

USING VOLUNTARY BENEFITS AS A RECRUITMENT TOOL

INTRODUCTION

In today's age of increased expenses, lower enrollment and a tough job market, school districts are continuously working to provide more without increasing costs. Some districts are turning to voluntary benefits (sometimes called worksite benefits) to offer a more robust benefits package with a smaller financial outlay. Voluntary benefits are insurance policies provided by companies or employers at some discount, partially or solely paid through payroll deferral (pretax) by employees. They do not have a direct cost to the employer and are fully paid by the employees. They are used to meet a diverse range of needs including disability, critical illnesses, accident insurance, financial counseling, legal services, ID theft protection, etc. They are appealing because voluntary benefits offer group rates that workers may not be able to obtain on their own. These plans can be age rated but are often times locked at the rate the employee buys them and never go up.

BENEFITS TO TEACHERS' AIDES AND PARAPROFESSIONALS

Help Wanted! Vs. Help wanted with benefits! Which one will interest your potential employee more?



Voluntary benefits are a great way for school districts to provide benefits to part time or non-benefit eligible paraprofessionals, as well as bus drivers, kitchen staff, etc. This is a great recruitment and retention tool. The district can offer these benefits as a true



voluntary benefit (100% employee paid) or contribute toward these products. The contribution can be a set dollar amount (for example \$100 a month) or a percentage of cost (will cover 50% of the premium). Each strategy has advantages. Speak with your WASB approved employee benefits agent to learn more on how you could implement this in your district.

The employer often makes a strategic plan to provide voluntary benefits by surveying their employees to ensure the options provided are attractive to its staff. Another approach can be professional employee benefit platforms or benefit administration systems that can make this even smoother. These platforms are often tied to your payroll and accounting software. Offering too many voluntary options can make it hard for the employee to handle financially or to decide what to choose, so it is better to offer limited options to start based on those that are popular and beneficial to the most employees. Additional products can be offered in future years.

Why Offer Voluntary Benefits?

Top five reasons employers offer voluntary benefits and services:



Source: Willis Towers Watson, 2018 Emerging Trends: Voluntary Benefits and Services Survey.

VOLUNTARY BENEFITS PROVIDED BY EMPLOYERS

While it is certainly true more today than in past years with inflation, income is important but staff truly value employee benefits. Certain voluntary benefits that fall under Section 125 of the IRS code, such as group term life insurance, may be deducted pretax and therefore may lower an individual's taxable income.



Districts should create a proper outline for their plan. The process requires a little time and working with an experienced agent will reduce the possibility of issues. Most plans require minimum participation (as low as three people) and with the correct employee education and enrollment plan, this is seldom an issue. Working with an independent agent that can get quotes for multiple products from dozens of vendors assures that you and your staff get the best product, price and service.

There is a wide range of voluntary employee benefits that can be offered by many vendors including household names (quack quack). We will highlight a few here but other options include critical illness, cancer, accident, hospital indemnity, automotive, etc. This menu of products is a great advantage to the staff as they can choose the benefits, they are interested in based on their needs and medical history. Some of the voluntary employee benefits are listed below:

LIFE INSURANCE

COVID made people think about life insurance again. Life insurance policies fall into two main categories: term and permanent (whole life). Term life insurance guarantees coverage for a specific period, typically between 5 and 30 years. These plans may have a guaranteed issue that requires no medical underwriting and are ideal for those members who have had or currently have medical issues (history of cancer, diabetes, etc.). These plans are generally portable, meaning once the product is placed the employee can keep the product if they leave the district. Lastly, these plans can be hybrid (part term and part whole life) and can have options for long-term care. These plans can add additional coverage to the Group Life insurance offered and paid for by the district.

DISABILITY INSURANCE

Insurance to protect your income. It is broken down into two types: short-term disability insurance and long-term disability insurance. The purpose of both types of disability insurance is to provide or cover a portion of the employee's income when they are injured or become ill. Short-term can cover a period of 3-6 months, whereas long-term can cover 2-20 years or even until retirement. An employer can offer either one or both types. Some districts offer employer paid long-term disability insurance and offer the short-term on a voluntary basis. Looking at the demographics of school districts, we see many young



females in the ranks, and short-term disability includes maternity coverage. With younger teachers in the ranks that have not built up a bank of PTO/sick time, this product covers those gaps.

DENTAL AND VISION INSURANCE

Dental and vision expenses are only covered by health insurance for a very specific and small list of medically necessary procedures. These voluntary products help the employees to manage their budget for the cost of dental hygiene and eye care/hardware. Annual checkups and exams are also included. Costs and procedures may differ for patients of different age groups.

PET INSURANCE

While it may seem like a minor voluntary benefit in the eyes of many organizations, it can hold real value for the employees. According to the 2019 APPA report, Americans spend \$15.42 billion on the care and health of their pets. With this degree of spending, it can be an important personal expense to insure and help manage

IDENTITY THEFT/LEGAL SERVICES

The world has become globalized, and everyone's life has become immortalized through the internet. This has increased the risk of identity theft. A potential catastrophe, i.e., identity theft, can be prevented by such benefits that protect employees from financial fraud and stolen identity. Other products offer services that include will preparation and legal services such as property owner dispute, car accidents, traffic tickets, contracts, deeds, and purchase agreements review, etc.

LEGACY PRODUCTS

Voluntary benefits have been around since the 1950's, yet there have been many innovations since then. We have worked with many employers that have a legacy life insurance or voluntary benefit plan in place. Some have only a handful of employees on the plan but no longer offer this benefit to new employees. In some cases, they have not heard from the vendor in years. When we are given the opportunity to review these products, the majority of times we are able to replace



these with products that offer better benefits, up to date claims processes and lower prices. As well, members receive better customer service and have access to wellness benefits not available in older products. This process requires a review of the current products to make sure that employees do not lose any coverage. Your agent or the carrier they work with will complete this analysis.

CONCLUSION

Voluntary benefits offerings can be an effective way for schools to offer additional benefits and aid in recruiting and retaining talented individuals for their district. Additionally, it can help keep your employee benefits offering competitive. These plans allow the employees to choose benefits that suit them most without adding additional cost to the district. School districts that look at offering voluntary benefits should consider their objectives, create a plan, gather employee feedback and work with an experienced vendor to develop solutions and an enrollment strategy that fits their district and its members to ensure long-term success.