

# Offer employees an unexpected financial tool and productivity enhancer: life insurance



Whether it's a rising startup in Silicon Valley or a small nonprofit in Maine, every organization has a common goal: maximizing productivity. Their No. 1 obstacle? Employees' financial stress, which 86% of employees say affects their productivity.<sup>1</sup>

Though often overlooked and undervalued, offering life insurance is a simple way to help prevent employees' financial stress before it can develop in the first place. In fact, nearly 7 in 10 life insurance owners report feeling financially secure, compared with less than half of non-owners.<sup>2</sup>

## The true impact of employees' financial stress on job performance

More than 2 in 3 Americans are experiencing financial anxiety,<sup>3</sup> and over 50% of employees are more stressed about their finances now than they were during the height of the COVID-19 pandemic.<sup>1</sup> Furthermore, only 13% of adults say they are "very comfortable" with their emergency savings.<sup>4</sup>

Financial stress is more than a figurative headache — it has a negative impact on your employees' well-being. It can have a hand in triggering depression<sup>5</sup> and other mental health issues.

This ripple effect extends to the workplace. The majority of employees — 86% — say financial stress impacts their productivity at work.<sup>1</sup> Financially stressed employees spend a quarter of their workweek dealing with financial issues<sup>1</sup> and 32% spend at least 30 minutes of every workday thinking about their personal finances.<sup>6</sup>

## Life insurance helps prevent financial stress in the long term — and the short term

Many people think of life insurance as primarily covering burial costs. It's true that life insurance can help with final costs, including funerals, which cost \$7,640 on average.<sup>7</sup> This is why a lot of people buy life insurance in the first place — to eliminate a financial stressor before it can take root. But life insurance can help prevent financial stressors in the even longer term too.

When policyholders follow the experts' advice and purchase life insurance coverage for about 10 to 15 times their income,<sup>8</sup> they enable their beneficiaries to handle common life expenses—credit card debt, medical debt, auto loans — with confidence. In fact, these beneficiaries are often more than equipped to handle life's larger expenses, such as the \$215,000-plus average outstanding mortgage<sup>9</sup> and the more than \$35,000 average yearly cost of college.<sup>10</sup>



But beneficiaries aren't the only people life insurance helps. Many life insurance plans have features that can help prevent financial stress while the policyholder is still alive. These features may include:

- **Living benefits:** Also known as an “accelerated death benefit,” this rider allows terminally or chronically ill policyholders to access money from their policy’s death benefit while they’re alive. These funds can be used for expenses associated with their condition, including medical care, hospice and in-home caregivers.
- **Will preparation services:** This life insurance feature leaves beneficiaries a roadmap for how to handle a loved one’s estate, which can help prevent headaches — or even family drama — following the loss of a loved one.
- **Funeral planning services:** No matter when or how it’s done, funeral planning isn’t easy. But planning it in advance can help alleviate stress on bank accounts, as well as mental and emotional states. This feature helps policyholders take care of their own arrangements so that they and their next of kin have one less thing to stress about.
- **Cash value:** This is a savings component feature of some types of life insurance policies. Cash value accumulates at a guaranteed rate and on a tax-deferred basis.<sup>11</sup> Though experts generally advise policy owners to carefully weigh the options, they can withdraw from or take out a loan against their policy’s cash value.<sup>12</sup>

### Let us tell you a couple of stories: Life insurance in action

Consider Elena and Damian, two hypothetical employees who have different relationships with life insurance.

#### ***Elena’s story:***

When Elena begins a new job, she enrolls in life insurance through her employer. With the monthly premium coming out of her paycheck, she forgets about it soon after.

Years later, Elena is diagnosed with cancer. When it progresses to Stage 4, she uses her policy’s living benefits to pay for necessary medical care. She also takes advantage of her life insurance policy’s will preparation and funeral planning services.

Fast-forward a couple of months, Elena still isn’t out of the woods. But she’s on the road to recovery — partly because she and her family can fix their attention where it should be: on her health, not her finances.

#### ***Damian’s story:***

Damian’s father passed away suddenly following a brief illness. He witnessed firsthand the toll it took on his mother to process her grief while also coordinating her husband’s final arrangements. In the months that follow, she has Damian help her use her life insurance policy’s funeral planning services. Damian doesn’t want to do it — he hates thinking that his mom might not always be there with him and his younger sister, let alone his growing family — but he obliges. She also privately prepares a will with the help of her policy’s will preparation services.

When his mom passes in her sleep a few years later, Damian is thankful a plan is already in place.

Because of his mother’s foresight, Damian and his family are able to truly mourn — not stress about planning and paying for the funeral. And thanks to the will and life insurance payout, some other financial worries are eased as well. Damian’s younger sister is able to pay off her credit cards and student loans, and Damian can pay off his family’s mortgage.

More than the money itself, Damian and his sister view their increased financial security as a final gift from their mother. Damian knows the difference life insurance and end-of-life planning can make both before and after the death of a loved one, and he takes steps to protect his family just as his mother protected hers.

**Ready to help employees and their families prevent key financial stressors that can impact their workplace productivity? Contact your Aflac benefits advisor.**

- <sup>1</sup> Employee Benefit News. "Employees spend 25% of their workday worrying about money." Published 4.11.2022. [Accessed 8.7.2023.](#)
- <sup>2</sup> LIMRA. "2022 Insurance Barometer Study Reveals the Secret to Financial Security is Owning Life Insurance." Published 4.25.2022. [Accessed 8.7.2023.](#)
- <sup>3</sup> U.S. News & World Report. "Two-Thirds of Americans Experiencing Financial Anxiety." Published 4.12.2022. [Accessed 8.7.2023.](#)
- <sup>4</sup> Bankrate. "Survey: Majority of US households uneasy with level of emergency savings." Published 6.23.2022. [Accessed 8.7.2023.](#)
- <sup>5</sup> PLoS One. "Financial stress and depression in adults: A systematic review." Published Feb. 22, 2022. [Accessed 8.7.2023.](#)
- <sup>6</sup> PR Newswire. "As Inflation Stresses Affect Workplace Productivity, Survey Finds Working Adults Want Financial Wellness Benefits." Published Nov. 1, 2022. [Accessed 8.07.2023.](#)
- <sup>7</sup> SmartAsset. "How Much Does the Average Funeral Cost?" Published 4.11.2022. [Accessed 8.7.2023.](#)
- <sup>8</sup> Policygenius. "How much life insurance do I need?" Updated 5.25.2022. [Accessed 8.7.2023.](#)
- <sup>9</sup> NerdWallet. "2021 American Household Credit Card Debt Study." Published 1.11.2022. [Accessed 8.7.2023.](#)
- <sup>10</sup> Education Data Initiative. "Average Cost of College & Tuition." Updated 6.12.2022. [Accessed 8.7.2023.](#)
- <sup>11</sup> Forbes Advisor. "Cash value life insurance explained." Updated April 26, 2023. [Accessed 8.07.23.](#)
- <sup>12</sup> Money. "How to borrow against life insurance." Published Dec. 05, 2022. [Accessed 8.07.2023.](#)

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