

The Voluntary BeneFACTOR

NEW RESEARCH SUPPORTS POSITIVE RESULTS OF OFFERING VOLUNTARY BENEFIT OPTIONS

By choice or by force, more Americans are taking a front seat in driving their health care decisions. With health care consumerism on the rise, more employers are implementing high-deductible plans and Health Savings Accounts (HSAs) than ever before. And voluntary benefits — once considered a nontraditional, nice-to-have option — are more in demand by employees and employers alike.

Many organizations recognize that by making voluntary insurance plans available, they enhance their core-plan offerings, while satisfying workers' demands for more insurance options and increased control over the ways they help protect their income and financial safety.

The 2011 Aflac WorkForces Report has revealed quantifiable and evidence-based advantages for companies that not only offer voluntary options, but whose workers opt-in to such policies. Beyond the budget-friendly aspect of voluntary benefits — they can be offered at no direct cost to employers — companies receive rewards in the form of more-satisfied, less-anxious, better-protected workers.

Employees Want More Benefit Options

Many HR decision-makers choose not to make voluntary plans available that could help workers with the financial obligations of unexpected health events. Many told Aflac they don't believe employees are interested in such options. However, the study's findings reveal that employees are interested in voluntary plans, with 66 percent saying that if their employers did not provide the type and level of

health insurance they desired, they would be willing to apply for additional insurance products to ensure adequate coverage.

When asked why adding voluntary insurance plans would be important to them, the top three reasons given by employees were:

- "It offers me more options when it comes to health care coverage."
- "To meet my needs."

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CHART 1

INFLUENCE ON EMPLOYEE ATTITUDES TOWARDS BENEFITS

Employees Enrolled in Voluntary Insurance Benefits

57%

I am extremely /
very satisfied
with my benefits
package

41%

Company Does Not Offer Voluntary Insurance Benefits

62%

My current
benefits
package
meets my
family needs

45%

44%

Overall benefits
package is
significantly/slightly
more competitive
than my peers
at their companies

30%

66%

A comprehensive
benefits package
safeguards my
health and
wellness

56%

- “To give me more comprehensive insurance coverage.”

Our nation’s recent recession gravely affected consumers’ wallets, and it is also having a lasting influence on how workers view their income-protection strategies. More choices to bolster that protection are a must-have for many employees.

Profound Influence of Voluntary Benefits on Worksite Attitudes

The Aflac study found significant differences in the mindset and attitudes of workers who have applied for voluntary insurance benefits, compared to those who work for companies that don’t make such benefits available.

Smart organizations understand the direct correlation between a better-protected, more-satisfied workforce and retention. Well over half (59 percent)

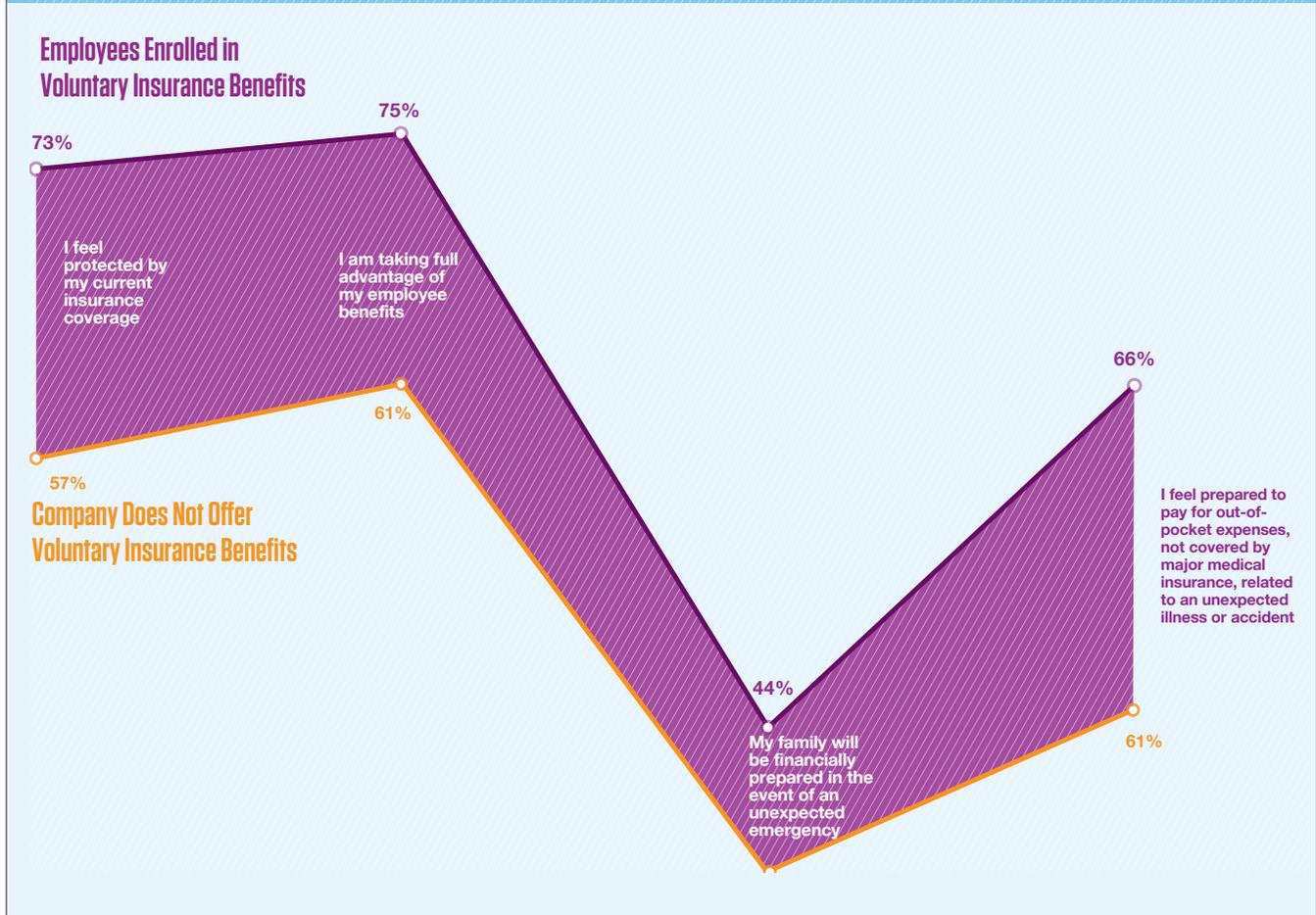
of workers say a company’s benefits package is extremely/very influential in its ability to attract and retain talented employees. As the economy improves, HR decision-makers will once again grapple with a talent war. Even now, 53 percent of workers say they’re likely to look for a new job within the next 12 months; with 22 percent of those saying it’s extremely/very likely they will do so.

Tellingly, when asked to name one thing their employers could do to keep them in their current jobs, 44 percent of workers said, “Improve my benefits package.”

The influence of a strong employee benefits package is far-reaching, even beyond keeping workers happy and on the job. As evidenced by the Aflac study, adding voluntary plans as an option for employees can translate into more referrals and a greater sense of pride and goodwill toward employers.

CHART 2

INFLUENCE ON EMPLOYEE FINANCIAL & HEALTH PROTECTION



How to Best Put Voluntary Insurance Benefits to Work in Your Organization

More companies are beginning to appreciate the fact that adding voluntary insurance options has financial benefits for both their organizations and their workers. The sector is poised for more growth fueled by health care reform, because for the most part the reform does not apply to voluntary insurance.

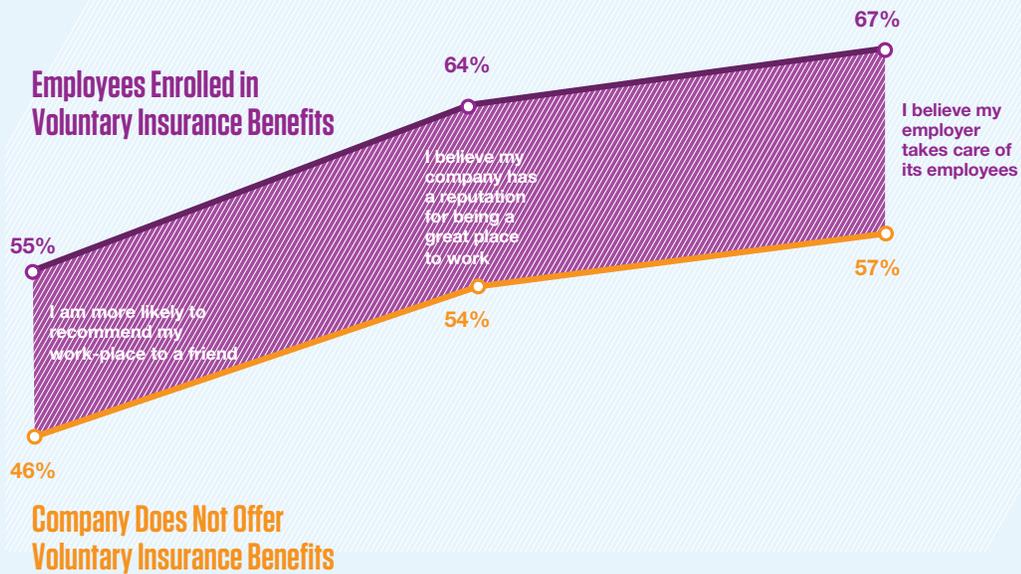
Voluntary insurance policies include critical illness, short-term disability, accident, dental, life insurance and more. There are a number of ways

companies can incorporate voluntary benefits into their existing packages, including:

- As a complement to existing employer-paid benefits. Organizations may add voluntary short-term disability insurance to employer-paid disability coverage that's already in place. This enhances their current benefit offerings without adding additional costs, and also satisfies workers' needs for additional disability coverage.
- Restructure current employer-paid benefits to include employee buy-up options. Some businesses will design

CHART 3

INFLUENCE ON EMPLOYEE RETENTION, ATTRACTION



voluntary insurance plans that feature an employer-paid core plan, while giving employees the option to “buy up” to broader, more comprehensive coverage through voluntary options.

- Replace some employer-paid benefits with voluntary insurance plans. To avoid eliminating benefits coverage altogether due to cost constraints, employers can replace company-funded insurance with voluntary options. This allows businesses to retain coverage options at no direct cost to their bottom lines and, at the same time, protect workers.

Conclusion

Making voluntary insurance policies available allows companies to enhance their benefits offerings, differentiate themselves from competitors, and provide workers with the additional coverage choices that best suit their needs. These types of supplemental insurance policies and ancillary benefits offerings will be a greater differentiator than ever before in the battle to attract and protect a talented workforce.

ABOUT THE AFLAC WORKFORCES REPORT

The Aflac WorkForces Report is an annual study analyzing the forces impacting the trends, attitudes, and use of employee benefits. Surveying both American workers and business decision-makers, the Aflac WorkForces Report reconciles the perceptions and realities of benefits in the workplace. The insights aim to help businesses make informed decisions about benefits to better protect employees and their bottom line. For more information, please visit www.AflacWorkForcesReport.com.

METHODOLOGY

The 2011 Aflac WorkForces Research was conducted by Harris Interactive on behalf of Aflac. The research contained two components of research among the US workforce – Employer research and Employee research. The Employer Survey was conducted online within the United States between August 17, 2010 and September 9, 2010 among 2,117 Benefits Decision Makers. Results were weighted to be representative of US companies with at least 3 employees based on company size (number of employees) and industry. No estimates of theoretical sampling error can be calculated; a full methodology is available. The Employee Survey was conducted online within the United States in two phases. The first phase was conducted between August 17, 2010 and September 1, 2010 among 3,035 employed adults aged 18 and older who are employed full or part time at a company with 3 or more employees and not retired. Results were weighted as needed for age, gender, education, race/ethnicity, region, household income and industry. The second phase was conducted between February 11-15, 2011 among 1,188 employed adults aged 18 and older who are employed FT/PT and not self-employed. Results were weighted as needed for age, gender, education, race/ethnicity, region, and household income. Propensity score weighting was also used to adjust for respondents’ propensity to be online on both phases of this research. No estimates of theoretical sampling error can be calculated; a full methodology is available.