



KNOW YOUR BENEFITS.

From Tilson HR

Educate Employees on the Importance of Life Insurance

Although life insurance is one of the most common employer-provided benefits, many employees do not appreciate its value. As an employer, you are well-positioned to educate employees on the importance of this coverage.

What's in it for you? Educating employees about life insurance can yield higher enrollment, greater appreciation for your benefits package and increased loyalty to the company. Many employees are not financially savvy, but are interested in learning. Financial education from their employer can foster a stronger company-employee relationship.

Why It's Important

Many employees have never considered life insurance, or think it is an unnecessary expense at this time in their lives. However, having life insurance is important for people of all ages and a few probing questions can help your employees think more clearly about their needs and benefits of coverage, such as:

- Are you the primary household income?
- Do you have a mortgage, college loans or other substantial debt that is unpaid?
- How would your family support themselves if you died?
- Could you (or your family) afford tens of thousands of dollars in medical bills and/or funeral costs?
- Who would have the burden of paying any debt or other financial responsibilities that you leave behind?

Getting employees thinking about these issues isn't fun, but is important so that they consider their financial responsibilities and take action to protect their loved ones in the event of a catastrophic accident or illness.

Despite realizing its importance, some employees still will be hesitant to spend the money on a new type of coverage. After all, economic times are still tough and many people are struggling just to pay their current bills. However, an argument can be made that tough financial times make it more important than ever to provide financial security for loved ones.

Teach the Basics

Regardless of what coverage you offer, teach employees the basics of life insurance, starting with the main types of coverage and the benefits and drawbacks of each.

Term

Term life insurance is coverage over a specified time period, though it can often be renewed or converted to a permanent policy. Term coverage offers a death benefit, but no cash value. It is a good option for people who can't afford high premiums but still want coverage, or people who have short-term coverage needs. Offered through your group policy, this can be very affordable for employees now, but offers less stability long term because premiums can greatly increase upon renewal.

Permanent

Any coverage besides term is a form of permanent life insurance; types include whole, universal and variable. Premiums for permanent coverage start out higher than term, but are usually more consistent throughout the life of the policy. In addition, this coverage offers a death benefit paired with a cash value savings component, so it is of more value later in life.

Emphasize that any coverage is better than no coverage, but that employees should think seriously about the financial needs of their loved ones should they die unexpectedly. Depending on the coverage available to employees, a combination of term and permanent coverage may be a good solution.

Promote Your Coverage

When teaching employees about life insurance, be sure to educate them on the specific coverage you offer as well. Provide ample information about the type(s) of coverage offered, the premiums, the benefit, enrollment requirements, restrictions and any other details they need to know.

In addition, be sure to sell employees on the advantages of buying coverage through your company. Not only will your employees appreciate the financial education you've provided, but they'll realize the value of the benefits your company offers. Advantages include:

- Lower rates through your group policy than if buying individual coverage
- No medical exam/review required for group policies (generally); this is in contrast to individual policies, which require medical reviews and may charge much higher premiums or deny coverage based on unfavorable results
- Convenience of purchasing at work instead of having to shop around

If you're looking to add life insurance coverage or change your coverage options, Tilson HR would be happy to assist you. Contact your representative today.