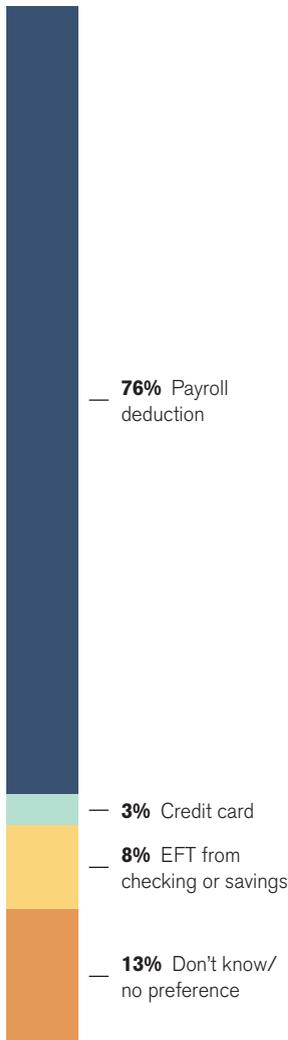


PLOT POINTS

By Gil Lowerre and Bonnie Brazzell

Make sure all the pieces fit

Preferred Method for Paying for Benefits



WHAT ARE THE ATTRIBUTES of a good voluntary benefit? The industry has historically sorted out would-be new entrants before many producers knew they existed. Various elements could be debated, but there are at least two components common to most successful products: benefit strategy relevance and program mechanics.

The idea of product relevance to an employer's benefit strategy is important. Nearly all voluntary benefits that achieve genuine market acceptance are aimed at supporting an employee's physical or financial well-being, while products that fall outside of these goals seem to have challenges. For example, introducing a voluntary program for golf lessons likely would not fit the overall benefit strategy for most employers. As much as some employees might like such a perk, there simply is not enough relevance to justify it. Successful voluntary benefits are those employees want/need and that help ensure their family's personal and financial health.

Program mechanics must also be considered, particularly enrollment and payment method. Today, open enrollment has become as much about voluntary programs as it is about medical plan elections. Many producers



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now use this method to provide employees a comprehensive approach to their benefit selections, since programs introduced off-cycle are often void of employer support and employee attention.

As for payment method, research shows that payroll deduction is not only an important payment mechanism, but also a driver in the employee sale. According to Eastbridge's recent employee survey, payroll deduction

was the preferred method of payment for voluntary benefits among employees, and 84 percent view the convenience of payroll deduction as a *reason* to buy a voluntary product.

In such a fast-moving market, new approaches are always on the horizon. Off-cycle enrollments could realize more widespread success in the future, and new solutions for the payment of benefits may take root. However, the combination of a defined enrollment period with a consolidated election environment and payroll deduction creates not only an education experience, but a purchase flow, as well. The success of this recipe can be seen in some increasingly popular non-traditional categories.

Consider purchasing programs and identity-protection services. Both are relevant to employee financial well-being. Identity-protection services are frequently elected in the employers' enrollment system and are regularly introduced to employees during open enrollment. Purchasing programs may take less advantage of open enrollment, but both products still tap into payroll deduction.

More products will try to capitalize on the growth of the voluntary market. But be wary of programs that are not truly relevant to your client's strategy or fail to utilize the tactics and mechanics with demonstrated success in voluntary.

Reasons for Buying Voluntary Products

