Voluntary benefits: is anybody buying?

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Associated Press

InsuranceTimes, April 1, 2003, Vol. XXIII, No. 6

American companies are making a growing list of “voluntary" benefits available to their employees, but most workers aren't taking advantage of the offerings.

Traditional benefits — including pensions and life, disability and health insurance — are programs companies generally pick up most of the tab for.

Voluntary benefits go beyond the standard offerings and range from corporate college savings programs to auto and home insurance, long-term care insurance and tax-advantaged dependent care accounts. Employees must cover the costs, but often can get a better deal through company plans than they would if they sought such services on their own.

“We've definitely seen a trend toward more voluntary benefits in the past year or two," said Dean Hatfield, a health and welfare specialist with Buck Consultants Inc., a human resources consulting firm in New York.

He acknowledged that companies facing severe financial problems have reduced their contributions to some benefit programs and asked workers to pay more.

“More often, voluntary programs are a way for companies to offer (their workers) more choices without adding additional costs," Hatfield said. “That's an important consideration in the current economy."

One voluntary benefit that's being rolled out widely these days is financial planning, he said, ``because of the stock market diving and companies' concern about their employees' finances."

Still, voluntary benefit programs often draw participation by 10 percent or less of a company's work force.

Dallas Salisbury, chief executive of the Employee Benefit Research Institute in Washington, D.C., believes it has to do with workers' perception of their own financial risks.

“Surveys of employees had shown that if you offer suggestions involving trade-offs, workers want health insurance, health insurance, health insurance," Salisbury said. “Then they want retirement savings. And don't forget paid vacations. And some disability coverage is OK.

“Everything else falls right off the cliff statistically."

Salisbury pointed out that when it comes to the most popular of the voluntary benefit plans, the 401(k) retirement account, 25 percent of workers don't participate and only 7 percent to 8 percent contribute the maximum amount allowed.

That said, voluntary benefits are a very attractive option for some workers, especially those in higher income brackets as well as, surprisingly, the young, said Jim Gemus, a MetLife vice president who specializes in benefits.

A recent MetLife survey found that workers ages 21 to 30 purchased more products through their workplaces than other age groups. This, the study said, “suggests that over the long term, the workplace will be a growing channel for the purchase of financial products."

Gemus said a key attraction is that employees can pay for the programs they want by payroll deduction.

“They like the convenience," Gemus said. “And they like the fact that when they buy products at work, they often get a group rate."

Gemus said employees offered a variety of voluntary programs can select those they need and ignore the others. A young worker, for example, might choose to fund a college savings plan for their children, while an older worker might go for a long-term care policy.

The list of available voluntary benefits is long and growing. MetLife listed these, among others: group or term life insurance, life insurance for dependents, long-term care insurance, stocks and bonds, travel insurance, checking and savings accounts, auto insurance, financial advice, group legal coverage, college savings plans, home equity loans, auto loans, estate planning and will preparation, concierge services and pet insurance. ❐