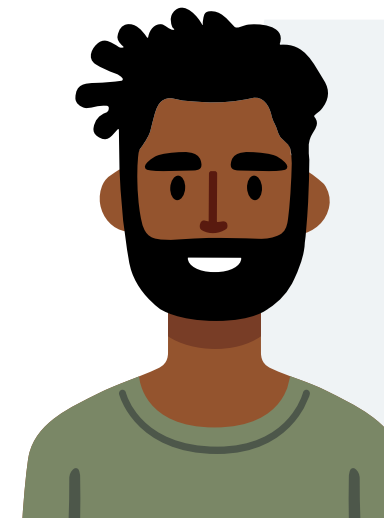
# Time to talk benefits

Salary packaging and novated leasing are ATO-approved benefits that can increase disposable income and enhance financial flexibility for every employee in your organisation.

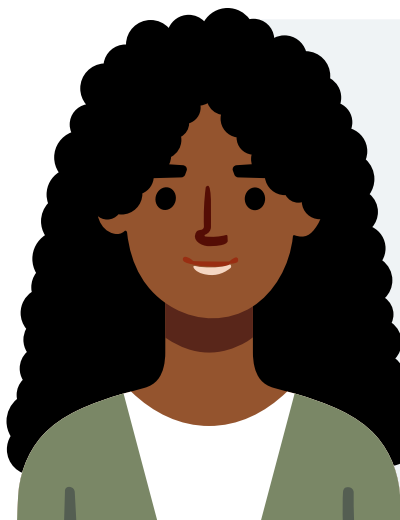
Here's just a few scenarios to inspire your next conversation about employee benefits.



*Wei is an ambitious administrative assistant and wants to upskill. And there is good news for Wei. She can salary package her course under work-related expenses and pay for the course using her pre-tax salary.*



*Pete has moved out of the city, and now drives to work on his days in the office. Pete is balancing his budget and wants to make sure he doesn't overspend each month. With a novated lease Pete can bundle his car's running costs – including petrol, insurance, rego and servicing – into one convenient regular payment. Easy budgeting right there.*



*Kim has a young family. With another baby on the way it's not as easy getting around on public transport. Kim is keen to keep their travel green. Kim is thrilled to discover they can get an EV within their budget with an EV novated lease.*



*Alex is a nurse who loves a deal – including the tax savings she could get from salary packaging her rent. Once she got her head around how salary packaging works, there's no stopping her. Now, she's keen to add a work-phone to her package as a work-related expense.*

## Tools and resources for HR teams



Discover how to make the most of employees to engage your employees, boost their tax savings and support financial wellbeing. [The Maxxia Resources Hub](#) is packed with content and insights designed for busy HR teams. You'll find video interviews with leading HR experts, how to guides, articles and more.



# About us

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At Maxxia we're on a mission to enhance the impact of employee benefits for Australian organisations.

Using proven methods to find the performance gaps in your program, Maxxia helps your organisation deliver more value to your people, through competitive and measurable employee benefits programs. Our goal is to ensure that you are measuring up to the best-in-class programs available.

Employee benefits are an easy way to strengthen your employee value proposition and engage with financial wellbeing for your workforce. Key to our approach is our complimentary benefits assessment, which benchmarks you against industry peers, identifies inefficiencies in your program and assesses the unrealised financial value your employees could be benefiting from.

Armed with this information, we can design a tailored program to help you optimise the value you deliver, and the outcomes for your employees and your business. We work with organisations of all shapes and sizes, from large corporates and SMEs, to health, not-for-profit and government.

When you partner with Maxxia, our team of specialists are with you every step of the way, to help maximise engagement with your employees, and provide guidance on complex issues. Our fully resourced programs may also save your organisation time and money, and free your team up to focus on what they do best.

**Book your free benefits assessment.**

## Get in touch

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