



Annual Enrollment Guide

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45% of Americans found it difficult to pay out-of-pocket health insurance deductible costs. These numbers were even higher among **Millennials at 56%**



The average cost of a 3-day hospital stay is **\$30,000¹**

Every year, millions of U.S. workers enroll in employee benefits through their workplace during annual enrollment.

Choosing your benefits is one of the most important financial decisions you'll make for you and your family over the course of the year.

Insurance benefits provide valuable coverage for many of life's common—but unexpected—health events. Even the best medical insurance won't cover all your out-of-pocket costs for illnesses and injuries, especially with today's high-deductible health plans.

This guide can help you navigate the often-confusing maze of options. While not every company will offer all these benefits, overviews of each will help inform you of what's available and how to decide what you need.

As we continue to live and work through a global pandemic, it's especially important to evaluate and understand what insurance benefits you need to protect your finances, family and future.

Protecting families and finances



People are financially vulnerable—a problem heightened because of the pandemic. The pandemic has caused financial stress or hardship for three in five U.S. workers, and half (51%) think this will continue through next year.

Among full-time U.S. workers, 40% have less than \$1,000 in their checking or savings accounts. It's even higher among women (49%), Millennials (43%) and Gen Z'ers (61%). These groups may be most at risk should they experience an unexpected health event that requires medical attention or being away from work to receive treatment and recover.

Major medical or health insurance is the most highly valued and frequently offered benefit. But even the best

medical insurance likely won't cover all your out-of-pocket costs, including minor illnesses and injuries.

As more employees choose high deductible health plans (HDHPs), there is a widening gap between what health insurance covers and the employee's financial responsibility. Other insurance benefits, including supplemental health insurance, can help bridge this coverage gap to help you better protect your finances.



In the previous five years, **57%** have used their health insurance for medical treatment other than preventive screenings

OPEN ENROLLMENT HAS WORKERS' ATTENTION, DUE TO COVID-19

Historically, many workers glossed over their options or renewed the same benefits as previous years. This year's open enrollment is unlike others, due to the global health pandemic.

Two out of three workers (64%) plan to pay more attention to their benefits, spend more time reviewing their options and understanding their coverage. More than one in three workers (36%) plan to enroll for the first time or increase their

coverage in various benefits. These include life insurance (27%), hospital insurance (14%), short- and long-term disability insurance (12%) and critical illness coverage (12%).

Nearly nine out of ten employees (88%) spend less than an hour reviewing their benefits prior to enrolling. Unum experts advise spending longer, since you won't have a chance to elect again until the next annual enrollment unless you have a major life event such

as a getting married, having a baby or adopting, getting divorced, or experiencing a death in the family.

Research how much cash you have on-hand in case of a medical emergency, understand how long you can afford to live without an income if you get sick or injured and can't work, and analyze how much risk you're willing to take without certain protections.

Health insurance

One of the biggest decisions during benefits enrollment is which health insurance to choose.



THREE COMMON PLAN TYPES:

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 (HSA) 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 will have lower out of pocket expenses.

Health maintenance organization plans (HMO) may offer lower premiums but come with restrictions, such as 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 within 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

TOP CAUSES FOR USING HEALTH INSURANCE:



45%

Unexpected accident or injury



42%

Unexpected illness or diagnosis



37%

Routine or planned surgery

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

Dental and vision insurance



DENTAL INSURANCE

Dental insurance helps manage the cost of dental care and promotes overall health with comprehensive benefit plans and a large national network. Standard dental plans provide coverage for cleanings, exams, x-rays and other preventive services at little or no cost. Additionally, most dental plans will cover other restorative services such as fillings and root canals and may even offer coverage for orthodontia.

WHO DOES IT AFFECT?

Individuals and their families (it's recommended to have a check-up every six months)

WHY?

Good oral health is a part of a healthy lifestyle, and regular exams and cleanings can often detect more serious issues early

WHO PAYS?

The employee or a combination of the employer and employee; selected annually during benefits enrollment



67% of U.S. working adults say their employer offers a dental insurance plan; **90%** are enrolled

VISION INSURANCE

Vision insurance offers coverage for routine exams and reduces out-of-pocket expenses for materials such as eyeglass lenses, frames and contact lenses. Access to a large national network provides more savings and additional discounts for purchases or even corrective surgery, such as LASIK.

WHO DOES IT AFFECT?

Individuals and their families (an exam is recommended at least once a year)

WHY?

Good eye health is a part of a healthy lifestyle and regular screenings can often detect more serious issues early

WHO PAYS?

Generally, the employee; selected annually during benefits enrollment



58% of U.S. working adults say their employer offers a vision insurance plan; **81%** are enrolled

Disability insurance

Often overlooked, disability insurance is an essential part of your financial plan.



The most important asset you have is your ability to earn an income. If you have an illness or injury that prevents you from working and earning an income, disability insurance replaces a portion of your paycheck. 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 67.² Those chances could be even higher amid today's pandemic.

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.³

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



32% of U.S. working adults say their employer offers short term disability insurance; **69%** 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.

A few of the most common reasons employees use this benefit include cancer, injuries, back disorders, cardiovascular issues or joint disorders.³

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?

The employer, the employee or a combination



30% of U.S. working adults say their employer offers long term disability insurance; **63%** are enrolled

Life insurance

Life insurance helps protect your loved ones financially, especially if they count on your income.



Most people don't understand how much life insurance they need—and 45% don't have or know if they have life insurance. In nearly half (48%) of households, the death of a family's primary wage-earner would cause financial strain in less than three months. Nearly one in four people (22%) will consider increasing their life insurance coverage this year.⁴ Life insurance can help your loved ones pay ongoing living expenses, debts, medical bills and funeral costs, in addition to future needs such as college tuition or retirement.

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 while insured, and additional benefits are often available if you die or are severely injured in an accident. In addition to day-to-day expenses, term life insurance can help your loved ones pay for college, cover bills or fund retirement. Coverage for the employee's spouse and children is typically available as well.

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



58% U.S. working adults say their employer offers a life insurance plan; **79%** are enrolled

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 build cash value and stay consistent over their lifetime

WHY?

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

WHO PAYS?

Employee via payroll deduction



22% plan to increase their coverage because of the pandemic⁴

Accident, hospital, and critical illness insurances



The average health care deductible for single coverage was nearly \$1,500 last year, and almost twice that for family coverage.⁵ Add in co-pays, coinsurance and other noncovered costs, and an average family has more than \$4,700 in out-of-pocket medical costs each year.⁶ That's not counting the cost of health insurance premiums.

High deductible health plans are rising in popularity—more than half of U.S. workers (53%) are likely to enroll in one next year. With a high deductible health plan comes a widening gap between what health insurance covers and what you are financially responsible for.

Supplemental health benefits like accident, hospital and critical illness insurance help to close that gap. These benefits pay a pre-defined amount to help cover a range of services which may not be covered by health insurance plans.



19% of U.S. working adults **were hospitalized** at least once in the last 5 years

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.

WHO DOES IT AFFECT?

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

WHY?

Offers financial protection to help cover the cost of unexpected accidents

WHO PAYS?

The employee via payroll deduction, employers, or a combination



25% of U.S. working adults say their employer offers accident insurance; **60%** are enrolled



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 is admitted to the hospital, this coverage can pay immediate medical costs, prescriptions, travel expenses, childcare or help pay the bills at home.

WHO DOES IT AFFECT?

Everyone, especially those with high deductible health plans (HDHPs) 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; helps close gap between HDHP coverage and what you're responsible for

WHO PAYS?

The employee via payroll deduction, employers, or a combination



27% of U.S. working adults say their employer offers hospital insurance; **64%** are enrolled

CRITICAL ILLNESS INSURANCE

If you face a serious diagnosis, your medical insurance may help with the bills, but there will also be out-of-pocket costs. Depending on the plan, critical illness insurance can provide a lump-sum benefit for diagnoses such as a heart attack, stroke, organ failure, cancer, renal failure, Alzheimer's disease, ALS and more. If these conditions run in your family, it's a good idea to consider enrolling in critical illness insurance.

WHO DOES IT AFFECT?

All working employees who are concerned about the impacts of a serious health condition; employees with family history of illness or disease

WHY?

Offers financial protection during challenging time; benefit can be used any way you see fit

WHO PAYS?

Employee via payroll deduction, employers, or a combination



14% of U.S. working adults say their employer offers critical illness insurance; **57%** are enrolled

Life events

Although most benefits decisions are made each year during annual enrollment, life events during the year may trigger some necessary changes.



GETTING MARRIED

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

GETTING DIVORCED

- **Personal information:** If changing your name, file for a new Social Security Card and use it to update your benefits information.
- **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.
- **Beneficiaries:** Update your 401(k) and life insurance plans.
- **Other changes:** You may also want to adjust your federal and state withholdings and 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.



Most companies offer an employee assistance program (EAP) which can help guide you through major life changes.

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.
- **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:** A great planning resource for new parents and HR professionals can be found at Unum.com/parents.

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 time away from the office.
- **Coverage:** If you have life insurance or accidental death and dismemberment (AD&D) coverage on the family member who passed, 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 emergency contact information.
- **Helpful resources:** Companies 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.



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All statistics included in this guide are from consumer research, sponsored by Unum and administered by DYNATA, conducted in October 2020 among 1,500 full-time U.S. workers, unless otherwise noted. 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.

1 [Healthcare.gov](https://www.healthcare.gov/why-coverage-is-important/protection-from-high-medical-costs/) (2019) "Protection from High Medical Costs" (2019) <https://www.healthcare.gov/why-coverage-is-important/protection-from-high-medical-costs/> accessed Oct. 2020

2 Social Security Administration "Fact Sheet" (2019) <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf> accessed October 2020

3 Unum internal claims data (2019)

4 Unum "Life Insurance Consumer Study" (2020)

5 International Foundation of Employee Benefit Plans "Employee Benefits Survey: 2018 Results" (2018)

6 Milliman "Milliman Medical Index Report" (2018)

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