

The Benefit of Benefits:

The Growing Employee Role



Economic issues played a central role in the recent national elections. But even with ballots now cast and votes counted, the concerns raised during the campaign will hardly disappear. More likely, as employees begin to prepare family budgets and financial resolutions for the new year, many of these matters will surge to the front of the “worry queue.” Among them:

- ❖ **Rising health costs.** Health care premiums have more than doubled over the past decade, with health costs having climbed more than five times as fast as wages since 2000. At the same time, many health benefits providers have had to roll back the breadth or quality of coverage.
- ❖ **Economic uncertainty.** With the economy veering toward recession, families are more concerned than ever about managing expenses. On-the-job benefits can play a key role in protecting financial security in economically troubled times.
- ❖ **Inadequate retirement funds.** Having enough money for retirement is another of American families’ most pressing concerns. Surveys show that a mere 5% of today’s workers expect to be able to meet even their basic needs in retirement. Given the recent stock meltdowns, these retirement dreams have become even more elusive.
- ❖ **The desire for choice.** With many employer-provided benefit packages shrinking, employees want greater control over the benefits that they do receive in order to ensure that these programs actually assist them with their most important needs.

THE SHIFT TOWARD EMPLOYEE-CENTRIC BENEFITS

Traditionally, employers have stepped in to address challenges like these through more innovative and more generous benefit programs. But those days, for the most part, are long gone. The same financial pressures that have beset employees have affected most companies as well. In a 2005 study conducted by LIMRA International, for instance, 88% of employers rated employee health care costs as a “critical concern.”

But there are no easy answers. A study entitled “Benefits for a Changing Workforce,” jointly prepared by Unum and LIM-

RA International, concluded that “it’s clear that employers must do something to control their costs of providing health care.” But cutting back benefits further—or dropping them altogether—is not the answer. Not only would doing so greatly swell the ranks of America’s uninsured, but it could devastate employee-recruitment efforts, since surveys have consistently revealed that such benefits are often a determining factor in job acceptance.


Fortunately, a concept has emerged that can successfully address both employers’ and employees’ cost concerns while expanding benefit options and coverage for employees. The concept is “employee-centric benefits.”

FOUR CORNERSTONES OF INNOVATION

The concept of employee-centric benefits is built on four innovative cornerstones:

- ❖ **Shared responsibility** that gives employees greater control over the nature of their health and related benefits in exchange for sharing the premium expense and the responsibility for keeping costs under control.
- ❖ **Voluntary benefits**, including long-term care, dental benefits, critical-care insurance, and enhanced cancer insurance, that help employees mold their benefit packages more closely to their own needs.
- ❖ **Employee-directed retirement programs**, such as employee-managed investment accounts and self-directed IRAs that give employees more control over and, often, greater returns from their retirement investments.
- ❖ **Employee education programs**, which recognize that, as employers shift more responsibility for choosing and funding benefits to employees, these individuals need a wider range of information to make the right decisions for their futures.

For programs like these to be a success, both employers and employees will have to become much more involved in the formulation and selection of benefits than in times past. But those who embrace the concept of employee-centric benefits will find that the “benefits of benefit programs” will continue to grow.



Your company recognizes you
for managing benefit costs.

Your co-workers recognize you
for increasing benefit choices.

Your staff recognizes you
for simplifying their jobs.

Your family just plain
recognizes you again.

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