

What's better for your business and employees: better benefits or raises?

As health care costs continue to rise, some employers are taking the easy way out. They're giving small raises instead of improving employees' benefits options. On first thought, this seems like a good idea – and it even has a name: “the health care raise.” After all, employees who want better benefits can use the money for that purpose. But does the strategy stand up to scrutiny? As these examples show, \$100 put toward benefits can be more valuable than a \$100 raise.

According to the U.S. Census Bureau, the annual per capita income in 2023 was \$43,289.¹ For simplicity, let's use \$43,000 as the base individual income for tax rate purposes.



For the employee: At \$100 per month, the total raise is \$1,200 per employee, per year. Sounds impressive, right? After taxes, the amount received by the employee drops from \$1,200 to about \$965. Taxes quickly dilute some of the raise's impact.



For the employer: The raise actually costs the employer more than \$100 per employee, per month because taxes must be paid.



After taxes, an employee will receive about \$80 of the \$100 per month raise.

That's \$40 more per paycheck if workers are paid twice per month or about \$20 more per paycheck if they are paid weekly.



Monthly \$80



Semimonthly \$40



Weekly \$20



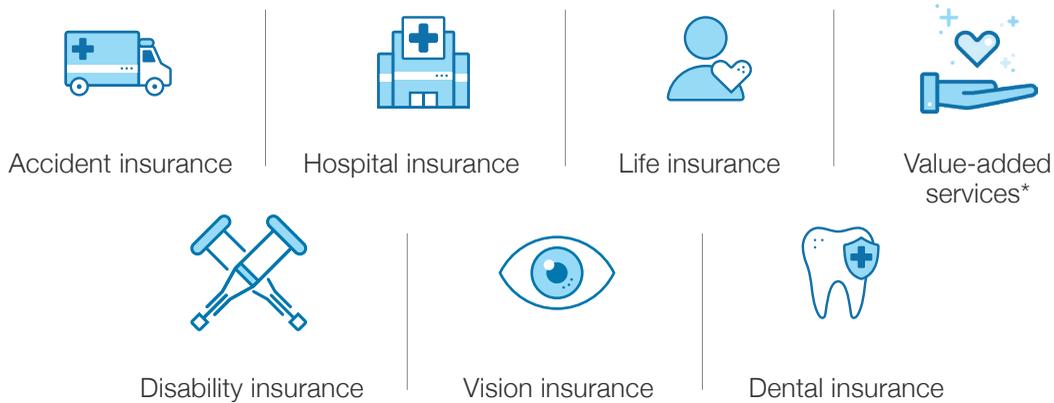
What can an employee do with an extra \$20 per week? Would employees actually spend the money on health care or wellness? Probably not.



A single entrée at a family restaurant may cost \$20.⁴ The cost for a family of four movie night can reach \$90, when including popcorn and sodas.⁵

The same \$100 employer-provided raise might give employees access to all these benefits.

Depending upon the level of coverage, employees’ ages and industry, there might even be funds left over.



Aflac’s expanded roster of worksite benefits can help by providing competitive supplemental health insurance options, such as those listed in the graphic above. Talk to an Aflac benefits advisor to find out which option is most beneficial to your employees and your company: **the health care raise or health care benefits.**

To learn more about how all of these solutions can work for your business, contact Tia Watson at (513)400-4051.



Accident: In Idaho, Policies A36100ID–A36400ID, & A3630FID. In Delaware, Policies A38100DE, A38200DE, A3820FDE, A38300DE. In Oklahoma, Policies A38100OK, A38200OK, A3820F0K, A38300OK. In Virginia, Policies A36100VA – A36400VA, & A3630FVA. Hospital: In Delaware, Policies B40100DE & B4010HDE. In Idaho, Policies B40100ID & B4010HID. In Oklahoma, Policies B40100OK & B4010HOK. In Virginia, Policies B40100VA & B4010HVA. Life: 68000 series: In Arkansas, Idaho, Oklahoma, & Virginia, Policies: ICC1368100, ICC1368200, ICC1368300, ICC1368400. In Delaware, Policies A68100-A68400. In New York, NY68100-NY68400.65000 series: In Virginia, Policies ICC0965JTO & ICC0965JWO. B61000 series: In Arkansas, Idaho, Oklahoma, & Virginia, Policies: ICC18B61JWO & ICC18B61JTO. In Delaware, Policies B61JWO, B61JTO. B60000 series: In Arkansas, Idaho, Oklahoma & Virginia, Policies: ICC18B60C10, ICC18B60100, ICC18B60200, ICC18B60300, & ICC18B60400. Q60000 series: Whole: In Arkansas, Delaware & Policy Q60100M. In Idaho Policy Q60100MID. In Oklahoma, Policy Q60100MOK. Q60000 series: Term: In Delaware, Policies Q60200CM. In Arkansas, Idaho, Oklahoma, Policies ICC18Q60200C, ICC18Q60300C, ICC18Q60400C. STD: In Delaware, Policies A57600DE & A57600LB. In Idaho, Policy A57600IDR. In Oklahoma, Policies A57600OK & A57600LBOK. In Virginia, Policies A57600VA & A57600LBVA. Vision: In Delaware, Policy VSN100. In Idaho, Policy VSN100ID. In Oklahoma, Policy VSN100OKR. In Virginia, Policy VSN100VA.

¹U.S. Census Bureau. QuickFacts. [Accessed 06.09.25.](#)
²Tax Foundation. "2025 Tax Brackets." Published 10.22.2024. [Accessed 06.09.25.](#)
³IRS Topic No. 751 Social Security and Medicare Withholding Rate. Published 01.02.25. [Accessed 06.09.25.](#)
⁴Based on the price of \$20.49 for a Chicken Alfredo classic entree at Olive Garden in Columbus, GA as of [June 9, 2025.](#)
⁵Based on AMC’s website listed admission ticket prices for two adults at \$13.49 each and two children \$10.99 each. With a large popcorn plus two drinks combo at \$25.87 and two kidspack combos at \$8.79 each for a total of \$93.41, [Accessed June 9, 2025.](#)
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