

## **Voluntary Insurance – The Benefits of this Benefit**

Insurance, in general, is a hedge against catastrophic loss. Yet, employees are discovering that voluntary insurance products, such as short-term disability, accident and critical illness insurance can be an ideal supplement to their major medical insurance. Such policies are created to provide cash benefits when specific events occur. In other words, they fill in holes that major medical policies leave.

Employers may find themselves in an awkward position as it relates to providing supplemental insurance products beyond major medical. Employees often desire additional benefits and coverage, but employers don't want to stretch their limited resources further to pay for additional policies.

The good news is employers don't have to provide a financial contribution to provide access to these valuable supplemental products. Voluntary insurance policies are one hundred percent employee-paid and processed via payroll deduction. All that is required of the employer is to act as a liaison between the supplemental insurance carrier and the employee, as the rest is handled between the carrier and the employee.

In addition to there being no cost to the employer, there are many other reasons adding voluntary insurance products to company benefit packages benefit companies tremendously, including:

**Reducing corporate taxes.** Some supplemental insurance products are offered on a pre-tax basis, meaning that premium deductions take place before Uncle Sam gets his share. This, in turn, can reduce an employee's adjusted gross income, therefore reducing corporate taxes, such as FICA, that the employer pays on employee's behalf.

**Managing rising health care costs.** Rising medical costs are a burden to employees due to the fact that household income levels are rising at a much slower pace. Voluntary policies, like the accident or critical illness, can help employees fill in the gaps by providing cash benefits for out-of-pocket medical expenses. Rather than dipping into a household emergency savings fund, employees can rely on supplemental policies to pay cash benefits in a medical event.

**Increasing morale and productivity.** In general, financial distress leads to low productivity in the workplace as it can have such a negative impact on an employee's life, especially in cases where that financial distress is paired with a medical issue. According to an article by Reuters, 60% of all personal bankruptcies in the United States were a result of medical bills; 75% of those cases had major medical coverage. Supplemental policies can put employees at ease knowing they have a safety net.

**Retaining top talent.** Employees gravitate towards employers with rich benefit offerings. Making voluntary insurance an option for employees is a simple way to increase the offering without spending a dime.

Employers wishing to expand their benefit offerings to employees with little or no hard cost should consider adding a voluntary insurance program. It's a sure-fire method to boost morale. Employees will be thankful for the wide array of insurance options and will know the employer has their best interest in mind.

For more information on supplemental insurance policies, email us at [Simplify@TandemHR.com](mailto:Simplify@TandemHR.com) or call 630.928.0510 today.

*The staff at [Tandem HR](#), [Benefits Solutions Group](#), [Alliance Workplace Solutions](#) and [Xenium HR](#) contributed to this article. It is intended as information and is not a substitute for legal advice.*

*Copyright ©2012. All rights reserved.*