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ON THE JOB

Should You Buy 'Voluntary' Benefits

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Any benefit offered through the workplace can't be beat, right? Not so fast.

Employers are offering a growing number of so-called voluntary benefits, which employees can purchase through payroll deductions. Life insurance and disability coverage have long been sold through the workplace, but companies now offer everything from legal counseling and critical-illness coverage to long-term care insurance and estate-planning programs

The catch: You pay most or all of the cost of these plans, although often at a group discount. Some employers have even turned traditional health benefits like dental and vision care into benefits that workers must pay for themselves.

Employers want to "enhance the benefits offerings, but at no or little cost to them," says Maria R. Morris, senior vice president of institutional business for MetLife.

While some voluntary benefits sound appealing, they're not always as generous as you might think. Here's what to consider:

Not Always Cheaper

Some voluntary benefits, such as group health coverage and disability insurance, are cheaper at work for most people, in part because insurers take on less risk by insuring many people versus an individual, says **Abbie Leibowitz, co-founder of Health Advocate Inc.**, which advises patients on health-insurance issues. And group life coverage can be a great deal for people with health problems or risky lifestyles, because there's little chance they'll get turned down.

But long-term care insurance and term life insurance often can be found cheaper elsewhere, especially if you're young and healthy. One reason: Work-based plans generally don't require intensive underwriting or medical exams for such coverage. So unhealthy people gravitate toward these plans, and even healthy employees pay premiums based on the overall healthiness of the group.

Moreover, not all employer group plans are equally discounted. Large employers with more than 1,000 employees usually get better rates than small or midsize employers, because they have more leverage with providers and larger pools of recipients, says John Van Wie, partner of benefits-consulting firm Travers O'keefe. Smaller employers might have high rates because one or two employees file lots of claims.

Critical-illness coverage, which pays a benefit if the policyholder gets sick with a serious condition such as cancer or a heart attack, is also sometimes cheaper in the individual market. A group policy from MetLife that pays a lump-sum \$25,000 benefit if you get ill costs healthy nonsmokers in their early 40s about \$225 to \$250 a year, the insurer says. Some other plans pay out a flat payment depending on the care you need, such as \$100 for every missed day of work.

Weigh the Choices

Look into other options before you sign up for voluntary benefits at work. You might find more suitable - and cheaper -- choices than your employer offers.

Here's an example: Aetna's dental maintenance organization plan costs a family an average of about \$54 a month, Mr. Van Wie says. Premiums differ widely, of course, depending on many variables. But before you spend \$700 a year on dental coverage, you might explore other options.

You could buy a dental discount plan that charges a flat annual fee and then gives you access to discounted services if you stay in a network of dentists. The GE Wellness dental plan, offered by subsidiaries of General Electric, costs about \$160 a year for a family in Los Angeles, according to the site DentalPlans.com, which compares discount plans. The plan includes free checkups every six months, and then charges a discounted flat fee for various services, such as \$67 for a filling or \$500 for a crown.

So if your family rarely needs dental work, a discount plan might be a better option. But you have to do the math and know your needs.

On the other hand, getting legal coverage through your employer may be a steal. The premiums for the legal plan run roughly \$20 or less a month in many cases. This gives you access to lawyers who can help complete a real-estate deal (which might otherwise cost upward of \$1,500), prepare a will or do some defense work if you're sued.

Also see how much coverage your employer gives you automatically, Mr. Van Wie suggests. Some employers give a certain amount of life insurance or disability coverage free. You might want different coverage than the employer offers. You can shop for individual insurance and see what's available on sites such as Insure.com¹ and eHealthInsurance.com².

Know the Rules

Usually you sign up for voluntary benefits during open enrollment, when you pick your health plan for the coming year. Once you sign up, you're often locked into paying for the benefit for at least one year, sometimes longer.

Also, find out what the terms are if you leave your job. While most insurers allow a group policy to be converted automatically to an individual policy when employees leave, some require a whole new application, which can bump up the premium. In that case, you may be better off getting an individual policy.