

Statements lauded for explaining hidden paycheck

WEB EXCLUSIVE

By Bruce Shutan

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Although benefits comprise 30% to 40% of an employee's total compensation, they're largely hidden from view, which can serve to undermine benefits appreciation.

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"Benefits statements are helping many employers today get greater value from the benefits they provide," according to Marianne Adams, assistant vice president of enrollment services for the Colonial Life & Accident Insurance Company, who mentions that they are provided at no cost by some carriers.

In essence, they offer a snapshot of an employee's total compensation, including employer contributions to various core and ancillary benefit plans from group medical to life insurance, as well as vacation time, parking, wellness center memberships and coverage made available on an employee-pay-all voluntary basis.

Benefit statements can fill an important need in the marketplace. For example, less than 19% of organizations think their employees have a very good understanding of their benefits, while nearly 5% think their employees know nothing at all about their benefits, according to a 2009 Colonial Life survey done in conjunction with the Society for Human Resource Management.

Also, a 2010 survey by Colonial Life parent company Unum that was published in the *Harvard Business Review* found that while 43% of HR leaders say their employees are satisfied with their benefits, just 30% said the same about their benefits communication and 23% admitted that this effort was considered weak.

Producer involvement

Adams says brokers and advisers can promote their use as a valuable communication tool in organizations that do not offer these statements in order to help their clients drive employee understanding of their benefit packages, as well as loyalty and retention.

Many producers are using employee benefit statements as a way to enhance their services, adds Doug Griffith, president of myBenefitStatements, a division of BusinessPlans Inc. "These statements clearly communicate value," he says. "Our surveys show that these statements result in an increased knowledge of employer offered benefits as well as improved appreciation for those benefits."

Employees need to have a good understanding of the benefits now more than ever. "Workers today have greater responsibility for benefits decision-making and many face changes in their plans as a result of health care reform," Adams observes. "Employers can use benefit statements to educate employees, communicate any changes in their plans and reinforce the value of the benefit packages they offer."

While Adams believes online benefit statements deliver important messaging in a cost-effective manner and generally add value, she says the paperless approach falls short without face-to-face education about the information contained in such documents. "The real impact in helping employees appreciate and understand their benefits comes through a personal benefit counseling experience, which allows them the opportunity to ask questions," she reports.

Adams says a multifaceted communication strategy not only increases plan participation, but also enables employees who understand the gaps in their personal benefit portfolio to better choose the right benefits to protect their families and lifestyles.

— *Shutan is a freelance writer based in Los Angeles.*

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