

Actual Case Study - Defined Contribution for Ancillary Benefits

- **Group Size:** 40 Employees
- **Benefits Selected:** Basic Life, Voluntary Term Life, STD, Dental and Vision
- **What was the Employer Monthly Allocation?:**
\$34.88 (Total Monthly/Annual Allocation: \$1,395/\$16,742)
- **What did the average Employee actually spend?:**
\$67.95 (Total Monthly Premium was \$2,718, so basically the employees spent approximately 2x the Employer Allocation)
- **What did the Employees Purchase?**
 - 40 Employees selected Basic Life – 100% Participation
 - 32 Employees selected Voluntary Term Life – 80% participation
 - 23 Employees selected Dental – 57.5% participation
 - 28 Employees selected Vision – 70% participation
 - 23 Employees selected STD – 57.5% participation

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Notes:

- The Employer was offering Employer Paid Basic Life & Dental (for the employee portion), STD (paid at 50%) and 100% Voluntary Term Life.
- The Employer was excited about two components: 1.) Budgetability 2.) Employee Choice.
- Both of these elements were extremely significant, due to the fact that they were expanding their Health Insurance from 1 plan option to 2 plan options as they attempted to manage the rising cost of their Health Insurance

“Return on Investment”:

- Again, the Employer WAS paying 100% of the cost for the Basic Life and “Employee Only” Dental, along with 50% of the STD premium. When reviewing the participation now, specifically the Dental and STD, both were at 57.5% participation.
- The Employer was initially taken back by these results (since they had been paying the premium for all of their employees for these benefits), but after further review, it reinforced the tremendous value in allowing their employees to “Select the Benefits THEY WANT”
- So as we address “Return on Investment”, the **Employer** has increased their ‘Return on Investment’ by having both a fixed cost AND allowing their employees to select the “Benefits They Want”, while the **Employees** have also maximized their “Return on Investment” as they have been “empowered” to spend their Employer’s money AND have aligned their individual needs with the exact Benefits They Want.