What’s in Store for Voluntary Benefits in 2019

Benefit managers are still catching their breath as the curtain closes on this year’s open enrollment season. But smart benefits managers are already evaluating new products and benefit changes for the 2019-2020 season.

Themes around cost-saving strategies concerning healthcare premiums will continue to resonate — but what else will happen in the upcoming year? Voluntary benefits will continue to hold the key for many benefit managers looking to lower costs and maintain value for employees by providing flexibility to a diverse workforce.

Voluntary benefits offer pivotal advantages to employers and employees alike. By offering these programs through an employer, employees often receive better pricing, plan designs and underwriting support compared to what is available on the individual market. Payroll deduction capability and enrollment as part of their normal core enrollment process and portability are also available.

Here are three voluntary benefits to watch in 2019.

Employee purchase programs. Nearly one quarter of all Americans do not have adequate emergency savings, according to a survey by consumer financial services company Bankrate. This means that if they need to make a significant purchase, they are likely to withdraw a loan from their 401(k) plan.

Employee purchase programs help employees pay for items they may need immediately, but may not have the funds or credit available. These programs generally allow employees to spread out the payments on the purchased products — such as appliances, car tires or computers — over a period of time through payroll deduction. Young employees who are trying to establish credit while managing student loan repayments — and may be strapped for cash — can especially benefit from an employee purchase program.

Group legal insurance plans. Group legal plans are not new, but they are still valuable for employees. For a cost that is less than a cup of coffee, group legal plans provide employees with access to attorneys for will preparation, estate planning, dealing with elderly parents, traffic violations, real estate purchases, and document review and preparation. These plans offset the expense of professional legal representation and the time it takes to locate the right representation to handle legal matters.

These plans may be especially valuable to employees who are thinking of buying a house, adopting a child or planning for their estate. Still, group legal insurance plans are available to all employees, and can provide a buffer for workers who may need to navigate identity restoration after a theft or combat an unforeseen traffic ticket. These plans also save employees time and money when the need for a legal professional arises.

Student loan benefits. Student loan benefits have been one of the hottest topics in voluntary benefits in 2018 and it's not going away any time soon. An IRS private letter ruling this past August allowed one company to amend its 401(k) plan to allow employer contributions of up to 5% to individuals who contribute at least 2% to their student loan. This may just be the start to more legislation concerning student loan debt solutions.

In the interim, as the tuition debt crisis grows, employers are seeking ways to support their employees. There are several strategies that can be employed.

Some solutions can be offered at no cost, while others have administrative charges and the cost of contributions to factor in. For employers who have the budget, a student loan repayment plan may be the answer. There are many vendors who can partner with an employer to help develop a plan that is designed to meet the company's goals.

Employers without a budget can seek a student loan solution partner that offers comprehensive educational tools such as written materials, debt navigation tools, FAQs, one-on-one counselors and webinars. Another option is to offer student loan refinancing. These lenders can help employees manage their debt. Even though refinancing is not for everyone, well-vetted student loan refinancing partners should be considered as part of a comprehensive student loan debt solution strategy. Understanding the approval rate is important, as well as whether there are any other incentives, such as a welcome bonus, that may be applied to the loan principal.

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