

# > The Value of Voluntary Benefits

Marty Traynor, Vice President Voluntary Benefits

## > Agenda for Today:

- Introduction – market observations
- WHY voluntary benefits have emerged
- HOW voluntary benefits are delivered
- WHAT voluntary products are in the market (and how has the market evolved)?
- Summary: let's play Family Feud!



## > Voluntary Benefits

“For employers, voluntary helps meet the diverse needs of today's workers, while requiring only low-impact administration. For employees, voluntary benefits allow easy access to needed personal and family protection without having to shop around in a market that otherwise might overwhelm them.”  
-Marty Traynor, “What’s So Special?” Benefitspro.com



## > Voluntary Benefits



“More than half of employers currently offering voluntary benefits said they will increase these offerings in the next two years.”  
-Prudential, Ninth Study of Employee Benefits: Today & Beyond

## > Voluntary Benefits

“Voluntary benefits offer employees affordable financial solutions that they elect and pay for themselves, avoiding significant financial burden on employers. For smaller employers, voluntary benefit packages are a way to compete with larger businesses that often are able to offer more diverse benefits.”

-Mass Mutual Financial Group,  
Understanding Voluntary  
Benefits



## > Voluntary Benefits



“Voluntary (employee-paid) benefits allow businesses to offer insurance coverage to their employees at lower, group rates. In a competitive marketplace, such benefits can help businesses attract and retain employees, without affecting the company’s bottom line.”

-Sun Life Voluntary Benefits

## > Voluntary Benefits

“Voluntary programs allow your clients to offer richer benefits to employees — at group rates — often without incurring higher benefits costs. Many of these options provide a benefit to employees to help pay for expenses that may not be covered by other insurance. Premiums are paid via automatic pre-tax payroll deductions, so your clients will see a reduction in payroll taxes for enrolled employees.”

-Guardian, Voluntary Benefits Advantages for Your Clients



# Why Voluntary Benefits Have Emerged



## > The Workforce is Changing

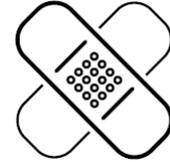
- Multiple generations
- Multiple situations, interests and needs
- “One size fits all benefits” no longer makes sense



## > Medical Plans and Employers' Benefit Designs

**Medical plan designs and expense dominate an employer's benefit planning.**

- Employer's benefit planning is centered on medical design
- "So, medical costs are the tapeworm of American economic competitiveness." – Warren Buffet, May 2017
- Rising deductibles and out of pocket expense drive employee needs



## > Employees' Buying Decisions

**Employees have little or no savings margin.**

- If a medical crisis comes up, how will they pay?
- Nearly 69% of Americans have less than \$1,000 in savings\*
- Voluntary products can provide their financial safety net



Source: \*GoBankingRates.com, 2016 Survey

## › Benefit Administration Technology

**Enables multiple benefit options.**

- Online technology makes it easy for employees to diversify benefits
- But this presents a communications challenge...
- A lot to educate and the temptation to make all enrollment online



# How Voluntary Benefits are Delivered



## > The In-Person Methods

- Person to person “one on one” sessions
- Group meetings
- Call centers – traditional and “web assist”
- WebEx Sessions



## > The Media Methods

- Web Methods – benefit admin or enrollment systems, web pages, online podcasts, email connections (can “benefitwitter” and “enroogle” be far behind?)
- IVR systems
- Print media – newsletters, direct mail, employee benefit booklets



## > How Voluntary Benefits are Delivered



**59%** of employees surveyed enrolled in benefits with printed materials



**47%** of employees enrolled online



**20%** had face-to-face meetings

Source: Ninth Study of Employee Benefits: Today & Beyond, Prudential Financial, February 2016

## > What Employees Prefer



**16%** want paper enrollment forms



**68%** of employees want to enroll online



**13%** want one-on-one meetings

Source: Benefit Communication and Enrollment, LIMRA, 2016

# Multi-Channel Communications Strategy





# > How Voluntary Benefits are Delivered

## Pre-populated forms

- Demographic Information
- Benefit Amounts
- Premium Amounts

Enrollment Form				United of Omaha Life Insurance Company		 <small>Mutual of Omaha</small>							
<small>3300 Mutual of Omaha Plaza, Omaha, Nebraska 68175</small>				<small>Group ID: G000B4T4</small>									
<b>Employer Section (To be completed by the employer. Required fields are marked with an asterisk(*))</b>				<small>*Employer Name: Purcell Tire &amp; Rubber Company</small>		<small>Effective Date:</small>							
<small>Sub Group ID:</small>		<small>Location Code: 001 Potosi Retread</small>		<small>Class:</small>		<small>Occupation:</small>							
<small>*Salary: <input type="checkbox"/> Hourly <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Semi-Monthly <input type="checkbox"/> Annually</small>		<small>*Date of Hire: 07/17/2009</small>		<small>Hours Worked Per Week:</small>									
<b>Employee Section (Please print clearly. Required fields are marked with an asterisk(*))</b>				<small>*Last Name: Doe</small>		<small>*First Name: John</small>							
<small>*SSN/ID Number:</small>		<small>*Birth Date (MM/DD/YYYY): 02/03/1982</small>		<small>*Gender: M</small>		<small>*Marital Status:</small>							
<small>*Street Address:</small>													
<small>*City:</small>		<small>*State:</small>		<small>*Zip Code:</small>									
<b>Voluntary Long-Term Disability Coverage Election</b>													
<small>Employee Coverage Only</small>		<small>Enroll <input type="checkbox"/> Decline <input type="checkbox"/></small>		<small>Benefit Amount</small>		<small>Bi-Weekly Premium Amount (Per Paycheck - 26/Year)</small>							
<small>Voluntary Long-Term Disability</small>		<small><input type="checkbox"/> <input type="checkbox"/></small>		<small>\$1,573.33 per Month</small>		<small>\$1.13</small>							
<small>- Currently enrolled? No</small>													
<b>Voluntary Life and AD&amp;D Coverage Election</b>													
<small>If you the employee are age 65 or older: The guaranteed amount available without answering health questions (Guarantee Issue Amount) and the Voluntary Life benefit amounts available to you and your spouse are subject to a benefit reduction due to age:</small>													
				<small>At the Age of...</small>		<table border="1"> <tr> <td>65</td> <td>70</td> <td>75</td> </tr> <tr> <td>85%</td> <td>40%</td> <td>25%</td> </tr> </table>		65	70	75	85%	40%	25%
65	70	75											
85%	40%	25%											
<small>The Original Amount Will Reduce to...</small>													
<small>If you are age 65 or older, the benefit amounts shown below for you and your spouse are already reduced.</small>													
<small>Employee and Dependent Coverage</small>		<small>Benefit Amount - Select One Option</small>				<small>Bi-Weekly Premium Amount (Per Paycheck - 26/Year)</small>							
<small>Voluntary Life and AD&amp;D - Employee</small>		<small><input type="checkbox"/> Retain Current Amount</small>				<small>\$0.00</small>							
<small>- Current Benefit Amount: \$0</small>		<small><input type="checkbox"/> \$10,000</small>				<small>\$0.48</small>							
		<small><input type="checkbox"/> \$30,000</small>				<small>\$1.44</small>							
		<small><input type="checkbox"/> \$50,000</small>				<small>\$2.40</small>							
		<small><input type="checkbox"/> \$100,000</small>				<small>\$4.80</small>							
		<small><input type="checkbox"/> Other \$ _____</small>				<small>\$ _____</small>							
		<small><input type="checkbox"/> Decline</small>				<small>\$ _____</small>							
<small>Voluntary Life and AD&amp;D - Spouse</small>		<small><input type="checkbox"/> Retain Current Amount</small>				<small>\$0.00</small>							
<small>- Current Benefit Amount: \$0</small>		<small><input type="checkbox"/> \$10,000</small>				<small>\$0.48</small>							
		<small><input type="checkbox"/> \$25,000</small>				<small>\$1.20</small>							
		<small><input type="checkbox"/> \$30,000</small>				<small>\$1.44</small>							
		<small><input type="checkbox"/> Other \$ _____</small>				<small>\$ _____</small>							
		<small><input type="checkbox"/> Decline</small>				<small>\$ _____</small>							
<small>Voluntary Life and AD&amp;D - Child(ren)</small>		<small><input type="checkbox"/> Retain Current Amount</small>				<small>\$0.00</small>							
<small>- Current Benefit Amount: \$0</small>		<small><input type="checkbox"/> \$10,000 (per child)</small>				<small>\$1.06 (all children)</small>							
		<small><input type="checkbox"/> Other \$ _____</small>				<small>\$ _____</small>							
		<small><input type="checkbox"/> Decline</small>				<small>\$ _____</small>							
<small>You must complete and submit an Evidence of Insurability form if you or your spouse are enrolling for Voluntary Term Life coverage in excess of the Guaranteed Issue Amount (GIA). The form is available from your employer/benefits administrator, or is available online at <a href="http://www.mutualofomaha.com/ebc">http://www.mutualofomaha.com/ebc</a>. The GIA is the lesser of 7 times your annual salary, or \$100,000. For your spouse, the GIA is the lesser of 100% of the amount you enroll for, or \$30,000. In no event shall your amount of insurance exceed 7 times your salary.</small>													
<small>- You must elect coverage for yourself for your dependent(s) to be eligible.</small>													
<small>- The benefit amount elected for your child(ren) cannot be more than 100% of your elected benefit amount.</small>													
<small>- The benefit amount elected for your spouse cannot be more than 100% of your elected benefit amount.</small>													
<small>- You must be age 70 or less for your spouse to be eligible for coverage. Spouse coverage terminates when you reach the age of 70.</small>													
<small>- Your dependent child(ren) must be under age 26 to be eligible for insurance.</small>													
<small>MJGCG9859</small>						<small>Doe, John</small>							

# > How Voluntary Benefits are Delivered

## Educational Materials

### Life Insurance

*Life Insurance Isn't For You, it's For Those You Leave Behind*

Leaving loved ones behind isn't a subject anyone wants to think about. But if someone depends upon you financially, it's a subject that should not be avoided.

Product Information

Determine Your Need

### Disability Insurance

*How Long Could You Live Without a Paycheck?*

Most people don't think twice about insuring their home, automobile or health. However, many people don't recognize just how important it is to insure their income.

Product Information

Determine Your Need

## > Shouldn't You Insure Your Income?



Serious illnesses or accidents can come out of nowhere. They can interrupt your life and your ability to work for months – even years. Long-term disability can pay a portion of your income, so you have the financial support to manage your disability and your household.

### Don't Miss Your Opportunity to Enroll

A long-term disability insurance policy, offered by **United of Omaha Life Insurance Company**, a Mutual of Omaha company, helps replace a major portion of your income when you are sick or injured and unable to work. Some people think of it as "paycheck protection." Others view it as a way to protect their home since a mortgage payment is often a family's most significant expense.

[Open enrollment begins [insert date].]  
[Watch for more information on how to enroll]

# ➤ How Voluntary Benefits are Delivered

The screenshot shows the homepage for Technology Solutions. At the top, there is a navigation bar with links for 'Human Resources', 'Contacts', and 'Enroll Now'. Below this is a large banner with the text 'Welcome to Your Benefits Website!' and 'For assistance, please call the Benefits Hotline (888) 555-1212'. The main content area features a navigation menu with categories like 'Home', 'Medical & Prescription', 'Dental & Vision', 'Life & Disability', and 'Additional Benefits'. A central video player shows a woman speaking, with the text 'WELCOME TO YOUR ONLINE ENROLLMENT SYSTEM' overlaid. To the right of the video, there is a section titled 'Employee Benefits Technology Solutions' with a list of services and a brief description of the company's mission.

**TECHNOLOGY SOLUTIONS**

Welcome to Your Benefits Website!  
For assistance, please call the Benefits Hotline (888) 555-1212

Human Resources | Contacts | **Enroll Now**

Home | Medical & Prescription | Dental & Vision | Life & Disability | Additional Benefits

**Welcome**  
Eligibility  
Health Incentive Awards  
Health and Wellness  
Your Employee Rights  
COBRA  
Health Resources  
En Español  
Log Out

**Employee Benefits Technology Solutions**

Technology Solutions strives to provide employees with the most competitive benefits package in the industry. Our employees are our greatest resource and we take pride in being able to offer comprehensive and affordable benefits for all of our employees and their families including:

- Best in class online enrollment and benefits administration system
- Customized benefits websites
- Carrier and payroll connectivity
- Telephonic enrollment / call center
- COBRA administration
- ACA Reporting - 1094C / 1095C Forms
- Dependent documentation management
- Evidence of insurability management
- Wellness plan administration
- Conversion and portability management
- Customized billing and reports

WBD is a full service model - they do all the work. Their system can be tailored to meet the administrative and communication needs of our employer clients - both today and into the future.

Click here for a detailed brochure and price list of WBD's core and enhanced service package.

To see an interactive demo, please contact sales@wbdcorp.com or call (800) 779-8902

**WELCOME TO YOUR ONLINE ENROLLMENT SYSTEM**

**WEB BENEFITS DESIGN**

The screenshot shows the homepage for PBenroll. At the top, there is a navigation bar with links for 'Home' and 'Contact'. Below this is a large banner image of a family (a man, a woman, and two children) smiling in the back of a convertible car. The main content area features a login form with fields for 'User Name' and 'Password', and a 'Login' button. Below the login form are links for 'New User Registration' and 'Reset Password'. To the right of the login form is a video player showing a screenshot of the PBenroll website interface. Below the video player is a section titled 'WebMD Health'. At the bottom of the page, there is a copyright notice: '© 2016 Prepare Benefits'.

info@preparebenefits.com

Home | Contact

**PBenroll**

User Name  
  
Password  
  
Login

New User Registration  
Reset Password

WebMD Health

© 2016 Prepare Benefits

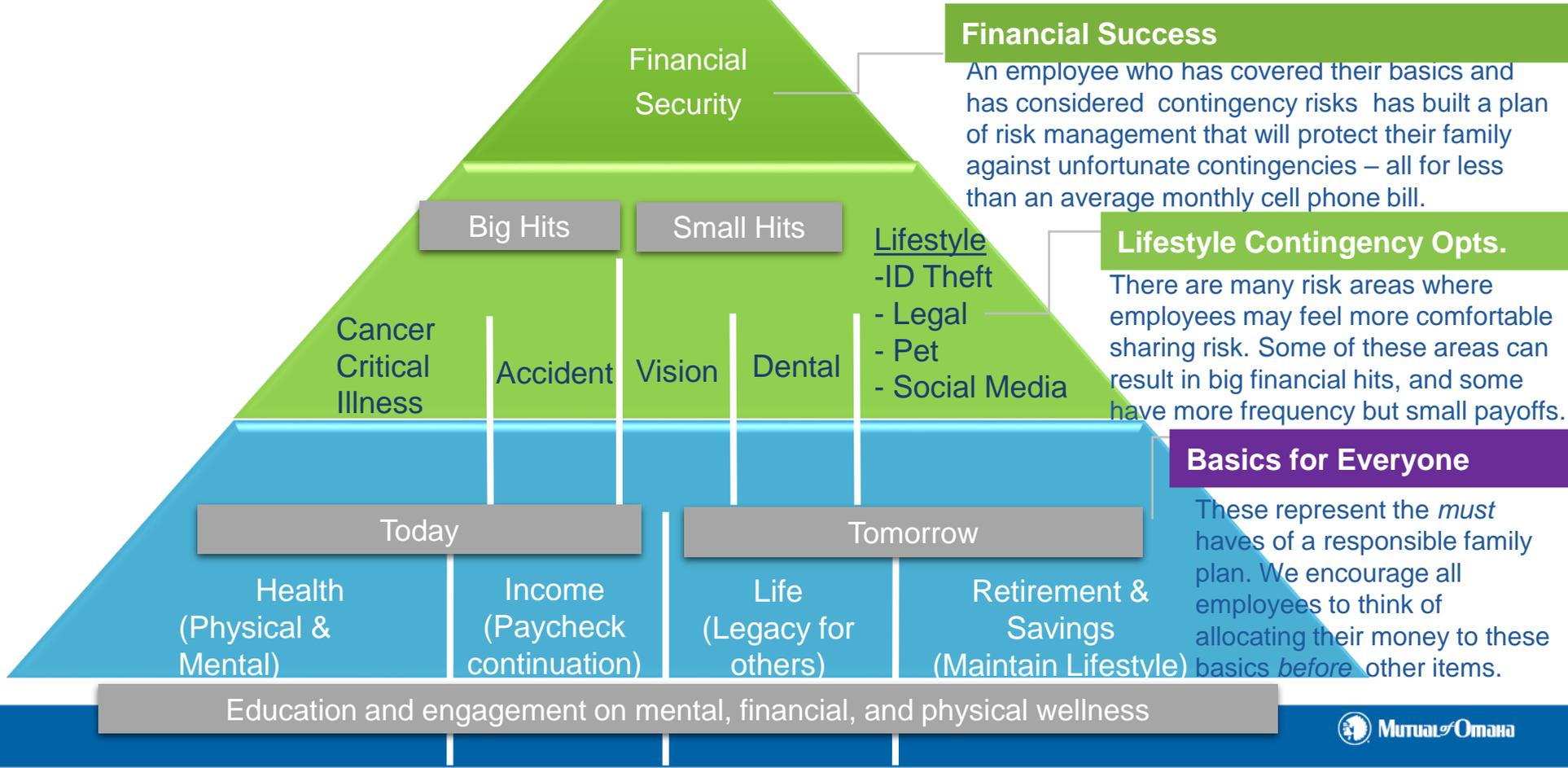
## > Make Voluntary Relevant



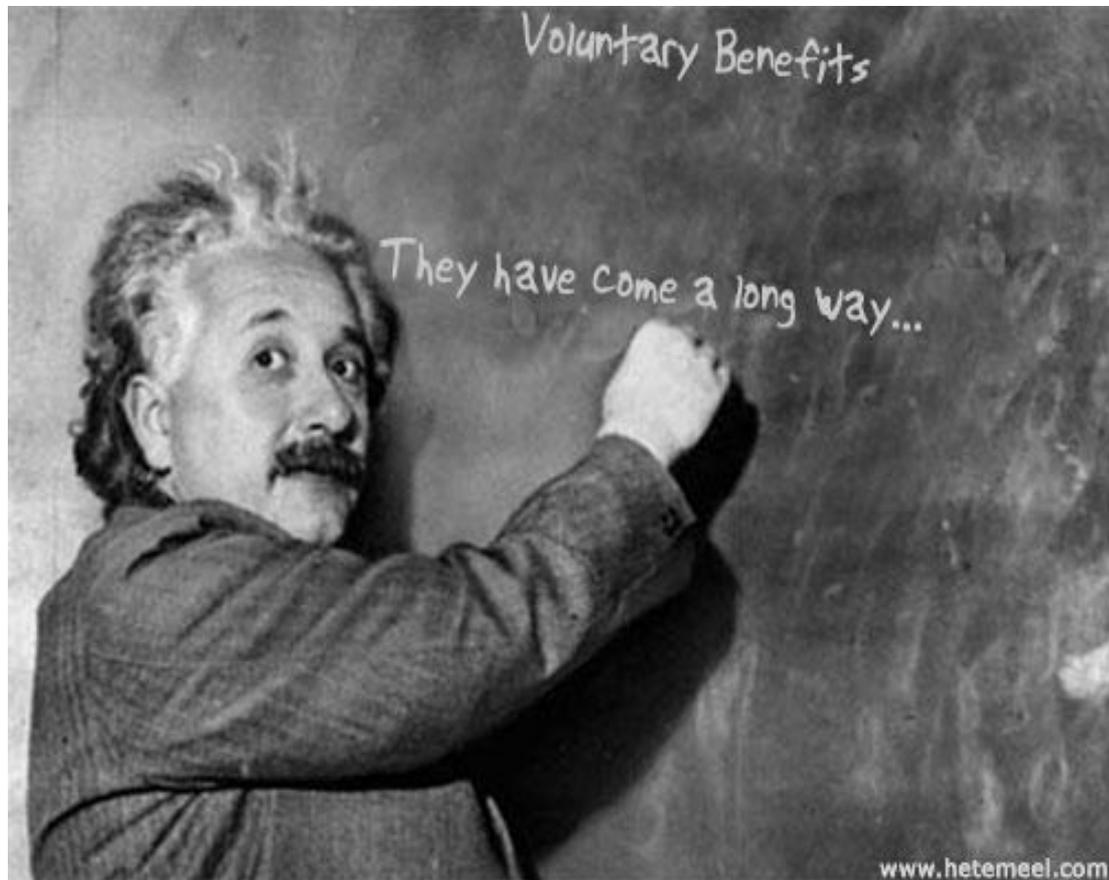
\*Appeal to both “customers” in enrollment communications!

# Making the Right Choices

➤ To Preserve Your Future



# Evolution of Voluntary Benefits



## > What are Voluntary Benefits?

**Optional insurance benefits that are;**

- Employer-sponsored or offered to employees with the employers' permission
- Employee pays 100% of premium – usually through payroll deduction
- Some non-insured products, or products related to insurance such as health service discounts, are also marketed as voluntary benefits



## > What About “Worksite” Benefits?

### The term “worksite” has evolved

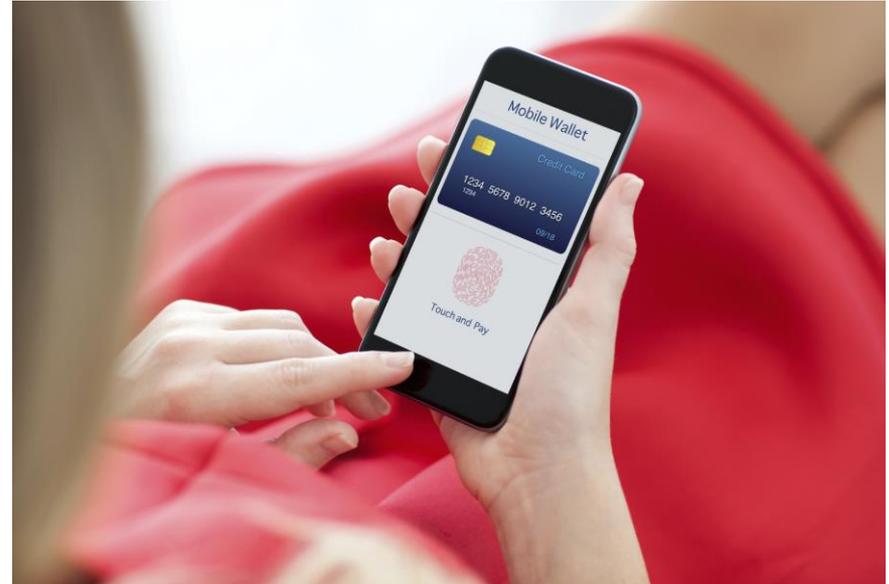
- In the past, this term was used to distinguish employer-offered benefits that were individual insurance products
- As group insurance products began to be offered on an employee-selected basis, the term “voluntary benefits” has evolved as a more generic description, covering both group and individual insurance product designs



## > Voluntary Benefits – Changing Product Packages

Available voluntary benefit products have progressed:

- Beyond the permanent life products that replaced the kitchen table debit sale
- Beyond benefits employers used to pay for – dental, vision, disability income protection
- Beyond traditional insured benefit products into ID theft, legal services, discount packages, financial wellness programs, etc



## > Voluntary Benefits – Over 30 Years Ago

In effect, there were virtually none.

- Benefits were provided by employers or purchased at the kitchen table by individuals
- This approach dried up for many reasons (2 income families, cost of a home, service agent system, etc.)



## > Voluntary Benefits - 20-30 Years Ago

The kitchen table was replaced by the office desk.

- Benefits were provided by employers or purchased by employees at work
- Product offerings centered on permanent life insurance – individual product designs with limited underwriting; or in cases where the employer’s paid benefits were less comprehensive, they covered supplemental medical and/or disability income protection needs using “pre-tax” payment as part of a package
- Presentations were usually person to person sessions



## > Voluntary Benefits – 10 – 20 Years Ago

**Benefits at work expanded into more formal, complete lists of insured products.**

- Employers sought diverse ways to expand benefits and benefit related services without expanded costs
- Product offerings became much more diverse and enrollment technology and personalization began to enter the market



## > Voluntary Benefits - Today

### Multi-channel methods.

- Educating, engaging, and enrolling employees are enabled via technology combined with personal connectivity for employees at individual or group meetings, call centers, chat lines, etc.



## › What Voluntary Benefits are in Today's Market?

- Term Life Insurance
- Permanent Life Insurance
- Disability Income Insurance
  - Short and Long Term Disability Income
- Dental/Vision Insurance
- Hospital Indemnity Insurance
- Accident Insurance
- Critical Illness Insurance
- Long-Term Care Insurance
- Pet Insurance
- ID Theft Protection
- Legal Service Packages
- Other “lifestyle” benefits



## > Top 10 Voluntary Products of 2016 Offered by Employer's



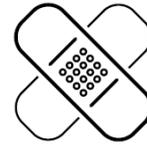
Term Life 21%



Dental 14%



STD 13%



Accident 13%



Hospital Indemnity  
8%



Critical Illness 7%



LTD 7%



Permanent  
Life 6%



Vision 5%



Cancer 4%

Source: U.S. Voluntary/Worksite Sales Report 2016, Eastbridge, April 2017

## > Term Life Insurance

**No matter what stage of life your employees are in, life insurance is a great benefit for everyone.**

- 33% of employees have voluntary term life insurance
- Millennials are less likely to purchase voluntary life insurance

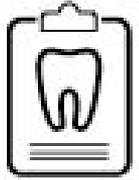


Source: The Employee Viewpoint, Eastbridge, December 2015

## > Dental Insurance

**Seeing a dentist twice a year can help prevent oral health problems.**

- According to The National Association of Dental Plans, employees rank dental plans as the third most important employee benefit
- An oral exam can reveal health-issues such as jaw misalignment, growth problems, diabetes or cancer for your employees



# > Short-Term Disability Income Insurance



**Your employees ability to earn an income can be their biggest asset.**

- Less than 5 percent of disabling accidents and illnesses are work related\*
- Over 37 million Americans are classified as disabled\*\*
- Provides return to work incentives and claim management services – vocational rehabilitation, for example



Source: \*Council for Disability Awareness, Long-Term Disability Claims Review, 2014

\*\*U.S. Census Bureau, American Community Survey, 2011

## > Accident Insurance



**With Accident insurance, your employee's won't have to worry about how they will pay for care if an accident occurs.**

- 19% of employees own a voluntary accident plan, 15% own a plan where they pay part of the premium, and 16% own a plan where their employer pays the full amount
- 50% of employees have protection when an accident occurs



Source: Voluntary Personal Injury Accident Plans, Eastbridge, April 2015

## > Hospital Indemnity/Supplemental Medical



**Major medical insurance covers most expenses after a deductible and co-pay amount, which is the individual's responsibility – and most common hospital treatments and MD visits fall into this out-of-pocket category.**

- The average hospital stay in the U.S. is \$4,293 per inpatient stay\*
- 56 percent would have to borrow from a 401(k) and/or use a credit card to cover out-of-pocket expenses for an unexpected medical event.\*\*



Source: \*International Federation of Health Plans, 2013 Comparative Price Report  
\*\*2016 Aflac WorkForces Report conducted by Lightspeed GMI, December 2016

## > Critical Illness Insurance



**Even the best health insurance plans don't cover 100% of medical expenses.**

- Out-of-pocket costs for an accident can be as high as \$4,112 and \$14,444 for a specified disease\*
- 86% of employees do not own Critical Illness Insurance\*\*



Source: \*The 21th Annual MetLife Study of Employee Benefits Trends, 2014

\*\*Voluntary Critical Illness Products, Eastbridge, May 2016

## > Long Term Disability Income Insurance



**Most people wouldn't think twice to insure their home, automobile or health.**

- Along with dental and vision coverage, employees named long-term disability as one of the top products they are interested in purchasing in the future
- 53% of employees do not own Long-Term Disability Income coverage



Source: Voluntary Long-Term Disability Plans, Eastbridge, September 2015

## > Permanent Life Insurance

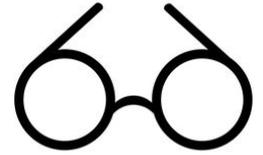


The need for life insurance lasts a lifetime – yet term life generally does not. Permanent life is the answer, especially when combined with term life in a portfolio that covers needs across a lifetime.

- Whole life and universal life are two designs available as voluntary benefits
- These plans often include “living benefits” (for long term care or terminal illness) as well as cash values that keep premiums level



## > Vision Insurance



**Like Dental, Vision Insurance is one of the most desired voluntary products by employees.**

- 24% of Gen X and 26% of Millennials were “interested” or “very interested” in vision as a benefit offered by their employer\*
- 22% of employees who do not own any voluntary products or who own at least one are interested in purchasing vision coverage on a voluntary basis\*\*



Source: \*The Employee Viewpoint – Vision, Eastbridge, December 2015  
\*\*Voluntary Vision Products, Eastbridge, February 2016

## > Cancer Insurance

Over 1.6 million Americans will be diagnosed with cancer every year.

- Cancer Insurance, as a whole, has been successful in the benefits industry but has also thrived in the individual market
- HIRC market research has found that cancer is one of the top illnesses that generate the most cost



## > Non Traditional “Lifestyle Insurance”



ID Theft Protection – 39% of employees said they’d be extremely likely, or likely, to purchase identity theft. 2013 Employee Benefits Study, Lifelock, February 2013



Employee Purchase plans - 44 percent were very/somewhat likely to use an employee purchase program that allowed them to buy big-ticket items through payroll deduction. Harris Employee Purchase Programs, accessed 5/15/2017



College Loan Repayment – 1 in 3 workers said employers should help payback student loans. Edassist.com, accessed 05-15-2017



Pet Insurance – 20% of employers with 1,000-2,499 employees offering voluntary pet insurance. The Employer Viewpoint, Eastbridge, October 2016



Legal Services – 68% of employees surveyed spent time at work dealing with legal issues. ARAG Legal Insurance Study, 2016



Financial Wellness – 76% of employees surveyed think improved education would help them cope with “life issues”. Captia Employee Benefits Study, 2016

## › Family Feud



What are the top reasons employees like Voluntary Benefits?

## > Survey Says...

1. Affordable pricing
2. Personal choice meets personal needs
3. Fills gaps in employer benefit plans
4. Family security/claims value
5. EASY process to apply
6. EASY payment via payroll deduction
7. Employer selection makes good choices EASY for employees!

## › Family Feud



What are the top reasons employers like Voluntary Benefits?

## > Survey Says...

1. Diverse Generations of employees are supported
2. Employee Choice provides them personalized benefits
3. Fills gaps employers cannot cover
4. Financial Security is good for employees
5. Easy process supported by carrier systems and benefit administration
6. Easy qualification with most employees guaranteed coverage
7. Employees like them!!! – this helps employers attract and retain talent

## › Voluntary Benefits in the Mainstream

“What’s special about voluntary benefits is their responsiveness to the needs of customers. Employers can easily offer benefits that will be meaningful to a broad spectrum of employees, and employees can easily make informed selections of benefits that meet their needs.” -Marty Traynor, “What’s So Special?” BenefitsPro.com



## > Questions

### > Marty Traynor

Vice President, Voluntary Benefits  
marty.traynor@mutualofomaha.com  
P: 402-351-2105  
C: 402-215-7812

 martytraynor

 @currentbenefits

