



## NEWS RELEASE

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### **Economy affecting employee benefits**

***Survey shows half of employers have made changes to benefits plans.***

**COLUMBIA, S.C. (July 27, 2009)** — Half of employers say the economy has affected the benefits they offer their employees, according to a recent survey of employers conducted by Colonial Life & Accident Insurance Company.

Colonial Life surveyed more than 750 human resource managers and benefits administrators at the annual conference of the Society for Human Resource Management in New Orleans in July. Employers were asked about the economy, the benefits they provide and how well their employees understand those benefits.

Employers reported making the following changes to their benefits plans as a result of the current economic climate:

- 26 percent increased contributions from employees
- 12 percent eliminated benefits
- 12 percent offered employee-paid voluntary options
- 10 percent added benefits
- 9 percent increased employer contributions

“Today’s economy is forcing employers to make tough decisions regarding their benefits plans,” says Tom Gilligan, senior vice president for Colonial Life. “They’re trying to strike a delicate balance between meeting employee needs and controlling costs.”

Employers also reinforced how important they believe it is for employees to understand and appreciate their benefits. More than 92 percent of employers surveyed said it was very important to their business that employees understand and appreciate the value of their benefits. However, less than 19 percent of employers think their employees have a very good understanding of their benefits. And nearly 5 percent think their employees know nothing at all about their benefits.

“These findings reinforce what employers have been telling us for a while and validate last year’s survey findings,” says Gilligan. “Employers recognize that employee benefits have a profound impact on morale and job satisfaction. However, they don’t have the resources or time to effectively educate employees about their benefits. Making benefits communication a strategic business priority is a real challenge.”

(more)

### **Other Findings**

The survey revealed several other interesting findings:

- Nearly 42 percent of employers are considering changing their benefits packages in the next 12 months.
- Nearly 90 percent of employers think having one-to-one meetings between a benefits counselor and each employee would significantly improve their employees' understanding of their benefits.
- More than 60 percent of employers say they would consider adding employee-paid voluntary benefits to enhance their benefits plans.

“More and more employers are discovering the advantages offered by voluntary benefits,” says Gilligan.

“Partnering with a company that can enhance the education and communications process at no cost to employers just makes good business sense in today's economy.”

Colonial Life & Accident Insurance Company is a market leader in providing insurance benefits for employees and their families through their workplace, along with individual benefits education, advanced yet simple-to-use enrollment technology and quality personal service.

Colonial Life offers disability, life and supplemental accident and health insurance policies in 49 states, the District of Columbia. Similar policies, if approved, are underwritten in New York by a Colonial Life affiliate, The Paul Revere Life Insurance Company. Colonial Life is based in Columbia, S.C., and is a subsidiary of Unum Group.

For more information about voluntary benefits, call Colonial Life at (803) 798-7000 or visit [www.coloniallife.com](http://www.coloniallife.com).

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