

Help relieve employees' financial famine with a feast of benefits options

Have you noticed that your company's employee parking lot is empty during the lunch hour at some times and full at others? Do workers sporadically congregate in the cafeteria or even make meals out of vending-machine snacks?

Chances are the cyclical nature of employee dining has something to do with your organization's pay schedule. If you watch closely, you might find that workers head out to

local restaurants immediately following payday and look for lower-cost options as the pay period draws to an end. If so, they're not alone: According to a Bankrate.com survey, 76 percent of Americans live paycheck to paycheck – which means it's "feast or famine" in three-quarters of U.S. homes.¹

The Bankrate snapshot aligns with findings from the 2014 Aflac WorkForces Report.² Just 25 percent of employees who participated in the Aflac study strongly or completely agreed their families are prepared for an unexpected emergency. What's more, 29 percent of workers surveyed said having enough money to meet current expenses is their biggest financial challenge.

One emergency away from financial disaster

The bottom line is that today's workers haven't positioned themselves to cope with the financial ups and downs experienced by every household. A leaky roof, an emergency car repair, an unexpected illness ... all can be disastrous when the bank account is empty.

Workers who participated in the WorkForces Report study named maintaining their health care insurance benefits as their most important concern. That's not surprising when you consider that health care expenses – including insurance premiums and out-of-pocket costs – continue to outpace salary increases. What is surprising is that just 14 percent of employers believe the benefits packages they offer to workers are extremely influential on employees' financial health.



Employers might be shocked to find out how close to the financial bone their employees are living:

- » 66 percent of Aflac WorkForces Report participants said they would not be able to adjust to the large financial costs associated with a serious injury or illness.
- » 69 percent at least agree somewhat they underestimate the total costs of an injury or illness, including medical, household and out-of-pocket expenses.
- » 13 percent are currently dealing with high medical bills.
- » 49 percent have \$1,000 or less on hand to pay unexpected out-of-pocket medical expenses and 27 percent have less than \$500.
- » 53 percent would need to borrow from a 401(k) and/or use a credit card to cover unexpected medical costs.

Speaking of credit cards, many Aflac study participants admitted that they aren't keeping up with their revolving payments. They've found that medical costs are affecting their credit scores, keeping them from paying other bills and thwarting their efforts to save for a rainy day or retirement. Ten percent said high medical bills had negatively affected their credit scores, while 13 percent said they'd been contacted by collection agencies about outstanding medical bills.

Why voluntary?

As an employer, what can you do to help your workers protect themselves from medical expenses that threaten their financial security? Consider taking a first look – or another look – at the benefits of voluntary insurance policies.

Premiums for voluntary insurance coverage are

Financial worries keeping workers up at night

The Aflac WorkForces Report¹ reveals that U.S. workers fear they lack the resources needed to finance comfortable retirements. But that's not all: There's evidence they are also unprepared to cope with lesser financial issues. In addition to being ill-equipped to meet unexpected long-term monetary challenges, they're struggling with routine expenses – and they're also lethargic about planning for the future:

- » **56 percent** don't have financial plans in place to help them achieve specific financial goals and prepare for unexpected challenges or events.
- » **52 percent** are currently coping with financial challenges.
- » **56 percent** are concerned about reducing debt.
- » Less than a third (31 percent) are extremely or very confident about their financial futures.
- » **42 percent** say they'll be older than expected when

paid by employees who choose to enroll, so they can be offered at no direct cost to your company. They help protect employees' financial security because in the event of a covered illness or injury, benefits can go toward copayments, deductibles or any other health-related cost that's not covered by major medical insurance. They can even be used to pay living expenses that continue to roll in even if a worker is too hurt or sick to work, such as the house or car payment, utility bills, education costs or credit card bills.

If, like many employers, you believe your workers aren't interested in voluntary insurance, think again. According to the Aflac WorkForces Report, 88 percent of employees consider voluntary insurance part of a comprehensive benefits plan. Even more importantly, fully 52 percent who do not currently have access to voluntary insurance benefits say they'd be likely to purchase coverage if their employers made them available.

The time may have passed for adding voluntary products to your company's 2014 open-enrollment benefit choices, but now is the time to think about the types of coverage you'll make available to employees in 2015 and beyond. Schedule a meeting with your insurance adviser to talk about voluntary insurance and how it can benefit not only your company, but also your workforce.

If helping your employees be better prepared for financial challenges isn't enough motivation, consider that providing access to voluntary insurance can help make your company more appealing to current workers and new applicants alike. After all, top-tier organizations – including those named by employees as “The Best Places to Work” in Fortune magazine's annual survey – offer their workers a wide array of benefits options.

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they retire. Of that group, **82 percent** say the delay is due to financial unpreparedness.

- » **19 percent** say their goals and dreams are financially protected.

Survey participants named these issues as their top financial challenges:

- » **51 percent** – Saving for retirement.
- » **29 percent** – Not earning enough money.
- » **29 percent** – Having enough money to meet current expenses.
- » **25 percent** – Paying off debt other than a mortgage or student loan.
- » **23 percent** – Paying off a mortgage.
- » **21 percent** – Saving to make a major purchase.
- » **16 percent** – Paying off student loans.
- » **14 percent** – Saving for children's or grandchildren's education.

¹The 2014 Aflac WorkForces Report is the fourth annual Aflac employee benefits study examining benefits trends and attitudes. The study, conducted in January 2014 by Research Now, captured responses from 1,856 benefits decision-makers and 5,209 employees from across the United States.

¹ CNN Money, "76 percent of Americans are living paycheck-to-paycheck," accessed April 21, 2014 - <http://money.cnn.com/2013/06/24/pf/emergency-savings/>

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Worried about health care costs? Employees in these cities may be right to be wary

When it comes to health care insurance coverage, residents in some U.S. cities might be wise to ensure they've got extra padding. Folks in some areas believe they're magnets for accidents – and that might mean more trips to the emergency room.

According to those who participated in the 2014 Aflac WorkForces Report¹, the most accident-prone cities are:

- » Washington
- » Boston
- » Atlanta
- » Sacramento
- » Pittsburgh
- » Phoenix
- » Houston
- » Los Angeles
- » Chicago
- » Cleveland

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