



Why Voluntary Benefits Are Seeing Explosive Growth

The high cost of health care and consequential evolution of insurance plans with high deductibles have created an improved market for voluntary products. Employers are eager to create a more comprehensive and competitive benefits package that fills the gaps created by the risk-sharing approach of high-deductible programs. For example, in 2017 nearly half of large employers are offering at least one of the three major voluntary benefits, as determined by [BenefitFocus](#): accident, critical illness and hospital indemnity.

When employers provide these benefits, they also have to utilize communication and enrollment tools that help employees make decisions on what products to buy using their own money. While it's important that voluntary benefits be offered at the same time and use the same enrollment methodology as core benefits, employees may need a bit more education on the relevancy of voluntary benefits to them as individuals if they're going to spend precious disposable income on those products.

Once quality education and enrollment tools are in place for supplemental medical products, employers are realizing how easily they can be leveraged for a wide variety of other voluntary coverages, which has led to higher enrollment in voluntary benefits across the board.

Another reason for the increase in popularity of voluntary benefits is that commissions generated by them can be used to fund overall benefits administrative costs and project work done by TPAs and consultants that would otherwise be borne by the employer. The increased demand has also helped brokers replace income lost due to the shrinking health care revenues.

Support for Physical and Financial Wellness

On the employer side, there has been a huge national push for physical and financial wellness initiatives. Employers are [recognizing the increased stress](#) their employees deal with on a day-to-day basis and want to help give them solutions to fight the stress.

Major life events like divorce, caring for an aging parent or a serious illness can dramatically impact employee

productivity — and a company's bottom line. In fact, stress costs American businesses [more than \\$300 billion a year](#). At first glance, the use of voluntary benefits to help combat these issues might not be clear. However, benefits like legal insurance give employees the resources they need to solve these issues effectively and efficiently so they can get back to work. Another popular voluntary benefit, financial wellness programs, can help with huge [financial stressors](#) like student loans, debt consolidation and tax issues.

Personal Preference Drives Demand

Another reason voluntary benefits continue to grow in popularity? They provide more choices in this "on-demand" world that so many employees ([especially millennials](#)) are used to. Employees want to have more control when it comes to deciding which options are useful for them.

When employers offer a wide range of benefits that address physical and financial wellness issues, employees can adapt the package to fit their current lifestyle needs. A single 25-year-old doesn't have the same needs as a married 55-year-old with kids, so their benefits packages shouldn't look the same.

Employees want a benefits package that feels personalized to them, so that they feel like they are truly benefiting from what they are paying for. [MyChoiceSM by Businessolver[®]](#) is a great example of this: a streamlined, easy-to-use tool that provides recommendations on the benefits that are right for individuals based on their responses to a group of personalized questions. And these customizations pay off for employers — [an Aflac survey](#) found that employees who were offered voluntary benefits were 19 percent more likely to be satisfied with their job — and 14 percent less likely to be job searching.



The Importance of Technology

The wide array of technology providers offering more streamlined technology also makes voluntary benefits easier to implement for employers and brokers. Online enrollment, automated processing of administrative tasks and the ability for employees to “self-serve” all make the voluntary benefits enrollment process more attractive to employees and employers.

Employees appreciate the ease of enrollment and flexibility technology platforms provide – and expect the process to be as accessible and easy as anything else in their lives that has moved to a digital platform, like banking.

Employers understand that the right technology will actually lower their administrative and IT costs in the long run, plus it can provide them and brokers with valuable data to determine what they need to be offering to retain and recruit employees.

All these factors add up to a thriving industry with no end to the growth in sight.

Voluntary benefits are only going to increase in popularity for employers and brokers of all sizes as they become more essential in the lives of employees. Is it time to take a look at your benefits offerings and make sure yours is competitive?



Dennis Healy

Chief Sales Officer

dennis.healy@ARAGlegal.com

About the Author

Dennis Healy leads ARAG® in building a strong and diversified distribution system. He has more than 25 years of insurance industry experience, with a primary focus in the sale of group voluntary benefit products to employer groups of all sizes through brokers, consultants, and employee benefit exchanges. In addition, he is responsible for growing ARAG's recently launched individual insurance products through third party distribution partnerships. He has been published frequently in trade publications and is a featured speaker at industry conferences and seminars.



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