



Annual Enrollment Guide

Sponsored by Unum

Every year, millions of America's workers enroll in employee benefits through their workplace during a period known as annual enrollment. During this time, employees make crucial financial decisions for their families for the coming year and beyond.

This Enrollment Guide provides essential information about a variety of the most common employee benefits. In addition to basic benefits information, Unum also provides insights from consumer research conducted

in August 2019 among 1,512 U.S. full-time workers. Generational ranges and current ages of respondents can be defined as Gen Z: 18-22; Millennials: 23-38; Gen X: 39-54; and Baby Boomers: 55-73.

This document can help guide you through the often-confusing maze of options. While not every employer will offer all of these benefits, overviews of each will help inform you of what's available and make the decisions less stressful.

Employee Benefits Help Protect Families and Finances

America's workforce is financially fragile. Among full-time U.S. workers, 34% have less than \$1,000 in their checking/savings account and half have experienced stress or anxiety about their finances in the past year. These numbers are even higher among Gen Z (76%) and Millennials (62%).

While health insurance is often the primary focus for many employees, additional benefits often offered by employers — such as disability, accident and hospital insurance — can help safeguard a family's finances. Most employers offer a range of supplemental benefits — those you enroll in and pay for, generally with a payroll deduction — every year. As more employees opt for high-deductible health plans, there is a widening gap between what health insurance covers and what the employee is financially responsible for. Supplemental benefits can help to close this gap.



EMPLOYEES VALUE BENEFITS, BUT SPEND LITTLE TIME REVIEWING OPTIONS

Employees value the benefits offered by their employers and will seek work elsewhere for better options. Unum finds that 41% of workers would be extremely, very or moderately likely to leave their current employer for an employer with a more robust benefits package. This number was even higher among Millennials (57%) and Gen Z (65%).

Although employees value benefits offered, they spend little time reviewing their options — which they won't have a chance to elect again until the next annual enrollment. Nearly three quarters (72%) spend 45 minutes or less reviewing benefit options prior to enrolling.

How people feel about enrolling in their benefits:



Health Insurance

One of the biggest decisions during benefits enrollment is which health insurance to choose. Below are three common plan types and key features:

HIGH-DEDUCTIBLE OR CONSUMER-DRIVEN HEALTH PLANS HDHP/CDHP

may charge the lowest premiums but require a higher out-of-pocket deductible. These can be paired with a health savings account for additional money-saving tax benefits. An HSA allows you to set aside money — tax free — to help pay for qualified medical expenses. Any unused funds roll over from year to year with no penalty.

PREFERRED PROVIDER ORGANIZATION PLANS (PPO)

may charge higher premiums than other options but allow you to choose doctors and specialists; lower out-of-pocket expenses can be expected.

HEALTH MAINTENANCE ORGANIZATION PLANS (HMO)

may offer lower premiums but come with restrictions, such as a having a primary care physician coordinate your health care services.

YOUR BEST HEALTH INSURANCE OPTION DEPENDS ON VARIOUS FACTORS SUCH AS:

- How often you and your family visit the doctor.
- Whether you need costly prescription medications.
- How the monthly premiums and out-of-pocket expenses fit your budget.
- Whether you anticipate a change in your health care needs.
- Whether your preferred doctors and hospitals are in the network.
- What potential tax advantages contributions to an HSA may have for you.



WHO DOES IT AFFECT?

Under the Affordable Care Act, all U.S. residents are required to have health insurance, which can be purchased through the marketplace, or more often, through an employer.

WHY?

Health insurance helps to cover costs associated with medical care.

WHO PAYS?

Generally, a combination of the employer and employee; plans are selected annually during benefits enrollment.

Top causes for using health insurance:



53%

Unexpected illness or diagnosis



41%

Unexpected accident or injury



34%

Routine or planned surgery

39% have found it difficult to pay out-of-pocket health insurance deductible costs.



Millennials



Gen Z



62% have incurred out-of-pocket costs for medical care not covered by their health insurance.

Dental and Vision Insurance



Dental insurance can provide coverage for X-rays, exams and procedures, and it often covers preventive cleanings at no cost.

Vision insurance often provides coverage and/or allowances for eye exams, eyeglass lenses, contact lenses, frames and corrective surgery, such as LASIK.

Check with your health insurance provider to see if dental and vision insurance is part of your medical plan, and how comprehensive the coverage is. If your health insurance doesn't cover common dental and vision exams and procedures, most employers will offer it as a supplemental benefit at a relatively low cost to you.



WHO DOES IT AFFECT?

It's recommended to have a dental exam and cleaning every six months and an eye exam annually.

WHY?

Good oral and eye health is part of a healthy lifestyle and preventive cleanings and eye exams can often detect more serious health issues.

WHO PAYS?

Generally, a combination of the employer and employee with plans selected annually during benefits enrollment.



77% of U.S. working adults say their employer offers a dental insurance plan; **89%** are enrolled.



66% of U.S. working adults say their employer offers a vision insurance plan; **80%** are enrolled.



Disability Insurance



Disability is an often overlooked but essential part of any employee benefits program. The most important asset you have is your ability to earn an income. If you have an accident, illness or injury that prevents you from working, disability insurance replaces a portion of your income. Based on 2019 information from the Social Security Administration, just over 1 in 4 of today's 20-year-olds will experience a disabling illness or injury before reaching age 67.*

According to Unum research, 54% of workers could only pay their bills for three months or less if they were to lose their main source of income. This number is even higher among Millennials (70%) and Gen Z (78%).

Employees feel disability insurance is important. 76% of workers say employers should offer disability insurance.

SHORT TERM DISABILITY INSURANCE

Short term disability insurance can help you stay on top of medical costs, household bills and day-to-day expenses by replacing a portion of your normal income when out of work due to a covered accident, injury or illness. The ongoing payments are made directly to you, so you can use them however you need. A few of the top reasons employees utilize this benefit include maternity leave, injuries, joint disorders, back disorders and digestive disorders.



WHO DOES IT AFFECT?

Working adults of any age.

WHY?

Protects a percentage of income if you can't work for a period due to a covered injury, illness or childbirth.

WHO PAYS?

The employer, the employee or a combination of the two.

41% of U.S. working adults say their employer offers short term disability insurance; **65%** are enrolled.



LONG TERM DISABILITY INSURANCE

If you experience a covered illness or injury that leaves you unable to work for an extended period, long term disability insurance can pay a monthly benefit up to a certain percentage of your normal income (generally around 60%). You can use this benefit however you need, whether it's to pay out-of-pocket treatment costs or to cover personal bills and day-to-day expenses. Common reasons for using this benefit include cancer, back disorders and injuries.



WHO DOES IT AFFECT?

Working adults of any age.

WHY?

Protects a portion of your income if you can't work due to a prolonged covered injury or illness.

WHO PAYS?

Most often a combination of employer and employee; can increase percentage of salary covered with monthly payments.

40% of U.S. working adults say their employer offers long term disability insurance; **62%** are enrolled.



*<https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>



Not only is America's workforce financially fragile, 38% of U.S. adults rate their ability to manage finances as average, poor, or very poor. An additional 40% say they don't have or don't know if they have a life insurance policy to financially protect their loved ones. If the family's primary wage-earner were to die unexpectedly, 32% of those in their prime working years (25-64) would feel the financial impact within a month.

The most important reason for having a life insurance policy is to financially protect loved ones. If they count on the primary wage-earner's income or other financial resources, life insurance helps assure they're financially protected if that individual passes away. It can also cover funeral expenses, pay off debt, pay estate taxes and pay for common expenses such as a child's education, student loans, or a home mortgage.

TERM LIFE INSURANCE

Term life insurance can help your loved ones with financial needs after your death during the specified period of your coverage, usually during your working years. Benefits are payable if you die during the term or period you select, and payments stay level during the term period. In addition to day-to-day expenses, term life insurance can also help your loved ones pay for college, cover bills or fund retirement.



WHO DOES IT AFFECT?

Working adults with families reliant on their income.

WHY?

Financially protects family should you die unexpectedly; can help pay funeral expenses, mortgage, tuition and debt.

WHO PAYS?

Employer often covers a certain amount at no cost to the employee with the option for the employee to pay for increased coverage.

WHOLE LIFE INSURANCE

Whole life insurance provides a fixed coverage amount with premiums and benefits that won't change as you grow older. The policy can build cash value over time — which you can apply toward a paid-in-full life policy or even borrow against later. Other benefits include guaranteed coverage, family options, and early payouts for terminal illness.



WHO DOES IT AFFECT?

People who want coverage to stay consistent over their lifetime.

WHY?

Financially protects your family should you die unexpectedly; can help pay funeral expenses, mortgage, tuition and debt.

WHO PAYS?

Employee via payroll deduction.

65% U.S. working adults say their employer offers a life insurance plan; **76%** are enrolled.



Accident, Hospital, Critical Illness



With nearly half of U.S. workers enrolled in a high deductible health plan there is a widening gap between what health insurance covers and what the policyholder is financially responsible for. Supplemental health benefits like accident, hospital and critical illness insurance help to close that gap. This benefit offers a pre-defined amount to help pay for a range of services often not covered by health insurance plans.

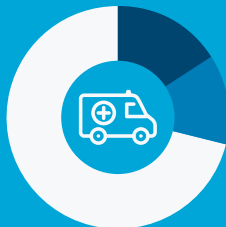
Many workers aren't meeting their annual deductibles. A significant number of Millennials (39%), Gen X (44%) and Boomers (45%) don't plan on meeting their health insurance deductible in 2019. Unum finds that 55% plan on spending more than \$500 this year on out-of-pocket expenses not covered by their health insurance, and nearly a third (29%) plan on spending more than \$1,000.

Since employees are responsible for more health care costs, 79% workers say their employers should offer supplemental benefits like accident, hospital and critical illness insurance. An additional 78% say it's important or very important their employers offer these types of benefits.

ACCIDENT INSURANCE

Accident insurance can provide financial benefits directly to you for urgent care and emergency room visits, ambulance and other transportation to the hospital, initial care and surgery, hospital stays and lodging expenses related to the accident and even follow-up care such as doctor's visits and physical therapy.

29% of U.S. working adults say their employer offers accident insurance; **52%** are enrolled.



WHO DOES IT AFFECT?

Everyone, especially those with high-deductible health plans with large out-of-pocket costs; families with kids or those who are active.

WHY?

Accidents happen unexpectedly, and so do their costs. This valuable coverage offers financial protection during often challenging times.

WHO PAYS?

Generally, a combination of the employer and employee; plans are selected annually during benefits enrollment.

HOSPITAL INSURANCE

Hospital Insurance helps protect your finances when there's a serious event that causes you to stay in the hospital. When you or a covered family member are admitted to the hospital, this coverage can pay a benefit directly to you to use as you see fit, whether to cover immediate medical costs and travel expenses, or to help keep the bills covered at home.

27% of U.S. working adults say their employer offers hospital insurance; **65%** are enrolled.



WHO DOES IT AFFECT?

Everyone, especially those with high-deductible health plans with large out-of-pocket costs; families with kids or those who are active; or pregnant women who are expecting to deliver their babies in a hospital.

WHY?

Offers financial protection during challenging time; closes gap between what HDHP covers and what you're responsible for.

WHO PAYS?

The employee via payroll deduction, employers, or a combination of the two.



CRITICAL ILLNESS INSURANCE

If a serious medical event strikes, your medical insurance may help with the bills, but there are still out-of-pocket costs to contend with. While disability insurance will generally replace around 60% of your income, that still leaves an income gap that additional supplemental insurance can help fill. Depending on the specifics of your plan, critical illness insurance can provide a lump-sum benefit for diagnoses such as heart attack, stroke, organ failure, cancer and renal failure.

15% of U.S. working adults say their employer offers critical illness insurance; **45%** are enrolled.



WHO DOES IT AFFECT?

All working employees who are concerned about the impacts of a serious health condition on either their income or expenses; employees with family history of illness/disease.

WHY?

Offers financial protection during challenging times; replaces a portion of your lost income not covered by disability.

WHO PAYS?

The employee via payroll deduction, employers, or a combination of the two.

Life Events



Although most benefits decisions are made during annual enrollment, life events during the year may trigger some necessary changes. Here are some life events and the benefits decisions that you may need to make:

GETTING MARRIED

- **Personal info:** If changing your name, file for a new Social Security card and use it to update your benefits information at work.
- **Coverage:** Most plans give you 30-60 days to add a new spouse or withdraw from coverage if you are currently covered under another plan. Check with your HR department for the specifics.
- **Beneficiaries:** Update your 401(k) and life insurance plans.
- **Other changes:** Create or update your latest will and testament.

HAVING A BABY OR ADOPTING

- **Coverage:** Most plans give you 30-60 days to add a new baby to your medical coverage. Consider purchasing disability and life insurance since your growing family likely depends on your income. Check with your HR department for the specifics where you work.
- **Beneficiaries:** Update your 401(k) and life insurance plans.
- **Other changes:** You may also want to adjust your federal and state withholdings, create or update your last will and testament, and talk to a financial planner.
- **Helpful resources:** Most companies offer an employee assistance program that can help guide you in the right direction. A great planning resource for new parents and HR professionals can be found at Unum.com/parents.

GETTING DIVORCED

- **Personal info:** If changing your name, file for a new Social Security card and use it to update your benefits information at work.
- **Coverage:** Most plans give you 30-60 days to remove a spouse or enroll in new coverage if you are no longer covered under another plan. Check with your HR department for the specifics where you work.
- **Beneficiaries:** Update your 401(k) and life insurance plans.
- **Other changes:** You may also want to adjust your federal and state withholdings, update your last will and testament, and emergency contact info. Your divorce agreement may have implications for your retirement benefits, so it might help to talk with a financial planner.
- **Helpful resources:** Most companies offer an employee assistance program that can help guide you in the right direction.



DEATH IN THE FAMILY

- **Leave:** A death in the immediate family usually requires time away from work. Familiarize yourself with your company's paid time off and bereavement policies. Most companies offer a couple of days to a couple of weeks away from the office.
- **Coverage:** If you have life insurance or an accidental death and dismemberment (AD&D) policy on the family member who has died, begin the process of filing a claim.
- **Other changes:** You may also need to adjust your federal and state withholdings, update your last will and testament, and update your emergency contact info.
- **Helpful resources:** Companies also often have life planning financial and legal resources available to enrollees in the company's life insurance plans. Be sure to review these benefits, which can include assistance with funeral logistics, transfer of accounts and other planning services. As this can be a stressful time, lean on your EAP service for tele-behavioral health services, financial planning or other key benefits.



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