



Benefits that Matter:

Five Ways Employers Can Get the Most Value from Voluntary Benefits

A Purchasing Power White Paper

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TABLE OF CONTENTS

Introduction	3
The Voluntary Benefits Landscape	4
Five Ways Employers Can Get the Most Value from Voluntary Benefit Offerings	6
Summary	10
About Purchasing Power	10
References	11

What's Inside

- The current state of the benefits landscape
- Employer and employee views on voluntary benefits
- Ways to help employees make wise benefit decisions

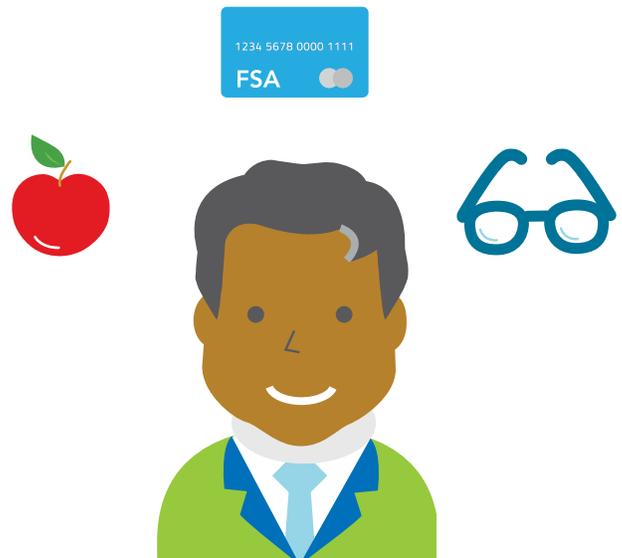
Introduction

Voluntary benefits have gone mainstream. That's the word from Eastbridge Consulting Group, based on results of the 2015 *Benefits Selling*/Eastbridge Voluntary Survey conducted earlier this year.¹

The reason they have gone mainstream? Benefit plans are a key tool in an employer's recruitment and retention strategies. With the impact of rising costs and healthcare reform, employees have taken on more responsibility for their benefits – and, consequently, have more interest in acquiring benefits that work best for them.

Enter the role of voluntary benefits – where employees can choose products that complement their company-sponsored core benefits and round-out a benefit portfolio that suits their individual needs. In some cases, voluntary benefits simply enhance their lifestyle, allow them to acquire products and services they might not otherwise be able to afford, and further their personal improvement and financial wellness. Once considered just a “nice extra,” today voluntary benefits – both traditional and non-traditional – are considered an essential element in the benefit program most employers use to attract and retain employees.

This white paper explores employers' and employees' views on voluntary benefits and provides five tips for employers to get the most value out of their voluntary benefits program.



A comprehensive and well thought-out benefits package shows employees that their company cares about them as an individual.



The Voluntary Benefits Landscape

In the past, employers included a few voluntary benefits in the employee benefits package, such as a medical supplemental policy, accident policy or disability policy, for those employees interested in complementing their standard benefit package. Today, however, voluntary benefits are a key part of the employee benefits package because they allow employees to customize their benefits to include not only healthcare and insurance policies but lifestyle and financial products and services that are important to them.

Employees can select traditional voluntary benefits such as gap coverage, short-term disability, cancer, critical illness, dental and hospital supplemental policies to round out their healthcare coverage needs. And the virtual smorgasbord of non-traditional voluntary benefits gives employees perhaps the most leverage to truly customize their employee benefits preferences. Non-traditional products include banking and buying options, lifestyle and convenience options, personal care and improvement options, and financial safety nets.

Many factors contribute to an employer's selection of voluntary benefits. These factors can include corporate culture, demographics, employee demand, corporate policies, overall perceived value and existing gaps within the core benefits offering. However at the heart of the decision, companies want to find more ways to engage with their employees. A comprehensive and well thought-out benefits package shows employees that their company cares about them as an individual.

Seeing Things Differently

Two surveys conducted in June 2015 – one of employers and the other of employees – show that they see some things about voluntary benefits differently. Employees working full-time were surveyed through a Harris Poll on behalf of Purchasing Power.² Employers were asked their opinions through a *Human Resource Executive* survey on behalf of Purchasing Power.³ Here's what we found:

- Both employers and employees agree on the importance of voluntary benefits – 90 percent of employers and 86 percent of employees say offering voluntary benefits is very or somewhat important.
- Whether or not the voluntary benefits offered at their company reflect the diversity of the employees did not track, however – 78 percent of employers think that the voluntary benefits their company offers reflects the diverse needs of their employees; yet only 29 percent of employees strongly agree and 33 percent of employees somewhat agree.
- 93 percent of employees say it is very or somewhat important that they be able to choose benefits based on their particular needs, such as ones that enhance their lifestyle, protect their well-being and improve their financial wellness.
- Only 29 percent of employees say their or their spouse's employer offer non-traditional voluntary benefits, but 48 percent of those whose company doesn't offer them would like them to. Further, 54 percent of employers say they don't offer non-traditional voluntary benefits and 78 percent of employers say they don't anticipate offering any additional non-traditional voluntary benefits.

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employers
who agree



employees
who agree

Five Ways Employers Can Get the Most Value from Voluntary Benefit Offerings

1 Offer an array of voluntary benefits in your employee benefits package.

Meeting the multi-generational and diversity needs of your workforce is important today and voluntary benefits aren't one-size-fits-all. Employees have varying needs and they want a variety of benefits from which to choose.

The latest benefit trends study from MetLife shows that the more voluntary benefit options employees have, the happier and more loyal they are. This sends a strong message to employers to offer a variety of voluntary benefits allowing today's diverse workforce to choose the ones that will help them the most. The greatest employee satisfaction is found at companies that offer 11 or more benefits.⁴

The variety of voluntary benefits offered by employers should include both traditional and non-traditional products. The five most frequently sold traditional voluntary products are term life insurance, short-term disability, dental insurance, accident insurance (personal injury, not AD&D) and critical illness insurance. The most popular of the non-traditional voluntary products sold are wellness programs. Others include ID theft coverage, legal plans, discount health programs, pet insurance, computer/appliance/furniture purchase programs and vacation programs.⁵

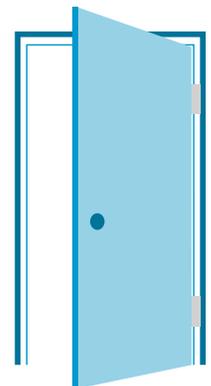
2 Leverage the vital recruitment and retention role that voluntary benefits play.



With the economy improving and more hiring underway, recruiting has become more competitive. Consequently, the employee benefits package is a meaningful expression of how an organization values their employees.⁶

Organizations that value their employees provide a great benefit package to retain those employees. At the same time, the benefits package is under scrutiny by potential employees.

Recruitment and retention of all generations in the workforce is important and, thus, a company's benefits package, including voluntary benefits, is crucial to stand out from the pack. It is particularly significant for millennials. According to a study by Aon Hewitt, not only will millennials make up half of the workforce this year, but nearly one half of them plan to change jobs in the next year.⁷ Millennials feel that what they value in an organization is different than the priorities of their current workplace. They job hop to advance their careers and improve their pay and benefits. Compensation and benefits packages will be the strongest driver in determining their next career move and employers will need to step their game up if they are committed to attracting and retaining quality talent.



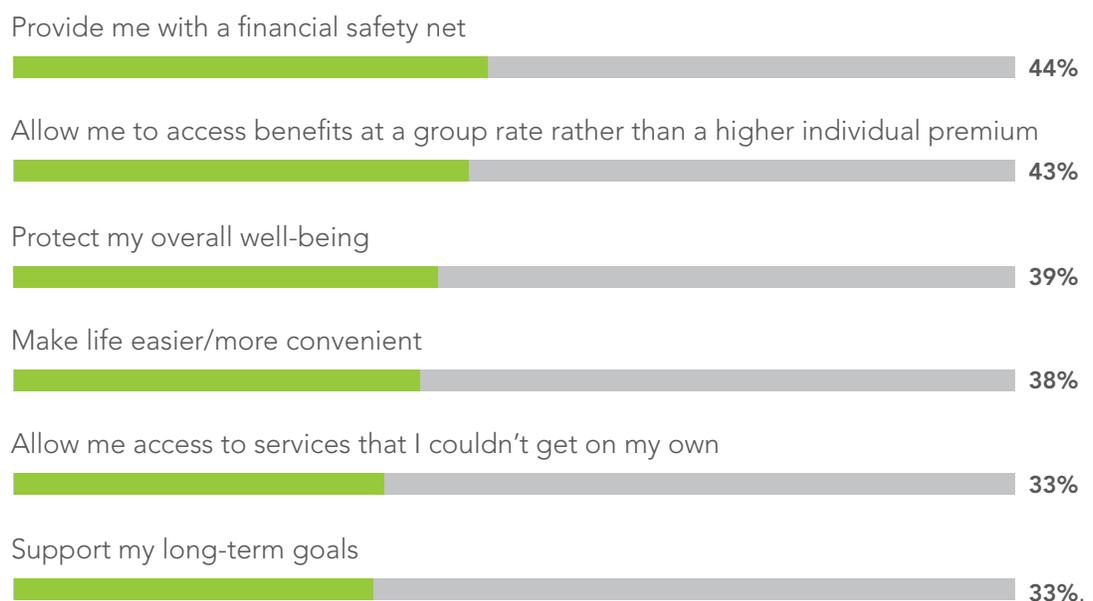
Voluntary benefits make the employee benefits package more attractive for both recruitment and retention purposes. According to the June 2015 Harris Poll on behalf of Purchasing Power, 61 percent of employees are very or somewhat likely to stay with their current employer primarily due to a voluntary benefits package offered.⁸

3 Include non-traditional voluntary benefits to guarantee customization.

Employees have spoken – they want benefit options that help meet their varying needs. With non-traditional voluntary benefits, employers can be assured they are providing the variety of options that allow customization. The non-traditional options help cover preferences based on generation and on a variety of purposes employees are seeking to accomplish with their choices.

Today's diverse workforce spans three generations (Millennials, Generation X and Baby Boomers) who look at work, life, money and finances in totally different ways and thus have varying benefits needs and preferences. Non-traditional voluntary benefits provide options for employees' diverse needs. From pet insurance to cyber-security insurance, from elder care to legal plans, from employee purchase programs to identity theft protection – there's something for everyone. The ability to choose benefits that meet their life-stage needs is something employees want.

Employees look to non-traditional voluntary benefits to fulfill various purposes. When full-time employees were asked to list the purposes that voluntary benefits serve for them, 73 percent of respondents answered that at least one of the following purposes applied to them. Here are the highest priorities:⁹



Some non-traditional voluntary benefits help with cash flow issues as well as overall employee financial wellness, including low-interest loans, financial education and employee purchase programs. Non-traditional voluntary benefits that directly or indirectly improve employees' financial wellness should be part of an employers' offerings and ones in which more employees will participate.

4 Tailor communications to help employees understand everything that's available to them to make wise benefit decisions.

Understanding benefits isn't always easy. With employees taking on more responsibility for their benefit decisions, they need to be confident in their choices and in their understanding of the available benefit options.

Communicating during open enrollment season may not be enough. Incorporating personalized benefit messages reflecting employee life stages and events throughout the year, and offering educational tools and channels preferred by employees, can help make sure workers receive the benefits information they need to make better purchasing decisions.¹⁰

Employees need benefit offerings communicated in a way they understand. With today's multi-generational workforce, this can be a challenge. Baby boomers may want a newsletter, while younger employees prefer a mobile app explaining the products or a link to an online presentation. Both audiences would probably enjoy a video that clearly explains the products and presents them in the context of real-life examples. Customized marketing materials reflecting the languages and nuances associated with different ethnicities also may be effective.

Conveying the value of voluntary benefits is vital. The use of multimedia tools to demonstrate how voluntary benefits fill various needs is recommended. Online platforms can enable employees to interact, such as in chat sessions, asking questions and gaining greater insight regarding voluntary benefits.¹¹

Considering that benefits plans are a crucial segment of recruitment and retention efforts, it is also paramount that HR professionals communicate the advantages of these benefits to employees as often as possible. Less than one-tenth of HR professionals said their employees were "very knowledgeable" about the employer-sponsored benefits available to them, according to recent SHRM research. And many admit that they need to do more to improve this situation—only about one out of five said that their benefits communication was "very effective" in informing employees.¹²



Employees ranked one-on-one in-person meetings, group in-person meetings, the benefits handbook, the company's benefits website and benefits fairs as the top five resources they perceive as effective when making their benefit elections. Interestingly, though, looking across all ranked resources, employers generally overstate the effectiveness of resources compared to how employees rate them. Knowing employee communication preferences would help employers evaluate where to focus time and resources and balance valuable effective touch-point opportunities.¹³

5 Utilize data and technology to provide more efficient, effective voluntary benefit programs.

Employers usually focus on employee demographics to evaluate voluntary benefit offerings, but using data analytics to more specifically target employees leads to better success in creating an appropriate voluntary package. Using an advanced analytical approach, creating an employer benefits profile report through an employer profile analysis, employee segmentation and predictive modeling can yield higher business value and a better employee experience.

From a technology standpoint, benefit portals and benefit enrollment platforms not only help simplify administration for employers, but improve access for employees.¹⁴

The trend toward technology-enabled employee self-service benefits enrollment is growing significantly. As employers are offering an expanded array of voluntary benefits to satisfy the needs of a diverse employee population and offset coverage gaps, technology-enabled benefits education and decision support tools have taken hold to help employees navigate the increasingly complex benefits environment. Employees within all age demographics are now accustomed to accessing the information they want and need from anywhere at any time; they want personalized information online, in real time and enabled for immediate action.¹⁵

Maximizing voluntary enrollment is more than communication blitzes and fancy enrollment technology. It's about thoughtfully assembling a menu of benefit choices that reflect the unique characteristics of the employee population and the composition of core benefit offerings, then making data-driven adjustments with each new enrollment cycle. When voluntary benefits are aligned with employee needs, enrollment results come in strong.¹⁶



Summary

As the job market has become more competitive, employers have become more aware of the role of voluntary benefits in improving their ability to recruit and retain employees. Employers who have added more voluntary benefits – both traditional and non-traditional – are finding that their employees are more satisfied and loyal.

Voluntary benefits are a way for employers to demonstrate that they value their employees and the benefits package they offer without incurring a heavy financial burden. Improving benefits communications and utilizing benefit portals and enrollment platforms mean better employee engagement. With continued engagement, employee satisfaction grows and is reflected in the level of participation, bolstering the employer's recruitment and retention objectives.

About Purchasing Power

Purchasing Power is one of the fastest-growing voluntary benefit companies in the industry, offering a leading employee purchase program for consumer products and services as well as providing financial tools and resources to improve employees' financial wellness. Purchasing Power is available to 7.6 million people through large companies – including Fortune 100s – and government agencies. The company was honored for "World Class Service" by Smart Business, recognized as one of the fastest-growing companies for eight years on the Inc 500/5000, and is one of "Atlanta's Best and Brightest Companies to Work For." Headquartered in Atlanta, Purchasing Power is 'Powering People to a Better Life™' through its employee purchase program, financial literacy efforts and charitable contributions. Purchasing Power is a Rockbridge Growth Equity, LLC Company. For more information, visit www.PurchasingPower.com.

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Methodology

The 2015 Harris Poll survey on behalf of Purchasing Power, was conducted online within the U.S. from June 12-16, among 937 adults who are employed full-time or whose spouse is employed full-time. This online survey is not based on a probability sample and, therefore, no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables, please contact Reva Harris at rharris@purchasingpower.com.



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