

Voluntary Benefits Insights

Why so many employees want voluntary benefits

Joe Quintana

There's a reason why hiring managers and HR personnel are phasing out the term "salary" in favor of "overall compensation."

While most employees still view base salary as one of the [most important parts of a job](#), an increasingly large number of employees and job candidates are looking at more than just dollar signs. A survey conducted by [Glassdoor](#) found that 57 percent believe that benefits and perks are among the top considerations before accepting a job.

This trend has not gone unnoticed. Companies are getting more creative in what they offer by way of compensation, to attract employees, retain employees and boost morale. Sometimes these include those much-publicized perks you hear about, like onsite juice bars, cafes and free gourmet meals. As appealing as such amenities may be, employees want more substantial forms of compensation. With rising health care costs - many of which are not covered by basic health care plans - and anxiety over unexpected expenses, employees are looking at the range of voluntary benefits that can provide them with the security to meet these financial uncertainties.

Voluntary benefits

Essentially, voluntary benefits are a set of insurance products that workers can add to their health plans. Oftentimes these fill in gaps in coverage, as in vision, dental or hospital indemnity plans.

A good way to approach voluntary benefits and to understand why they are becoming so popular is to start by looking at the big picture. We live in a world where people expect to be able to customize everything to their particular needs. People are accustomed to Netflix, smartphones, online shopping preferences and predictive algorithms that tailor everything to their tastes.

We are well beyond the one-size-fits-all model.

This mentality carries over to their benefits package as well. People want to have a range of options available to them. When employers offer a number of voluntary benefits, employees choose the ones that fit them and pass on to the ones that don't, thereby creating a customized benefits package.

The bottom line

Beyond the convenience of being able to customize a benefits package, one of the biggest reasons employees want to be offered a range of voluntary benefits is financial. Just like individuals and families will sign up for health insurance to give them financial piece of mind, so do voluntary benefits add to this sense of security.

We've mentioned that traditional health insurance leaves a lot of gaps in the overall coverage. While it's easy to overlook these gaps, doing so could result in big costs.



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For instance, according to a [study published](#) in JAMA Internal Medicine, the average American is shouldering an increasingly higher out-of-pocket expense for hospital stays. Between 2009 and 2013, the average out-of-pocket spending per stay grew by 37 percent, from \$738 to \$1,013. This means a car accident or an unexpected illness such as pneumonia could result in a lengthy hospital stay and that could result in financial hardship, even if that person is covered by health insurance.

For a low monthly or bi-monthly payment, people who elect to sign up for [voluntary hospital indemnity insurance](#) can avoid these expenses. As with other kinds of voluntary insurance, a low buy-in (maybe several dollars a month) and the potential to prevent major financial hardship are part of the attraction.

Of course, not everyone will want to sign up for hospital indemnity insurance or any of the other voluntary benefits a company might offer, and that's OK. The option for coverage exists, and people can customize the coverage to suit their individual lifestyle.

Employers are responding

As the demand and marketplace for voluntary benefits has grown, employers have taken notice and responded by incorporating them into their overall pay philosophy. These are three of the biggest benefits employers are seeing:

- ▶ **Low cost for employees, no cost for employers:** Voluntary benefits are paid for by the employee, allowing the employer to expand the coverage they offer at no additional cost. The same principle works for employees: they make a small pay-in for a big benefit.
- ▶ **A way to stay competitive:** A [LIMRA](#) study found that seven out of ten employers offer voluntary benefits for existing employees as a way to attract and retain talent. As more employees look to the overall compensation to make their decision, a benefit program with a wide-range of voluntary options is an easy and cost-effective way to offer more.
- ▶ **Better employees:** Offering a range of low-cost insurance options can help alleviate many of the "what if..." scenarios that can cause a good deal of financial stress with employees. This can translate into better, more content workers who have strong reasons to stay in their current position and not look elsewhere.

In conclusion, as more companies and organizations look for strategic ways to attract and retain employees, voluntary benefits are becoming a standard part of a compensation package. Like good health insurance and a comfortable salary, voluntary benefits help employees feel valued so they can flourish at work.



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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