Health Carriers Battle Voluntary Players for Sales

Ancillary Benefits Tug-of-War

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Understanding Generational Differences to Offer Better Benefits

By Todd Mason

Today's workforce is diverse, not only in ethnicity and gender, but also in age, ranging from 18 to about 70. Generation Y, Generation X, and Baby Boomer employees have distinct viewpoints about what makes a workplace desirable. Brokers and agents who understand how each generation views and values benefits can help HR leaders and managers focus on products that are most meaningful to their employees.

Voluntary Benefits

By understanding each generation's risks, concerns, and health care needs, employers can provide targeted and cost-effective benefit solutions. Employees are looking to their employers for new benefit options and education to help them create a more secure safety net. Voluntary insurance is a smart solution that can expand benefit offerings by providing a wide range of coverage choices including accident, short-term disability, critical illness, and hospital indemnity plans.

Voluntary insurance offers benefit options that go beyond the coverage provided by major medical insurance and can be customized to meet the varying needs of each generation of workers. It can also have a big impact on a business's finances, with 30% of employers seeing fewer workers' compensation claims after introducing voluntary insurance plans, according to a study conducted by Research Now on behalf of Aflac.

Employees that offer voluntary insurance can create competitive insurance packages to attract and retain a diverse range of talent without adding benefit costs to the company.

Generation Y Settles Into Employment

Born after 1980, Generation Y, or Millennials, are today's youngest workers. Gen-Y workers are typically finishing their education, entering the workforce, and making choices about living arrangements, marriage, and lifestyle.

The 2012 Aflac WorkForces Report reveals that 42% of Generation Y workers are employed part-time; 31% work for small employers with fewer than 25 employees; and 20% work in the retail industry. These jobs may not provide the insurance coverage that this young generation is seeking, such as life insurance, dental, or vision coverage.

It's not much of a surprise that only 69% of employees are offered major medical insurance and only 62% of those who are eligible to participate are enrolled in their company's plan. This is the lowest percentage of any generation, leaving nearly 40% Gen-Y workers without major medical coverage. Having part-time employment, being in good health, and staying on their parents' major medical plan until they turn 26 may be reasons why more Gen-Y workers don't consider their employer's insurance.

However, many Millennials say they want protection and they need help to choose the right benefits, which gives agents and brokers a great opportunity to advise their clients about the needs and characteristics of this group. For instance, 72% of Generation Y employees say they are more likely
to take advantage of benefit options that are tailored to their situation. Forty-four percent say they need to be more engaged in making benefit decisions and 56% say their HR department doesn’t communicate enough.

By educating HR managers on the benefits of voluntary insurance for Generation Y workers, agents and brokers can help employers offer the expanded coverage that may prove valuable as these workers begin their careers. These benefits can help employees protect their financial future while giving employers the opportunity to build a competitive compensation package to attract and retain this young workforce.

The survey found the following benefit preferences among Generation Y employees:

- 78% say that brand names and reputation matter when selecting benefit options.
- They want low-cost benefit options. Sixty-seven percent say they would purchase voluntary insurance to better protect themselves and their families.
- They are interested in company wellness programs that can improve workplace health and boost company productivity. The majority would participate in wellness programs, but less than 25% work for a company that offers a wellness plan.

Goals for Generation X Protect Income and Assets

Generation X, aged 25 to 44, is an often-overlooked segment with a demographic situation and outlook that makes it ideal for voluntary insurance protection. Eighty-two percent of Generation X workers have major medical insurance, but only 29% have voluntary insurance. As Generation X workers experience major life changes, such as starting or raising a family, purchasing a home, and planning for their financial future, it’s a critical time to take advantage of the employers’ insurance plans.

These growing assets can also mean debt including mortgages, car loans, and education costs. As they face these expenses, it is critical that Generation X workers protect their assets and income in case of a medical emergency. Voluntary insurance can protect Gen X workers against the financial stress that comes with an unexpected emergency by offsetting health care costs that aren’t covered by major medical insurance.

By educating employers about the financial protection offered by voluntary insurance, brokers and agents can help Gen-X employees build a strong financial foundation. Employers need to establish themselves as competitive recruiters and savvy talent managers to Gen X employees who will take the reins as Baby Boomers begin to retire. Forty-nine percent of Generation X workers say that improvements in their benefit package would keep them with their employer.

Implementing better benefit programs for this generation means the following:
- Offering financial planning assistance to help eliminate student loan payments or debt and save for retirement.
- Including wellness programs to help Gen Xers improve their health and well being.
- Providing income-protection options for them and their growing families.
- Marketing benefits in a variety of ways, including online and through social media, to help them find relevant information easily.
- Coordinating one-on-one or group meetings with insurance consultants to ensure that employees understand their benefit choices.

Retirement Anxiety is High for Baby Boomers

The Baby Boomer generation of 45- to 64-year-olds represents the largest group of full-time employees in today’s workforce. Many Baby Boomers lost their retirement savings when the housing bubble burst and the economic recession hit, resulting in delayed retirement and little time to rebuild their wealth. Baby Boomers are very apprehensive about retirement, according to the 2012 AARP Anxiety Index. Seventy-two percent of working Boomers say they will probably be forced to delay retirement, and 50% have little confidence that they will ever be able to retire. An additional 65% have little confidence that they will have the means to live comfortably in retirement. Ninety-five percent of those who expect to retire later than they had originally planned, say it’s because they are financially unprepared or they need to maintain health insurance.

Baby Boomers are interested in retirement savings assistance, heavy retirement savings plans/incentives, and health savings plans. They are also likely to be interested in the following:
- Voluntary insurance plans to better protect their savings in case of a serious illness.
- Portable insurance policies that can be retained after they stop working.
- Fringe benefits, such as grandchild care, flextime, or phased retirement programs.

Voluntary insurance offers cost-effective, customizable solutions to help employers protect the assets of their workers in case of serious accident or illness. Additionally, voluntary insurance policies are portable, which allows Boomers to retain their insurance coverage when they retire.

Consider Generational Differences when Designing Benefits Packages

Brokers and agents can help clients identify the right benefit packages to appeal to workers of any generation. Tailoring benefits to meet the needs of Millennial, Generation X, and Baby Boomer employees comes down to understanding their distinct attitudes and expectations about lifestyle and financial security. Many voluntary insurance products, such as dental, vision, hospital indemnity, and short-term disability, can offer financial peace-of-mind to workers and be a powerful factor in retaining valuable employees.

By sharing insights about each group, brokers and agents can enable employers to assemble the right product mix and educational programs to attract and retain a diverse, cross-generational workforce.

Todd Mason is the California-Los Angeles Northeast state sales coordinator for Aflac. He is responsible for creating and implementing the state’s strategic market development plan as well as the acquisition and training of new talent for the sales force. For more information about Aflac, visit aflac.com or send an e-mail at CALANEast@aflac.com.
As healthcare keeps changing, **there’s never been a better time to offer voluntary benefits.**

“My clients are dealing with a lot today and the fact is, no one knows what the future will bring regarding healthcare costs. That’s why Aflac’s voluntary benefits are a crucial part of what I offer.”

“Aflac’s depth of voluntary benefits allows my clients to help keep their employees protected without costing their company a dime. It’s really a no-brainer.”

Hear the rest of Arthur’s story at aflac.com/arthur

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