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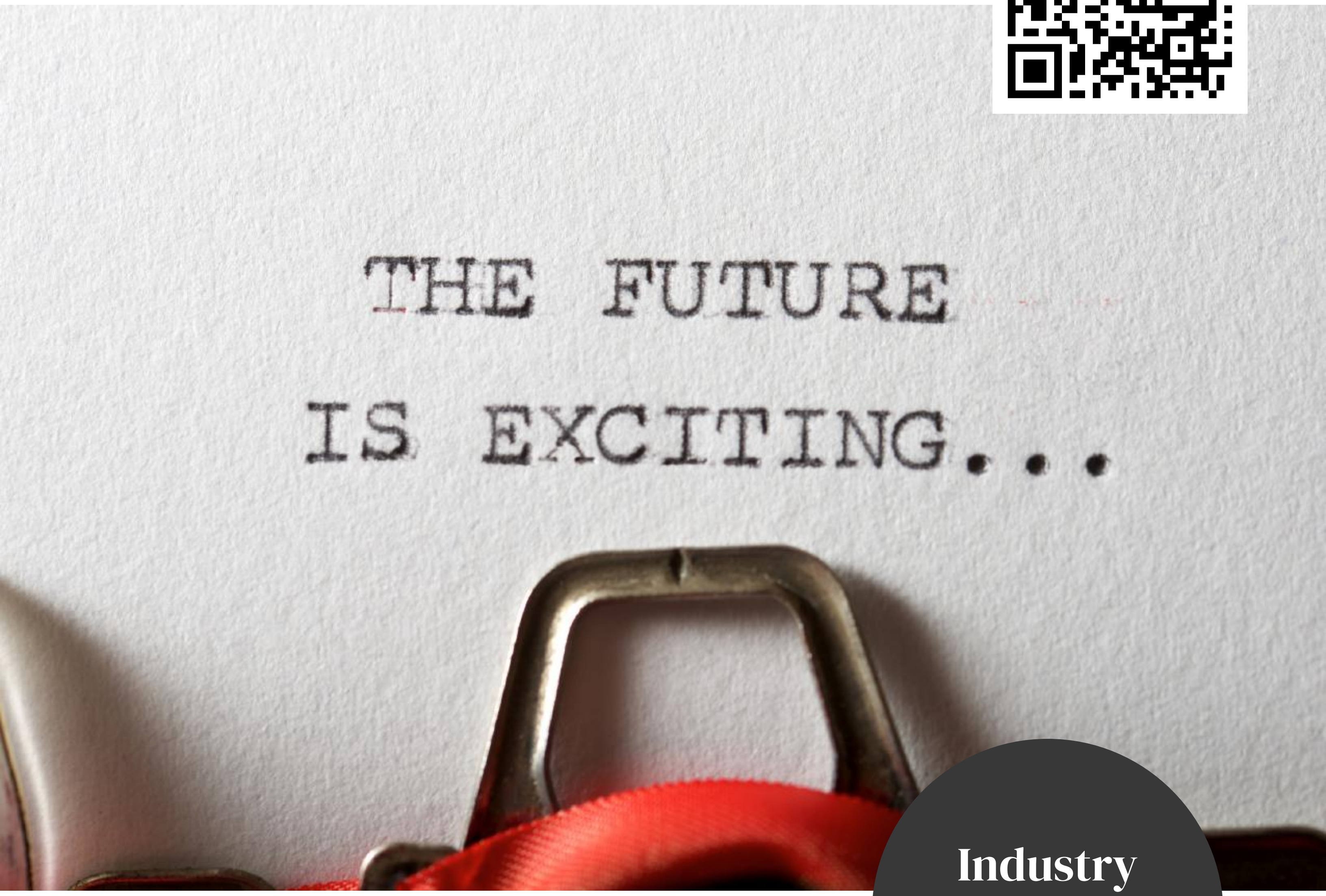
Voluntary Benefits Voice

MAGAZINE



Industry Predictions for 2025

The Changing Workplace Benefits Landscape

The Shift to Non-Traditional Payment Methods

VOLUNTARY ADVANTAGE

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EASTBRIDGE
COUNSEL TO THE VOLUNTARY INDUSTRY
PART OF NMG CONSULTING

Enthusiasm for Voluntary Benefits Drives Three Predictions for 2025

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LIMRA

On the Edge of Tomorrow: The Changing Workplace Benefits Landscape

From the Editor…

It's that time of year where we restart the calendar, review our 2024 accomplishments, set new goals for the year, and book Q1 travel, all to put our best foot forward in making the new year the best one yet! To go forward, we must also go back to see what worked, what can be adjusted and what absolutely fell on its nose and failed.

Let's start with our voluntary benefits marketplace. As we self-reflect, what grade would you give it in 2024? Now to be fair, let's explore from a macro perspective. I'm traditionally a glass "half full" person but even so I believe we moved up the scale in 2024 and I'm giving it a B/B- for 2024. Do you agree? Is your grade higher or lower? Here's my why – We are starting to finally place the policyholder first in our discussions with the key stakeholders. This is new and exciting. Like anything, talk is cheap and not measurable, and we need to continue to expand on this strong momentum regarding what has traditionally been considered the unsaid topics: claims, loss-ratios, profitability and total compensation models.

Next, where did we fall on our noses? I'll share my three:

1. First, we did not move the needle upward regarding the user/policyholder experience. We continue to spend way too much time, energy, financial resources and discussions around overrides, compensations, kickers and marketing allowances, when we should be shifting our focus to how we improve the experience for the individual who's putting their trust in us to deliver at claim time. Reminder: None of these discussions occur nor does our industry run, without the policyholder's premium investment. If anything, we might be trending backwards regarding member experience.
2. Second, we made little to no improvement as a marketplace regarding API's. Why is this not happening?
3. And lastly, I believe we got extremely lucky regarding legislation change in 2024. For those of us who have spent time on the hill, read legislative memos and lobby, we know how close we were in 2024 to having a much different outcome. If we invest the same amount of time, energy and resources in 2025 as we did in 2024, we could be hurting greatly as a marketplace. I can't encourage our trading partners enough to ramp up investments in this area. Our collective voices have incredible power.

Now, it's time to share my plan for the new year. It's simple – continue to have the discussions around the traditional unsaid topics and continue to make sure the voice of the trusted policyholder is being lifted and heard by all!

As we enter 2025, our marketplace is incredibly vibrant, filled with an incredible amount of potential for all of us willing to play a key role in moving our marketplace into new heights, as we play an absolute key role in the livelihoods of so many valued policyholders from both a social and economic perspective. We are absolutely making a difference in the lives of so many and I could not be any prouder to be part of this exciting marketplace.

High Expectations:
Enthusiasm for Voluntary Benefits Drives Three Predictions for 2025

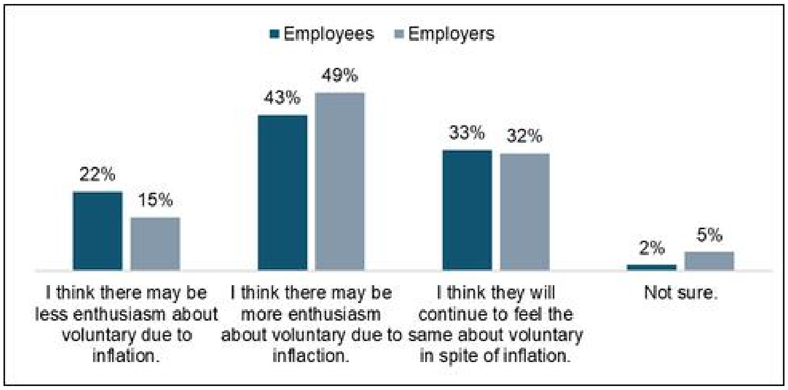
By Eastbridge Consulting Group

The voluntary benefits market has continued its upward trend for several years — and that's not likely to change in 2025 if brokers' expectations are on the mark. Nearly all brokers we surveyed for the 2024 "Rising Tide for Brokers in Voluntary Business" Spotlight™ report say employees (96%) and employers (94%) will be as or more enthusiastic about voluntary products this year. And brokers expect inflation will have little impact on this eagerness for voluntary protection going forward: Just 22% say employees will be less enthusiastic about voluntary benefits, and only 15% say employers will feel less enthusiastic.

Employers themselves back this up. The 2024 "MarketVision™ — The Employer Viewpoint©" report shows two-thirds of employers report voluntary enrollment participation was up or not affected by inflation over the last two years, and 40% say they expect employee participation will grow even more in the next one to two years.

Based on this groundswell of enthusiasm for voluntary benefits, we see three key trends emerging or continuing to expand in 2025:

Brokers' View of Inflation's Impact on Employer and Employee Enthusiasm for Voluntary Products



Source: Eastbridge 2024 "Rising Tide for Brokers in Voluntary Business" Spotlight™ report

Reasons for Carrier Changes to Supplemental Health Products

Product	Competitive Parity	Competitive Differentiation	Enhance Profitability	Compliance	Other
Hospital indemnity	35%	61%	5%	0%	0%
Critical illness	33%	57%	5%	5%	0%
Accident	40%	55%	5%	0%	0%

Source: Eastbridge 2024 "Voluntary Product Trends" Frontline™ report

Prediction #1: Product development will focus on maintaining market parity

Product development will remain a priority for carriers to stay competitive in the market, but they'll be more focused on differentiating themselves through the customer experience they create than with inventing the next great benefit, feature or service. Don't think that this means carriers are resting on their laurels. The 2024 "Voluntary Product Trends" Frontline™ report shows that carriers plan to make plenty of changes to their portfolios, but the most common is revising and refiling an existing product, particularly supplemental health plans such as critical illness, accident and hospital indemnity. Carriers say the primary reason for these enhancements is to achieve competitive parity — most likely for term life, short-term and long-term disability, and dental products — or to create competitive differentiation, most often for hospital indemnity, critical illness, accident, and universal or whole life. Profitability and compliance reasons can also come into play. Products some carriers are likely to add to their portfolios — again, to create a more competitive package — include term life, AD&D and dental.

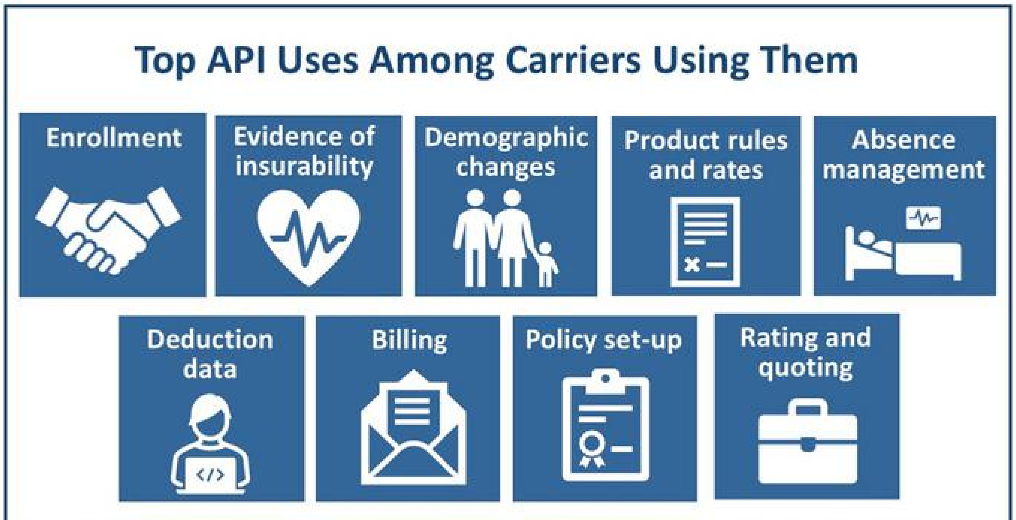
Prediction #2: Carriers will invest in improving the customer experience

Think tools and services that make life easier for brokers, employers and employees. Virtually all carriers offer employers and employees online services through a portal, and most also offer a broker/producer portal, according to Eastbridge's most recent "Online Services of Voluntary Carriers" Spotlight™ report.

These portals can offer the ability to view and pay bills, submit claims and check their status, view commission statements, access account-level data, and download forms and educational materials. Carriers have been enhancing these portals in recent years and we expect that to continue.

Claims integration services also are on the rise. The majority of carriers we surveyed for the 2024 "Claims Integration and Automation Practices of Voluntary Carriers" Spotlight™ report offer an integrated claims process. Only about half of these carriers integrate with medical plans, but those who do will have a significant advantage over carriers not offering this service. Nonmedical carriers likely will find it easier to get a foothold working with medical data from their self-insured employers. Because these employers already have the data, it should be easier for carriers to access it and develop claims integration processes. A claims integration process is important, but it's not a silver bullet. Carriers seeking a better employee experience will need to focus on improving claims submission methods, claims processing times, claims tracking and the amount of required documentation. The end result will make it easier for customers to submit claims and receive their benefits.

Carriers also will be able to provide a better customer experience through increased use of APIs and artificial intelligence. The majority of carriers surveyed in the 2024 "Application Programming Interface & Artificial Intelligence Carrier Practices" Frontline™ report already use APIs for processes including enrollment, evidence of insurability, demographic changes, product rules and rates, absence management, deduction data, billing, policy set-up, rating and quoting.



Source: Eastbridge 2024 "Application Programming Interface & Artificial Intelligence Carrier Practices" Frontline™ report

Most carriers we surveyed say investment in APIs will continue to expand in the next few years with broader adoption for a variety of business processes and increased customer expectations. Far fewer carriers are using AI, but a strong majority of those not already doing so say they expect to use it in the future.

Prediction #3: Carriers will emphasize increased transparency

Employers want to know if their employees are using the voluntary benefits they offer, especially supplemental health products. We expect carriers to respond with more robust claims utilization reporting. This reporting should become easier to provide, thanks to the increase in claims paid due to claims integration.

Claims integration will also lead carriers to be more transparent about their loss ratios. Customers can more easily see the value of their voluntary benefits when more employees are receiving claim payments. Interestingly, most carriers that can provide this information say they've seen no change to their loss ratio with the increase in claims integration.

Enrollment participation tracking is another key metric customers will expect from the carriers they work with. Expectations for participation typically range from 15% to 20%, but savvy employers will want to see higher numbers to ensure more employees are covered by the important financial protection of voluntary benefits. Carriers should be able to show which enrollment methods or communication types have the greatest impact on enrollment.

Nick Rockwell
President

Danielle Lehman
Senior Consultant

Eastbridge is the source for research, experience, and advice for companies competing in the voluntary space and for those wishing to enter. For over 25 years, they have built the industry's leading data warehouse and industry-specific consulting practice. Today, 20 of the 25 largest voluntary/worksite carriers are both consulting and research clients of Eastbridge.

Top Four 2025 Predictions for Benefit Brokers

By PES Benefits

The employee benefits industry is constantly evolving, driven by changes in workforce demographics, advancements in technology, and shifts in regulatory landscapes. As we approach 2025, benefit brokers must adapt to these transformations to stay relevant and provide maximum value to their clients. Here are four key trends and predictions that could reshape the industry in the coming year:

1. Personalized Benefits Packages

One of the most significant shifts on the horizon is the move toward personalized benefits packages. Employees now expect benefits tailored to their unique needs, reflecting the diversity of today's workforce. From customized healthcare plans to wellness programs that address specific lifestyle choices, personalization is becoming a cornerstone of employee satisfaction.

Voluntary benefits, such as student loan repayment assistance or eldercare support, are also gaining traction. Brokers who can guide employers in designing and implementing these bespoke offerings will differentiate themselves in the competitive market.

2. Digital Tools and Platforms

The benefits administration process is becoming increasingly digitized, with AI-driven tools leading the charge. From enrollment to communication, technology is simplifying traditionally cumbersome tasks. By 2025, brokers who embrace and integrate these advanced platforms will gain a competitive edge.

For example, AI can automate routine administrative tasks, provide employees with personalized benefits recommendations, and facilitate seamless communication. Platforms offering mobile-friendly interfaces and on-demand access to benefits information will become the norm. In many cases, combining technology and AI resources with access to live benefit counselors may be a strategy that bridges the gaps and ensures the entire employee population feels supported when making benefit elections.

3. Expanded Mental Health Coverage

Mental health and emotional well-being have moved from being optional add-ons to essential components of employee benefits. The pandemic underscored the importance of holistic health, and this trend shows no signs of slowing down. By 2025, expanded mental health coverage will be a standard expectation. Therapy sessions, mindfulness training, resilience programs, and even access to virtual mental health platforms will be integral to benefits packages. Brokers must be prepared to navigate these offerings and guide employers in selecting solutions that align with their workforce needs.

4. Compliance and Regulation Changes

The regulatory landscape surrounding employee benefits is poised for further evolution. Transparency in benefits costs, state-specific healthcare mandates, and emerging compliance requirements will challenge brokers to stay informed and proactive.

Brokers will need to offer clients more than just benefits solutions—they'll need to provide strategic guidance on navigating these complex regulations.

Adapting to the Future

As these trends reshape the employee benefits landscape, you have an opportunity to solidify your role as strategic partners. By embracing personalization, leveraging digital tools, prioritizing mental health, and staying ahead of compliance changes, you can drive meaningful change for your clients.

PES BENEFITS

PES Benefits is dedicated to revolutionizing the employee benefits landscape with cutting-edge technology, administration, education, and virtual care solutions. Since its inception, PES Benefits has focused on simplifying the benefits experience, making it more accessible and meaningful for all involved.

2025 Industry Predictions

Voluntary Advantage Advisory Board

As we kick off the start of 2025 it is personally an honor that the Voluntary Advantage Board has the opportunity to share our perspectives on what we believe may happen in our industry for the next year. We will hear plenty on the emergence of GenAI and how it will impact the value chain for our business, and on the regulatory impacts and race to win the integrated claims experience. I will focus on the following:

- **Heightened focus by carriers on the cost of distribution and how it force many in the small-to-mid market segment to solve for efficiencies in their models.** As we see the cost of doing business combined with margin compression continue in the group market, carriers must look at their go-to-market strategies and the operating models to deliver down market solutions. It is likely we will see more partnerships evolve to deliver differentiated value to the market.
- **The industry still needs to evolve the employee experience.** We will see the ecosystem continue to focus on personalizing solutions for employees from enrollment through claims. This includes flexible purchasing opportunities to solving for balancing their personal needs at home to personalizing how benefits will delivered through the experience. How carriers figure out how to solve for things like caregiving and holistically paying claims will be differentiated.
- **We will continue to see large M&A activity in the brokerage and carrier space.** As these deals continue, it will be important to understand the impacts to our clients and their employees. There have been several mega deals come together through last year and that will force competitors to evaluate their strategies as they are continually looking for growth.

Mark Rosenthal

With zero hesitation, we are part of the most rewarding and evolving period that the Voluntary Benefits marketplace has seen since it's early creation. As we closed out 2024, we saw key shifts as an industry to put the policyholder before key stakeholders. This is absolute welcome change to our entire marketplace. In 2025, I believe we will see **mass separation between carrier partners not competing for the race to zero but, the race to correct our flawed policyholder experience**. We will see a few select carriers continue to battle neck and neck for the industry leading pioneer role while others will never leave the starting gate based on their internal valuation of stakeholder importance. Second, we will continue see **the next generation evolution of legislative disruptions from both state and federal governing bodies in addition to, continued oversight on product creation and filings within select markets nationally.** This issue needs to be front and center and supported throughout our entire marketplace both financially and socially as a whole. All voices are key. Next, **the evolution of AI will continue to enhance and stretch some stakeholders' comfort levels**. However, we should all be embracing it as we look for new ways to drive down fixed and variable cost(s) all while increasing member engagement and satisfaction levels.

Lastly, 2025 will be the year we continue to address the unsaid – **Loss Ratios - Yes, we need to have this discussion. Compensation Models - Both broker and carrier rep model discussion are starting to happen across the country. Re-Heaping Commissions - when is enough enough?**

In closing, our marketplace continues to evolve as we move from a once nice addition, to today where we are a critical part of the financial backbone for the overall financial employee wellbeing from hire through retire. We not only have a seat at the table – we have a valued and respected voice to move the entire employee benefits landscape to levels that those before us never thought was humanly possible.

Trevor Garbers

2025 Is going to be the year of personalization. With 5 generations in the workplace, AI technology that can provide personalized recommendations, greater benefit offerings that allow employees greater choice based on their specific needs and employers who are struggling to attract and retain employees... I predict 2025 will be the year of the employee. In recent conversations with brokers and employer clients, they are seeing a shift to non-traditional benefits such as family planning, caregiving, genetic testing, menopause support, Medicare education, financial planning support and more. Employees want benefits that meet their specific lifestyle needs, not benefits targeted to "everyone". I think we will see more of these types of benefits come to the market or those existing providers see growth in 2025.

There is a **growing focus on healthy living, finding ways to help employees be healthier so they don't need expensive pharmaceuticals, doctors, surgeries, etc.** Similar to the impact that employers had on the 401k / retirement savings market, I think employers are best suited to impact education/support around how to live a healthier lifestyle. More employers are trying to motivate this type of behavior through supporting not only gym memberships, but also for alternative medicine, massage therapy, mental health, nutritional coaching, wearable devices and more. By allowing employees to choose HOW they want to pursue wellness and supporting them in that journey, employers will be able to better retain their top talent AND keep them healthy, thus reducing their medical expenses.

Finally, I anticipate **employers will start embracing different methods for employee communication.** Meeting employees where they are, which is on social media (TikTok, Facebook, Instagram, X, Podcasts etc.). The old ways of communicating aren't as effective anymore, so those employers that are willing to try something "new" and embrace the various social media platforms for education will see more engagement and retention. This one is going to be fun to watch!

Personally, I am really excited for 2025, innovation is growing not dying in our industry and those that embrace it, will not only be successful but also provide more value to their partners and clients. It's going to be a "think outside the box" kind of year!

Jennifer Daniel

The world of workplace benefits is on the verge of some exciting changes in 2025. Carriers are stepping up their game, **making benefits more accessible and the entire process easier to navigate. Filing claims will get a much-needed overhaul**, so employees can access their benefits faster and with less hassle. **The days of worrying about pre-existing condition restrictions are becoming a thing of the past,** with carriers expanding guaranteed issue options to ensure more people get the coverage they need. Plus, **integrating benefits onto digital platforms is becoming smoother,** which means less work for employers and brokers.

Wellness benefits have always been a bit of an afterthought, but that's set to change. Carriers will be expanding what's covered, and adding more allowable exams. They are also getting better at reminding employees to schedule their preventive care. I think we'll also see **more collaboration between carriers, brokers, and engagement firms to help employees actually use their benefits. Auto-filed claims are going to make a big difference too,** cutting out the extra steps and letting employees take full advantage of what they're paying for.

Long-Term Care hybrid plans are another area where we are seeing progress. They are becoming more popular and easier to set up. Group carriers are also tailoring solutions to move into smaller markets, which is a huge win for small employers, particularly on legacy HRIS platforms or in multiple states.

In my state of California, the boost to State Disability Insurance (SDI) benefits is going to shake things up. It'll mean **fewer short-term disability plans are needed, freeing up premiums to go toward more relevant options that make a bigger impact.**

I'm really excited about where our industry is heading. The way benefits are evolving will make life easier for everyone involved. Employees will get better support, and employers and brokers will see greater efficiency and value. It's looking like this year will be an all-around win.

Jack Holder

- **Improved Federal Regulatory Climate:** elections have consequences. The transition in federal executive power brings with it a reversal in political philosophy on federal regulatory power generally, and federal power to regulate insurance markets specifically. This means that for next year (and the subsequent three to follow) the industry will not be forced to grapple with wide-sweeping regulatory challenges from the federal government. Importantly, this also means that the current regulatory controversy of including newly mandated Federal Notice Disclosures on Hospital Indemnity forms and advertisements is all but quashed. But, as Newton's law warns: every action has an opposite and equal reaction...
- **More Zealous State-Level Regulatory Actions:** Some jurisdictions that were supportive of Federal regulatory changes to worksite benefits will be more motivated to promulgate regulatory changes independently. For these jurisdictions, the lack of federal support for a more regulated worksite benefits market will be the impetus for promulgating their own changes. Such changes will be administratively challenging to acclimate to and account for (more state specificity is always more difficult to administer) and could even result in significant reductions in product demand if regulatory changes are aimed at watering-down plan value-propositions.
- **Insurance Goes Mainstream?** Recent news cycles (United CEO Assassination, Property Insurance Crises) have injected "insurance," and its role in our day to day lives more vividly into the American Zeitgeist. I believe, for better or worse, this will continue. To what extent the worksite benefits will be able to leverage the increased attention to inform consumers about our plans is unknown.
- **Macro-economic Factors Will be ... Well.. Macro.** AI will undoubtedly improve business efficiencies, but will these boons be offset by large workforce displacements due to the emerging technology? The Feds interest rate cuts seem to be having the desired effect on cooling inflation, but relief for consumers may be short-lived if tariff costs are passed onto consumers. These will be interesting developments to watch, as, just as in years past, the capacity for growth in worksite benefits will largely hinge on workers' discretionary income to purchase our products.

Hunter Sexton, JD, MHA

Transparency regarding compensation, loss ratios, and overall value is becoming increasingly important in our industry. Carriers, clients, and brokers will continue to prioritize transparency to ensure that all stakeholders, especially the end users, recognize the value of the solutions provided in the workplace. There will be greater pressure than ever for carriers to demonstrate their value and highlight the positive impacts of integrating claims with medical and disability services on loss ratios, especially after having implemented these capabilities for a couple of years.

Integration of AI into the Employee Experience. We're all dipping our toes into the water with AI, some have jumped in with two feet! While some organizations are cautiously exploring AI, others have fully embraced it. Those who can effectively leverage AI to enhance the employee experience—from enrollment to claim payment—while minimizing friction will emerge as leaders in the field.

Employers will also heavily lean in to VB as part of their Employee Value Proposition (EVP). I predict that we will see the cutting edge employers start to more aggressively embrace and promote Voluntary Benefits as a core part of their EVP. The ability to curate and customize your employee benefit package to best fit your needs is powerful. Employers that thoughtfully educate and promote this to their employees will come out ahead and be viewed as an employer of choice

Rachel McCarter

Over the past four years, I've frequently emphasized the transformative potential of Generative AI (Gen AI) in delivering personalized experiences for employees through voluntary benefits and perks. This trend is set to accelerate in 2025 as Gen AI technologies continue to evolve. Traditional broadcasting approaches are giving way to one-on-one interactions, fostering deeper connections and more tailored solutions.

So, what's the next big breakthrough? In 2025, it will be the rise of General AI Agents—specialized Gen AI systems capable of performing tasks, making decisions, and interacting with humans and other systems in ways that emulate human reasoning and creativity.

Here are some examples of where and how we might see these Gen AI Agents deployed.

1. Personalization of Benefits and Perks

- **Tailored Recommendations:** AI agents can analyze employee demographics, preferences, and historical usage patterns to recommend personalized benefits packages.
- **Dynamic Updates**: Adjust offerings based on real-time feedback or changes in employee circumstances (e.g., life events like marriage or parenthood).

2. Benefits Education and Communication

- **Explaining Benefits:** Provide clear, concise explanations of available benefits, making complex information accessible.
- **Proactive Nudges:** Notify employees of deadlines, new offerings, or underutilized perks (e.g., unused wellness funds).

3. Enrollment Assistance

- **Guided Enrollment:** Offer step-by-step guidance during open enrollment periods to ensure employees make informed decisions.
- **Comparative Analysis:** Show comparisons between benefit options based on cost, coverage, and suitability for individual needs.

4. Financial Wellness Programs

- **Budgeting and Saving Tools**: Suggest saving strategies or financial plans based on income, spending, and goals.
- **Tax Optimization:** Provide insights into tax-efficient benefit usage (e.g., HSAs, FSAs, or commuter benefits).

5. Health and Wellness Programs

- **Customized Wellness Plans:** Recommend wellness activities, gym memberships, or health programs tailored to individual goals.
- **Mental Health Resources:** Suggest mental health apps, counseling services, or relaxation techniques based on detected stress indicators.

6. Employee Discounts and Perks

- **Vendor Matching:** Suggest relevant discounts on products or services employees frequently use.
- **Negotiated Deals:** Use aggregated data to negotiate exclusive discounts with vendors.

7. Continuous Feedback and Improvement

- **Sentiment Analysis:** Gather feedback on benefit offerings through surveys or conversations and suggest enhancements.
- **Trend Analysis:** Identify gaps in the benefits portfolio by analyzing industry trends and employee demands.

8. Administration and Reporting

- **Streamlined Processes:** Automate routine tasks like tracking benefit usage, managing claims, and updating records.
- **Compliance Monitoring:** Ensure adherence to regulatory requirements (e.g., HIPAA, ERISA) by flagging non-compliance risks.

Now that Large Language Models (LLM's) like Chat GPT have vacuumed up nearly all the world's known and accessible information, the next AI frontier is Gen AI Agents accessing all this knowledge and associated AI capabilities. 2025 will see an explosion of Gen AI Agents, with many focused on the Benefits sector. The future is here—and it's being powered by tens of thousands of Gen AI Agents.

Seif Saghri

As 2024 wrapped up, many employers adopted a “wait and see” approach, navigating inflation, elections, and other uncertainties. In 2025, expect employers to take their foot off the brakes and lean into meaningful changes to better support their workforce.

Key Challenges Facing Employers: how and where employees work, accessible and affordable health coverage and benefits, holistic employee wellbeing, attracting and retaining top talent remains a critical priority - Add rising costs, an influx of new vendors and services, and limited budgets for many HR teams, and the challenges can feel overwhelming.

Employees are also feeling the strain:

- Average student loan debt hovers near $40,000, with tuition costs rising
- 1 in 5 employees are caregivers for another adult
- Car insurance costs are up 26% year over year and owning a single-family home costs over $18,000 annually.
- Child care expenses range from $5,110 to $18,004 per year, depending on the state
- 28% of Americans have savings below $1,000
- Credit card debt hit a record high of $1.17T as of Q3 2024
- Food prices have risen 28% since 2109
- Median retirement savings stand at just $64,000

What Does This Mean for 2025? Employers must adopt a holistic approach to employee wellbeing, focusing on

- **Maximizing Existing Programs** - Evaluate if current benefits deliver value and resonate with employees
- **Balancing Employer- and Employee-Funded Benefits** - Create offerings that support diverse needs and financial realities.
- **Driving Awareness and Engagement** - Ensure employees understand the benefits available, identify what’s most important to them, and know how to utilize offerings effectively.
- To achieve this, **communication, personalization, and integration across the benefits ecosystem are essential.** AI and technology enhancements will play a pivotal role in making benefits accessible and relevant, but success will require true collaboration among employers, brokers, carriers, and administration teams.

In 2025, the key to success will be moving beyond a transactional approach to benefits and embracing a strategy centered on employee wellbeing and empowerment.

Tim Schnoor

VOLUNTARY ADVANTAGE

White Paper: The Importance of Carrier Admin Technology

In today's voluntary benefits landscape, brokers are tasked with more than just spreadsheeting carriers for their employer clients—they must also ensure that the carriers they partner with can deliver their products efficiently, flexibly, and reliably. For too long, outdated technology has created frustrating obstacles, both for brokers trying to manage plans and for employers and employees using them. These challenges, deeply rooted in carrier legacy admin systems, have become almost accepted as the norm. But they don't have to be.

Imagine a world where enrolling in benefits is seamless, where systems communicate effortlessly with one another, and where updates and changes don't cause major disruptions. This isn't just a dream—it's possible with the right technology. Some carriers are already making this a reality, and brokers who understand and insist on these technologies will be better equipped to serve their clients and solve the industry's most persistent problems.

Anthony "Tony" Grosso
Head of Growth / GWB Insurance Markets

Tony has over 25 years of hands-on experience leading innovation, business development, product and marketing across all sectors of the insurance industry. Tony is leading the GWB market for EIS, a high growth company, helping Voluntary Benefits insurers to achieve their ambitious plans and incredible potential.

EIS
FOR AMBITIOUS INSURERS

Let's face it: we all know legacy systems are holding insurers back

This is why it's our mission as a coretech supplier for insurers to stop that problem in its tracks. Our cloud-native SaaS platform is built to catapult insurers past old, legacy limitations, and to truly future-proof their technology ecosystem so their business model, product offers, and ways of serving their customers are never held back again, so they can have the truly agile operations of a tech company, rather than a legacy company stuck in decades past. Learn more at www.eisgroup.com.

The Shift to Non-Traditional Payment Methods:

Exploring Direct Pay and ACH Solutions

By Heather & Trevor Garbers

With the changing dynamics of work and transition for many to non-traditional employment, does that change how individuals prefer to purchase and pay for benefits?

Has the preference for some clients to discontinue administering benefits on payroll deduction due to past issues or lack of resources, changed the marketplace to make direct pay the preferred method by employers and employees alike today?

We hear a lot in the marketplace about the need for and transition to alternative funding options for benefits today, but has there actually been a significant market shift? To get to the bottom of the issue, we've interviewed several carriers that are early adopters of offering options for payment aside from traditional payroll deductions - Bryan Burke with SunLife, Joshua Police with Boston Mutual Life, and Scott Tickner with Trustmark were happy to share their insights.

Let's start with asking, why did you make the decision to start offering direct pay or ACH payment of premiums?

According to Scott, "the decision to begin offering bank draft payments was motivated by one simple factor: it can make life easier for customers.

Traditional payroll deduction means that employers likely need to set up a payroll slot and interface with the carrier to receive deductions and changes. For some employers this can be a significant undertaking, especially if they're offering a sophisticated voluntary product. With bank draft billing, the process is largely handled on the carrier side, meaning we can bypass this challenge. It's one less reason to say "no" to offering voluntary products and it means the client doesn't have to learn a new process.

In addition, bank draft payments can mean a faster turnaround for case setup, and you can often avoid an employer's security vetting since no data files need to be exchanged."

Joshua adds that "employers and groups see the value of voluntary benefits; however, they often decide not to move forward due to:

- The amount of work it takes to administer payroll deduction benefits and reconcile bills; it can be time intensive and impacts a variety of resources on human resources teams.
- The lack of infrastructure; often, human resources teams are not set up for payroll deduction.
- A previous poor experience.

Utilizing direct pay allows employers and groups to offer voluntary benefits without these hurdles."

"Bank draft payments can mean a faster turnaround for case setup, and you can often avoid an employer's security vetting since no data files need to be exchanged"
- Scott Tickner

Let's move to where this makes the most sense, what segment of the market are you targeting with this solution?

At SunLife, Bryan states that their primary target includes employers that may have a segment of 1099 or seasonal employees, or a part-time workforce, who would like to offer supplemental benefits. Their secondary target client is the employer who offers supplemental benefits today but feels the burden and is not satisfied with the current solution. They do not target a specific market segment although their guidelines are a minimum of 50 up to 15k lives.

At Boston Mutual Life, Joshua has seen the most success with:

- Small employers with under 50 eligible employees who would like to provide voluntary benefits, but do not have enough HR staff to administer them.
- Union or membership-driven groups that would like to attract new members via benefit offerings, but do not have access to payroll deduction.
- Municipalities and schools that are trying to consolidate voluntary benefits under one carrier.

For Trustmark, Scott adds that "they are targeting employers with over 100 benefit-eligible employees and with an average income of $60,000 or greater. The salary requirement is to mitigate instances of employees having non-sufficient funds at time of deduction."

The Hidden Risks of Data Breaches in Payroll and Benefits Systems

Enrollment and payroll deduction files typically contain a large amount of sensitive information about employees and their dependents, including SSNs, DOBs, address, governmental IDs, and health information. These files are generally transmitted using cloud based systems, making online benefits and payroll services targets for cyber attacks, and successful attacks can result in huge losses and liabilities for employers.

Curious about liability?: In a lawsuit brought by a former employee of a biopharmaceutical company, the United States Court of Appeals for the Third Circuit found a data breach only had to pose potential harm for an employer to be found liable. When the biopharma company's payroll software leaked data in a breach, the employer was liable for the publication of employee data on the dark web, not the software company.

Looking to the future, do you see the marketplace adopting non-traditional payment options on a wide-scale basis?

"Certainly!" from Scott, he adds that "as noted previously, this is mostly due to reducing billing headaches for employers. Aside from avoiding headaches for employers, bank draft payment has advantages for employees too: it uses a familiar payment method and they don't have to change billing methods if they leave their job or retire."

On the contrary, Bryan states that "To be honest, I do not. Employers seem to be comfortable with payroll deductions on supplemental benefits as they do this for other coverages already. Advancements in data connections/integrations with HCM/Ben Admin platforms and insurers are improving at a steady pace. While I do still believe there is a market for this capability for non-W2 workers, it isn't something I anticipate being wide-scale within the next few years."

Now to the question that is at the top of everyone's mind, and something that has prevented many pursuing direct pay options in the past – is there an impact on participation when non-traditional payment options are used?

According to Joshua, "if company employees and group members are well informed before the enrollment about what specific banking information is needed during the enrollment, participation figures have mirrored traditional payroll deduction results. Overall, we have seen an increase in overall persistency and retention when voluntary benefits are set up through direct pay. Historically, we align the direct pay solution with individual products that promote policy ownership, especially if an employee or member retirees or changes jobs."

Bryan states that "participation tends to be much lower on a direct pay basis verse through payroll deduction."

Lastly, Scott shares, that "on average, non-traditional payment participation has been roughly the same as what we see from traditional payroll deduction.

If the client is primarily self-enrolled, there is no difference. One of the keys to making bank draft payments work is appropriate communication. Enrollment firms have been particularly helpful in preparing employees to set up their payments during enrollment. “

To conclude, while the market is beginning to embrace non-traditional payment options for benefits, the shift is far from universal. Direct pay and ACH payment methods offer significant advantages for employers and employees, such as reducing administrative burdens, streamlining case setup, and enhancing portability for policyholders.

However, adoption largely depends on the type of employer and workforce involved. Small businesses, organizations with non-traditional or seasonal employees, and entities lacking robust HR infrastructures, stand to benefit most from these alternative payment solutions.

Despite the clear benefits, traditional payroll deductions remain a favored approach for many employers and stakeholders due to established processes and growing technological integrations. As the benefits landscape evolves, the coexistence of traditional and non-traditional payment models will likely persist, catering to the diverse needs of today’s workforce.

Bryan Burke - AVP Product of Voluntary Benefits at SunLife: Bryan is a member of Sun Life’s Group Benefits Leadership Team. For the past 21 years he has worked for Sun Life in several product strategy and operational roles. In his current role Bryan is responsible for Sun Life’s voluntary strategy, product development, market and competitive intelligence and voluntary claims administration. Bryan participates in several industry committees and is currently a Member of the LIMRA Workplace Benefits Advisory Council.

Joshua Police - Executive Vice President, Distribution and Business Development at Boston Mutual Life Insurance Company: oversees Boston Mutual Life’s sales divisions in the company’s Distribution and Business Development Strategic Business Center, including Workplace Solutions, National Accounts, and Individual Solutions. In addition, he is responsible for an enhanced focus on distribution and sales opportunities with his oversight of the Business Development area, including external market assessments, providing deep analysis and updates on the company’s relevant markets, product offerings, and future growth opportunities.

Scott Tickner - Executive Director, Systems & Sales Operations at Trustmark: Scott leads sales operations to support and develop the Trustmark Voluntary Benefits sales team. Prior to joining the sales team, Scott worked as assistant vice president of enrollment technology.

On the Edge of Tomorrow: The Changing Workplace Benefits Landscape

By Patrick T. Leary, LLIF

The world of work has experienced significant change. The pandemic transformed how many workers, particularly younger workers, view the workplace and their role within it. Likewise, the acceleration of technological change in the areas of artificial intelligence (AI), robotics, and machine learning are fundamentally changing industries and occupations. Currently, brokers, insurance carriers, and other workplace benefits providers are well aligned with the needs of today's workforce. But are they positioned to succeed in tomorrow's employment landscape? To ensure future success, the workplace benefits industry must be nimble in the face of transformational changes occurring across the world of work and aligned with the benefit needs and engagement preferences of younger workers. These are our customers of tomorrow.

A Rapidly Changing Landscape

As the U.S. economy moves beyond the third industrial revolution (also known as the Information Age) and into the fourth industrial revolution (characterized by the growth of AI, robotics and other advanced technologies) it creates new dynamics which impact workplace benefits organizations and their customer bases. According to a study by the International Monetary Fund (IMF) "almost 40 percent of global employment is exposed to AI. In advanced economies, about 60 percent of jobs are exposed to AI, due to prevalence of cognitive-task-oriented jobs." This transformational shift is impacting many occupations and industries, in some cases dramatically. Employers such as Kodak, Blockbuster, Borders, Toys R Us, and Blackberry no longer exist or are shadows of their former selves, having been displaced by next-generation technologies and companies. The pace of change will only accelerate and will fundamentally change many industries and occupations.

Workplace benefits providers need to ask themselves: Are you prepared if a certain segment of your customer base goes away? Do you have your eye on emerging industries and occupations for future opportunities?

Tomorrow's Workforce

According to the U.S. Department of Labor, millennials and Gen Z workers currently comprise more than half (54%) of the workforce. Gen Z (born between 1997 and 2012) now make up 18 percent of the workforce, recently eclipsing Baby Boom workers. This percentage will only increase as younger Gen Zs enter the workforce. These workers are quickly moving into the "sweet spot" for many of the products and services our industry offers and share some defining characteristics which will change how employers, carriers, brokers, and other organizations engage with them regarding their benefits. To connect effectively with this growing segment of the workforce, it is important to understand how their needs and preferences differ from those of other generations.

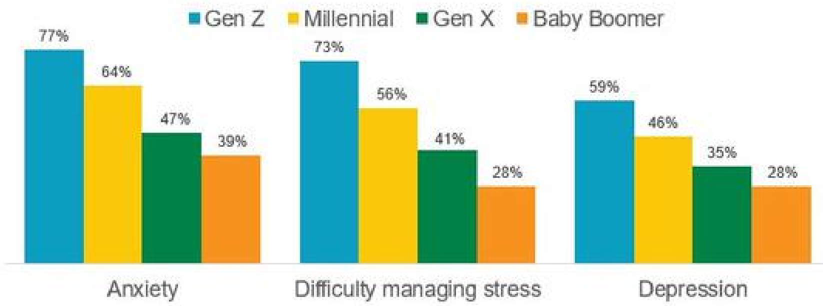
Generation Z is typically characterized by being racially diverse, entrepreneurial, and focused on social justice and authenticity. Gen Z is the first generation of true digital natives — they have never known life without the internet and social media is their go-to for information, research, and guidance when making purchasing decisions. Given their reliance on social media, Gen Z is comfortable sharing personal information, much more so than their older counterparts. They often have a shorter attention span due to the constant stream of information they face. They are often saddled with debt, and many feel that the American dream of home ownership and related goals are out of their reach.

These attributes are reflected in their views on employment, the workplace benefits they value, and the engagement methods they prefer.

Generation Z's views on work, particularly those who entered the workforce since 2020, are radically different from older workers. Many Gen Z workers have only experienced remote and hybrid work. "Return to office" does not apply to them as they were never there in the first place! Gen Z also views work itself differently and considers opportunities beyond traditional employment arrangements as viable alternatives. According to research conducted by LIMRA and EY, almost half (47%) of Gen Z workers currently participate in the freelance or gig economy; 20% rely on it as their primary source of income. Many members of Gen Z see freelance or gig work as their likely source of primary income in the future.

Gen Z workers expect a wide range of benefits to be provided by their employers. Not surprisingly, high utilization benefits such as medical, dental, and vision insurance top the list of benefits that Gen Z workers want. However, benefits such as paid family and medical leave, financial wellness benefits, and mental health treatment benefits rank almost as high, indicating that younger workers value a more holistic approach to their benefits which address a broader set of needs than what their older counterparts might value. Nontraditional offerings that would have been afterthoughts a decade ago are becoming central to employers' value propositions, especially given today's competition for young talent.

Figure 1: Mental Health Challenges by Worker Generation



Represents percent of employees who experienced the challenge sometimes or often in the past year.
Source: Benefits and Employee Attitude Tracker (BEAT) Study. LIMRA, 2024.

Mental health benefits in particular rank high on Gen Z's list of desired benefits. According to LIMRA's 2024 Benefits and Employee Attitude Tracker (BEAT) study, younger workers in particular are struggling with behavioral health concerns, more so than older workers (Figure 1). Ninety-one percent of Gen Z workers report that they experienced at least one mental health challenge in the past year, compared to just 59% of Baby Boom workers. As noted earlier, Gen Z individuals are comfortable sharing personal information with others, including their employers, making behavioral health and related benefits an opportunity for workplace benefits providers.

Benefits Communication Powered by Technology

Many workers are no longer physically located at their place of employment. This has forced carriers and other workplace benefits organizations to evolve and adapt, leveraging technology and decision support tools to educate and enroll workers in their benefits in contemporary ways. While remote and hybrid work models have several advantages, it disconnects workers from their employers and presents new challenges in aligning and delivering benefits that meet the needs of current and future workers. As such the benefits and delivery models that were mainstays of the business need to evolve to meet the needs of a changing workforce. According to the BEAT study, Gen Z's preferred benefits communication methods are: emails sent to their work email addresses; emails sent to personal email addresses; and online (internet, intranet or benefits portal).

These preferred methods are relatively consistent with other generations' preferences. However, the preference for methods such as text messages, videos, and social media is notably higher among Gen Z workers than their older counterparts. They are also much more likely to utilize mobile platforms as they learn about, enroll and use their benefits.

As noted earlier, younger workers are digital natives and lean heavily into digital experiences when it comes to their research and shopping experiences. They expect instant gratification, personalized recommendations, and "point-and-click" responsiveness. According to research conducted by NIQ, Gen Z is accustomed to "seamless, fast, and intuitive online interactions, meaning any lag in website performance, lack of mobile optimization, or difficulty in navigating platforms can quickly deter them. Additionally, their preference for personalized shopping experiences requires advanced data analytics and technology investments to track and anticipate their needs accurately." How accurately does this description reflect the current benefits engagement experience that is provided to Gen Z workers today? Where are the opportunities to engage younger workers in a more meaningful way? Connecting effectively with younger workers requires organizations not only to embrace digital strategies, but to create seamless, engaging customer experiences which prioritize value and authenticity in their offerings.

On the Edge of Tomorrow

The workplace benefits market continues to transform at an unprecedented pace. Yet despite the pace of change, one thing is certain: workplace benefits remain a key strategy for employers in the competition for talent and an important consideration that workers look for in potential employers. New needs and opportunities are emerging as the future benefits landscape will be driven by a holistic view of the worker, addressing a range of physical, mental, financial, societal, and professional wellness benefit needs. However, the products, services, and delivery methods will require new approaches to connect with tomorrow's workforce, including those relying on freelance and gig work as their primary sources of income. It is those who are on the edge of tomorrow who will lead the way in meeting the benefit needs of the workforce of the future.

Patrick T. Leary, LLIF - Corporate Vice President, Workplace Benefits Research, LIMRA and LOMA: senior research professional and leader focused on workforce benefits. Pat's team helps organizations develop and enhance their workforce benefits strategies by leveraging research-based insights.

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Relational Leadership Puts You On a Whole New Level

By Steve Clabaugh, CLU, ChFC

Relational leaders demonstrate that they care for their team members as much as the organization. They create, build and lead high-performance teams that consistently achieve excellence.

The first voluntary benefits case I enrolled was in 1987 for a small electrical contractor with about a dozen employees. We offered a package of fully underwritten products, including individual major medical, life insurance and disability. Since the employer wouldn't allow the employees time on the clock for enrollment, I had to meet with them before or after work. The employer made no contribution to the cost and only reluctantly agreed to deduct premiums from payroll (based on me manually calculating deductions and balancing the monthly bills for them).

Even with those obstacles, the employees really appreciated the offering, and it was a successful enrollment as I was able to write more than 30 applications. The employer was also pleased with the results as it helped keep employees from leaving to go to work for another employer for $.25 an hour more than they were paying. This was my first lesson about the original core value of the voluntary benefits industry.

Over the succeeding years, I have been privileged to witness and participate in the incredible growth of our industry. This growth has been not only the result of widespread acceptance by employers and employees but also the addition of a wide range of products and services offered.

In the early years we only had a few products of simple design and usually individually underwritten at that. Today the assortment of individual, group and non-insurance products is seemingly endless.

Some of the products offered today include: life insurance, disability insurance, accident insurance, cancer/critical illness insurance; long term care insurance; auto and homeowners insurance; pet insurance; investment accounts; trip purchases; legal services; mortgages and … I'm sure you can fill in many more options.

This was not always the case. Over many years we worked to develop effective ways to communicate the value to employers of offering voluntary products to their employees. It was a long slow education process and it wasn't easy – to say the least.

I remember a meeting several years ago with the Human Resources Manager of a large midwestern retail company with more than 2,000 employees. He laughed when we tried to present the importance of benefit offerings in recruitment and retention. He informed us that they had access to many more potential employees than they needed. They expected high employee turnover in their business and, if someone left the company, they had no problem replacing them quickly.

Recently, I took a look at their current recruiting materials and couldn't help but notice that their website is now focused on attracting new employees with a distinct emphasis on the range of benefits (10 distinct benefits to be exact) offered to employees, both company paid and payroll deducted. How times have changed.

TIMES HAVE CERTAINLY CHANGED!

Not only have employer attitudes changed but the whole voluntary benefits industry (carriers, brokers, administrators, etc.) continues to demonstrate its growth and maturity with major improvements including:

- Increased availability of simplified underwriting products
- More guaranteed issue products available (individual and group)
- Refined product designs focused on meaningful benefits
- Customization within product offerings to meet individual needs
- Cooperation among brokers, carriers, enrollment firms and billing administrators
- Improved transparency of claims administration
- Simplified billing of multiple products from multiple carriers on the same platform

Employers Are Facing a New Challenge Today That We Can Help Them Meet!

Well, it's not exactly a new challenge as employee turnover has long been a concern. But it's tougher than ever now, for a number of reasons. Some of these include: a low unemployment rate; supply chain issues; aggressive rising inflation; decreased interest in pursuing the trades as a career; widening gap between economic classes, divisive cultural issues; and more.

I have recently reviewed 5 different studies focused on what causes employees (especially high performing employees) to quit their jobs. Significantly, all 5 of them have been released over the past 6 months with some of them released within the same week. There were some similarities among the studies and some differences in their determinative causes and priority ranking. What was of most interest to me was the common conclusion reached by every one of the 5 studies.

More Than Anything Else, The Primary Reason Employees Quit Has To Do With Culture.

**For more detail and commentary about these studies request a copy of our FREE report "RLE and You... A Winning Combination."*

Relational Leadership was created and designed to help build positive, indeed championship, culture in all types of organizations. The principles of relational leadership have been tested, proven and taught by leaders going back to the beginning of the 20th century. They have progressed from A.P. Giannini to Grace Hopper to Donald Clifton to Roger Birkman to Michael Mescon to Jim Collins to Dave Moore to emerging leaders today who continue to learn, apply and improve the concepts.

Here's How You Can Help Your Employer Clients Create The Type of Relational Leadership Culture That Will Enable Them To Continue To Grow and Achieve in Today's Challenging Environment.

The good news is, there are many organizations and presenters who believe in and teach various approaches to relational leadership. A quick Google search brings up hundreds of them. While we believe in and promote the Relational Leadership Experience (RLE) program, we also believe that many more leaders are needed who practice and teach the basic concepts of relational leadership.

At RLE we are kicking off 2025 with several opportunities for you to learn about, apply the principles to your organization and refer our program to your clients. These opportunities are described in the advertisement in this issue of Voluntary Benefits Voice. I hope you will take advantage of them, but more importantly, I hope you will pursue a relational leadership program that you can believe in and promote. There is a huge potential impact for the voluntary benefits industry specifically and more importantly, for our nation's businesses and other organizations.

Best wishes for an outstanding 2025. As always, please feel free to contact me to discuss any questions, ideas or concerns you may have about relational leadership. We now have a new email address: relational.leadership@yahoo.com.

Steve Clabaugh, CLU, ChFC - started his career in insurance as a Field Agent, moving on to Sales Manager, General Manager, Regional Manager, Vice President, Senior Vice President, and President/CEO. A long time student of professional leadership, Steve created the Relational Leadership program that has been used to train home office, field sales associates, mid-level managers, and senior vice presidents.

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