

The background of the entire page is a photograph of a person's hands writing in a notebook. The person is wearing a blue shirt. The notebook is orange, and the person is holding a black pencil. There are several white coffee cups on the table. The scene is set in a meeting or office environment.

# The buyer's guide to voluntary benefits



## The buyer's guide to voluntary benefits

There's no denying that employee benefits are an important part of any business.



Almost two-thirds of employees say that benefits are one of the reasons they work where they do!

**77% of workers say the benefits package is an important factor in their decision to accept or reject a job.<sup>2</sup>**

Whether you're setting up benefits for the first time, or you're looking to enhance your core employee benefits offering, this guide will help you to think about what you should be considering before, during and after implementing a voluntary benefits plan for your employees.

<sup>1</sup> Mercer, *Inside Employees' Minds*, 2015.

<sup>2</sup> EBRI, *Views on the Value of Voluntary Workplace Benefits: Findings from the 2015 Health and Voluntary Workplace Benefits Survey*, 2015.

# Contents

## An introduction to voluntary benefits

What are voluntary benefits? ..... Page 4

Why does my business need voluntary benefits? ..... Page 5

## Things to do before offering a voluntary benefits plan

Step 1: Take a look at what voluntary benefits are available..... Page 6

Step 2: Research which voluntary benefits will work best for your business..... Page 8

## Setting up your plan

Step 3: Administering your benefits..... Page 11

## Offering your voluntary benefits plan

Step 4: Communicating your voluntary benefits offering ..... Page 13





## What are voluntary benefits?

Voluntary benefits, simply put, are benefits that are offered by the employer through the workplace — where employees can choose to buy them in addition to the core employee benefits they may get as part of a benefits package.

In businesses that don't offer health care or core benefits, voluntary benefits can help employees with the financial impact of serious injury or illness. The element of choice means employees can hand pick benefits that best suit their lifestyle and their budget.

# Why does my business need voluntary benefits?



**More than half of U.S. consumers** worry they would not be able to support themselves if they became disabled and couldn't work.<sup>3</sup>



And it's no wonder. As the costs of living and health care continue to rise, more and more people are living paycheck to paycheck, without a financial safety net to support them.

Providing access to voluntary benefits is not only a great way of showing your employees you care, it can help give them peace of mind — increasing employee engagement, motivation and productivity.

Voluntary benefits also have a crucial part to play in growing your business, helping to attract and retain talented employees at little or no extra cost to your business.

<sup>3</sup> LIMRA, 2017 Insurance Barometer Study, 2017.



# Things to do before offering a voluntary benefits plan



## Step 1: Take a look at what benefits are available

Okay, so first things first. What sort of voluntary benefits would you offer? There are many different types of benefits for your business out there, so it's important to understand what each one provides.

### Supplemental health benefits



Supplemental health benefits are an important part of any employee benefits package and help to take care of some of the out-of-pocket costs that major medical plans typically don't cover.

They range from vision and dental insurance — helping to maintain general health with regular check-ups and more expensive procedures if needed — to insurance for unexpected illness and injuries like accident, cancer and critical illness insurance. Hospital indemnity insurance is also commonly offered to employees, helping with out-of-pocket expenses they would incur due to a surgery or hospital stay.

## Financial protection benefits



Nearly half of employees who are stressed about their finances say this distracts them at work — costing them three or more hours of productive time per week.<sup>4</sup>

Financial protection benefits, such as disability and life insurance, help to bring peace of mind to employees by offering a financial safety net.



**Disability insurance** provides a portion of an employee's salary while he or she is out of work due to a covered injury, illness or childbirth. It can include both short-term and long-term coverage giving employees choice and flexibility.



**Life insurance** helps provide financial security in the event of an employee's or spouse's death. Coverage is available for an employee's working life and can be extended to cover an individual through retirement, if desired.



**Financial wellness programs** — including budgeting tools, calculators and financial coaching — are also becoming increasingly popular to help employees look after and control their personal finances.



**Personal benefits** can include anything from identity protection to home and auto insurance, and have recently started to cover offerings such as concierge services (like picking up your dry cleaning) and savings and discount programs.

Offering access to these types of benefits can help employees choose something that best matches their lifestyle and their budget. It can also be good to mix in a couple of benefits that can be used right away — like store discounts — immediately demonstrating the value to employees.

<sup>4</sup> PricewaterhouseCoopers, *Special Report: Financial Stress and the Bottom Line*, 2017.

## Step 2:

### Research which voluntary benefits will work best for your business

As you can see, there are a number of different benefits available from a range of different providers. So how do you choose what to offer your employees?



### Think about what your employees would value

The easiest way to think about it is to take a look at your workforce demographic and see what they value the most at their stage of life. For example, do you have younger workers that are becoming homeowners, settling down and starting families? Short-term disability for new mothers and dental and vision insurance could really help them to keep costs at bay. Or do you have older workers who are more likely to suffer from a long-term or critical illness? Perhaps cancer insurance, critical illness insurance or long-term disability might suit them better.

By listening to your employees and understanding what they care about, you can see where you'll get the greatest return on the benefits you provide. The beauty of offering "voluntary" benefits is that if you have a more diverse group of employees, you can provide a greater range of coverages, without impacting your budget — and employees can choose which is best for them.

To help them decide, many voluntary benefits providers will offer support from benefit counselors. These dedicated enrollment specialists will speak individually with employees, discuss their financial circumstances and lifestyles, and make recommendations that would make the most sense for them and their family.





## Consider your budget

The great thing about voluntary benefits is that you can provide them for your employees without spending a dime. Several funding options are available, including 100% employee-paid, 100% employer-paid, or a combination of both.

When considering funding options, think about which one makes the most sense for your business. Offering a completely employee-paid benefit can give employees the choice to purchase benefits that best suit their needs and lifestyles, whereas an employer-paid benefit can help to bridge the gap left by an entry-level health care offering. A combination of funding can allow employees to enhance their coverage where they feel they may need it the most.



## Understand the tax benefits

Certain voluntary benefits — such as disability, accident and hospital indemnity insurance — can be deducted from paychecks before tax, offering extra savings for employees. Employers can also benefit from paying less Federal Insurance Contributions Act (FICA) tax.

Some voluntary benefits, however, must be paid for after tax. Your benefits representative will be able to inform you and your employees about which voluntary benefits are available pre- and post-tax. It's also wise to check with your accountant for specifics around the tax savings and implications in offering these.

## Other things to think about when you're researching benefits:



### How inclusive is the policy?

Most voluntary benefits are offered on a “group” (multiple employees) or “individual” (one employee) basis. Group products may have minimum participation requirements (usually around 3-5) so make sure you check how many employees must be enrolled in the plan for it to be viable. It is also worthwhile to see if all employees can enroll in the benefit or whether they need to be medically underwritten. Some products are “guaranteed-issue” meaning employees can get coverage without answering any health questions.



### Who owns the policy?

A **GROUP PRODUCT** is owned by the employer and can offer more flexible underwriting and pricing.

An **INDIVIDUAL PRODUCT** is owned by the employee and can be less cost effective for employees than a group policy. However, there are no minimum participation requirements for an individual product and employees can take their coverage with them even if they happen to leave their employer.



### Are any additional services included?

Some products come with additional services such as Employee Assistance Programs or discounts on health care and wellness services included at little or no extra cost. This can be a great way of getting more out of your benefits.

# Setting up your plan



## Step 3: Administering your benefits

Once you've decided which benefits are right for your employees, think about how you will administer them.

For any business, time is a precious commodity, so it's important to understand how long benefits administration for your organization will take. Many benefits providers offer support services which can really help to simplify the process and, above all, free up your valuable time.

Here's a list of the tools  
that can help you

Online  
services

Employee  
enrollment

Extra  
support

Personal  
touch





## Online services

Online services can be a real time saver, so it's important to see what's available from providers. From helping you manage your benefits to updating your employees' personal information in real time, online access to your account makes it easy to keep records up to date and add new employees as your business grows.

Many providers also offer the ability to pay online, helping you to keep a close eye on benefits costs, if you have any.



## Employee enrollment

Signing employees up to a benefits plan doesn't need to be a time-consuming process for you. Benefit counselors can come into your workplace and talk with your employees about the benefits available to them.

Once they have selected their benefits, they can then enroll them electronically meaning you do not need to worry about forms, signatures and other administration. Many can even provide an electronic file of the required deductions back to you for use in your payroll, so you don't have to manually input the information.



## Extra support

Look out for available support tools from providers that can help you find answers to common HR questions. Topics covered can be wide-ranging and include legal support, help with regulations and health care reform information — ensuring you stay up to date with the latest HR trends and, most importantly, compliant.



## The personal touch

In addition to the range of online administration services available to you, don't forget that help is often just a phone call or an email away. Don't be afraid to pick up the phone and talk to your benefits representative or the carrier's customer service area. They should be more than happy to help you. Look for a provider that focuses on quality service and has a good track record.



## Offering your voluntary benefits plan

### Step 4: Communicating your voluntary benefits offering

Communicating your offering is an important part of providing benefits to your workforce.

By helping your employees understand what each benefit offers, you can significantly increase employee appreciation of them — in turn driving engagement and loyalty.

When your benefits are set up, it's time to communicate your benefits offering to your employees. Keeping it clear and simple is crucial here and will help your employees to fully understand not only what is being offered but what is right for them and their family. Many voluntary benefits providers will offer a range of employee enrollment tools — from group meetings to individual benefits counseling — where an expert will sit down with them and talk about the options that would best fit their lifestyle.

There are also some really simple ways you can start communicating your benefits right away:



### **Posters, banners and desk-drops**

These are low-cost and highly visible ways to engage worksite-based employees.



### **Company-wide emails**

Email is a great way of reaching and informing remote workers.



### **Images and videos**

Don't feel like you have to stick to the written word. Bright, visual communications such as infographics or animated videos can help to convey your messaging in a fun, engaging way.



### **New-hire orientation**

Got new employees? Tell them right away about the benefit choices available to them — they'll be glad they chose to work for you.



### **Company intranet**

If you have a company intranet, this can be a great place to house your benefits information so employees can access it at any time throughout the year.



# Interested in voluntary benefits?

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