

# Voluntary Benefits



# What are Voluntary Benefits?

- Voluntary insurance products sold to employees at work through payroll deductions
- Allows flexibility for employees to decide how to spend their discretionary income on additional products and services that fit their needs

# Why Voluntary Benefits?

- General Trends:
  - More women are in the workforce today than in the past
  - Long-term employment is becoming the exception; employees are mobile, making employers who offer additional benefits stand out
- Voluntary benefits can be convenient and appealing to these groups.

# Why Voluntary Benefits?

- General Trends:
  - Greater interest in voluntary benefits by both employers and employees than in the past
  - Employers are shifting costs to employees
  - An increased focus on benefit communication programs:
    - Greater use of technology
    - Consumer driven health care (high deductible health plans paired with a health savings account)

# Employer Trends

- Competition for high-quality employees is tight; good benefits are key in recruiting and retention
- Because there are fewer Human Resources personnel, there is a greater need for employee benefit specialists
- Cost of setting up payroll systems is significant
- The global economy means that employees are dispersed geographically

# Employer Trends

- Medical costs are on the rise:
  - Health care costs continue to steadily climb, with an average family coverage premium of \$22,463.
- While premium growth continues to exceed earnings and inflation increases, the differences are moderately small.
- The COVID-19 pandemic didn't impact health benefits as much as some experts originally predicted—enrollment, contributions and cost sharing have remained more or less the same.

# Why Do Employers Add Supplemental Insurance?

- To help recruit and retain employees
- A wide array of benefits gives employees more control and more options
- Employees see advertising for certain benefits, get curious and inquire about them
- Supplemental insurance may improve employee morale
- Employees can receive tax benefits from it
- It can be offered with no additional costs for the employer

# Employee Trends

- Choices are important to employees due to the diversity of their needs—they are willing to pay more for choice.
- Employees often prefer to receive benefits through their employers—seeking out agents is less common than it once was.
- Many employees like having a face-to-face opportunity to have their questions answered immediately—open enrollment meetings provide this opportunity.



# Employee Trends

- An increasing number of employees in the United States have insurance, and this number will likely continue to increase due to health care reform laws.
  - Directly related to people buying supplemental insurance through their employers
- The number of insured children in the United States is rising.
- The growth of service-related jobs increases the need for employee benefits.

# Why Employees Like Voluntary Insurance Benefits

- Ease of payroll deduction
- Some premiums are deducted pre-tax, resulting in cost savings
- Often lower costs and/or better options are available through employers than through private agencies
- Accessibility and convenience—employees don't have to shop around on their own

# Customize Through Voluntary Benefits

- Employers are increasingly utilizing the strategy of offering a menu of choices in voluntary benefits for employees to achieve lifestyle protection.
- Employees have different situations and needs, and want the ability to customize their benefits based on these personal needs.

# Voluntary Benefits Overview

## Typical Product Lines

- Life
- Accident
- Cancer
- Disability
- Dental
- Critical illness
- Hospital confinement
- Medical gap & mini meds

## Benefit Features

- 100% employee-paid
- Payroll deduction (sometimes tax-advantaged)
- Portable
- Convenient to purchase

# Employer Commitment

## Employer commitment requires:

- Premium deductions and remittance
- Support of and cooperation with the program
- Allowing professional communication and relevant individual meetings on company time
- Ongoing administration such as:
  - Billing
  - Life event changes
  - Consolidated Omnibus Budget Reconciliation Act (COBRA) or Employee Retirement Income Security Act (ERISA) requirements, etc.

# Coverage Type

- Insert a description of coverage and features (coverage levels, eligibility, underwriting guidelines, etc.)

# The Importance of Communication

- Communicating benefit options with employees is essential
- Employers should consider the following communication methods:
  - Employee meetings
  - Group meetings
  - One-on-one meetings
  - Online enrollment options

# Employee Meetings

- Bring in specialists, or use your HR staff to communicate benefits and supplemental insurance options that are available to all employees.
- Be knowledgeable about core and supplemental benefits in case questions arise.
- Maintain a consistent message and state all of the requirements for participation.
- Set up a system for ongoing service and communication.



# Group Meetings

- Beforehand, create communication pieces to give to employees.
- Use a consultative approach to educate employees on their benefits and supplemental insurance options.
- Use the meeting to instruct employees on how and when to enroll.

# One-on-one Meetings

- A specialist comes to the worksite and consults employees about the benefits available.
- The specialist is able to use salary illustrations so that the employee knows exactly how their paycheck will be affected.
- A date is scheduled for specialists to come back for those who need additional time to make decisions.

# Cutting-edge Technology

## Online Enrollment:

- Easier and more consistent communication, especially if multiple sites are involved
- Sets up a service program
- Electronic data transmission creates greater accuracy and a quicker customer response time

# Voluntary Benefits Help Both Employers and Employees

- Customize benefits
- Enhance financial security
- No direct cost to employers is required