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# Voluntary benefits

**A SIMPLE GUIDE**





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Life is full of unexpected moments and life-changing events felt by everyone across the world.

Helping your employees prepare is easier and more affordable than you might think. You can offer voluntary benefits that provide the financial protections that your employees want and need at little to even no cost to your business.



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## What are voluntary benefits?

Sometimes called supplemental insurance or employee-paid benefits, voluntary benefits are offered by employers through the workplace; allowing employees to choose to buy them in addition to the core employee benefits, such as medical insurance, they may get as part of a benefits package.

Voluntary benefits help cover expenses that may not be covered by traditional medical insurance. Now more than ever, employees are concerned with protecting themselves and their families from unforeseen events. Voluntary benefits provide an affordable and adaptable way for companies to respond.

They allow companies to offer a more comprehensive benefits package and give employees more choices to customize their coverage based on their personal and family needs – and can grow with them as those needs change over time. Payment options are typically flexible. To suit their budget, companies can choose whether voluntary employee benefits are fully employer-funded or a shared expense between both the employer and employees. In light of recent events, employees are acutely aware of the need for both medical and financial protections. They're looking to fill the gaps in their medical benefits and for assistance from their employers to do so.

### HOW THEY HELP

Voluntary benefits protect against the unexpected, helping to provide employees peace of mind that they can handle out-of-pocket expenses such as:



**CO-INSURANCE  
OR CO-PAYS**



**REPLACING WAGES  
OR SAVINGS**



**HOUSEHOLD  
BILLS**



**TRAVEL  
EXPENSES**



# What voluntary benefits are available?

There's a wide range of voluntary insurance. Some examples include disability insurance, accident insurance, dental insurance or 'softer' benefits that may include retail or ticket discounts, gym memberships or concierge services like collecting dry cleaning.



*The most common voluntary benefits allow employees to anticipate their current needs, plan for future goals, and protect them against life's unexpected moments.*

## **ACCIDENT INSURANCE**

Accident insurance plans can help offset the unexpected medical expenses that may result from a covered accidental injury. Typically, they help cover some of the costs associated with initial care, surgery, transportation and lodging, as well as follow-up care.

## **CANCER INSURANCE**

Cancer insurance offers benefits to assist with out-of-pocket costs that may not be covered by your medical insurance, including expenses related to inpatient or outpatient treatment, surgery, travel and recovery care. Importantly, some plans cover annual cancer screenings to promote prevention and early diagnosis.

## **CRITICAL ILLNESS INSURANCE**

Critical illness insurance can complement major medical coverage by providing a lump-sum benefit for an employee diagnosed with a covered critical illness, such as heart attack, stroke, coronary artery bypass surgery, end-stage renal failure or major organ transplant — among others. Benefits are typically paid directly to the employee, so they can be used where they're most needed.



In a survey conducted by Willis Towers Watson, benefits were shown to be a key motivator for employees.

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78%

of employees said they are more likely to stay with their employer because of their benefit program.

Willis Towers Watson, Employer and employee satisfaction with group benefit marketplaces, 2018.

### **DENTAL INSURANCE**

Dental insurance can provide benefits for both routine and more expensive dental procedures that are not covered by most health insurance plans. They typically include cleaning, fillings, sealants, tooth removal, crowns and dentures – and may also provide benefits for regular dental appointments.

### **DISABILITY INSURANCE**

Disability insurance replaces a percentage of an employee's income if they become unable to work as a result of a covered accident or sickness. Whether it's an injury or infectious disease that creates the disability, employees are able to pay bills, buy groceries and focus on their recovery while out of work.

### **HOSPITAL INDEMNITY INSURANCE**

Hospital confinement indemnity insurance provides a lump-sum benefit to help with out-of-pocket costs related to a hospital stay. This may include outpatient surgery, diagnostic tests, doctor's appointments and emergency room trips.

### **LIFE INSURANCE**

Life insurance pays out a lump sum to help provide financial protection for an employee's family members in the event of the employee's death. The loss of a loved one is always difficult. Life insurance offers peace of mind as employees plan for the future and prepare for the unexpected. Most plans offer spouse and child coverage, as well.

### **VISION INSURANCE**

Regular eye exams help maintain healthy vision and are the first line of defense in detecting more serious eye conditions, such as glaucoma, high blood pressure and diabetes. Vision insurance typically helps pay for eye exams, glasses and contact lenses. They may also offer discounts on treatments such as laser eye surgery or eyecare accessories.



Over a third of employees who said they understand their benefits very well said they felt highly cared about.

Colonial Life, Consumer Survey, 2019. 1,505 U.S. consumers working full time responded to the survey from January 29-February 1, 2019.

## PERSONAL TRAVEL ACCIDENT INSURANCE

Travel accident insurance is designed to provide extra protection while travelling internationally, supplementing coverage typically provided by an accidental death or dismemberment policy. It typically covers emergency medical and legal fees.

## ADDITIONAL SERVICES

### FINANCIAL COUNSELING

Financial counseling helps employees manage their finances. From retirement planning to student loan debt to tax advice, financial counseling helps employees enjoy life now and plan for the lives they want in the future.

### LEGAL ASSISTANCE

Legal assistance typically gives employees access to qualified attorneys at a reduced cost. Coverage usually applies to the most common personal legal matters including family, vehicle, real estate, civil lawsuits and wills.

### IDENTITY THEFT PROTECTION

Identify theft protection often includes monitoring public records and alerting the employee to any fraudulent use of their personal details, including attempted loans and credit applications. It also covers the cost of repairing the person's credit history. It typically does not cover any financial loss as the result of identity theft.

**71%** of employers offer long-term disability according to the Society for Human Resource Management (SHRM)

SHRM, Employee Benefits 2019, 2019.

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# The added benefits of voluntary benefits



## BENEFITS TO THE BUSINESS

### **BIG IMPACT AT LITTLE TO NO COST**

Voluntary benefits can make a big impact in employee's lives when it matters most. What's more, employers can offer voluntary benefits at no direct cost (i.e. 100% employee-paid), leaving them with just the cost of administration.

### **A WAY TO CONTROL RISING HEALTH CARE COSTS**

With the cost of health care increasing, employers are starting to shy away from paying more to provide more comprehensive, "cover-it-all" health care benefits. Instead, they are choosing less expensive coverage and offering workers a wider range of voluntary health benefits to help fill the gaps.

### **ATTRACTING AND KEEPING TOP TALENT**

Employers are all looking for effective ways to retain their staff and recruit the best talent. This is particularly true for small businesses where key members of the staff can be crucial to the day to day operation and success of the company. With many employers now offering voluntary benefits, those who are not put themselves at a distinct

disadvantage when it comes to hiring. In fact, according to the Society for Human Resource Management (SHRM), 83% of employers offer accidental death and dismemberment insurance, 71% offer long-term disability, 61% offer short-term disability and 27% offer accident insurance.<sup>1</sup>

In a study by Willis Towers Watson, benefits were shown to be a key motivator for employees. In the survey, 78% of workers would likely remain with their employer because of the benefits it offers, up from 72% in 2016.<sup>2</sup>

Voluntary benefit plans help smaller businesses stand toe-to-toe with larger competitors in the competition for talent. They can also be a useful tool in employee retention: a benefits package that an employee has chosen and that's tailored to their changing needs is difficult to give up.



In a recent survey, 69% of employees said they spent **less than one hour** considering their benefits.

Colonial Life, *Consumer Survey*, 2019.

## BENEFITS TO EMPLOYEES

### CONFIDENCE IN THE BENEFITS PROVIDED

It can be difficult for employees to find time to research and understand their benefits options. With voluntary benefit plans offered at the workplace, employees know that their employer has vetted the carrier and considered the available benefits. Voluntary insurance also pays financial benefits regardless of any other insurance coverage employees have in place – including policies available through government health care exchanges.

Additionally, voluntary benefits providers who offer counseling and enrollment services can assist employees in selecting the benefits that make the most sense for them personally. That can even include guidance around their core benefit elections, as well.

### FLEXIBILITY TO FIT TO THEIR LIVES

The wide range of options available allows employees to choose those voluntary benefits that suit their personal circumstances and lifestyle, and allows them to adjust their protections over time as their needs change. Many voluntary benefits are also portable, meaning that if an employee should need to switch jobs, they can continue to keep the coverage as long as they pay the premiums.

### BRIDGING GAPS IN OTHER BENEFITS

Voluntary benefits can complement core offerings such as life insurance or disability insurance. Even if an employer provides a core life insurance offering, employees can choose to up their life insurance coverage by adding voluntary life benefits. Voluntary benefits can also provide a financial safety net to help employees with expenses that may not be covered by their core medical plan.

### AFFORDABLE PROTECTION FOR LIFE'S UNEXPECTED MOMENTS

As well as potentially being less expensive if purchased through their employer, voluntary employee benefits can usually be deducted via payroll – meaning there's no need to set up bank drafts or worry about missing premium payments. Plus, pre-tax dollars are often used to pay for many voluntary benefits, meaning employees save even more money. And with most voluntary benefits paid directly to the employee, they can use the money where they need it the most.

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# What to look for in a voluntary benefits partner

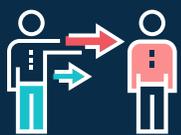


As you look to add voluntary benefits to your offerings, it's critical to look beyond just the protections themselves, and evaluate what services and assistance you need from a provider.

Do your employees have a firm understanding of your available benefits? Is enrollment a challenge for you every year? What benefits administration and enrollment systems do you have in place? Finding a partner who can turn those challenges into opportunities for improvement is the key to getting the most out of your chosen approach.

## **HELP WITH EDUCATING YOUR EMPLOYEES – AT NO DIRECT COST**

Your benefit plan is only as useful as your employees' understanding of it. Communicating employee benefits can seem challenging, but some voluntary benefits providers offer support in the form of customized materials such as brochures and emails, group educational meetings and impactful 1-on-1 counseling sessions. These meetings typically include details about what each benefit provides, a Q&A session and helping both the employer and employee with the actual enrollment process – usually at no direct cost to the employer. The 1-on-1 sessions are particularly important, as they allow employees to tailor coverage to meet their personal needs.



While only 15% of employers offer individual meetings with HR or benefits professional,



of employees surveyed by Colonial Life found 1-on-1 benefits counseling sessions to be valuable.

## ENROLLMENT SUPPORT TO MAKE THE PROCESS SIMPLE

Adding benefits does not create a more complicated enrollment. To the contrary, some voluntary benefits providers offer enrollment services, including enrolling your employees in their core benefits, as well. Options such as virtual enrollment allow benefits counselors to connect with your employees regardless of where your teams are located – including remotely – what shifts they work and what languages they speak. Counseling and enrollment often happen in tandem, and counselors can meet with employees in a number of ways.



**VIRTUAL** – With online video meetings, counselors can build personal connections that help your employees make decisions tailored for their lives, no matter where they're located.



**IN-PERSON** – Counselors can visit workplaces, when safe to do so, and meet with employees in person to understand their needs and answer questions.



**TELEPHONIC** – Whether your team is spread over numerous locations, multiple shifts or working remotely, counselors can work around their schedules to speak with them about their individual needs.



**ONLINE** – Self-enrollment with online tools allows your employees to enroll at their convenience.



## TECHNOLOGY POWERED BY PEOPLE

Technology can help simplify the complicated, but it's the people behind it that really help you find opportunities to improve. Enrolling your employees and managing benefits should be made easy with online access, seamless data transfers and integration into your HR systems. Look for a partner that has a flexible set of tools and the willingness to answer your questions to make it work for you.



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## Busting the myths —

### **WHY SMALL BUSINESSES DON'T OFFER VOLUNTARY BENEFITS**

Many small business owners are simply unaware that they are able to offer their staff this kind of benefit. They assume they are too expensive, too complicated or not needed. In fact, none of those are true.

**MYTH: Small businesses believe they can't afford to pay for voluntary benefits, even if they see the positives in offering them.**

**TRUTH**

Voluntary employee benefits can be partially-funded or even fully-funded by the employees. That means that the company has complete control on how much they decide to spend and what options they choose to add.

**MYTH: Not enough employees to qualify.**

**TRUTH**

While it does depend on the carrier and the product, many voluntary benefits are available to businesses with fewer than 10 employees, and some have no minimum requirements.

**MYTH: Administering a voluntary benefits plan is costly and complex.**

**TRUTH**

Certain benefits provide tax advantages and are tax-deductible. Some can be paid for through payroll deduction. Many qualified carriers will be pleased to help with education of employees and can provide easy enrollment and administration, usually at no direct cost — allowing the employer to get on with running their business.

**MYTH: Employees don't value it.**

**TRUTH**

Not only do employees consider benefits when looking for jobs, 79% of employers offer voluntary benefits to enrich their existing core benefits and offer more personalized options. If you're not offering voluntary benefits, your employees will find a company that is.<sup>3</sup>



# Frequently Asked Questions

Got a question about voluntary benefits? Here are some frequently asked questions to help you.



*Part-time workers can buy or receive voluntary benefits as long as they work a minimum number of hours to meet the eligibility criteria for coverage.*

## WHO CAN GET VOLUNTARY BENEFITS?

### **Is there a minimum number or percentage of employees that must participate in voluntary benefits for them to be viable?**

Minimum participation requirements depend on several factors, such as the number of eligible employees and what products are offered. Typically, the minimum number would begin with three to five employees.

### **Can a contractor be added to voluntary benefits?**

Typically, independent contractors cannot be covered under the employer's policy. However, individual policies for some benefits are available.

### **Can non-profit organizations offer voluntary benefits?**

Yes, non-profit and charitable organizations can offer voluntary benefits to their employees.

### **As a business owner, can I also receive coverage through the voluntary benefits that I am offering to my employees?**

Yes. A business owner can apply for voluntary benefits coverage – just like their employees would do.

### **Are family members able to get voluntary benefits?**

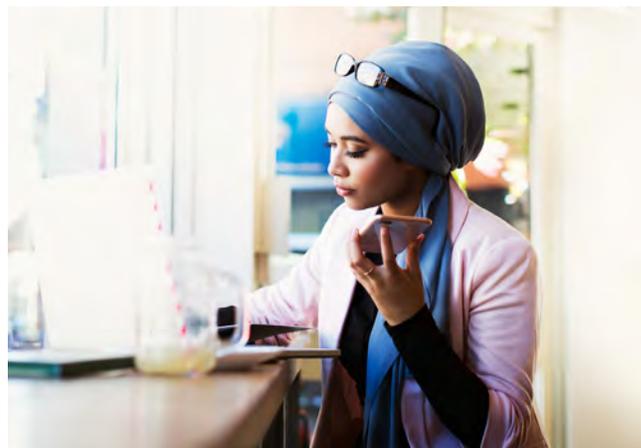
Yes. Many voluntary benefits provide the ability to cover your spouse and eligible dependent children.

### Are there age limits for certain voluntary benefits?

Each product will have its own unique age requirements. These limits are designed to be flexible to allow the majority of employees actively at work the ability to apply for coverage.

### If you already have an existing medical condition can you get coverage?

It depends on the type of product. Some products will require eligible employees to be medically underwritten before they are issued coverage. Other products offer guaranteed-issue coverage, meaning employees can get coverage without answering any medical questions. Certain products may have a pre-existing condition limitation, which means a certain period of time must pass before the person is covered. It's important to understand any limitations or exclusions specific to the product.



**Even home-based or remote workers can receive voluntary benefits if they meet the requirements of being full-time eligible employees.**



**Voluntary benefits are designed to be affordable for a wide range of incomes.**

*Voluntary benefits cost can vary based on the type of product, the age of the applicant, their use of tobacco and other factors.*

## ADMINISTRATION AND COST

### How much administration is incurred by offering voluntary benefits?

If you find a good carrier, very little. Many offer administrative services such as online billing and payments at little or no cost.

### Can employees add coverage throughout the year, or is this limited to an annual enrollment window?

This decision is partly up to the employer. For benefits paid on a pre-tax basis, changes are only allowed annually. Otherwise, an employer can decide how often they would like to make benefits available.

### Can employees take their benefits with them if they leave the company?

Many carriers offer voluntary benefits that are portable, meaning employees can take the coverage with them if they change jobs or retire – as long as the premiums continue to be paid.

### What are the tax implications of voluntary benefits?

Some voluntary benefits can be deducted from paychecks before tax – offering savings for employees – whereas others must be paid for after. Your accountant will be best suited to talk to you about the tax savings and implications in offering voluntary benefits.



Health insurance is not a part of voluntary benefits. However, supplemental health benefits can help alleviate some of the out-of-pocket costs that major medical plans may not cover.



[Contact an agent about voluntary benefits.](#)

## HEALTH CARE & VOLUNTARY BENEFITS

### **How do voluntary benefits tie in to the Affordable Care Act (ACA)?**

Most voluntary products are considered “excepted benefits” under the current ACA regulations, so are not impacted. A voluntary carrier experienced in benefits communication and education can help educate your employees on their health options – including how this varies by state – and review their individual situation to identify any gaps they may want to fill with voluntary benefits.

### **Can voluntary benefits be offered if health insurance is not?**

Yes. They can and often are. However, it’s important that your employees understand the coverage is limited and is not health insurance.

### **Does an existing cafeteria plan need to be modified to allow for additional voluntary benefit plan options?**

It depends if voluntary benefits will be paid for with pre-tax or post-tax dollars. If paid via post-tax dollars, the plan would normally not need to be modified. If premium is paid pre-tax, the plan would need to be modified.

## HOW TO GET VOLUNTARY BENEFITS

### **How can I offer voluntary benefits?**

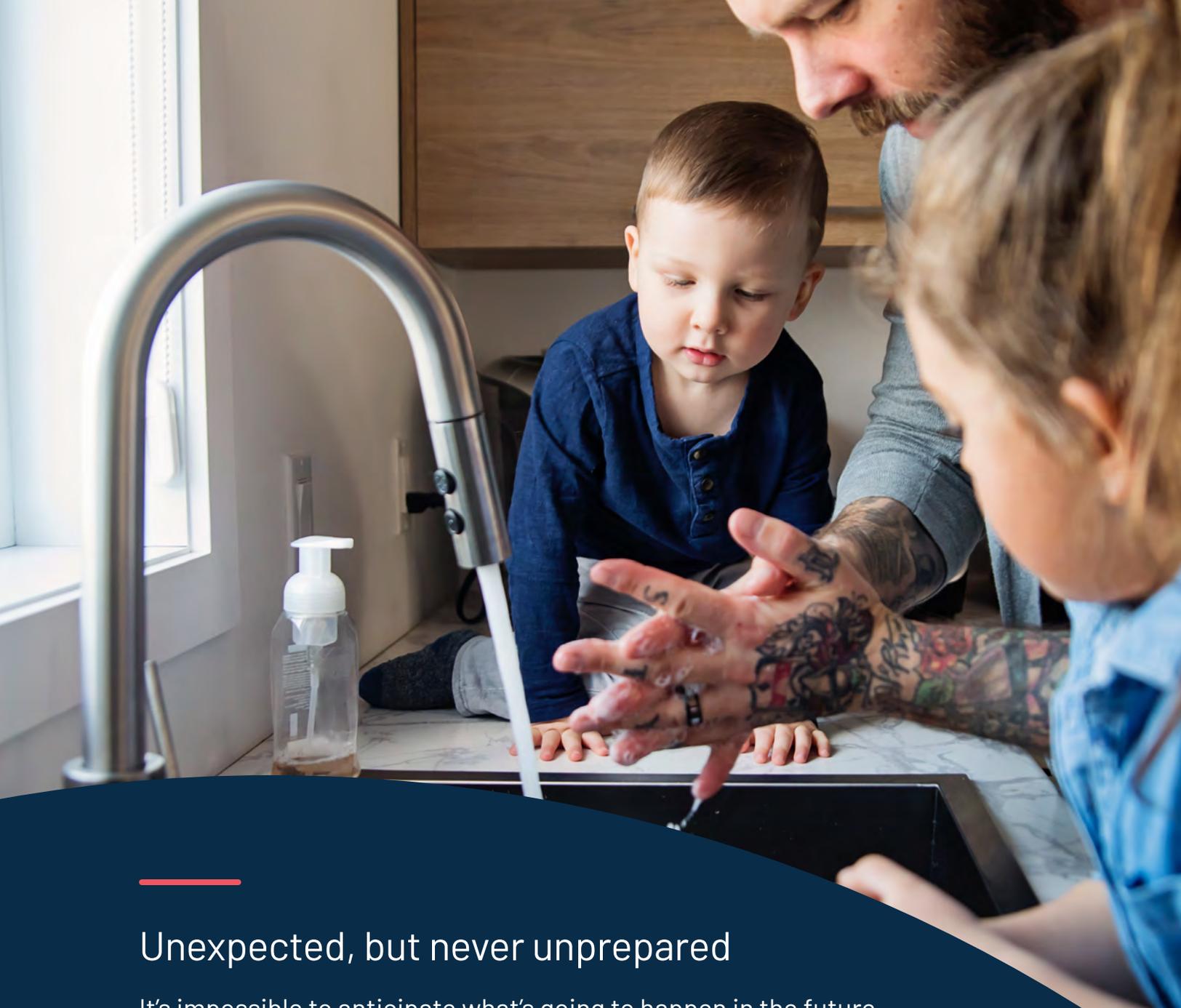
There are a number of ways to get voluntary benefits, such as through an employee benefits broker or by talking to an insurance agent.

### **What should I look for in a voluntary benefits provider?**

It’s important that the carrier works with you (the employer) to help determine what best suits your overall employees’ needs as well as your business and budget. Many providers offer support services such as communication and enrollment of benefits, on top of the benefits themselves, which can really help employees make the most suitable selection.

### **How can a small business with a multigenerational workforce offer a range of benefits that suit all needs?**

The great thing about voluntary benefits is that they allow you to offer a greater range of coverage to your workforce without impacting your budget. So, if you have employees of all different ages, they can pick and choose which benefits are most beneficial to them and their lifestyle.



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## Unexpected, but never unprepared

It's impossible to anticipate what's going to happen in the future. We're all acutely aware that life can change dramatically. Having a plan and being prepared helps you, your company and your employees protect what's most important.

Finding a benefits provider who combines the protections your employees need with expertise and compassion allows you to focus on what you do best, while your employees have the peace of mind needed to pursue their goals.

**That's the power of voluntary benefits.**



[ColonialLife.com](https://ColonialLife.com)

1. SHRM, Employee Benefits 2019, 2019.
2. Willis Towers Watson, Employer and employee satisfaction with group benefit marketplaces, 2018.
3. Willis Towers Watson, 2018 Emerging Trends: Voluntary Benefits and Services Industry, 2018.

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