

Voluntary Benefits Insights

Helping employees understand the dollar value of their voluntary benefits

Joe Quintana

As employers struggle to offer a competitive benefits package in an environment of confusing healthcare, education has become the key to benefit appreciation. Employers and employees both agree that great benefits can convince quality professionals to take a job and stay in it. Dissatisfaction with employer-sponsored benefits can inspire people to leave a job, even if other key factors, such as salary and corporate culture, are satisfactory. However, the parties don't always agree on the quality of benefits packages. It's not unusual for employers to feel they've offered a quality package, only to have employees indicate their antipathy with low enrollment in voluntary benefits. The question becomes, is it the benefits package that needs improvement or is it the education delivered through the enrollment process.

While 77 percent of workers say benefits are either extremely or very important, and 22 percent have changed jobs because of benefits, only about half are actually satisfied with their benefits packages, according to the Employee Benefit Research Institute. Having a say in benefit options is not only important to employees but provides ownership. However, choice without education defeats the purpose and delivers less than favorable results.

In fact, more than one-third of employers say they've increased their benefits offerings, and they're improving the diversity of benefits they offer, a survey by the Society of Human Resources Management shows. However, 49% of employees are still dissatisfied with their benefits package.

Knowledge is value

Typical benefits packages include standard offerings like medical coverage, paid time off and life insurance. Voluntary benefits, such as long-term and short-term disability insurance, enhance benefits packages. Wellness programs like paid fitness club memberships or discounts on procedures not covered by standard health insurance further sweeten the deal.

However, if an employer offers a well-rounded benefits package and employees still aren't satisfied, the answer is not to offer more benefits. The key to improved satisfaction and enrollment is to help employees truly understand the value of their benefits. By "value" we mean not just how offerings like life or disability insurance protect them, but also the equivalent monetary value of their benefits. It is difficult for employees to value what they don't understand.

As employees see the monetary value of their benefits, they view their benefits as a valuable component of their overall compensation. This is referred to as the hidden paycheck.

Helping employees see the big picture

The more employees know about how their benefits work and the total cost of their benefits, the more they will understand their true value. Employers can improve employees' understanding through several tactics:



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- ▶ **Benefit Statements** — Open-enrollment documents which illustrate cost to employee and employer contributions for benefits such as medical, dental and life insurance. This can be done in a simple graphic table that shows the total monthly premium for an employee's health insurance (i.e. \$1,200), the portion the company pays (60 percent/\$720) and the employee's share (40 percent/\$480). This can be done for every benefit the company pays into on the employee's behalf.
- ▶ **Cost Comparisons** — For voluntary benefits such as group long-term or short-term disability, include a cost comparison for employees in their enrollment documents. The comparison should illustrate how much the employer-sponsored plan will cost them per month versus how much they could expect to pay for comparable coverage if they were to secure it on their own.
- ▶ **Benefit Education** — Help employees understand the risks each voluntary benefit is intended to mitigate, and what unprotected exposure to those risks might cost them. For example, include in enrollment documents information on the likelihood/risk of one day becoming disabled, along with an explanation of the actual cash benefit they could expect from their long-term disability policy.
- ▶ **Retirement Modeling** — For 401(k) enrollment, graphically show employees how much more their accounts will earn over time if they increase their contributions to earn the full employer match.

A well thought out benefit communication strategy is essential for the success of a benefit plan. Taking the time to educate employees on the value of their benefits is a critical part of benefit implementation. A focused effort on education can result in higher moral, increased productivity, and overall satisfaction. Employee awareness creates an environment that lends itself to better cost containment strategies and risk management options. With the significant contributions towards benefits, it only makes sense to capitalize on the investment.



About the author

Joseph Quintana, Regional Practice Leader, Voluntary Markets, has 23 years of sales and sales management success — as well as product and process expertise — in the Voluntary/ Worksite benefits marketplace. Prior to joining Reliance Standard in 2017, he was a regional practice leader with Guardian Life Insurance Company. Prior to that he spent 19 years, in escalating sales and sales management roles, with Colonial Life Insurance Company.

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