

The power of a comprehensive benefits offering

How employers can realize the full
impact from benefit plans

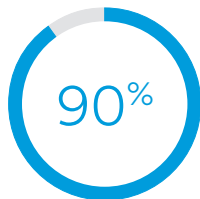


How employers can realize the full impact from benefit plans

Today, high employment rates, the war for talent, changing demographics, and an increasing need for financial stability are reshaping employee expectations and job satisfaction. For many employers, this is a growing challenge; in fact, 42% say employee engagement is an active concern.¹

One area that traditionally helps attract, retain, and engage talent is benefits. In fact, happiness with benefits often has a strong correlation to happiness at work; more than 80% of employees who report satisfaction with their benefits also express satisfaction with their jobs.²

For nearly



of employees, **confidence about their benefit choices** motivates them to remain invested in their work.³

But today, many employers aren't experiencing the full value and impact of their benefits packages, because employees don't completely understand the products available to them, and how they can work together to cover their needs. This is especially true for voluntary benefits—which includes **supplemental health** (accident insurance, hospital insurance, critical illness insurance and cancer insurance) and **income protection** (disability insurance, legal plans, and life insurance)—because employees don't always recognize the role these benefits play in helping to ensure financial wellness.

Many employees believe their medical insurance covers them for all health-related situations, but don't consider the impact co-pays and deductibles could have on their finances when enrolling for benefits. They're also not aware of how unexpected costs incurred during an illness or accident can affect living expenses and daily life.



In the U.S., medical expenses are the leading cause of **personal bankruptcy**.⁴

20%

of Americans under 65 had **trouble paying their medical bills** in the past year, even though they had medical insurance.

Of those, **63 percent used up all or most of their savings to pay their medical bills.**⁵ And while the associated financial stakes are high, medical setbacks are unfortunately common—cancer strikes 1 in 3 people, and there were 30 million ER visits caused by accidents last year. The financial, physical and emotional distress that these hardships cause can lead to disengagement, ongoing health issues, or life-changing disruptions—any of which can be stressful and cause employees to be less productive at work. If they don't take steps to protect themselves, employees can put themselves, their families and their dreams at risk.

And while **employees** are missing opportunities to protect their financial well-being, **employers** are missing the chance to increase understanding of the value of benefits and improve employee satisfaction. To fix this, employers need to shift how they build and communicate benefit packages to focus on showing how benefit offerings fit within the context of employees' lives.

This requires employers to look at benefits from the employees' point of view—how will benefits best meet their needs? What will help them avoid the financial stress that comes with costs not covered by basic healthcare plans? By taking a step back to see how voluntary benefits can positively impact employees at various life moments, employers can drive greater clarity, understanding and ultimately, engagement.

In this guide, we've used insights from our ongoing research with employers and employees to identify effective ways to design and communicate voluntary benefits.



The need for a comprehensive approach

Medical coverage benefits meet employees' personal and financial needs in the short term, while retirement savings are considered an essential long-term benefit. But between these traditional pillars are the spaces where people live and grow, amid changing circumstances and shifting priorities at work and at home. It's here where medical, supplemental health, and income and asset protection benefits help safeguard employees' financial well-being during life's key moments, whether they're right out of school, starting a family, contemplating retirement, or managing care for elderly parents.

A comprehensive approach brings benefit offerings together as a suite of products across different employee needs, providing options that work together to complement and adapt to employees' life stages and personal needs. In this way, benefits can help employees thrive in life, providing them with a greater sense of security and less financial stress—which in turn, helps them thrive at work.

The value of benefits categories and how benefits fit within them

Comprehensive coverage is more than offering a wide range of options or filling the gap between medical benefits and retirement savings. A comprehensive approach means moving away from viewing benefits as a laundry list of options, to seeing them as an interconnected set of resources that help to satisfy employees' needs throughout their lifetime. Grouping benefits by their functional role and the kind of support they provide makes it easier for both employees and employers to see how benefits can solve different life changes and meet potential financial challenges.

These categories help employees understand how benefits work together to fulfill unmet needs. At MetLife, we organize benefit offerings into these categories:



Healthcare Benefits

The foundation to keep employees healthy and help to minimize future health-related issues

- Medical insurance
- Dental insurance
- Prescription plans
- Vision plans



Supplemental Health

Provides financial support to minimize unexpected expenses from an illness or injury

- Accident insurance
- Hospital insurance
- Critical illness insurance
- Cancer insurance



Income Protection

Provides financial support to replace some income if employee cannot work or for loss of life

- Disability insurance
- Life insurance



Asset Protection

Helps protect valuable assets and provides legal services for everyday personal matters

- Legal plans
- Auto insurance
- Home insurance



Healthcare benefits — medical and dental insurance, and prescription and vision plans—remain the basis of any effective employee benefits package. Health and dental insurance are absolute must-haves for 88% of employees. Prescription drug coverage and retirement savings—the essential long-term benefit—tie for second place at 72%⁶. Employees care about and understand the fundamental value of these familiar kinds of coverage, but can underestimate the medical costs that accompany minor or major illnesses. For example, HDHPs (high deductible health plans) can leave employees vulnerable to larger out-of-pocket expenses that could set them back financially.



Supplemental health benefits — accident insurance, critical illness insurance, cancer insurance, and hospital indemnity insurance — can pick up where healthcare benefits leave off. Injuries, hospital admissions, and illnesses, large and small, can all come with a financial impact that might not fully be covered by medical insurance. These costs can be a major disruptor in people’s lives—upsetting their budgets, requiring them to tap into their savings, and sometimes, even pushing them into debt. Supplemental health benefits provide a lump sum for a covered condition (accident or hospital stay) that employees can use to spend however they want, whether to assist their recovery by covering travel costs to see specialists, childcare while at rehab, or daily living expenses like groceries, rent or a mortgage.



Income protection — disability insurance and life insurance—provide employees with the financial support necessary to maintain their standard of living and support their families in the event they cannot work or pass away. These benefits minimize the impact of disruptions that could have major implications that make employees unable to maintain their income. Put together, voluntary benefits answer employees’ concerns, such as “How would my family meet their financial obligations and future expenses if they didn’t have my income?”



Asset protection — legal plans, auto insurance, and home insurance — helps protect employees’ valuable assets from the unexpected. Auto insurance helps cover costs that may come with a car accident, like damage or injuries. Home insurance helps protect against damage to a home and loss of personal property due to incidents like water leaks, lightning, electrical fire and theft. A legal plan provides convenient and affordable access to a network of qualified attorneys for everyday personal legal matters, like wills, purchasing a home, or identity theft.

Categorization in this way helps employees and employers understand the roles benefits play, and provides a range of solutions for situations they may encounter in their lives. Categories tell a complete story of when, where, and how products meet employee needs, answer their worries, and anticipate possible changes and challenges in the short and long term.

Giving employees the ability to make choices that work for them

A comprehensive approach isn't only about showing how benefit options work together, it's also about offering a range of products in each category, so people can adjust their benefits based on their life situation and goals.

For instance,

-  An athletic, active employee who bikes to work may benefit from **accident insurance**.
-  An employee who is saving to purchase a home and worries an emergency would deplete her nest egg might do best to enroll for **disability insurance** and **critical illness insurance**.
-  Another who is married with kids and has high healthcare deductibles might find extra financial protection and support through a range of **supplemental health insurance** benefits.

This demonstrates why employees should be viewed as unique individuals at different stages in life, with varying circumstances and situations, which require their own customizable benefits package.

Customization is something employees are eager for. A majority of employees feel more loyal to an employer who lets them customize benefits.⁷ And employees want choice even if it comes at a cost.

In our 2018 study

60%

said they were **willing to bear more of the cost** in order to have a choice of benefits that meet their needs.⁸

83%

are even **willing to consider taking a small pay cut** – 3.6% on average – in order to have a better choice of benefits from their employers.⁸

In short, employers need to demonstrate a benefits offering with a wide range of customizable options.

Telling the story

While nearly half of employees acknowledge that their employers offer the benefits they need, only 37% feel their employers do a good job of explaining benefits' role and relevance.⁹ To improve communications, employers should stop using fact sheets and listing benefit features without context or relatable reasons why employees should enroll.

In fact, at MetLife, we recently conducted research with hundreds of employees and HR professionals on optimizing communications to influence participation through creative messaging and enrollment tools during Open Enrollment. We asked respondents to evaluate different websites and brochures, organizing benefits in different ways.

Results showed that changing product descriptions—from including feature lists to illustrating how voluntary benefits enhance one's life—improves clarity and understanding. And shifting from majority-medical-dedicated content to a comprehensive approach increases perceptions of benefits offered and employee loyalty.¹⁰



Specifically, when presented with clear information in simple, accessible formats, 62% of respondents expressed confidence they could enroll in the right benefits for themselves and their families; 60% felt they'd be able to customize benefits to their unique needs, and 51% were better able to understand the overall value of medical benefits.

Finally,

51%

felt their company would be offering **excellent benefits compared to other companies.**¹¹

In short, demonstrating the role benefits play in employees' lives helped them see more value in them.

Given these findings, the following communications best practices help eliminate complexity and confusion, while improving employees' understanding of the role and value of voluntary options:

- 1 | Use real-life example scenarios to make benefits more relevant
- 2 | Explain terms in clear and simple language everyone can understand
- 3 | Show how benefits work together to provide short- and long-term protection
- 4 | Present benefit options as customizable to employees' individual needs

The following scenario is an example of how to apply those learnings — how simple, direct language and relevant and relatable situations demonstrate the comprehensive approach and how multiple benefits work together as solutions:

Medical insurance is a must-have for everyone. But employees shouldn't rely on it to cover everything. Even the best medical plans may leave them with out-of-pocket expenses like co-pays and deductibles if they ever have an accident, serious illness, or need to visit a hospital. Or even the unexpected costs that may come with recovery, like help around the house or childcare. Supplemental health benefits provide a lump sum to cover these unforeseen costs. And if an accident or illness keeps employees out of work for an extended time, or they're not around to support their families, income protection benefits like disability insurance can help make sure they continue to have income coming in.

Medical Insurance	Supplemental Health Insurance	Disability
Pays providers :	Pays you so you can pay for:	Pays your income so you can:
✓ Doctors	✓ Co-pays	✓ Take time off work but still pay your bills
✓ Hospitals	✓ Deductibles	
	✓ Household duties	
	✓ Childcare	

The comprehensive structure of this example demonstrates how different options can fit together, so employees can easily see and select the ones that make the most sense for their needs.

Employees' options become more clear-cut when presented within a context that's relevant to their lives. They can then customize their benefits with a comprehensive understanding of how each product protects them and their families from the unexpected, today and tomorrow.

Setting up a comprehensive coverage process

So how can employers structure coverage so employees will better understand their value and increase their likelihood for enrollment?

Here is a list of questions to ask when building out your benefits program.



Does your current offering align to the categories of medical, supplemental health and income and asset protection?



Do you have a range of benefit options in each category?



Are you offering options that match employees' needs at different life stages?



Are you presenting your package as a whole, in which all benefits work together?



Are you demonstrating how benefits support employees' long and short-term goals?



Are you showing employees how they can customize benefits to their needs?



Are you using clear and simple language throughout the enrollment process?

In short, to maximize a benefits plan, offer a wide-range of benefits to meet the needs of a diverse workforce, educate employees on how products work together to fill gaps between medical and retirement coverage, and provide user-friendly, convenient opportunities to make smart choices.¹²

How to know if it's working

Businesses that see their employees as multi-dimensional people and offer them flexibility and support are rewarded with loyalty and gratitude. Employees will demonstrate their satisfaction in the quality of their work and by actively engaging with their employer's culture and goals. But employers can find more measurable signs of success, as well:



Benefits Enrollment

Analysis of more granular data gathered by digitized enrollment systems can provide insight into the extent of enrollment engagement, including at different times and locations.



Employee Engagement

Improved ENPS, better Glassdoor and Indeed reviews, candidate referrals and voluntary participation in workplace training and events reflect increased engagement and satisfaction.



Business Outcomes

Statistical measurements of productivity & retention will provide consistent metrics for showing impact of employee-related metrics on the business.

Improving metrics across multiple categories not only provides evidence of success, but also becomes a competitive advantage. As employers try to differentiate themselves and attract the best talent, data and other indicators of employee wellbeing can contribute to successful recruitment.

And it's no small accomplishment for an organization and its leaders to get credit—from employees and the broader labor market—for the quality, flexibility and lifetime value of its benefits investment.

Contact MetLife today to learn more about how a comprehensive benefits approach can help employees realize the full value of the benefits offered to them.

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