

Benefits Rules of Engagement: Better Communication, More Education

There is one thing both employees and the companies they work for agree upon: Workers are not fully engaged when it comes to leveraging and making benefits decisions. As a result, they're unprepared and under-protected against an accident or illness, resulting in significant financial implications for both themselves and their employers.

The 2011 Aflac WorkForces Report revealed the extent to which workers are "checked out" when it comes to making benefits decisions. A mere 8 percent strongly agree they are fully engaged in making those decisions, a sentiment shared by their employers. Sixty-three percent of companies agree that workers need to be more engaged, and just half feel their employees take full advantage of the benefits they're offered.

Absence of Information, Adequate Advice

Even when making the most mundane of choices — such as ordering dinner from a restaurant menu — most consumers don't act until after they've examined and considered their options. And most people would be less than confident about placing a dinner order based on advice from another diner who has never eaten at the restaurant before. A surprisingly high number of individuals, however, take uninformed advice when making a much more important decision: what to "order" from their employers' benefits menu.

Just 40 percent of employees who participated in the Aflac study feel extremely/very informed about the benefits offered at their companies. This may be in part due to the fact that employer communications about benefits and their role in financial and health care protection are sporadic and infrequent.

For example, most employees indicate their employers communicate less than three times a year about benefits, with a minority (24 percent) doing so three or more times a year. Perhaps most telling is that 44 percent of employees say they receive too little communication about benefits from their employers.

In the absence of real information, employees often turn to less-than-reliable sources for insight and guidance. The majority of workers (61 percent) say they receive information and/or advice about employee benefits via word of mouth, with 45 percent consulting colleagues and 36 percent relying on friends or family.

Without Sound Guidance, Cycle of Worker Vulnerability Continues

When employees don't know better, they don't do better in terms of adequately protecting their incomes and well-being. This

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leaves many workers underinsured and vulnerable to the financial ramifications of an unexpected health event. According to the study, little more than half of today's workers (52 percent) feel protected by their current health insurance coverage, and just 43 percent say their benefits packages meet their needs extremely or very well.

Communications Shortcomings Affect Retention

A strong business case can be made for improvements to companies' benefits-communications efforts. The Aflac study found that 41 percent of workers agree they would be less likely to leave their jobs if they were well-informed about their benefits. The turnover cost alone is an incentive for employers to make changes in how and how often their organizations share benefits information.

A crucial step forward for companies is acknowledging the possibility that their communications need improvement. Often, executives have false perceptions. For example, 85 percent of employers believe their HR departments are effective at benefits communication. However, more than one-quarter (27 percent) of workers say their HR teams communicate not very/not at all effectively, and another 39 percent say the efforts are somewhat effective.

Strategies to Improve Benefit Communications, Advice Delivery

Companies can reap significant rewards by developing more-effective benefits communications, including healthier, more-protected and more-engaged employees. Here are some best practices to consider:

SURVEY YOUR EMPLOYEES

Electronic communications have made it easier than ever to survey workers at minimal cost. Yet, little more than half (52 percent) of organizations conduct surveys that increase their understanding of employees' satisfaction with benefit offerings. Even fewer — just 43 percent —

survey their employees' understanding of benefits communications.

Making assumptions about whether employees are satisfied with and understand their benefits and health insurance is potentially damaging — not only to workers, who may feel their needs aren't being met, but also to companies' productivity and retention levels.

For example, when it comes to voluntary benefits — an increasingly popular way for employers to offer additional insurance options at no direct cost to their companies — misinformation and misunderstandings prevail.

Many HR decision-makers choose not to add voluntary insurance plans and programs to their employee offerings, even though those options could help workers with the financial obligations of unexpected health events. Why? Because some decision-makers don't believe employees are interested in applying for voluntary coverage. However, Aflac's study findings show quite the opposite: 59 percent of employees say they would be interested in applying for some form of voluntary insurance — if given the opportunity.

Employees said the top three reasons for adding voluntary insurance benefits are:

- "It offers me more options when it comes to health care coverage."
- "To meet my needs."
- "To give me more comprehensive insurance coverage."

Clearly, taking the time to understand the preferences and needs of their workforces will help employers increase employees' satisfaction with their benefits packages and help provide workers with the peace of mind that comes from knowing they have adequate protection. Additionally, a greater recognition of health-insurance gaps will help HR executives better address benefits-communication needs and find ways to make benefits information more robust and accessible.

COMMUNICATE YEAR-ROUND, NOT JUST DURING OPEN ENROLLMENT

Employers frequently communicate their benefits programs to workers just once or twice a year, often overwhelming them with information at open enrollment or during the hiring process. Expecting employees to comprehend and retain large amounts of benefits information all at once is unrealistic and unfair.

Instead, employers should present elements of their employee benefits programs to employees throughout the year. By doing so, they'll help employees retain the information, making open enrollment a smoother, easier process.

CONSIDER RETAINING A BENEFITS CONSULTANT OR BROKER

Giving employees the opportunity to speak directly to a benefits advisor or a representative from an insurance carrier can be incredibly effective in terms of education. In fact, 49 percent of workers agree they'd be more informed about benefits if they sat with a consultant or broker during enrollment.

It's worth noting that health care reform has made the insurance market even more complex, and employees are seeking greater advice and clarity from their employers. According to Aflac's study, 49 percent strongly agree that, "Even though I believe health reform is intended to give me greater control over my health care decisions, I don't believe I will have greater control because it is too complicated to understand." More than

a third (34 percent) say they'll rely more heavily on their employers to educate them about their benefits decisions as a result of health care reform.

Because many HR departments are operating with streamlined staffs, keeping up with complicated, ever-changing regulations is increasingly difficult. Partnering with brokers or benefits consultants can help companies bolster their insurance benefits with little impact on their bottom lines. Brokers and benefits consultants can also advise and assist in developing effective communication strategies and enrollment processes.

According to Aflac's study, companies that use brokers or benefits consultants are likely to offer more robust benefits than their competitors, believe their benefits packages are more competitive than their industry peers' and communicate more often about their organizations' benefits.

Conclusion

Developing effective benefits communications is difficult, particularly when it comes to educating workers about their insurance options. HR executives must make information simple for employees to understand and remember, enabling them to make better choices for their families and generating greater appreciation for their total compensation packages.

Benefits packages can influence employee loyalty (86 percent), productivity (81 percent), job satisfaction (89 percent) and retention (77 percent). With all of those things at stake, implementing a more effective communications and education plan is simply smart business.

ABOUT THE AFLAC WORKFORCES REPORT

The Aflac WorkForces Report is an annual study analyzing the forces impacting the trends, attitudes, and use of employee benefits. Surveying both American workers and business decision-makers, the Aflac WorkForces Report reconciles the perceptions and realities of benefits in the workplace. The insights aim to help businesses make informed decisions about benefits to better protect employees and their bottom line. For more information, please visit www.AflacWorkForcesReport.com.

METHODOLOGY

The 2011 Aflac WorkForces Research was conducted by Harris Interactive on behalf of Aflac. The research contained two components of research among the US workforce – Employer research and Employee research. The Employer Survey was conducted online within the United States between August 17, 2010 and September 9, 2010 among 2,117 Benefits Decision Makers. Results were weighted to be representative of US companies with at least 3 employees based on company size (number of employees) and industry. No estimates of theoretical sampling error can be calculated; a full methodology is available. The Employee Survey was conducted online within the United States in two phases. The first phase was conducted between August 17, 2010 and September 1, 2010 among 3,035 employed adults aged 18 and older who are employed full or part time at a company with 3 or more employees and not retired. Results were weighted as needed for age, gender, education, race/ethnicity, region, household income and industry. The second phase was conducted between February 11-15, 2011 among 1,188 employed adults aged 18 and older who are employed FT/PT and not self-employed. Results were weighted as needed for age, gender, education, race/ethnicity, region, and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online on both phases of this research. No estimates of theoretical sampling error can be calculated; a full methodology is available.