



## THE VOLUNTARY VALUE FORMULA

### Voluntary Is the Solution to Your Benefits Equation

As employers try to solve for talent gaps while juggling tight budgets, voluntary benefits continue to gain traction. These products can help expand employee benefit offerings while moving the costs away from the employer. And with cost-sharing becoming the standard, so is the expectation of more choices among employees at enrollment time.

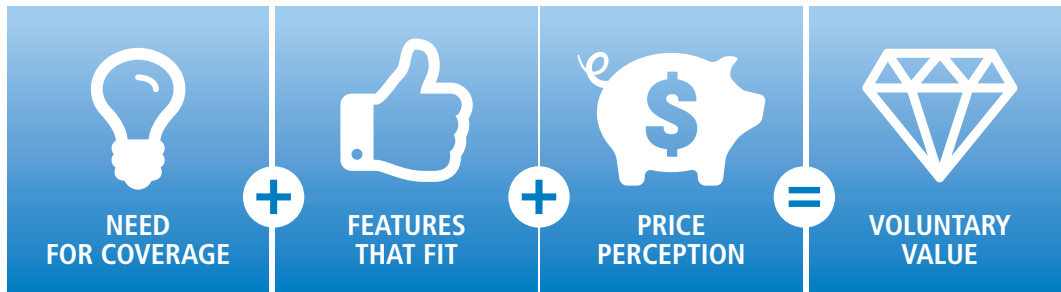
MetLife's 13th Annual *U.S. Employee Benefit Trends Study* finds that the right number and mix of benefits can increase worker appreciation, especially when paired with effective communication and education. In fact, the Study finds that easy-to-understand benefit communications are a key driver in employee confidence. But given the three unique generations in today's workforce, the task of communicating the right benefit features to these diverse employees can seem challenging.

Fortunately, taking advantage of the power of voluntary benefits is easier than you may think.

NOTE: All statistics derived from MetLife's 13th Annual U.S. Employee Benefit Trends Study unless otherwise noted

## Solving the Voluntary Value Formula

The Voluntary Value Formula is based on the psychological and emotional behaviors that impact employee buying decisions.



### NEED FOR COVERAGE

When an employee sees how a product relates to a real life problem, an emotional connection is created.

### FEATURES THAT FIT

Features desired by one employee may not have the same appeal to their co-workers.

### PROPER PRICE PERCEPTION

The right price is not about the lowest number, but about the value received. Peace of mind, protection of loved ones, and financial security can all make a benefit worth the price for the purchaser.

## Making the Voluntary Value Connection

To perceive the value of a voluntary benefit offering, employees must make the connection between their needs and the solution provided by the benefit. Employers can do the following to help their workers make that connection:

### 1 PROVIDE A BROAD ARRAY OF PRODUCTS TO SATISFY AN AUDIENCE OF ONE

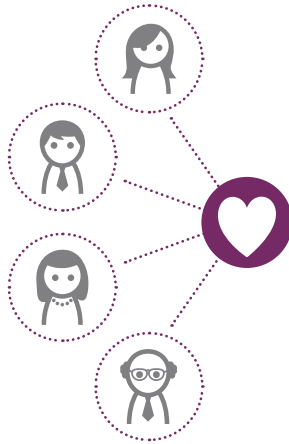
Each generation of employees is faced with different challenges. Millennials are paying off student debt and starting their careers, while Boomers are close to retirement. In the middle, Gen X is feeling pressure to support school-aged children and care for older parents while saving money for their future.



It is important to offer a wider array of products to enable individuals to identify “benefits that work for me.”




## 2 SHOW HOW WELL YOU KNOW YOUR EMPLOYEES

Giving employees the option to pick and choose more benefits that match their needs and lifestyles can make them feel valued by their organization. Within benefit materials, highlight product features that reflect their day-to-day needs and interests.



By offering options that have specific meaning for each age segment, the value will be clearer to each worker.

### Crunching the Numbers on a Dynamic Workforce

|  |  <b>MILLENNIALS</b><br>Ages: 21 – 34  |  <b>GEN X</b><br>Ages: 35 – 50  |  <b>BOOMERS</b><br>Ages: 51+  |
|--|--|--|--|
| <b>FINANCIAL SNAPSHOT</b>                          | <ul style="list-style-type: none"> <li>47% of Millennials who aren't planning to take steps towards saving for retirement say they are already saving all they can</li> <li>81% of Millennials have an annual personal income of less than \$75,000</li> </ul> | <ul style="list-style-type: none"> <li>51% of Gen X workers who aren't planning to take steps towards saving for retirement say they are already saving all they can</li> <li>57% of Gen X have an annual personal income of less than \$75,000</li> </ul> | <ul style="list-style-type: none"> <li>58% of Boomers who aren't planning to take steps towards saving for retirement say they are already saving all they can</li> <li>49% of Boomers have an annual personal income of less than \$75,000</li> </ul> |
| <b>ATTITUDES AND OUTLOOK</b>                       | <ul style="list-style-type: none"> <li>Want a single carrier for multiple benefits offered by employer</li> <li>Cite their young age as a barrier to taking steps to a secure financial future</li> </ul>  | <ul style="list-style-type: none"> <li>Have to make their income stretch the most compared to other age groups due to their responsibility for more dependents</li> <li>Live from paycheck to paycheck</li> </ul>  | <ul style="list-style-type: none"> <li>More Boomers are coming out of retirement to re-enter the workforce</li> <li>Boomers are generally more satisfied than Millennials or Gen X with their jobs</li> </ul>  |
| <b>TOP MUST-HAVE NON-MEDICAL EMPLOYER BENEFITS</b> | <ol style="list-style-type: none"> <li>Dental insurance</li> <li>401k (or other retirement plan)</li> <li>Vision care insurance or discount program</li> </ol>   | <ol style="list-style-type: none"> <li>401k (or other retirement plan)</li> <li>Dental insurance</li> <li>Life insurance</li> </ol>  | <ol style="list-style-type: none"> <li>401k (or other retirement plan)</li> <li>Dental insurance</li> <li>Life insurance</li> </ol>  |

### 3 SELECT VOLUNTARY PRODUCTS BASED ON VALUE, NOT PRICE




The true value of a product is in the eye of the beholder and in what brokers and carriers can recommend as go-to solutions. It is important not to just focus on the product cost, but also value-adds in the service experience.



It is important for employers to work with a provider that can offer multiple enrollment channels, flexible communications, and outstanding customer service to improve the ongoing benefit experience.

#### Applying the Formula Across Your Portfolio

The Study finds that when employees perceive their employers as understanding of their day-to-day challenges and concerns, loyalty and satisfaction can be improved. Positioning product features in a way that reflects employee needs is a great way to demonstrate care.

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|  <b>MILLENNIALS</b><br>Ages: 21 – 34 |  <b>GEN X</b><br>Ages: 35 – 50 |  <b>BOOMERS</b><br>Ages: 51+ |
| <b>LIFE INSURANCE</b>   |   |   |

*Currently, fewer than 60% of adults in the U.S. have life insurance coverage — about 25% are solely covered by individual insurance and about 20% only have group coverage obtained through an employer. Fewer than 15% say they have both.<sup>1</sup>*

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|--|---|--|
| <p><b>Fast Facts</b></p> <ul style="list-style-type: none"> <li>• 43% are interested in purchasing voluntary life insurance at work when an employer-paid option is not available</li> <li>• 41% are worried about outliving their retirement savings</li> </ul> <p><b>Features to Consider</b></p> <ul style="list-style-type: none"> <li>• Low-cost premium</li> <li>• Simple descriptions</li> <li>• Easy-to-budget payroll deduction payment plans</li> <li>• Online planning tools</li> </ul> | <p><b>Fast Facts</b></p> <ul style="list-style-type: none"> <li>• 42% are interested in purchasing voluntary life insurance at work when an employer-paid option is not available</li> <li>• 54% are worried about outliving their retirement savings</li> <li>• 53% are very concerned about financial security in the event of premature death</li> </ul> <p><b>Features to Consider</b></p> <ul style="list-style-type: none"> <li>• Easy tools and resources that calculate coverage needs</li> <li>• Affordable premiums and dependent coverage</li> <li>• No required medical exam</li> </ul> | <p><b>Fast Facts</b></p> <ul style="list-style-type: none"> <li>• 37% are interested in purchasing voluntary life insurance at work when an employer-paid option is not available</li> <li>• 56% are worried about outliving their retirement savings</li> <li>• 51% are very concerned about financial security in the event of premature death</li> </ul> <p><b>Features to Consider</b></p> <ul style="list-style-type: none"> <li>• Access to expert that can help find the right fit with existing financial protection products</li> <li>• Easy and convenient enrollment</li> </ul> |
|--|---|--|



**MILLENNIALS**  
Ages: 21 – 34



**GEN X**  
Ages: 35 – 50



**BOOMERS**  
Ages: 51+

## DISABILITY INSURANCE

*Over 37 million Americans are classified as disabled — about 12% of the total population (314.1 million). More than 50% of those disabled Americans are in their working years. Over six million workers were receiving Social Security Disability benefits at the end of 2012.<sup>2</sup>*

### Fast Facts

- 53% are concerned about having enough money to pay their bills if someone in their household loses their job or is no longer able to work
- 36% believe that short-term disability is a must-have benefit
- 37% say that long term disability is a must-have benefit
- Nearly 50% of all individuals 35 or younger will be disabled for 90 days or longer prior to age 65.<sup>3</sup>

### Features to Consider

- Simple, online tools to explain disability benefits and determine needs
- Competitively priced premiums
- Convenient payroll deduction

### Fast Facts

- 60% are concerned about having enough money to pay their bills if someone in their household loses their job or is no longer able to work
- 45% believe that short-term disability is a must-have benefit
- 46% say that long term disability is a must-have benefit
- Nearly half of homeowners facing foreclosure identify medical issues as being at least part of the cause, with the most important reasons being illness or injury of self or spouse (32%) and loss of work due to illness or injury (27%)<sup>4</sup>

### Features to Consider

- Faster claims decisions
- Competitively priced premiums
- Convenient payroll deductions

### Fast Facts

- 44% believe that short-term disability is a must-have benefit
- 48% say that long term disability is a must-have benefit

### Features to Consider

- Access to experts who can educate on risks and options
- Competitively priced premiums

## DENTAL

*92% of adults 20 – 64 have had cavities in their permanent teeth.<sup>5</sup> Raising the country's understanding of the linkage between good oral health and good overall health will... lead to a healthier nation.<sup>6</sup>*

### Fast Facts

- 58% have purchased dental insurance through their employer

### Features to Consider

- Balance of preventive and cosmetic services
- 100% coverage of preventive care
- Large network of options that include cosmetic treatments
- Online claims and communications
- Affordable care plan options such as DHMO

### Fast Facts

- 71% have purchased dental insurance through their employer

### Features to Consider

- Family orthodontic coverage
- Dependent coverage
- Wide range of preventive care and major services such as orthodontics, crowns, and implants
- Ability to use current dentist
- Convenient appointment times

### Fast Facts

- 68% have purchased dental insurance through their employer

### Features to Consider

- Alternative dental services, especially in lower income senior segments
- Portability options
- Coverage for periodontics, implants, and more frequent cleanings
- Variety of claims channels



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Ages: 51+

## SUPPLEMENTAL HEALTH

*Supplemental health products continue to grow in popularity over the past four years, with critical illness purchases climbing by 19% and accident insurance purchases rising by 12%.<sup>8</sup>*

### Fast Facts

- 47% are very concerned about having enough money to cover out-of-pocket medical costs not covered by their health insurance
- 73% are not likely to have a savings cushion of at least three months of salary

### Features to Consider

- Need a safety net to bridge gaps between medical coverage and limited savings in the event of an accident or illness
- Lump sum payment to replace lost income and supplement limited savings in times of serious illness
- Affordable coverage that complements high deductible medical plans
- Fully portable
- Coverage for hospital admission and ER visits
- Immediate hassle-free reimbursement

### Fast Facts

- 50% are very concerned about having enough money to cover out-of-pocket medical costs that are not covered by their health insurance
- 69% are not likely to have a savings cushion of at least three months of salary
- 36% live paycheck-to-paycheck

### Features to Consider

- Need a safety net that accounts for dependent expenses such as childcare and co-pays for accident-prone children
- A lump sum payment to provide extra cash for ongoing household expenses
- Accidental death benefit
- Dependent coverage for partner and children
- Broad range of covered conditions including fractures and ER visits
- No ongoing claims process

### Fast Facts

- 53% are very concerned about having enough money to cover out-of-pocket medical costs that are not covered by their health insurance
- 57% are not likely to have a savings cushion of at least three months of salary
- Medicare supplemental insurance, also known as “Medigap,” is an important source of supplemental coverage for nearly one in four people on Medicare

### Features to Consider

- Need a safety net to cover unexpected costs such as back and knee injuries and falls
- Want to protect retirement savings against the risk of out-of-pocket medical expenses
- A lump sum payment to help meet expenses and preserve retirement savings
- Low premiums that supplement health insurance
- Simple underwriting and portability
- Wide range of covered treatments including physical therapy and hospital admission
- Simple claims process



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## VISION

*83% of employers offer vision insurance to employees and five-year trends show an increase in the percentage of organizations offering vision insurance.<sup>7</sup>*

### Fast Facts

- 50% have purchased vision insurance through their employer

### Features to Consider

- Choice of top designer brands
- Savings on total costs (premiums plus out-of-pocket expenses)

### Fast Facts

- 62% have purchased vision insurance through their employer

### Features to Consider

- Annual eye exams for the entire family
- Affordable frames and lens options for active children
- Choice of service providers (ophthalmologists, optometrists, and optical retailers)
- Discounts on frames and lenses

### Fast Facts

- 59% have purchased vision insurance through their employer

### Features to Consider

- Coverage that fills the gaps in Medicare coverage, which can include tests for at-risk individuals
- Need for corrective lenses
- Eye exams for early detection included in office visit at no additional charge
- Savings on total costs (premiums plus out-of-pocket expenses)

## AUTO & HOME

*Due to the fact that some form of property and casualty coverage is required of those who own a home or car, the demand for these products is strong. The Study found that auto and home insurance products are the top two must-have non-medical benefits among employees, making them an important consideration in any competitive benefits package.*

### Fast Facts

- More than one in three would be interested in purchasing auto insurance through their employer if not currently offered
- Nearly a third would be interested in purchasing home insurance through their employer if not currently offered

### Features to Consider

- Renter's insurance to protect personal property such as electronic equipment
- Liability protection from injured driver claims
- Competitive group discounts
- Convenient payroll deduction
- Fast online quotes and purchase
- Driver improvement course discounts

### Fast Facts

- A quarter would be interested in purchasing auto insurance through their employer if not currently offered
- One in four would be interested in purchasing home insurance through their employer if not currently offered

### Features to Consider

- Lower premiums in exchange for higher deductibles
- Discounts on purchasing from a single carrier
- Riders for personal property
- Telephonic or online service

### Fast Facts

- Among the three generations, Boomers had the highest must-have rankings for auto and home coverages

### Features to Consider

- Homeowner's policy review to protect retirement assets (may have had same policy limit for decades and not be current with inflation)
- Auto policy and programs that reward good driving record
- Fully portable
- Riders for personal property
- Personal attention to ensure regular review of policy via local agent or telephonic
- 55+ driver safety discount



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## LEGAL SERVICES & ID THEFT PROTECTION

*Americans are most worried about having their credit card information stolen by hackers compared to all other crimes.<sup>9</sup> Employees spend up to 165 hours of work time remediating identity theft. Those victimized by identity theft also are absent from work five times more than average, use medical benefits four times more than average, and use twice as much sick time as an average employee.<sup>10</sup>*

### Fast Facts

- 66% say that Legal coverage would be a nice-to-have benefit

### Features to Consider

- Legal services for financial issues (credit card default, debt collection)
- Legal services for personal issues (traffic tickets, landlord negotiations)
- Low-cost premiums
- No co-pays or deductibles
- Comprehensive coverage for digitally active employees

### Fast Facts

- 66% say that Legal coverage would be a nice-to-have benefit

### Features to Consider

- Legal services for financial issues (foreclosure, refinancing, financial planning)
- Legal services for personal issues (adoption, school hearings, will preparation)
- Coverage for spouse or civil partner and dependents
- Predictable costs and affordable premiums
- Access to online service

### Fast Facts

- 68% say that Legal coverage would be a nice-to-have benefit

### Features to Consider

- Legal services for financial issues (tax audits, property sales, identity theft)
- Legal services for personal issues (power of attorney, living wills, Medicare questions)
- Coverage for spouse or partner
- Predictable costs and affordable premiums
- In-person or one-on-one consultation

## Bringing Together the Right Variables

Brokers and carriers play an important part in putting the Formula into practice. They can help ensure the messages, materials, and channels are being used to support both employers and employees on an ongoing basis. When all parties work together to deliver the right mix of solutions, everyone benefits through increased loyalty, cost savings, and stronger relationships.

Visit **BenefitTrends.MetLife.com** for more insights from MetLife's Employee Benefit Trends research.

<sup>1</sup> 2015 Insurance Barometer Study, Life Happens, LIMRA. Reshaping life insurance through innovation, technology, By Nick Otto, April 16, 2015, Employee Benefit News ([www.benefitnews.com/.../reshaping-life-insurance-through-innovation-technology-2746116-1.html](http://www.benefitnews.com/.../reshaping-life-insurance-through-innovation-technology-2746116-1.html))

<sup>2</sup> Disability Statistics, updated per July 3rd, 2013. The Council for Disability Awareness ([www.disabilitycanhappen.org/chances\\_disability/disability\\_stats.asp](http://www.disabilitycanhappen.org/chances_disability/disability_stats.asp))

<sup>3</sup> 1985 Commissioners Individual Disability Table A, as reported in "Best's Policy Reports," February 1999 ([http://www.affordableinsuranceprotection.com/odds\\_of\\_disability](http://www.affordableinsuranceprotection.com/odds_of_disability))

<sup>4</sup> "Get Sick; Get Out: The Medical Causes of Home Mortgage Foreclosures," a 2008 article in Health Matrix: Journal of Law – Medicine ([http://www.pnhp.org/news/2008/october/medical\\_causes\\_of\\_ho.php](http://www.pnhp.org/news/2008/october/medical_causes_of_ho.php))

<sup>5</sup> Dental Caries (Tooth Decay) in Adults (Age 20 to 64), National Institute of Dental and Craniofacial Research National Institutes of Health. (<http://www.nidcr.nih.gov/DataStatistics/FindDataByTopic/DentalCaries/DentalCariesAdults20to64.htm>)

<sup>6</sup> Oral Health: The Silent Epidemic. Public Health Rep. 2010 Mar-Apr; 125(2): 158-159 (<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2821841/>)

<sup>7</sup> Employees set sight on vision insurance, By Nick Otto, April 27, 2015, Employee Benefit News ([www.benefitnews.com/.../employees-set-sight-on-vision-insurance-2746179-1.html](http://www.benefitnews.com/.../employees-set-sight-on-vision-insurance-2746179-1.html))

<sup>8</sup> Society of Human Resource Management's 2014 Employee Benefits Survey ([https://www.shrm.org/Research/SurveyFindings/Documents/14-0301%20Benefit\\_Report\\_TEXT\\_FNL.pdf](https://www.shrm.org/Research/SurveyFindings/Documents/14-0301%20Benefit_Report_TEXT_FNL.pdf))

<sup>9</sup> Hacking Tops List of Crimes Americans Worry about Most, Gallup, 2014 (<http://www.gallup.com/poll/178856/hacking-tops-list-crimes-americans-worry.aspx>)

<sup>10</sup> Cyber Attacks On The Rise. ID Theft Can Help Avoid Lost Productivity. LSK Associates Study in "World At Work." By Drew Smith, Info Armor ([https://cdn.infoarmor.com/files/ID%20fraud-workspan\\_04\\_2015.pdf](https://cdn.infoarmor.com/files/ID%20fraud-workspan_04_2015.pdf))

**MetLife**

**Metropolitan Life Insurance Company**  
200 Park Avenue  
New York, NY 10166  
[www.metlife.com](http://www.metlife.com)