

Employees Want Voluntary Benefits but Don't Always Understand Them

Supplemental health and financial offerings can bolster workforce resilience

New survey results show that more U.S. employers are offering voluntary benefits and more workers are selecting them during the open enrollment cycle for 2022. Other research, however, found that employees still misunderstand voluntary benefits and don't take full advantage of them.

Aon, a professional services firm, said the growth was driven by employers trying to retain talent amid the Great Resignation and employee demand for supplemental health insurance products during the COVID-19 pandemic.

In April, the firm reported a 41 percent increase in the number of employers that offered new or additional voluntary benefits through Aon and a 16 percent increase in workers who were eligible for these perks from 2021 through 2022.

Employee registration increased in more than half of the top 10 most popular voluntary benefits in the latest open enrolment cycle compared to the previous year. When including family beneficiaries, Aon has helped employers serve more than 14 million participants in 2022.

"During the last two years, it seems every employee knows someone who was hospitalized or fell gravely ill from COVID-19," said Dani McCauley, U.S. customer experience leader for consumer benefit solutions at Aon.

"There is an increased awareness of risks around hospitalization and critical illness, and, along with the growth of high-deductible health plans, employees are keen to hedge against this potential cost burden."

The fastest-growing voluntary benefits include supplemental health insurance policies such as critical illness, accident and hospital indemnity, in which employees pay a small monthly premium but receive a direct cash payout to help with expenses if they are hospitalized or diagnosed with certain critical illnesses. Other popular voluntary benefits in 2021 were life insurance, student loan assistance programs, identity theft protection, legal benefits, pet care and auto/home protections.

"Employers during the last two open enrollment cycles were focused on using voluntary benefits to improve total rewards strategies and bolstering workforce resilience in order to retain talent," said Greg Morano, Aon's U.S. practice leader for consumer benefit solutions.

Benefits Not Understood

Nearly three-quarters (70 percent) of employed individuals who are eligible for benefits agree that they are more likely to work for an employer that offers employee-paid voluntary benefits—including those like critical illness, hospital indemnity, disability income or accident insurance, according to a January survey among 1,005 adults by employee benefits provider Voya Financial. However, less than half (49 percent) of benefit-eligible employees actually took advantage of these voluntary benefit coverages offered by their employer.

Voya's survey also revealed that nearly one-third (31 percent) of American workers admitted they do not fully understand any of the employee benefits they selected during their most recent open enrollment period.

"The COVID-19 pandemic has caused American workers to realize that their health and wealth needs are inextricably linked. As a result, more individuals are reconsidering the value they place on their workplace benefits when it comes to employment decisions—especially in today's competitive job market," said Rob Grubka, CEO of Health Solutions, Voya Financial. "The challenge is that while many workers are well-intentioned, the reality is that voluntary benefits can be confusing. Often, it takes time for employees to properly educate themselves or get the help they need to feel comfortable selecting workplace benefits they likely have never enrolled in before."

Employer vs. Employee Perceptions

Employers and employees don't always see eye to eye on the quality and value of the benefits being offered, according to benefits consulting and services firm Buck's 2022 Wellbeing and Voluntary Benefits Survey report.

Employers were four times more likely than employees to view their organizations as having significantly increased their level of commitment to promoting employee well-being, Buck found. Survey responses were

collected from 218 employer participants and 683 employees in November 2021.

Among other key findings:

Employers are increasingly focused on mental health issues, prioritizing programs that address issues caused by stress, anxiety/depression and burnout. Despite these efforts, 21 percent of employees indicate their mental health has worsened in the last year, and only 28 percent view existing employer mental health resources as "helpful."

Both employers and employees cite mental well-being as a high priority, but employers consistently underrate stress stemming from financial well-being, while employees rate it as a top concern. Overall, less than one-third of employees view employer resources as helpful for meeting their top priorities.

Looking ahead, 95 percent of employers plan to focus their investment in physical well-being initiatives, but employees say what they need most are programs that support their financial well-being. Only 43 percent of employees rated themselves as "financially healthy," versus 66 percent of employers that think their workers are financially sound. More than half of

employees feel they live paycheck to paycheck, and one-third are unsure of how well they're managing their money.

"We found that key drivers of employee retention include employees' perceptions of their organization's commitment to their overall well-being, diverse benefit options, and effective communications that raise awareness of their employer's offerings," said Ruth Hunt, a principal in Buck's engagement practice and co-author of the report. "To continue to attract and retain top talent, it's critical for employers to implement and promote programs that address whole-person well-being and substantively close the gap between management perceptions and employee realities."

By Stephen Miller, CEBS