

HOW THE PANDEMIC HAS STRENGTHENED THE CASE FOR OFFERING VOLUNTARY BENEFITS TO YOUR EMPLOYEES



So much has changed since the beginning of the pandemic over 15 months ago, that includes how employers are thinking about the future of work. From establishing new norms of teleconferences over in-person meetings, to working from home with flexible working hours, to reimagining health and safety in the workplace, the pandemic has provided an opportunity for employers to reexamine their overall benefits package and employee value propositions in new and creative ways.

One of these emerging trends is the development of a comprehensive voluntary benefits suite of offerings for employees. According to the 2020 Mercer National Survey report, nearly 90 percent of employers with 500 or more employees offer voluntary benefits. These include a wide range of coverages, ranging from traditional ancillary benefits such as life and disability to supplemental medical plans like accident or cancer policies to even niche benefits like pet insurance and student loan repayment programs.

Here are the top five reasons employers should consider offering voluntary benefits as part of a comprehensive benefits package:

1. Attraction and retention of talent

In light of the pandemic, employees have higher expectations of their employers to offer benefits that help them feel secure in their workplace. According to the 2020/2021 Aflac Workforces Report, 63% of employees surveyed expect at least one expanded benefit such as supplemental insurance or telemedicine options. The study also found that 57% of employees are at least somewhat likely to take a job with lower pay but with better benefits; and 48% strongly or completely agree that supplemental insurance benefits are part of a comprehensive benefits program, up significantly from 41% in 2019. Voluntary benefits can ideally fit this need as employees can customize their benefits to best meet their specific and individual needs.

2. Filling in gaps in a traditional medical plan or even providing a minimum level of coverage, if medical is not offered

The pandemic has further heightened employees' concerns regarding their financial security remains, with health care concerns being a strong contributing factor to financial uncertainty. According to the most recent Aflac Workforces Report, 48% of respondents reported they could not pay \$1,000 or more for out-of-pocket expenses without relying on debt or credit if an unexpected serious illness or accident occurred today. Voluntary benefits plans like hospital indemnity or accident policies help fill in deductible gaps by paying cash benefits to policyholders who experience unexpected medical events. Because these are not traditional health insurance, these cash benefits can also be used to pay other bills as well, further reducing financial stress in a time of need.

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3. Low or no cost to employer

While employers can subsidize a voluntary benefits package for employees, there is no requirement to do so. Employees fully pay for these benefits, but employers can earn goodwill credit for offering a comprehensive benefit package that allows for personalized choice by employees. Additionally, in many cases, voluntary benefits carriers offer value-added services to employers, such as 1:1 benefit counseling and funding for an online enrollment platform, for allowing licensed benefit counselors to come and speak to employees about the voluntary benefits portfolio.

4. Boosts productivity

Voluntary benefits can alleviate “what-ifs” related to being injured and out of work or experiencing an extended hospital stay. The Aflac Workforces Report stated 68% of employees say improving their benefits package would make them happier employees. A happy employee leads to greater productivity in the workplace.



5. Helps control other employer costs and risks

Another good reason to offer voluntary benefits like disability or accident policies is reduced cost and risk in other areas. According to Guardian Life Insurance Company’s research, on average, employers report a 46% decline in workers’ compensation claims after offering an employee-paid accident or short-term disability plan to their workforce. When employees have access to a plan that will pay them a benefit for an off-the-job accident, it may discourage them from filing a “Monday morning” workers comp claim and file one with their accident policy instead. In addition, many voluntary benefits can be offered on a pre-tax basis, reducing payroll taxes for employers.

Of course, to ensure that employees appreciate these benefits offerings, they need to be aware they are available and also understand their benefits. Employers will see the most engagement and enrollment in these programs when promoted through a robust communications campaign tailored to the specific employee population.

If you’d like to learn more about how a voluntary benefits offering can help your employees and your bottom line, please contact Cowden at 412.394.9330 for additional consultation and information on your specific needs and situation.



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