Voluntary Benefits: An unknown but needed option

September 2015
Why are we here?

**Background**

Sun Life Financial is one of the largest group benefits providers in the U.S., serving more than 60,000 small, medium, and large employers. Sun Life is committed to industry thought leadership and research to enhance visibility and expertise among all its key stakeholders.

**Goals**

Develop a “thought leadership platform” to be used for public release among both the general public and potentially targeted customer populations (i.e.: brokers, small and mid-size business executives and benefits managers) in order to gain earned media to support Assurant’s 2015 sales season and beyond.

**Objective**

Conduct a survey of employees to explore issues related to their understanding of, experience with, and confidence in their decisions regarding their employee benefits package that will generate unique insights to drive AEB’s strategic communications program targeted primarily at brokers, and secondarily, employers.
How was the poll conducted?

**Study Methodology:**

- From September 5 to 9, 2015, a total of 1,000 full-time employees with the option of employer-provided benefits were interviewed.

- Fieldwork was conducted online using GfK KnowledgePanel®—the only representative panel of the American public. The KnowledgePanel® covers 97% of U.S. households. Respondents are selected using random probability address-based sampling; computers and Internet service are provided to respondents who do not have them to ensure fuller representation of the American public.

- The survey took 14 minutes on average to administer.

- Final data were weighted by age, region, race/ethnicity, education, and income, according to the March 2014 Current Population Survey.

- The margin of sampling error for this poll is +/- 3.5 percentage points (total weighted sample)—and is higher for subgroups.
Executive Summary

Key Takeaways and Potential Headlines
Key Takeaway #1: Employees are satisfied with their options, but they don’t know their financial risk.

What?
A majority of employees are satisfied with the benefit options offered by their employers (84%), and they are confident in their decisions (92%). Yet, employees are alarmingly uninformed about important details of their insurance plans. Half (54%) don’t know their out-of-pocket maximum and one in three (33%) don’t know their deductible. Three in ten (30%) don’t know either of these numbers.

So What?
Nearly two in three (63%) are concerned about how they will pay unexpected out-of-pocket costs. Employees who know the details of their plans are more likely to be not concerned (16% are “not at all concerned”) than those who don’t know the details (5%). Employees’ false sense of confidence in their insurance plans may be inhibiting their ability to prepare themselves for emergencies by filling gaps in their coverage.

Now What?
Employees have a false sense of confidence about their choice in benefits, but many lack the knowledge to fully understand their financial risk. Encourage benefit managers and brokers to ensure their employees fully understand their benefit packages, financial risk, and Voluntary Benefit options.
Key Takeaway #2: Custom options are needed to fill gaps—but few know about Voluntary Benefits.

What?
Nearly nine in ten (86%) employees understand that changes in their healthcare coverage are creating gaps—and over three in four (77%) are concerned about their financial risk because of these cutbacks. A majority (62%) agree that employer-provided health plans alone are rarely enough to cover unexpected costs—and that additional coverage is needed. While a large majority feels the onus is on employers to provide options to fill gaps (86%), few (30%) are familiar with Voluntary Benefits—and nearly four in ten are not at all familiar with the option (39%).

So What?
While few are aware of a potential solution to gaps in traditional employer-provided coverage, three in four employees (72%) say it is important for employers to offer Voluntary Benefits, once the option is explained. Six in ten (63%) agree that Voluntary Benefits could be helpful in filling the gaps in their coverage, even if they have to pay for the benefits themselves.

Now What?
Inform benefit managers about employees’ concern over coverage gaps and desire for employer-provided options to fill the holes. Educate employees about Voluntary Benefits as a potential option that their employers could make available to them.
Key Takeaway #3: While employees see the benefits of Voluntary, many are reluctant to pay even more.

What?
Nine in ten employees like the idea of having choices to customize their benefit packages (88%), agreeing that choices are good because their needs may change (89%)—and few (31%) trust their employers to know what is right for them. At the same time, eight in ten (79%) say Voluntary Benefits sound great, but they don’t want to spend any more money on insurance than they already have to.

So What?
Despite a reluctance to shell out more money, 83% agree that having more choices could help them spend healthcare money more effectively—and 87% feel more customized benefit choices that better fit their lives would help them feel more confidence in their plan choices.

Now What?
Communicate the potential cost savings of Voluntary Benefits, emphasizing the ability to choose benefits that best fit the employee’s lifestyle and life stage. Advise benefit managers to offer customizable options, allowing employees to choose the Voluntary Benefits they desire without high additional costs.
Key Takeaway #4: Overall, companies do a good job communicating benefits—but clarity could be improved.

What?
Three in four (77%) say their company does at least a good job at explaining their benefit options, but a sizeable plurality say the materials were still too confusing (33%) or they still felt they didn’t have enough information to make the most informed choice (43%).

So What?
Lack of clarity may be contributing to lower adoption of Voluntary Benefits: 37% say they know they should enroll in additional Voluntary Benefits, but they feel overwhelmed by the amount of options. While 59% say printed materials were used to explain their options – and nine in ten (91%) of those who received printed materials found them helpful – only one in five say they had in person, one-on-one meetings to discuss the options. Of those who had these meetings, nearly all (96%) found the meetings helpful.

Now What?
Enlighten employers and benefit managers about the lack of clarity surrounding options. Communicate to benefit managers that employers’ printed materials are in fact helpful, but increased in-person, one-on-one meetings may be a missed opportunity to ensure employees are more informed about their options.
Section One

Uneducated sense of confidence – but still concerned
Most American employees are satisfied with the benefit options offered by their employers ...

84%

Are satisfied with the insurance benefits offered by their employers

F01. How satisfied are you with the overall insurance benefits your employer offers?  
Base = Total Respondents
... And most are confident that they made the right choice when choosing their insurance plans

92%  
Are confident that they made the right decision on their insurance plan

F02. How confident are you that you have made the right decision on your insurance plan for you and your family?  
Base = Total Respondents
But many don’t know their out-of-pocket maximum or deductible—and three in ten don’t know either

Don’t know their…

Out of pocket maximum 54%

Deductible 33%


Don’t know either of these important details

E01. Thinking about your current health insurance plan, what is your current deductible?; E02. What is your out-of-pocket maximum? Base = Total Respondents)
Still, employees are concerned about covering expenses in case of an accident or medical need.

Employees who know both their out-of-pocket maximum and deductible are more likely to be “not at all concerned” than those who know neither.

E03. How concerned are you about your ability to pay your out of pocket costs in case of a major medical expense?
Base = Total Respondents; Know both OPM and Deductible (N=449); Know neither OPM or deductible (N=277)
Among those who are concerned, the main reason is they don’t have the savings or income – but some are afraid because they don’t have supplemental coverage.

<table>
<thead>
<tr>
<th>Reason for concern</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t have enough emergency savings</td>
<td>45%</td>
</tr>
<tr>
<td>Don’t make enough to cover additional expenses</td>
<td>34%</td>
</tr>
<tr>
<td>Don’t have any supplemental insurance coverage</td>
<td>16%</td>
</tr>
</tbody>
</table>
Section Two

Traditional plans are increasingly insufficient
American employees understand that changes in healthcare coverage are creating gaps, putting them at financial risk ...

With healthcare coverage offered by employers becoming less comprehensive, people have more gaps in their coverage.

Agree that...

With employers being forced to cut back on healthcare coverage, I am concerned about my overall financial risk.

D04. To what extent do you agree or disagree with each of the following statements?
Base = Total Respondents
And feel the need for additional coverage – employer-provided plans alone can rarely cover all the costs.

62% Agree that employer-provided health plans alone are rarely enough to cover unexpected costs – additional coverage is needed.

D01. To what extent do you agree or disagree with the following statement? Employer-provided health plans alone are rarely enough to cover unexpected expenses – additional coverage is needed
Base = Total Respondents
The vast majority feel it is important that employers offer additional options to help fill the gaps.

86%

Agree that with healthcare coverage becoming less comprehensive it is important for employers to offer additional benefits choices to help fill the gaps.

D04. To what extent do you agree or disagree with each of the following statements?
Base = Total Respondents
Section Three
Unknowing desire for Voluntary Benefits
Most American employees believe having more choices could help them spend their money more effectively …

Agree that having more choices would help them spend healthcare money more **effectively** as healthcare costs rise

83%
Imagine for a moment that you were deciding between two different job offers. How much importance would each of the following have on your decision on which to choose?

- Health insurance offerings: 96%
- Vacation time: 95%
- Retirement plan: 94%
- Other insurance offerings: 94%
- Commute: 90%
- Sick leave: 87%
- Flexible schedule: 84%
- Maternity/Paternity leave: 37%

“other insurance offerings” to be important when choosing a job – above commute, sick leave, flexibility, or maternity/paternity leave
Only a minority is familiar with the term “Voluntary Benefits”

D02. How familiar are you with the insurance plan options referred to as “Voluntary Benefits”?  
Base = Total Respondents
Once Voluntary Benefits are explained, a majority say it is important that employers offer Voluntary Benefits

72% Say it is important for employers to offer Voluntary Benefits

Even among employees who *do not* feel it is important that employers offer Voluntary Benefits, half agree that additional coverage is needed to fill the gaps in employer-provided benefits:

50% Agree that employer-provided health plans alone are rarely enough to cover unexpected costs—**additional coverage is needed**

D03. How important do you feel it is for employers to offer Voluntary Benefits? Base = Total Respondents
D01. To what extent do you agree or disagree with the following statement? **Employer-provided health plans alone are rarely enough to cover unexpected expenses—additional coverage is needed** Base = It is not important for employers to offer Voluntary Benefits (N=714)
And, many see Voluntary Benefits as a useful option in filling the gaps in their coverage—even if they have to pay

63% Agree that Voluntary Benefits offered through their employers are helpful in filling the gaps in healthcare coverage even if they have to pay for them themselves

D04. To what extent do you agree or disagree with each of the following statements?
Base = Total Respondents
Yet, even more don’t want to pay any more for more benefits than they already have to

79%

Agree that Voluntary Benefits sound great, but I don't want to spend any more money on insurance than I already have to
Section Four:
The need for custom benefits packages
Few trust their employers to know what benefits are best for them.

D04. To what extent do you agree or disagree with each of the following statements?
Base = Total Respondents
And most want to choose their own benefits—and create a custom package that meets their needs.

88% Agree that they really like the idea of having other choices to customize their benefits package

89% Agree that having a lot of choices of benefits is good because their needs may change as their life stage changes

F06. To what extent do you agree or disagree with each of the following statements?
Base = Total Respondents
Vast majority of employees feel more customizable options would help increase confidence in their benefit choices.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More customized benefit choices that fit my life better</td>
<td>87%</td>
</tr>
<tr>
<td>Clearer explanation of the benefit choices</td>
<td>86%</td>
</tr>
<tr>
<td>Examples of how the benefits work for people like me</td>
<td>85%</td>
</tr>
<tr>
<td>More information available</td>
<td>83%</td>
</tr>
<tr>
<td>One-on-one time with a benefits representative</td>
<td>80%</td>
</tr>
<tr>
<td>More time to review and make the decision</td>
<td>69%</td>
</tr>
</tbody>
</table>

F03. How helpful would each of the following be in making you feel like you made a better decision?
Base = Total Respondents
At the same time, close to four in ten feel overwhelmed by the choices, even though they know they should enroll.

37%  
Say they know they should enroll in additional Voluntary Benefits, but they are just overwhelmed by the amount of options.

F06. To what extent do you agree or disagree with each of the following statements?  
Base = Total Respondents
Section Five

The need for clear communication and explanations of options
Most feel their companies do at least a good job explaining their benefit options, providing clear and comprehensive information to inform their decisions.

Rating of company’s performance on explaining benefits options

- Excellent/Good: 77%
- Fair/Poor: 22%
- Refused: 1%

More specifically, eight in ten agree that...

- …they had all the information they needed to make a good choice (82%)
- …the materials they received were clear (80%)

Nearly one in four (23%) feel their company does an “excellent” job

A04. How would you rate your company’s performance on clearly explaining your benefit options? A03. To what extent do you agree or disagree with the following statements?  Base = Total Respondents
Yet, despite companies’ efforts, some feel they didn’t have enough information or the materials were too confusing.

Strongly/Somewhat agree that…

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>Their company tried to explain the benefit options, but the materials were still too confusing.</td>
</tr>
<tr>
<td>43%</td>
<td>They put a lot of thought into my benefit selection, but still felt like they didn't have enough information to make the best choice for their situation.</td>
</tr>
</tbody>
</table>

A03. To what extent do you agree or disagree with the following statements?  
Base = Total Respondents
Printed materials are the most common method used to explain options, and many found these helpful

<table>
<thead>
<tr>
<th>Materials used to explain options</th>
<th>Helpfulness among those who've used tool:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printed materials</td>
<td>59%</td>
</tr>
<tr>
<td>Employer’s website</td>
<td>35%</td>
</tr>
<tr>
<td>In person group meetings</td>
<td>34%</td>
</tr>
<tr>
<td>Insurance company website</td>
<td>30%</td>
</tr>
<tr>
<td>Email updates</td>
<td>28%</td>
</tr>
<tr>
<td>In person one on one meetings</td>
<td>20%</td>
</tr>
<tr>
<td>Call center to contact with questions</td>
<td>18%</td>
</tr>
<tr>
<td>Interactive online tool</td>
<td>15%</td>
</tr>
<tr>
<td>Webinars</td>
<td>7%</td>
</tr>
<tr>
<td>Videos</td>
<td>5%</td>
</tr>
</tbody>
</table>

Few used in person one on one meetings or interactive tools—but when these methods were used, they were seen as helpful.

A01. Which of the following methods were used to help you understand your company’s options? Base = Total Respondents
A02. How helpful were each of the sources you used? Base = Item used (base varies)
An online tool accessed via a computer is the most used method to enroll in benefits—and it is also most preferred.

<table>
<thead>
<tr>
<th>Method used to enroll</th>
<th>Preferred method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online tool using computer</td>
<td>62%</td>
</tr>
<tr>
<td>Paper submitted to HR or insurance company</td>
<td>31%</td>
</tr>
<tr>
<td>Forms filled out at in-person meeting</td>
<td>33%</td>
</tr>
<tr>
<td>Online tool using mobile device</td>
<td>24%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

B01. What method did you use to enroll in your company’s benefit program? B03. Which of the following means of enrollment would you like your employer to offer?  Base = Total Respondents
Most rate their companies highly on the details of their enrollment process.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy of enrollment processing</td>
<td>86%</td>
</tr>
<tr>
<td>Convenience of enrolling</td>
<td>83%</td>
</tr>
<tr>
<td>Ease of use</td>
<td>80%</td>
</tr>
<tr>
<td>Immediate confirmation of choices selected</td>
<td>80%</td>
</tr>
<tr>
<td>Time available to consider choices</td>
<td>75%</td>
</tr>
<tr>
<td>Clarity of information</td>
<td>73%</td>
</tr>
</tbody>
</table>

B02. How would you rate your company’s enrollment program on each of the following attributes?
Base = Total Respondents
Appendix
Demographics
# Key Demographics

## Gender
- Male: 54%
- Female: 46%

## Age
- 18-34: 30%
- 35-49: 33%
- 50+: 38%
- Mean age: 44

## Income
- Less than $50K: 20%
- $50K to <$99K: 38%
- $100K to <$125K: 19%
- $125K+: 22%

## Race/Ethnicity
- White: 65%
- Black: 11%
- Hispanic: 16%
- Other: 8%

## Presence of children
- Yes: any under 18: 35%
- No: none under 18: 65%

## Region
- Northeast: 19%
- Midwest: 23%
- South: 36%
- West: 23%

## Marital status
- Married: 63%
- Living with partner: 7%
- Widowed: 1%
- Divorced: 11%
- Separated: 1%
- Never married: 17%

## Education
- Less than high school: 6%
- High school: 24%
- Some college: 29%
- Bachelor’s degree: 21%
- Master’s, Professional, or Doctorate degrees: 20%
## Benefit Demographics

### Role in benefit decisions
<table>
<thead>
<tr>
<th>Role in Decision</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary decision maker</td>
<td>62%</td>
</tr>
<tr>
<td>Joint decision maker</td>
<td>38%</td>
</tr>
</tbody>
</table>

### Use of benefits

#### Never sick/Only wellness (net)
- Used for wellness: 36%
- Never go to doctor; only have for emergency: 17%

#### Chronic/Emergency use (net)
- Have used for emergency: 9%
- Have used for regular doctor visits/medicine: 11%
- Have used for both emergency and regular visits: 25%

### Voluntary Benefit used to cover chronic/emergency costs*
<table>
<thead>
<tr>
<th>Used to Cover Costs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13%</td>
</tr>
<tr>
<td>No</td>
<td>87%</td>
</tr>
</tbody>
</table>

*among those who have used benefits for chronic/emergency visits
## Benefit Demographics Cont’d

### Available benefits

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental insurance</td>
<td>85%</td>
</tr>
<tr>
<td>Health insurance for family</td>
<td>80%</td>
</tr>
<tr>
<td>Vision insurance</td>
<td>74%</td>
</tr>
<tr>
<td>Health insurance for self</td>
<td>74%</td>
</tr>
<tr>
<td>Life insurance</td>
<td>70%</td>
</tr>
<tr>
<td>Short-term disability</td>
<td>55%</td>
</tr>
<tr>
<td>Prescription drug</td>
<td>55%</td>
</tr>
<tr>
<td>Long-term disability</td>
<td>53%</td>
</tr>
<tr>
<td>Accidental injury</td>
<td>34%</td>
</tr>
<tr>
<td>Long-term care</td>
<td>28%</td>
</tr>
<tr>
<td>Legal plans</td>
<td>17%</td>
</tr>
<tr>
<td>Employee purchase programs</td>
<td>16%</td>
</tr>
<tr>
<td>Critical illness</td>
<td>15%</td>
</tr>
<tr>
<td>Cancer</td>
<td>14%</td>
</tr>
<tr>
<td>Auto and homeowners purchased at work</td>
<td>9%</td>
</tr>
<tr>
<td>Gap insurance</td>
<td>5%</td>
</tr>
<tr>
<td>Pet insurance</td>
<td>4%</td>
</tr>
<tr>
<td>Identity theft protection</td>
<td>4%</td>
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</table>

### Base: Benefit is available

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Enrolled*</th>
<th>Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employer</td>
<td>Split</td>
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</tr>
<tr>
<td>Pet insurance</td>
<td>3%</td>
<td>0%</td>
</tr>
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*among those for whom the benefit is available