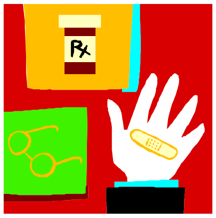

Benefits Newsletter

October 2011

Benefit Trends—Voluntary Products

As employers search for ways to reduce their budgets and cut their employees' benefits costs, they continue to recognize the need for supplementary benefits that can help their employees fill gaps in medical or disability coverages provided by employers.

Voluntary benefits are usually endorsed by employers but chosen by and paid for by the employees. They include supplemental long or short term disability insurance, supplemental life insurance and a wide range of medical and hospital supplemental coverages which can be group-rated for large employee groups or individually rated for single employees or small groups.

In today's environment, we are seeing a shift towards protection products that offset volatility and solutions that offer flexibility. The need for guarantees has become a compelling driver along with an increased awareness of risk. This movement towards worksite products, as employers search for cost-effective solutions, causes voluntary coverage to continue to grow in importance.

Individual Corner

- **Open enrollment is coming up for Medicare beneficiaries.**
- **Healthy or Qualifying Dependents of group insurance may find relief in premiums going to an individual plan.**
- **Have you evaluated your life insurance needs lately?**

Healthcare Reform

Because of its far-reaching effects, it is expected that health reform will compel employers to treat health benefits as a strategic issue, and the decisions they make may cascade more deeply into other parts of the business than they used to. To keep pace, businesses should expand both their view of benefit strategy and the scope of what they're prepared to do about it. Here are some things to start thinking about:

- Compliance requirements are significant. A superficial review of benefit provisions isn't enough this time. Employers should understand potential tax implications, new administration requirements, workforce changes, and talent issues.
- Net costs increases from 3% to 15% may prove common. Some business models that rely heavily on part-time or per diem workers may see costs swell as much as 30 to 50%.
- Deloitte research shows that the impact of reform and other changes will vary significantly by industry, sector, employee mix, benefit structure and other business characteristics. Employers that use part time employees, have unions or offer either generous or minimal benefits are likely to experience the largest total cost changes.