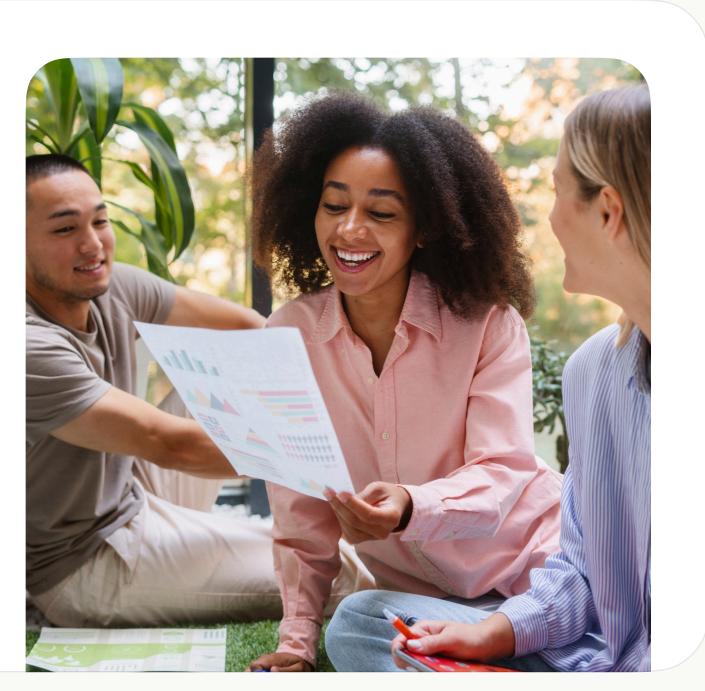
INTRODUCTION

Guide: Benefits Budgeting Best Practices — A 2025 Guide

Smarter Budgeting Drives Stronger Business Outcomes

In 2025, HR and Benefits leaders must move beyond building "good" benefits programs — and start building programs that deliver measurable business value.

This guide outlines proven best practices to help you avoid common pitfalls, forecast ROI, and secure leadership support for a smarter, impact-driven benefits budget.



5 Best Practices for Building a High-Impact Benefits Budget

or reduced to grant runnia and	01	Audit	Every	Program	Annually
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What to Review:

- ☑ Usage rates (% of eligible employees using the program)
- Satisfaction ratings
- Business impact (retention improvements, reduced absenteeism, healthcare savings)
- Action Tip: Eliminate or restructure programs with low usage or unclear ROI.

02 Prioritize Programs Tied to Business Outcomes

High-Impact Focus Areas:

- Financial wellness support
- Mental health programs
- Career development and upskilling
- Action Tip: Fund programs that directly support goals like retention, productivity, and DEI not just what's popular.

03 Forecast ROI Before Budget Submission

Simple ROI Forecasting Formula:

Savings from Outcome Improvements ÷ Investment = Projected ROI

Example:

- \$500K projected savings from 5% turnover reduction
- \$50K investment in financial wellness programming
- 10x projected ROI
- Action Tip: Build conservative, moderate, and aggressive scenarios for leadership review.

Action Tip: Frame benefits investments using the same KPIs leadership tracks quarterly.

04 Align Benefits Budget with Corporate Strategy

How to Align:

- Onnect mental health programs to productivity and healthcare savings
- Link career development to internal mobility and leadership pipelines
- 05 Build a CFO-Ready Business Case

Key Components:

- Projected savings and ROI
- Scenario planning (low, medium, high impact)
- Employee case studies or testimonials (if available)
- Action Tip: Use financial language, not HR jargon. Focus on dollars saved, revenue protected, and talent retained.

Smart Budget Reallocation Template

Program	2024 Spend	2025 Planned Spend	Business Case	
Gym Membership Subsidies	\$80K	\$40K	Reduced (low usage)	
Financial Wellness Coaching	\$0	\$60K	Added (retention + productivity impact)	
Mental Health Workshops	\$20K	\$40K	Expanded (absenteeism reduction)	

Final Budget Approval Checklist

Usage and	satisf	faction	data	reviewed	

Low-ROI programs phased out

High-impact initiatives prioritized

ROI forecasts built (conservative + aggressive)

Trof forecasts built (conscivative i aggressive

CFO-ready business case prepared

Budget aligned to 2025 company goals and KPIs

