



NEWS RELEASE

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Voluntary Benefits Big News to Small Business

Research shows smaller employers may not be taking full advantage of voluntary benefits.

COLUMBIA, S.C. (April 19, 2010) — Small-business employers think they can't have the same benefits programs as larger employers. That's just one of the misconceptions preventing smaller employers from saving money and expanding their benefits programs with voluntary benefits, according to a new white paper from Colonial Life & Accident Insurance Company.

"Small Business: Big Benefits, How Smaller Employers Can Use Voluntary Benefits to Create a Competitive Advantage," was released nationally today by Colonial Life. The research study explores some of the key benefits concerns faced by small business and the role voluntary benefits can play in solving some of these concerns.

Voluntary benefits are widely available to the U.S. workforce, but 34 percent of small businesses still don't offer them.¹ Some of the other misconceptions that keep small business from expanding their benefits packages with voluntary benefits include:

- **Fear of low employee participation.** Employers usually add voluntary benefits because employees ask for them, and employee enthusiasm for these products is on the rise. A recent study showed that 71 percent of employers expect their workers to be more enthusiastic about voluntary benefits during the next 12 months.²
- **Concern over the burden of human resource administration.** Most employers note only slight or moderate increases in administrative costs when they add voluntary benefits.
- **Worry over the amount of time employees spend enrolling in benefits.** Only one in 10 businesses feels enrollment time hampers productivity and takes away from core business operations.³

"Smaller employers have much to gain by adding voluntary benefits to their core benefits programs, but many of them don't fully understand how these benefits work yet," says Randy Horn, president and CEO of Colonial Life. "Voluntary benefits are highly desired by employees. They use them to fill gaps in coverage and eliminate some of the financial risk they face because of cuts in their benefits packages. And voluntary benefits aren't just available to large employers. Some plans cover groups with as few as three employees."

(more)

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Research from Colonial Life shows the most frequently offered types of voluntary coverage among small businesses are short-term disability, long-term disability and supplemental life.⁴ Cancer and accident insurance are also gaining traction. In addition, long-term care insurance is considered to be one of the fastest-growing voluntary products, fueled by the interest of baby boomers who have witnessed the need for coverage for their aging parents.

Small businesses have much to gain from integrating voluntary benefits into their core benefits program. According to LIMRA⁵, some of the advantages employers believe voluntary benefits offer include:

- Improvement in worker morale/satisfaction (77 percent).
- No added direct cost to company (75 percent).
- 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).
- Being able to offer employees a wider array of benefits (66 percent).

“Although small businesses typically offer leaner benefits packages than their corporate counterparts, there’s no reason they have to,” says Horn. “Voluntary benefits offer a cost-effective solution that can help even the smallest employers compete effectively with the big guys.”

Downloadable copies of “*Small Business: Big Benefits*” are available at www.coloniallife.com/About/Newsroom.

For more information about voluntary benefits, 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, Worcester, Mass. Colonial Life is based in Columbia, S.C., and is a subsidiary of Unum Group, one of the world’s leading providers of employee benefits.

¹Eastbridge Consulting Group, “*MarketVision—The Employer Viewpoint Update*,” February 2010.

²Eastbridge Consulting Group, “*Employee Enthusiasm for Voluntary Products Is Expected to Be Higher in 2010 According to the Latest Confidence Index Survey by Eastbridge Consulting*,” Press Release, Feb. 23, 2010.

³International Foundation of Employee Benefit Plans, “Top Trends in Voluntary Benefits,” 2009.

⁴Colonial Life, “*Colonial Target Model and Larger Case Research*,” May 2008.

⁵Neyer, Ron, “*The Voluntary Benefits Report Card*,” LIMRA International, 2007.

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