



NEWS RELEASE

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Voluntary Benefits Can Help Employees Strengthen Financial Safety Nets

Research shows economy causing gaps in insurance coverage that put workforce at risk.

COLUMBIA, S.C. (August 24, 2009) — Many employees now face gaps in coverage that put them at financial risk because of the economy, according to a new white paper released by Colonial Life.

“A Workforce at Risk: How Employers Can Help Employees Strengthen Their Financial Safety Nets,” was released nationally by Colonial Life today. The paper cites recent information from national human resources and business research organizations, as well as its own proprietary research, to examine the impact of the economy on employers and employees regarding their benefits packages.

Key findings in the paper include:

- 82 percent of human resource executives say they have already made changes to their employees’ insurance coverage. Fifty-seven percent have increased premiums; 50 percent have added or increased co-insurance or co-pay amounts; and 46 percent have added or increased deductibles.¹
- Nearly 42 percent of employers are considering changing their benefits packages in the next 12 months.²
- Eight out of 10 employees say they are concerned about changes their employers have made to their insurance coverage in the past year, with 86 percent citing unexpected medical expenses as a concern.³

“Since the start of the recession in December of 2007, the soaring rate of unemployment and the rising number of part-time employees due to reduced work hours have left many employees with few or no benefits,” says Randy Horn, president and CEO of Colonial Life. “As a result, many more working Americans now feel vulnerable and exposed to financial risk.”

The paper notes that the economy is causing employers to struggle more with the benefits they’re able to offer employees.

“Employers want to offer competitive benefits packages that will help them recruit and retain their top talent, but they’re struggling to make a profit today and have a lot less revenue to go around,” says Horn.

Voluntary Benefits Help Close Financial Gaps

Integrating voluntary benefits with core group offerings offers employers a way to help employees protect themselves against increased financial exposure and alleviate the economic pressures they face themselves. Voluntary benefits are especially helpful in the following situations that employers are more likely to deal with during poor economic times:

- Introduction of high-deductible medical plans.
- Reduction in benefits for executives or carve-outs for hourly and part-time workers
- Corporate mandates to cut operational costs
- Changes in management
- Compliance with regulations
- Large numbers of financial or family changes (marriages, births, etc.) occurring in the workforce

“Voluntary benefits continue to play an increasingly important role in the workplace, especially in today’s tough economic times,” says Horn. “And they’re suitable for everyone. Employers of all sizes reap advantages from offering voluntary benefits because they can be customized to suit an employer’s specific needs. They’re a viable solution to helping employees strengthen their financial safety nets.”

In fact, 78 percent of employees surveyed say they’re interested in voluntary benefits.⁴ And employers cite numerous advantages of offering them:⁵

- Improved worker morale and satisfaction—77 percent
- No added direct cost to the company—75 percent
- The ability to attract and retain employees—71 percent
- Giving employees options to purchase less expensive insurance than they could get on their own—69 percent
- The ability to offer employees a wider array of benefits—66 percent

Downloadable copies of “A Workforce at Risk: How Employers Can Help Employees Strengthen Their Financial Safety Nets” are available at www.coloniallife.com/About/Newsroom.

For more information about benefits communication, call Colonial Life at (803) 798-7000 or visit www.ColonialLife.com.

Colonial Life & Accident Insurance Company is a market leader in providing insurance benefits for employees and their families through their workplace, along with individual benefits education, advanced yet simple-to-use enrollment technology and quality personal service. Colonial Life offers disability, life and supplemental accident and health insurance policies in 49 states and the District of Columbia. Similar policies, if approved, are underwritten in New York by a Colonial Life affiliate, The Paul Revere Life Insurance Company. Colonial Life is based in Columbia, S.C., and is a subsidiary of Unum Group.

¹ Colonial Life Survey of HR Executives, May 2009

² Colonial Life/Harris Interactive Survey, April 23-27, 2009.

³ Ibid.

⁴ Colonial Life/Harris Interactive Survey, April 23-27, 2009.

⁴ Neyer, Ron. “The Voluntary Benefits Report Card,” LIMRA International, 2007.

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