

Voluntary Benefits: Overview

The pandemic has forced a re-ordering of benefits priorities for employers and employees. For so many, especially human resources professionals, the past 18 months have been a blur with challenges that we have never faced before, and less time to address them. Let us share a few insights for your consideration:

Insight One: Employee financial concerns are at an all-time high.

Insight Two: Employees want, even expect, more benefit choices.

Insight Three: Well-being is no longer a “back burner” issue.

Insight Four: Supplemental benefit plans are changing rapidly.

Insight Five: Decision support is a hot topic.

For good reason, medical plans command a lot of attention. In this article, we would like to focus on supplemental benefits. We often find that by tailoring these “voluntary” programs, employers can offer a package that addresses corporate concerns and meets individual employee needs. More importantly, by engaging and communicating effectively, stress can be reduced, while job satisfaction is increased. A well-designed supplemental benefits package can have a significant, positive impact on employee retention and recruiting.

What process should employers follow when reviewing their supplemental benefits?

1. Examine your current benefits package with an eye toward utilization.
2. Identify strengths and weaknesses.
3. Survey employees for their preferences.
4. Use competitive intelligence to benchmark benefits for recruiting and retention.
5. Conduct a value analysis to identify best-in-class providers based on your priorities.

Which are the most common “Employee-Pay-All” Benefits?

Based on a survey conducted by the International Foundation of Employee Benefit Plans¹ and our experience, we believe that there are three types of supplemental plans:

- Essential – Life Insurance with Long Term Care (LTC), Accident, Critical Illness
- Complementary – Short/Long Term Disability, Hospital Indemnity, Dental, Vision, Hearing
- Incidental – Legal Services, ID Theft, Pet Insurance, Student Loan Assistance, P&C Coverages

Competition drives innovation and the supplemental benefits market is no exception: “No pre-existing conditions, unlimited benefit payouts, life insurance to age 121, individual/group/hybrid plans...” and the list goes on. The changes, almost always *improvements*, in supplemental benefits deserve attention. There is something to be said for stability, but more than ever, reviewing and regularly updating plans is crucial. Prices tend to be lower, benefits are more generous, and designs are flexible.

How should new plans be introduced?

In a word, enthusiastically. By following a process of engagement, education, support, and follow-up:

- Identify the most effective means of communication for your organization.
- Leverage existing communications channels and measure engagement.
- Think of participation as a measure of meeting organizational concerns and employee needs.
- Track employee satisfaction and address issues quickly.

Are there any fiduciary responsibilities associated with offering voluntary benefits?

Although most employers do not contribute to the cost of this coverage, they still have a fiduciary responsibility under ERISA to police such plans if they engage in the promotion or distribution of benefits information related to these programs or allow payroll-deducted payment on a pretax basis through a Section 125 cafeteria-style plan.

Is there an impact on administration?

Yes, as the number of supplemental benefits increases, typically, more time and resources are required to communicate, administer, and manage such programs. Bolton has extensive experience in all aspects of employee benefits. Our consultants can assist employers in each phase: evaluation, design, selection, implementation, enrollment and service. By leveraging Bolton's resources, many clients find that they can expand benefits offerings and increase their impact while simultaneously reducing the organizational resources required to do so.

Next Steps

Supplemental Benefits require a thoughtful approach to obtain the intended results. Please contact your Bolton Consultant for assistance in determining which supplemental benefit plans are right for your organization.

¹ Employee Benefits Survey: 2020 Results, International Foundation of Employee Benefits Plans, 2020, p.44.