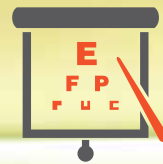


# Voluntary Benefits:

LOW EFFORT, HIGH RETURN



Voluntary benefits are generally low-cost and require minimal administrative effort, but they can result in a significant return on investment when it comes to attracting and retaining top talent. They're quickly gaining traction — giving employees financial protection at times they need it most. And they may be a key factor in keeping your employees satisfied, engaged and on track for success.

We've all seen the TV commercials with the duck promoting insurance. Whether you love or hate these ads, you may want to listen to the message.

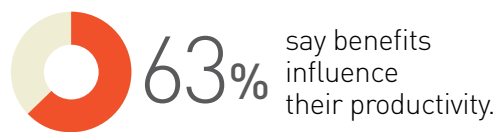
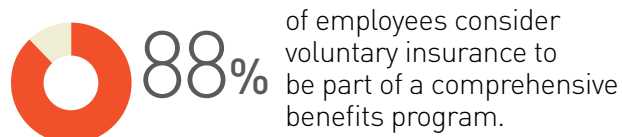
Employee interest in voluntary benefits is gaining traction. Employees see them as opportunities to gain access to a financial protection against critical and catastrophic life events. They also value these benefits as a way to bridge out-of-pocket costs not paid by traditional coverage, such as medical insurance.

What's interesting is that fewer employers are offering voluntary benefits, even though 64% of employees are in favor of a wider array of benefit choices, according to MetLife's 12th annual *U.S. Employee Benefit Trends Study*.

## From the Employee's Perspective

Your workforce is looking to you for a wide range of benefit options they can customize to meet their personal needs. And they're willing to pay for what they want. In fact, 60% of employees surveyed in the MetLife study said they're willing to bear more of the cost to have benefits that meet their needs.

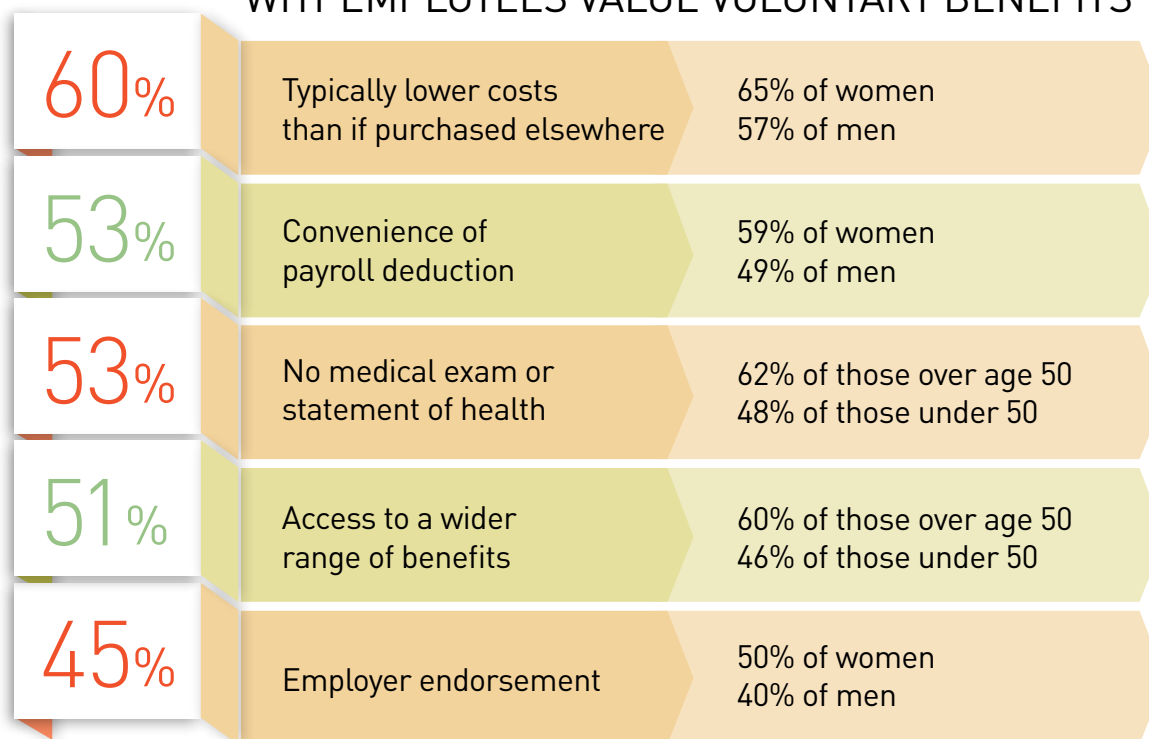
The MetLife research is supported by other findings from voluntary benefits companies. For example, the 2014 Aflac WorkForces Report shows:



Prudential's *Eighth Annual Study of Employee Benefits: Today & Beyond* reports that, increasingly, employees see the value of voluntary benefits. 71% of employees surveyed said voluntary benefits boost the value of their company's benefits program. That's up from 63% in the prior year. What do employees say are the biggest advantages to voluntary benefits? Prudential's survey shows cost is number one. Group-rate premiums are generally lower than what employees will pay on the individual market. Here are some of the other reasons why voluntary benefits are valued by employees:

- Employees can choose the plans that best fill their needs.
- Premiums are paid through convenient payroll deduction.
- Coverage is portable – employees can take it with them when they retire or leave their employer.
- Coverage is guaranteed (called “guaranteed issue”) if they sign up during Open Enrollment or when first eligible.
- Employees trust plans that are provided by their employer.

## WHY EMPLOYEES VALUE VOLUNTARY BENEFITS



Source: Prudential Eight Annual Study of Employee Benefits: Today and Beyond.

## From the Employer's Perspective

Despite the popularity of voluntary benefits with employees, the percentage of employers offering these plans is on the decline. The reason? Most likely the Affordable Care Act (ACA) has been a higher priority for benefit managers.

Complying with the ACA is essential, but at the same time, there are many advantages to including voluntary benefits as part of your benefits package:

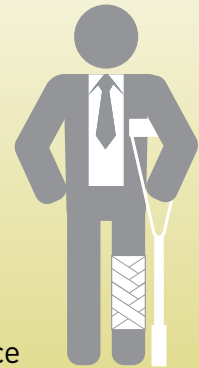
- They help enhance employee loyalty. According to the MetLife study, 44% of employees said having benefits customized to meet their needs would increase their loyalty.
- Employees who work for a company that offers voluntary benefits say they are more satisfied with their jobs and their benefits than those who work for companies not offering these plans.  
(Source: 2014 Aflac WorkForces Report)
- Seven in 10 employers who offer voluntary benefits believe these benefits help improve morale for existing employees and help to attract new workers.  
(Source: U.S. Worksite Sales: 2014 Fourth Quarter Review, LIMRA)
- They provide employees with more cost-effective options versus what they could buy outside the workplace.
- They help maintain the competitiveness of your benefits program with little to no cost to your company.

## Benefits Matter

If your business counts on having top talent to succeed (and what business doesn't?), your benefits might play a bigger role than you think.

## THE MOST COMMONLY OFFERED VOLUNTARY BENEFITS

- Critical illness insurance
- Hospital indemnity insurance
- Accident insurance
- Cancer insurance
- Disability coverage
- Prepaid legal services
- Identity theft coverage
- Pet insurance
- Dental insurance
- Vision benefits
- Group term life insurance



A 2012 study conducted by Harvard Business Review Analytic Services concluded that employee benefits have a significant impact on employee retention. For example, the study found that executives see a strong connection between benefits and employee morale and retention. And over 60% say their companies have a strong sense of responsibility regarding the financial well-being of employees and their families.

Fortunately, voluntary benefits are low-cost and require minimal administrative effort, but they can result in a significant return on investment in attracting, keeping and engaging your workforce. Enhancing your benefit offerings could be as simple as adding voluntary benefits to your package. ■

## ADP has you (and your employees) covered

ADP TotalSource® provides a comprehensive benefits package, with national carriers, competitive prices and the coverage employees want. Our client partners can choose from a range of options and these plans help employers provide the choice and variety that employees want, with little to no impact to the company's bottom line.