

Benefit Fact Sheet

What is it?

Voluntary benefits are additional benefits offered to help employees obtain coverage to meet the specific needs of their personal situations. These benefits are paid for by employees and provide additional protection to: fill coverage gaps in medical plans, serve as an additional source of income to help cover expenses when injured or ill, provide coverage in addition to employer paid life and disability plans, and cover ancillary expenses such as pet, home, and auto care.

Voluntary benefit offerings include:

- [Supplemental/voluntary life insurance](#)
- Short term disability
- [Long term disability](#)
- Special risk insurance (e.g., accident, cancer insurance, critical illness)
- [Long term care](#)
- Home and auto insurance
- [Pet insurance](#)

Why offer it?

- A cost effective way to expand benefit programs.
- Promotes choice and flexibility for employees to choose the benefit options that best meet their individual needs.
- Improves recruiting, retention and employee morale.

What types of employers offer it?

Employers who desire cost-effective benefit programs that offer many options to employees.

What size employers offer it?

Minimal participation requirements allow any size employer to implement voluntary benefit programs. Ideal employers are those with at least 25 or more full-time benefits-eligible employees. More complex options, such as home and auto, are generally only available to employers with 300 or more employees.

What are the critical underwriting or participation requirements?

Participation and underwriting requirements vary depending upon the company and the type of benefit:

- A minimum of 3 to 10 approved applicants generally qualifies as a group.
- Groups of 100 or more eligible employees may qualify for guaranteed issue amounts and simplified underwriting based on participation.

What's new in this area?

- Online application completion and submission including electronic signature.
- Employee wellness programs integrated with voluntary benefits.
- Less stringent enrollment requirements.

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- Group Critical Illness plans that are HSA compatible (varies by carrier). Individual Critical Illness plans remain HSA incompatible.
- Company specific enrollment solutions such as group or direct enrollments and education.

How much does it cost?

There is no direct cost to the employer for implementation of a voluntary benefit program. Employers may incur indirect expenses associated with the communication and administration of the benefits.

Resources:

- [Aflac Insurance Products](http://aflac.com) (aflac.com)
- [Colonial Insurance Products](http://coloniallife.com) (coloniallife.com)
- [Unum Supplemental Health and Long Term Care Products](http://unum.com) (unum.com)
- [AIG American General Supplemental Products](http://aigebs.com) (aigebs.com)
- [MetLife Group Auto and Home Insurance](http://metlife.com) (metlife.com)
- [An Introduction to Supplemental Employee Benefits](http://xnite.org) (xnite.org)

Pros and cons

Pros

- Convenience of payroll deduction
- Portability
- Flexibility and affordability
- Improved recruiting, retention, and morale

Cons

- Requires employee communication
- Additional administrative burden for the employer, including set-up of payroll deductions and premium feeds to carrier

This Fact Sheet is designed to provide a general overview of the benefit program, service, or regulatory act it describes. The information included in this document is not a substitute for legal or professional opinion relative to a plan sponsor's particular fact pattern. Your ArlenGroup consultant can answer more specific questions relative to its application for your organization. A menu of additional topics is available online at: www.arlengroup.com/facts.