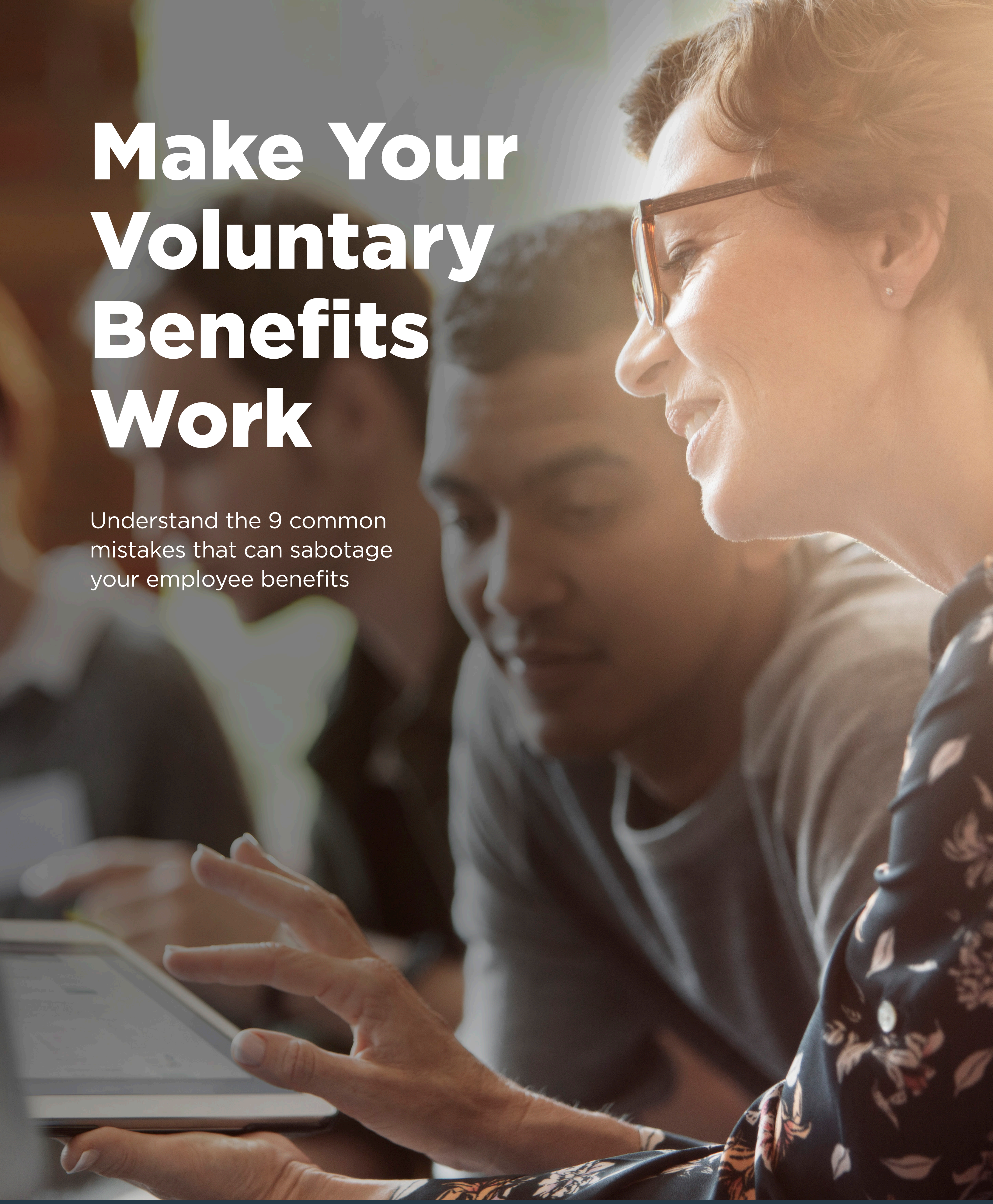

Make Your Voluntary Benefits Work

Understand the 9 common mistakes that can sabotage your employee benefits

HUB

Most employers offer a voluntary benefits program. But far too few realize the full value that these essential benefits bring to their employees — and the company as a whole.

Voluntary benefits can help you attract and retain top talent. Increase employee satisfaction and engagement. Strengthen your culture. *And* even reduce plan costs and administrative burden. But, only if you do it right.

Here's how to avoid the 9 common mistakes that limit the effectiveness of your voluntary benefits program:

1. Don't Leave Medical Gaps

Out-of-pocket costs can be a big barrier to accessing timely medical care. As you increase medical deductibles and copays on your core benefits, consider adding these three voluntary benefits: hospital indemnity, accident and telemedicine. These popular options will fill coverage gaps cost-effectively and ensure your employees can afford medical care when they need it.

TIP

Review your voluntary benefits program on an annual basis to ensure it aligns with your core benefits, and supports both your employees' needs *and* your overall benefits strategy. Voluntary benefits should be an integral part of your multi-year planning process.

2. Don’t Offer Redundant Coverage

Avoid offering coverage that duplicates what’s already available through your core plan. Your employees may end up purchasing coverage they don’t need.

Here are a couple of common redundancies you should look out for:

DISABILITY

Offering multiple disability options could result in payments in excess of an employee’s salary — thus removing the incentive to return to work. If your group disability plan requires that income from all sources be reported when a claim is filed, benefits received from another plan will offset the amount an employee can draw from the group plan.

DENTAL

Annual wellness is included in group dental plans — usually without a copay. When employees purchase individual voluntary dental, they can end up paying for benefits they should be getting at no extra charge. By removing voluntary dental, you’ll avoid:

- Confusing employees about the relative benefits of similar plans
- Deterring participation in the group dental plan, which can drive up costs for all employees

REAL BENEFITS STORY

One of our benefits advisors recently encountered an employee paying more than $260 per month for voluntary dental, vision, short-term disability and hospital indemnity benefits. The advisor was able to point out that the company’s group plan already provided richer benefits at a lower cost, along with a zero deductible for major medical coverage.

3. Don’t Leave Your Leadership at Risk

Take care of your senior leaders. They have significant exposure when it comes to disability and life insurance. They may also have unrealistic expectations of group long-term disability payouts.

Is your leadership adequately covered?
Long-term disability coverage often doesn’t provide adequate — or expected — coverage for your highly compensated employees. Here’s why:

- Benefit payments are calculated based on a percentage of the employee’s base salary (often 60%); however, it is usually capped. As a result, employees who earn in excess of $100K will not actually receive 60% of their salary.
- Benefits are taxable if the plan is employer-paid or paid through pre-tax deductions, which again reduces the amount available to cover long-term disability costs.
- The calculation of income typically does not include bonuses, commission or stock options.

TIP
It’s easy to fill this gap by offering individual disability insurance (IDI) that gives your leaders additional coverage so they can focus on recovery, not finances. IDI is ideal for anyone who earns $100K or more annually, or relies on bonuses, commissions or stock options that might not be covered under group long-term disability.

4. Don’t Limit Your Plan to Traditional Benefits

Respond to employee demand for non-traditional benefits; it will make your staff feel valued and heard. 72% of employees say that having the ability to customize their benefits would increase their loyalty to their current employer.[1]

You should also consider that most workforces today comprise up to four generations, each with different personalities, concerns and benefits needs. For example:

- Millennials are not drawn to traditional benefits like medical, life, home or auto insurance. They want student loan assistance, financial wellness programs, accident coverage and pet insurance.
- Generation Xers are now in the child-rearing stage of life and looking for financial planning and protection. They need life, disability, home and auto insurance.
- Baby boomers value health insurance, retirement planning, 401(k) plans, long-term care, term life, critical illness and identity theft protection.
- Mature workers are looking for health insurance, 401(k) plans and long-term care coverage. They also value identity theft protection and permanent life and critical illness coverage.

Learn what matters most to your employees, and how best to connect with them. Don’t leave them feeling that the benefits you offer are irrelevant to their needs or lifestyles.

READ OUR GUIDE

Read our guide, *Communicating with a Multigenerational Workforce,* to learn more about each generation’s benefit preferences, and how to develop better year-round communication that enhances engagement.

1 MetLife’s 15th Annual Employee Benefits Trends Study Finds, 2017

5. Don't Overwhelm with Too Much Choice

When it comes to voluntary benefits, less is more. Develop a multi-year rollout plan for your benefits offerings, and explain your strategy to your insurance carriers.

When establishing your long-term voluntary benefits plan, remember:

- Don't offer too many plan options from multiple carriers; it will create confusion among employees and administrative headaches for HR.
- Each line of coverage you offer needs an accompanying communications strategy to help employees understand it and evaluate its value.
- Your program should be carrier-agnostic. Ask your benefits advisor to assess and recommend the carriers that best fit your needs.
- Make sure you don't have multiple carriers offering the same coverage.

REAL VOLUNTARY BENEFITS STORY

Multi-year rollout adds clarity that boosts plan participation

A municipality with 270 employees wanted to meet the needs of its diverse employee population. It offered a full array of voluntary products, but employees were confused — leading to less than 15% participation across the board. A HUB advisor helped simplify the program and develop a three-year strategy with a communications plan. Participation jumped to 60% once employees understood their options and were able to make informed decisions.

6. Don’t Forget: Core and Voluntary Benefits Are Connected

Think creatively when you structure your overall benefits portfolio. If you partially or fully fund certain voluntary benefits, you can realize significant savings on core benefits. It may sound counterintuitive, but it can reduce costs for both your organization *and* your employees.

For example:

- If you pair a hospital indemnity plan with a high-deductible health plan (HDHP), you can increase enrollment in the HDHP *and* reduce your employees’ out-of-pocket costs.
- Introducing and funding a telemedicine benefit will reduce employee costs and increase productivity. It will also help offset increases to copays and deductibles.

REAL VOLUNTARY BENEFITS STORY

Employer-paid hospital indemnity plan increases HDHP enrollment

A technology industry client with 850 employees had low enrollment in its HDHP plan. Its HUB advisor recommended that the company offer an employer-paid hospital indemnity plan for employees who chose the HDHP, and provide the option to buy additional coverage. Engagement was further supported with a communications strategy developed by HUB. Participation in the HDHP rose from 14 to 297 in the first year alone, leading to significant cost savings for the company.

7. Don’t Overlook Workers’ Compensation Costs

Risks come in many forms, on and off the job. Without the right voluntary benefits, you can be exposed to unnecessary workers’ compensation claims.

Introducing voluntary accident and disability coverage can reduce your workers’ compensation costs. Consider the following:

- 40% of companies have reduced workers’ compensation claims with voluntary accident insurance, which covers employees for injuries incurred outside the workplace.[2]
- 36% of companies have reduced workers’ compensation claims with disability insurance.[3] Employees facing financial difficulty after an injury may return to work before they’re fully recovered, increasing the chances of reinjury. Voluntary disability insurance gives employees the financial support they need to make a full recovery.

TIP

To determine the voluntary benefits that are most likely to reduce your workers’ compensation costs, start by looking at the frequency of workers’ compensation incidents. Then review modification rates for the past two to three years and compare your experience with industry averages. You should also review claims from short- and long-term disability to understand their frequency and the demographics of your employees.

2 Aflac Workers’ Compensation Report, 2014

3 Ibid.

8. Don’t Neglect Your Employee Communications Strategy

Employers that position voluntary benefits as an integral part of their overall benefits package are more successful than those that treat them as an afterthought. There are several tactics that you can use to ensure you get the engagement you want, such as:

- Present your core and voluntary benefits in a holistic, integrated way that helps employees understand how both types support each other.
- Develop a separate communications strategy for each voluntary benefit so employees can easily determine its relevance and value to them.
- Don’t just present voluntary benefits after your core benefits. Instead, position them in a way that shows their value, such as placing hospital indemnity after the medical presentation but before dental programs.

TIP

To learn more about how to develop an effective communications and enrollment experience, read our checklist: *7 Steps to a Voluntary Benefits Program That Really Works*.

9. Don’t Think You Don’t Need Voluntary Benefits

The biggest mistake you can make is not offering voluntary benefits at all. Don’t assume your employees don’t want or need more insurance options. The fact is that people look to their employers for coverage; they don’t buy insurance across the kitchen table anymore.

And if you want to attract top talent, remember that 77% of employees consider voluntary benefits an important factor when deciding to accept or decline a job offer.[4]

4 Health and Voluntary Workplace Benefits Survey, EBRA, 2015