

Voluntary benefits can beef up total rewards

Low-cost option for employers can bring huge benefits for staff

BY DAPHNE WOOLF

Employees have great expectations of employers. For starters they want to be paid appropriately, but they also want to be respected as individuals, to be provided with the right tools and support to do their jobs well, and they want responsibility, authority and recognition.

But meeting these expectations can be difficult because different employees define them in different ways as their needs change over time.

Employees want personalized benefits to provide adequate coverage as they move through the different stages of life, and they expect individualized products and services that complement a traditional group insurance program. For this reason, employers

have introduced more flexibility to benefit offerings.

Part one of this article (see the Jan. 31 issue of *Canadian HR Reporter* or log on to www.hrreporter.com, click on "Advanced Search" and enter article #3623) looked at how some employers still find flex plans effective. But for others, traditional flex plans have lost some of their lustre.

One option instead of traditional flex, or to add more punch to an otherwise stale flex benefits plans, is to offer employees more and different types of voluntary benefits.

Voluntary benefits

For some employers, having a fixed package of basic core benefits plus a range of voluntary benefits is the wave of the future.

Voluntary benefits, or add-ons, are typically paid

for by the employee. Employers cover administration and communication while employees pay the premiums for a service available at a special group rate.

If it is impossible to provide the same level of benefit coverage offered in the past, employers can at least help employees get a special rate on the services no longer covered, or covered at a reduced rate. (Employers could share the premium cost, but it makes more sense to use that money to enhance core benefits rather than subsidizing voluntary items.)

This has been common practice for things like optional life and accidental death insurance, but the range of voluntary offerings being provided by insurers is expanding and could include critical illness and long-term care,

training and development programs, child- or elder-care support, non-traditional personal health interventions and career counselling. The benefit is provided either directly from a third party provider (a health club or training provider, for example) or through more traditional providers (a health care facility), but with the co-operation of the insurance provider which crafts a unique package of benefits available to employees on a tax-exempt or non-tax exempt basis as appropriate.

Firms are putting together special packages combined to suit specific life events, and new concepts like tax-assisted savings arrangements are being considered by government, such as a registered retirement health savings plan which would provide additional health coverage for retirees.

And employees want replacement coverage when employers can no longer meet individual needs given benefit cost escalation, such as retiree benefit cut-backs.

Enrolment for any benefit is strictly at the discretion

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Beyond the basics

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of the employee. After the initial launch, there is no need for regular re-enrollments. Web-based access makes enrolling and maintaining the program simple and quick for employees.

What are the options?

Voluntary options used to be limited primarily to group insurance — but not any more. Certainly, optional life insurance, accidental death and dismemberment insurance, disability top-ups and ex-

panded medical and dental plans are still attractive to employees. But in addition to these is a host of other voluntary offerings an employer can introduce that relate to work-life balance or bettering career and skill enhancement.

Work-life balance

•Employees who need emergency child care or child care when the school is closed can participate in a “floating” day care environment that provides child care only on the days the employee needs.

■ ADDING OPTIONS

Why sponsor voluntary benefits?

Employers can sponsor voluntary benefits when they want to:

- update a long-standing flex plan;
- change a non-flex traditional plan by adding new offerings without adding any new costs (other than administration and communication);
- offer benefit customization without a complex flexible benefit arrangement;
- offer employees portable benefits independent of the group plan; and
- offer something for special classes of employees — retirees, for example, might like to know their employer has negotiated a special package with the insurer to offer more generous denture care, vision care and prosthetics.

Employees can find voluntary benefits useful if they:

- want more coverage than what is provided under the group plan;
- want to retain their coverage if or when they leave the employer;
- have special needs (for example, dependent children who are not in school or disabled, dependent parents); and
- are looking for post-retirement coverage.

•Diet and nutrition is at the top of a lot of people’s minds. Providing access to innovative plans that will reimburse employees for diet supplements or programs that go outside the norm can help health-conscious staff.

•Some employees would exercise in their homes if they better understood how to set up a proper in-house exercise facility. Employers offering discounted health club memberships can approach the club about a special rate to have trainers visit employees at home to help them set up an at-home facility.

Career and skill enhancement

•Some employees don’t really know what suits them best from a career perspective. They get into a job and over time get very good at it. As a result, it might be hard for them to understand why they aren’t happy in that job — when the truth may be they just want a change. How does an employee change her role or job within a company? Consider an individualized change management counselling program. Or provide some of the services employees would receive from an outplacement company if they were terminated. For example, advice on networking, image management and presentation skills.

•Training in areas that are outside of the direct

area in which the employee is currently involved. For example, call-centre employees don’t necessarily need to improve writing skills, but they might appreciate the opportunity to do so. Training and career counselling providers can be approached about setting up an arrangement to deliver services.

All voluntary benefit offerings have one underlying motivation: ensuring employees are motivated to be at work, do their jobs and do them well.

Securing that kind of engagement is not necessarily about providing employees with the basics. For many employees, the basics are “a given.” An employer that wants to secure employee engagement may need to go beyond the basics and tap into needs that may appear less work-related and more personal.

Employers should not start this process by exploring the growing range of voluntary benefits available and then selecting the few that seem to feel right. Rather, employers should first maximize the value of the voluntary offerings by finding out what employees need, then putting in the right offerings to meet those needs.

Daphne Woolf is a managing partner with The Collin Baer Group Ltd. She can be reached at (416) 461-5600 or dwoolf@collinbaer.com.