

INTRODUCTION

# Guide: Building a Benefits Budget That Delivers ROI

## Why Smarter Benefits Budgeting Matters

HR teams are feeling the heat—every benefits dollar now comes with the expectation of proof. Quantifiable differences that legitimately improve the business’s bottom line are the name of the game in 2025 — it’s not just about offering meaningful programs, but also showing they actually move the needle on things like retention, engagement, and cost control.

That’s why smarter benefits budgeting is more important than ever. When your benefits strategy aligns with company goals, it stops being just an expense—it becomes a business advantage.



This guide will give you a clear, tactical framework to build a benefits budget that does more than support your people—it earns a yes from your CFO, too.

## 5-Step Framework for Building a Smarter Benefits Budget

STEP 1

### Anchor Your Budget to Business Goals

- Tie every major benefits line item to a company KPI (ex: retention, engagement, DEI targets).
- Example:** If leadership prioritizes retention, allocate budget toward financial wellness and mental health support, which have proven impacts.

STEP 2

### Prioritize High-ROI Programs

- Rank programs based on historical data, participation, and outcome impact — not just popularity.
- Shift budget from underperforming programs to high-leverage areas like financial literacy, debt management, and personalized planning.

STEP 3

### Forecast Outcomes

- Model expected improvements (example: reducing turnover by 5% through financial wellness).
- Estimate cost savings from reduced turnover, absenteeism, or healthcare claims.

STEP 4

### Build Multiple Scenarios

- Create conservative, moderate, and aggressive ROI scenarios.
- Show leadership a range of outcomes — this builds credibility and reduces perceived risk.

STEP 5

### Speak Finance’s Language

- Frame investments in terms of dollars saved or productivity gained, not participation rates alone.
- Example:** "A 5% reduction in turnover could save \$1.2M annually in hiring and training costs."

## ROI Forecasting Worksheet

Metric	Current State	Projected Improvement	Estimated Savings
Turnover Rate	18%	15%	\$500K/year
Average Sick Days	6.2 days/employee	5.1 days/employee	\$120K/year
Healthcare Claims (stress-related)	\$800K/year	\$700K/year	\$100K/year
Total Potential Annual Savings: \$720K			



**Tip:** Use conservative estimates to maintain credibility.

## Sample CFO-Ready Budget Pitch

### **Headline**

"Optimizing Benefits Spend to Improve Retention and Reduce Healthcare Costs".

### **Core Argument**

- Financially stressed employees are **2x more** likely to leave.
- **Investing \$50K** into financial wellness support is forecasted to **save \$720K** across reduced turnover and healthcare claims.
- **Projected ROI:** 14x in direct savings within 12 months.

### **Visuals to Include**

- Projected turnover savings chart
- Scenario planning tables
- 1–2 employee success stories (if available).

### **Close**

"This investment not only aligns with our 2025 talent goals but drives measurable financial outcomes within the fiscal year."

## Final Benefits Budget Planning Checklist

- ✓ Every budget line item ties to a measurable business KPI
- ✓ Financial wellness programs are prioritized and forecasted
- ✓ ROI projections (conservative, moderate, aggressive) are built
- ✓ Business case is framed in financial language
- ✓ Scenario planning visuals are included for leadership discussions
- ✓ Programs with low ROI are phased out or restructured
- ✓ Success metrics and tracking plans are in place

