



# Dollars & Sense

## Employees Across the Wage Scale Show Demand for Voluntary Benefits

### By Eastbridge Consulting Group

There's been a lot of talk in recent years about the impact of inflation and a sluggish economy on employees' wallet share when it comes to voluntary benefits. It may seem logical to assume employees have less disposable income and are therefore less interested in coverage they have to pay for themselves.

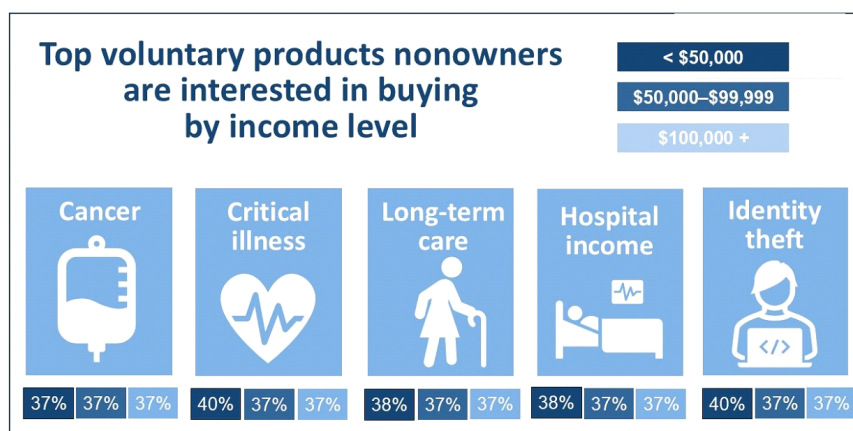
But recent Eastbridge research shows employees continue to be eager for the protection voluntary benefits provide, no matter the size of their paychecks or how they may be squeezed.

Employees of all income levels place high importance on their insurance benefits, especially medical, dental, vision and prescription drug coverage, according to a recent MarketVision™—The Employee Viewpoint© report. They also agree a wide range of other insurance benefits are at least somewhat important, including life, disability, accident, critical illness, long-term care and hospital indemnity/supplemental medical.

### Voluntary Ownership is High

Close to half of employees at all income levels own at least one voluntary product, but slightly more of the highest-paid employees — those earning \$100,000 or more — have voluntary coverage at 50%, compared to 45% of employees earning less than \$50,000. And the majority of employees who own at least one voluntary product typically have multiple types of coverage. Interestingly, the lowest earners are more than twice as likely as higher-paid employees to own five or more voluntary products.

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Source: Eastbridge MarketVision™—The Employee Viewpoint® report, July 2023

## Strong Interest in More Coverage

Employees across the wage scale show strong interest in the opportunity to buy voluntary coverage they don't already have. A third or more of employees in all three income brackets say they're interested in buying voluntary cancer, critical illness, long-term care, hospital income and identity theft protection.

There are some differences by income level in which voluntary products employees are most likely to own. Life insurance is most popular for those earning \$100,000 or more, but it's also in the top five products for lower earners. Employees in all income categories have similar ownership levels of accident and disability coverage. The highest earners are slightly less likely to own voluntary vision, dental and prescription drug insurance, likely because they work in firms with richer benefits packages that cover these needs.

Employees at all points in the income spectrum also agree on the most important reasons to buy voluntary coverage: the cost is reasonable, it fills personal needs and gaps in medical coverage, and it's convenient to buy at work and pay for through payroll deduction. In addition, there are only minor differences in how employees at different income levels prefer to pay for voluntary benefits. Payroll deduction continues to be most popular with all employees, while electronic methods including credit cards, electronic funds transfer and digital options trail far behind.

## Importance of Reasons for Purchasing Voluntary by Income Level (percent rating 3, 4 & 5 on 5-point scale)

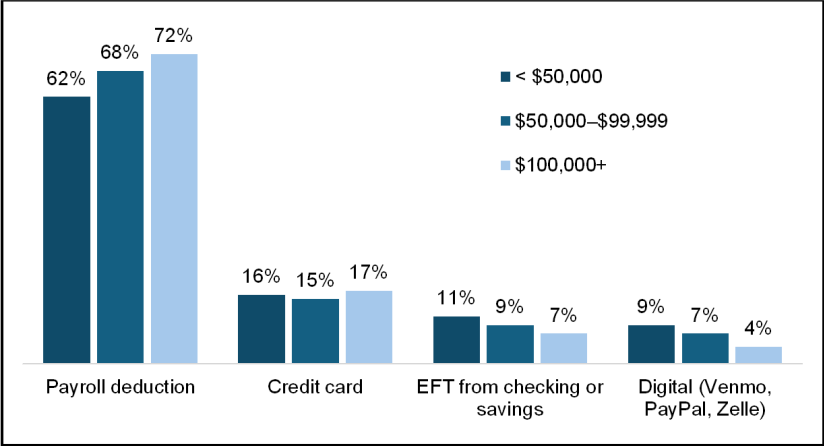
Reasons for Purchase	< \$50,000	\$50,000–\$99,999	\$100,000+
Reasonable cost for coverage	96%	96%	97%
Convenience of purchasing at work	91%	91%	89%
Products filled personal needs	92%	95%	95%
Endorsement by employer	80%	79%	74%
Convenience of payroll deduction	91%	93%	92%
Influence of friends/family/co-workers	72%	70%	70%
Name of insurance company widely known	85%	85%	83%
Reputation of insurance company for claims and service	88%	90%	92%
Helps fill gaps in primary medical coverage	92%	93%	91%

Source: Eastbridge MarketVision™—The Employee Viewpoint® report, July 2023

## Think Broadly About Offering Voluntary Benefits

The size of employees' paychecks clearly doesn't dictate their interest in providing financial protection for employees and their families. Employers looking to create more attractive benefits packages and brokers seeking to expand their markets should consider the interests of employees at all income levels — including their interest in and demand for voluntary benefits.

Preferred Payment Method for Benefits Purchased Through Employer by Income Level



Source: Eastbridge MarketVision™—The Employee Viewpoint® report, July 2023



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Eastbridge is the source for research, experience, and advice for companies competing in the voluntary space and for those wishing to enter. For over 25 years, they have built the industry's leading data warehouse and industry-specific consulting practice. Today, 20 of the 25 largest voluntary/worksite carriers are both consulting and research clients of Eastbridge.