



The Essential Small Business Benefits Guide

Simplified solutions to strengthen your business





Small business owners know how to be creative.

If you're reading this, you're looking for ways to protect your employees — and your business — so you can continue to grow. Of course, that creativity is driven by challenges that are unique to small businesses. You wear many hats and must clear new hurdles every day. The COVID-19 pandemic has made that clearer than ever.

SOME
70%

of employees say they need their employer's help ensuring they are healthy and financially secure, in a recent Workplace Wellness Survey.

OVER
80%

of employees said benefits through their employer contributes to their feelings of financial security.¹

One of the most powerful, cost-effective and, in fact, simplest ways to approach these challenges is through your benefits offerings.

With the addition of voluntary benefits, you are able to address three of the most critical small business priorities:

- Employee retention and recruitment
- Protecting and supporting employees
- Managing costs

Even with more people looking for jobs, small businesses are still competing for skilled and experienced workers against large companies that have deeper pockets for higher salaries. So, your benefit offering will continue to be an effective way to keep your employees happy and attract talented workers when you are hiring.

Still, there is no dancing around the economic reality that health insurance is expensive. And HR tasks for enrolling employees and benefits administration can be time consuming when you have so many other concerns to deal with.

The good news is voluntary benefits are affordable and can help manage those costs. They also fill gaps left by health insurance and allow employees to select the protections they need for any stage of life.

The Essential Small Business Benefits Guide provides a roadmap to providing critical benefits to your employees in ways that are efficient, engaging and cost effective. Specialized topics include adding affordable voluntary benefits while reducing your total benefit costs, complimentary benefits, benefits education and tapping into free technology solutions.



Benefits – a short primer for core and voluntary benefits

There are two general categories of benefits: medical or health benefits and voluntary benefits. Many carriers offer various levels of coverage including employer-paid, employee-paid and a shared cost between employer and employee.

MAJOR MEDICAL BENEFITS

Major medical or health insurance is the number one benefit that employees want. For good reason. In a recent study, the cost of major medical premiums and cost sharing (such as deductibles, co-pays and co-insurance) rose by 67% for a family of four over a 10-year period.² But without medical coverage, even minor procedures during a hospital stay can quickly add up to \$20,000 or more in medical expenses.

Although businesses with less than 50 employees aren't legally required to offer health insurance to their employees, many small employers still offer it and pay 50% of their base health plan. Even so, it's still the most expensive benefit to provide.

VOLUNTARY BENEFITS

Health insurance alone often leaves employees with coverage gaps that can be costly. Voluntary benefits can complement your health plan.

Voluntary benefits, also called supplemental benefits, help cover out-of-pocket expenses that major medical and other insurance coverage doesn't cover. Often paid directly to the employee, these benefits cover out-of-pocket expenses such as deductibles and co-insurance, replace missed wages and pay for household bills and travel expenses.

The beauty of voluntary benefits is they can be customized for the specific needs of a business and their employees, catering to certain vocations, stages of life and lifestyles. A big advantage is they can be offered as a 100% employee-paid benefit, so there is zero cost to your bottom line.

Two other funding options for voluntary benefits are shared cost between employee and employer and 100% employer funded.

Popular benefits at a glance



HEALTH OR “CORE” BENEFITS

MAJOR MEDICAL

Most group major medical plans offer coverage to a broad network of doctors, specialists and hospitals. They will generally offer tiered options that include low, medium and high deductibles with corresponding tiers for co-insurance and co-pays for in-network providers. Usually, major medical includes limited reimbursement for out-of-network providers for some services.

DENTAL AND VISION

Dental insurance can provide benefits for both routine and more expensive dental procedures that are not covered by most health insurance plans. Dental and vision benefits are considered a “core” benefit if the employer pays a portion the premium, and a voluntary benefit if it's 100% employee-funded (see page 5 in Voluntary Benefits for further description).

VOLUNTARY BENEFITS

LIFE

Life insurance pays out a lump sum to help provide financial protection for an employee's family members in the event of the employee's death. Coverage can be updated to reflect changes in life such as getting married, buying a home or having a child. Most plans offer spouse and child coverage.

DISABILITY

Disability insurance replaces a percentage of an employee's income if they become disabled as a result of a covered accident or sickness, to help them continue to make ends meet while they're out of work.

ACCIDENT

Accident insurance plans can help offset the unexpected medical expenses that may result from a covered accidental injury. Typically, they help cover some of the expenses for initial care, surgery, transportation and lodging and follow-up care.



CANCER

Cancer insurance offers benefits to assist with out-of-pocket costs that may not be covered by medical insurance, including expenses related to inpatient or outpatient treatment, surgery, travel and recovery care.

CRITICAL ILLNESS

Critical illness insurance can complement major medical coverage by providing a lump-sum benefit for an employee diagnosed with a covered critical illness, such as heart attack, stroke, coronary artery bypass surgery, end-stage renal failure or major organ transplant — among others. Benefits are typically paid directly to the employee, so they can be used where they're most needed.

HOSPITAL INDEMNITY

Hospital confinement indemnity insurance provides a lump-sum benefit to help with out-of-pocket costs related to a hospital stay. This may include outpatient surgery, diagnostic tests, doctor's appointments and emergency room trips.

DENTAL AND VISION

Dental insurance can provide benefits for both routine and more expensive dental procedures that are not covered by most health insurance plans. They typically include cleaning, fillings, sealants, tooth removal, crowns and dentures — and may also provide benefits for regular dental appointments. Regular eye exams help maintain healthy vision and are the first line of defense in detecting more serious eye conditions, such as glaucoma, high blood pressure and diabetes. Vision insurance typically helps pay for eye exams, glasses and contact lenses. They may also offer discounts on treatments such as laser eye surgery or eyecare accessories.

Benefits planning: squeezing more value from your benefits



For small businesses, benefits are often one of the greatest expenses. Voluntary benefits help you expand your offerings at little or no cost to you. Ask your provider or broker to help you create a benefit plan that provides flexibility in both protection and cost.

Here are two ways to squeeze more value out of your existing benefit plan and two ways to expand your benefits without adding to your bottom line.

BENEFITS BANKS – AFFORDABLE CONTRIBUTIONS

A benefits bank is an affordable alternative for small businesses (under 50 employees) that don't have the budget to pay for major medical coverage. How it works: the employer contributes a fixed monthly amount, say \$25 to \$50, to each of their employees' account to pay the premium of the voluntary benefit of their choice.

For example, a benefits bank is set up for \$50 per month. One employee could use that \$50 to pay for short-term disability and another could use it toward a life insurance policy. Your employees are still paying the remaining premium amount for that policy, but they know that you have paid for a portion of their benefit. And that contribution builds goodwill with your employees.

In our January 2021 survey,

76%

of small businesses said they will offer the same or add at least one benefit in this year.³



When I go to enrollment each year, the first thing I ask is – who do we owe money to? Who has wellness benefits they haven't made claims on? Who has an accident plan and their kid broke their arm three months ago? We're going to help them file their claim and put money in people's pockets.

Joel Newman, District General Agent, Seattle





COMPLIMENTARY BENEFITS SERVICES

Some carriers offer free services and resources (as part of their current voluntary benefit plans) that employees can tap into as additional benefits. Known as “value adds,” popular complimentary resources that help employees save money include wellness discount cards, financial education websites and basic legal services.

Other popular complimentary services worth considering are identity theft and student loan assistance. Depending on your carrier and how many employees Employee Assistance Program (EAP), personal health advocate and telemedicine services may also be an option.

Many complimentary benefits like wellness cards and EAP can help employees cope with their health, mental health and financial concerns that have been amplified by the global health crisis.

An online human resources support website is another complimentary and useful resource geared for small businesses. Employers can find advice and best practices, and some offer a state employment law database. If you have just one or two people handling all of your HR functions, these websites can be used to quickly find up-to-date information that impact your employees.



“What if you don’t have the budget to spend \$400 a month on health insurance. But you have the budget for \$50. We’re going to tell your employees that you’re giving them a Wellness card, financial education and basic legal services, and you’re spending \$50 per month for any voluntary benefit they want. And that’s makes a big difference to your employees.”

Joel Newman, Colonial Life, District General Agent, Seattle

LEVERAGE VOLUNTARY BENEFITS TO GET CREATIVE WITH COSTLY HEALTH INSURANCE

You can cushion the financial impact of high deductible health insurance plans by offering a combination of affordable voluntary benefits that fill in the gaps for out-of-pocket expenses like a high deductible, co-insurance and co-pays. Voluntary benefits you should consider combining to soften the impact include:



HOSPITALIZATION CONFINEMENT

Cover deductibles, co-insurance and co-pays for unexpected hospital stays



ACCIDENT

Great option for workers with kids involved in sports and activities that could lead to an injury



CRITICAL ILLNESS + INFECTIOUS DISEASE RIDER*

Cover multiple infectious diseases including COVID-19



CANCER

Help pay for diagnoses, treatments, travel expenses



DISABILITY

Help replace lost wages to pay household bills where available



EMPLOYEE-PAID VOLUNTARY BENEFITS

Even with 5-10 employees, some carriers can still offer coverage for life, disability, accident, critical illness and cancer with low or no minimum participation rates.

By offering employee-paid benefits, you can still offer a rich benefits package at affordable rates that employees wouldn't have access to as an individual.



In our January 2021 survey, nearly 40% of small businesses with critical illness policies said they were adding an infectious disease rider.³



Benefits Education: Helping your employees understand their benefits

Without benefits
counseling, nearly

70%

of employees spent
less than an hour
considering their
benefits.⁴



Your benefits are only as useful as your employees' understanding of them.

"We've worked with engineers, architects and attorneys, and they don't understand how their health insurance works," said Joel Newman, Colonial Life District General Agent. "It's important that carriers take the confusing language about insurance and benefits and bring it down to where people understand it. Because when they understand it, they appreciate their benefits."

For small businesses with human resources departments that are already spread thin, fielding benefits questions from employees can be challenging. Partnering with a provider who can provide guidance and support is a win-win for your HR team and employees. Proactive benefits communication and a knowledgeable benefits counselor during enrollment can cut through the fog and translate benefits into everyday language.

Time and again, employees say benefits counseling was essential in understanding their benefits and how to take advantage of them. In a recent Colonial Life survey of full-time working adults, 93% of employees found 1-to-1 benefits counseling valuable.⁴

Benefit communication – before enrollment



An essential part of educating your employees about their benefits takes place before enrollment. Employees need to know what benefits are available and when enrollment is taking place.

You don't need to create these resources from scratch. Some carriers and brokers can provide your business with print and digital benefit materials customized for you and your employees.

Here are a few benefit resources that are very effective for the pre-enrollment phase.

VIDEOS AND DIGITAL TOOLS

Sending emails or texts with links to short educational videos and reader-friendly information about benefits is a powerful and effective way to engage your employees.

Digital postcards sent by email are particularly useful. Videos can be especially helpful in explaining complex benefits without the jargon. And employees can view them on their schedule.

Other helpful information includes enrollment dates, remote or onsite locations and how to schedule 1-to-1 benefits counseling. Adding an online scheduler will also make it easy for employees to make their appointments.

PRINT AND DIGITAL BENEFIT BOOKLETS

A key resource is a comprehensive benefits booklet with short descriptions of all your available benefits. Providing the benefits booklet in both digital and print will complement each other as some employees will prefer one format over the other or both.

Many workers prefer digital benefit booklets because they can share them with their spouses or partners and easily refer to them during 1-to-1 counseling. And similar to digital postcards, many digital benefit booklets use embedded videos, images or voice-overs and links to external websites.

As much as email and mobile devices have become routine, some workers still prefer a printed benefits booklet to read and make notes. These are also good to have on hand for 1-to-1 counseling in a private room, whether there are using virtual, in-person or telephonic enrollment.



Colonial Life has 6,300 benefits counselors nationwide.⁵



Enrollment: flexibility during COVID and beyond

The most critical component of a successful enrollment is 1-to-1 benefits counseling. Rather than speaking to friends, family or coworkers, your employees need guidance from a trained benefits professional – one who specifically understands your company’s offerings and can take the time to learn each of your employee’s unique needs.

Prior to the COVID-19 pandemic, this often occurred in person. Counselors would visit your worksite, spend time individually with your employees and have the conversations needed to truly understand each of their situations. They offer guidance, answer questions and ensure that each employee is getting the most out of their benefits.

When choosing a provider, ask if they offer 1-to-1 benefits counseling and if the same counselors will be able to work with your employees year after year. Building those long-term relationships allows your employees to trust their counselors and adjust their protections as their needs change.

VIRTUAL ENROLLMENT FOR A SAFE – AND PERSONAL – EXPERIENCE

For remote workers, multi-site and multi-shift workforces, virtual enrollment is a safe and practical option for 1-to-1 benefits counseling. It offers a personal experience with a benefits counselor, while minimizing disruptions to your workplace and allowing your employees to include their spouses or partners in the conversations.

If your employees have video conferencing, virtual enrollment won’t feel completely unfamiliar. Virtual enrollment uses similar co-browsing technology that is designed specifically for 1-to-1 counseling and completing benefits enrollment. This technology has robust security features to ensure privacy.

The key factors to making enrollment work include accessible technology, knowledgeable benefits counselors and a private space.

ENROLLMENT COUNSELING FOR YOUR REMOTE WORKERS

For your remote workers, co-browsing enables the benefits counselor and the employee to have a conversation and share their computer screens with each other using video chat and screensharing. These virtual meetings allow your employees to ask questions, while also providing benefits counselors an opportunity to give personalized guidance.

ADDITIONAL OPTIONS TO MEET YOUR ENROLLMENT NEEDS

While in-person and virtual enrollment allow for the most personalized face-to-face experiences, they might not always work for all your employees. There are two additional options to consider and make sure your carrier supports:

Telephonic: When in-person and virtual simply won't work, counselors should be available to assist employees by phone. They can even walk them through the enrollment process and make their elections for them by phone.

Online self-enroll: While it's always best to offer your employees the opportunity to speak with a counselor, some may simply want to go online and do everything themselves. It should be quick and easy, especially if they have done their own research.

WHAT IS CO-BROWSING?

Co-browsing is the virtual equivalent of a benefits counselor sitting next to the employee, talking with them about their benefit needs, checking boxes and assisting the employee in filling out forms. For less tech-savvy employees, it offers additional support, as the counselor can control their screen and assist them in making their elections. The co-browser should have strong security to ensure the employee's privacy from start to finish.

WHAT IS AN ELECTRONIC BENEFIT PLATFORM?

This is the electronic version of the paper benefit form where employees check off their benefits. Many brokers and carriers make their enrollment technology available at a low or no additional cost.

VIRTUAL ENROLLMENT ON THE JOB

For a deeper dive into virtual enrollment, check out our [Virtual Enrollment Guide](#).



You can absolutely leverage both high-touch and high-tech benefits providers. There are options out there that can provide both one-on-one true counseling for employees as they are making important decisions about benefits for their families, while also using technology solutions for both education and the enrollment process.

Katie Johnson, Territory Sales Manager, Colonial Life



Strategies to maximizing small business employee participation



COMBINE MEDICAL AND VOLUNTARY BENEFITS IN ENROLLMENT

The best strategy to maximizing participation during enrollment is combining medical and voluntary benefits. A single enrollment minimizes disruption and allows your employees to look at their benefits as a whole. Health insurance is a large expense for small businesses. If you're looking to mitigate those costs through voluntary benefits, a single enrollment provides an opportunity to drive employee engagement in those offerings.

A single enrollment with benefits counselors who have expertise in both your core and voluntary offerings makes it easier for employees to understand all of their options and make choices that fill in gaps that meet their needs.

Here are two practical approaches to combining core and voluntary benefits during enrollment.

INTEGRATING WITH YOUR BROKER'S ENROLLMENT

Many brokers conduct core enrollment in-person and with virtual meetings. So, your voluntary benefits provider will need to coordinate with your

broker's enrollment program with two key tasks. First, ensure descriptions of all the voluntary and core benefits are included in the benefits booklets and any other material distributed to employees. And if there is a virtual group meeting for employees, the voluntary benefits provider will also need a time slot for a presentation.

NEW EMPLOYEES

New employees shouldn't have to wait until annual enrollment for benefits counseling. Some insurance carriers and brokers will conduct enrollment periodically throughout the year, according to your hiring frequency. Even with just one or two hires, these carriers can provide 1-to-1 counseling by virtual enrollment and telephonic.

When starting a job, new employees are often the most open to learning about their benefit options, so ask your broker or insurance carrier about your enrollment options throughout the year.

TOTAL COMPENSATION STATEMENT

A total compensation statement provided to your employees at annual enrollment is a simple, effective method in showing how much you're spending on their benefits. It also highlights the overall value of those benefits. It's generated by your carrier or broker and breaks down what you're spending and what they are contributing on each benefit, including major medical coverage.

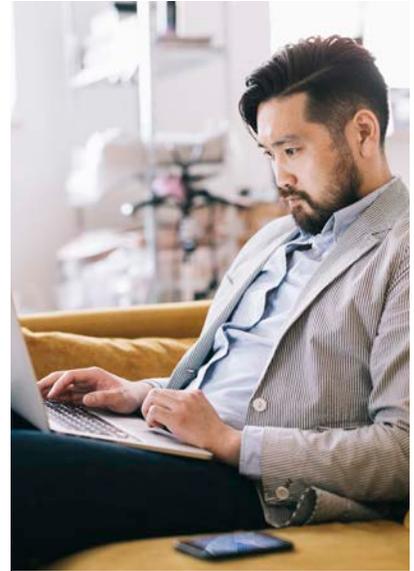
ONLINE SCHEDULING AND TRACKING

Online scheduling tools are effective in engagement, especially for workers who are juggling work and family responsibilities. With an online scheduler, employees can book appointments that are convenient for their lives, with plenty of day, evening and weekend time slots available.

Using a spreadsheet or a manual sign-up sheet can be effective in tracking which employees have or have not participated in virtual enrollment and follow up as needed. Ask your broker or carrier if they have reports for employee participation available, and if they'll follow up with your employees before your enrollment period ends.

LEAD BY EXAMPLE WITH ENROLLMENT

If virtual enrollment is a new process at your business, a supervisor, manager and owner can boost employee engagement by completing their own enrollment early in the process. By leading the way, employees will naturally ask their supervisors about it.



93%

of our customers
are satisfied with
their overall claims
experience.⁶



When I say we provide core and voluntary benefits enrollment, I have had business owners say it's too good to be true. What's the catch? The answer is – we're in it for the long term. And their employees see the value in the coverage we offer and how it can protect their families.

Joel Newman, District General Agent, Seattle





Benefits administration

Even before the health crisis, most small businesses were already stretched thin for HR staff. The pandemic just added pressure on those HR employees. A stretched budget and limited time also mean it's not feasible to bring on new technology that would help streamline time-consuming tasks like a benefits administration system.

This is where a benefits provider can help. More carriers are offering online websites with benefits administration features. This functionality enables your HR person to log in and make changes or update their employees' benefits directly into the carrier's system. And because the system is online, there is a minimal learning curve to enter that information.

53%

of small businesses had only one person managing all of the HR functions in our survey.³

34%

of small businesses still use manual or spreadsheets for benefits administration while another 15% send their information to their agent/broker to enter.³



For businesses with 50 or more employees, using paperwork or spreadsheets for benefits admin tasks can be even more of a headache. This is when it makes sense to adopt a benefits administration system that can dramatically cut down on the time spent doing it manually.

Although software licenses and implementation can be costly, some insurance carriers and brokers provide a benefits administration system at no additional cost.

Choosing your benefits and enrollment partner



When choosing a benefits and enrollment partner, you want a carrier that is not just going to show up for open enrollment and then you never see them again.

You want a partner that will be creative in helping you make the most of your benefit budget with affordable options that provide real value for your employees. And be so outstanding at servicing your employees' needs, they're practically an extension of your HR staff.

Many brokers and the agents are small business owners too. They partner with providers to offer their protections and services, while operating their own companies. Consider a broker and an agent who understand how these challenging times have impacted your business.

With this in mind, here are a few key capabilities to think about when choosing your benefits and enrollment partner.

EDUCATION AND COMMUNICATION

Employees don't want another sales pitch. They want practical information about their health insurance and voluntary benefits that helps them make informed decisions that fit their personal lives.

A benefits and enrollment partner should be able to communicate in ways that all of your employees can relate to. Their benefits counselors should be able to adapt to individual's learning styles during enrollment and have both English – and Spanish – speaking counselors available.

CUSTOMER SERVICE WITH COMPASSION

Employees are juggling families, remote school and caregiving duties. Many are dealing with mental health concerns from added stress. So, you want to look for a partner that provides service during enrollment and year-round. And be confident they will take care of your employees when they need help in filing claims and then pay those claims on a timely basis.

FLEXIBILITY

Staying resilient and growing in this economy, means adapting quickly to a changing business environment. And you want a provider that understands the need for flexibility in your benefits and adapt and grow with you.



A partner for the unexpected

Creativity doesn't mean doing everything yourself. Partnering with a benefits provider who offers solutions, helps you manage costs and protects your employees allows you to focus on what you do best. And when the unexpected happens — for you or one of your employees — you can trust you have support when it's needed most.

For more business resources, check out our [Employer Resource Center](#).



ColonialLife.com

1. Employee Benefit Research Institute and Greenwald & Associates, Workplace Wellness Surveys, 2020.
2. Kaiser Family Foundation, The Cost to Families for Health Coverage and Care Has Risen More Than 2X Faster Than Wages and 3X Faster Than Inflation Over the Last Decade, 2019.
3. Colonial Life, Employer Survey, 2020. 321 U.S. employers with 250 or fewer employees responded to the survey from November 30-December 11, 2020.
4. Colonial Life, Consumer Survey, 2019. 1505 U.S. consumers working full-time responded to the survey from January 29-February 1, 2019.
5. Colonial Life, internal data, 2020.
6. Market Decisions, Colonial Life Voluntary Benefits Claimant Satisfaction Research, 2019.

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