


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

- 01 Audit Every Program Annually

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.
- 04 Align Benefits Budget with Corporate Strategy

How to Align:

 - ✓ Tie financial wellness to retention and DEI goals
 - ✓ Connect mental health programs to productivity and healthcare savings
 - ✓ Link career development to internal mobility and leadership pipelines

✦ **Action Tip:** Frame benefits investments using the same KPIs leadership tracks quarterly.
- 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 satisfaction data reviewed
- ☐ Low-ROI programs phased out
- ☐ High-impact initiatives prioritized
- ☐ ROI forecasts built (conservative + aggressive)
- ☐ CFO-ready business case prepared
- ☐ Budget aligned to 2025 company goals and KPIs

