




Why Life Insurance Matters

Life insurance is a crucial financial tool that provides peace of mind and security for individuals and their loved ones in times of need. It serves as a financial safety net, ensuring beneficiaries are financially supported after the policyholder's death. Individuals often purchase life insurance to protect their families in this way, and it's also a significant component of employment benefits. In fact, life insurance is one of the most common employer-provided benefits.



At least 3 in 4 American adults have some form of life insurance, and 1 in 4 adults is covered solely by an employer-based life insurance policy, according to a Forbes Advisor survey.

Employer Approaches to Life Insurance

Employers can take a couple of approaches to life insurance. They may provide fully sponsored group life insurance or offer group life insurance as a voluntary benefit. Organizations often offer a base-level group term life insurance that is paid partially or fully by the employer and give an option for the employee to add more coverage.

Group life insurance may seem like an easy decision for employees since the employer has already done the research and selected policy options. Life insurance may seem confusing, so offering group life means employees don't have to research or compare policies on their own. Providing this type of life insurance is often

an affordable way for employees to establish a policy. Individuals can also purchase personal health insurance on their own or obtain coverage personally and through their employers. Policyholders often carry coverage through both avenues.

Why Employers Should Care About Life Insurance

Employers play a vital role in the lives of their employees by providing benefits such as life insurance. In turn, offering this insurance as part of their benefits packages can have several advantages for the company:

- **Enhanced employee financial wellness** — More employers are taking a holistic approach to employee well-being and supporting financial wellness through various efforts, such as offering life insurance and financial education. Employees who are secure in their finances are more likely to be satisfied, engaged and productive in the workplace.
- **Increased employee attraction and retention** — One of the primary reasons employers offer life insurance is to attract and retain top talent. Potential employees are drawn to companies that provide robust benefits, and life insurance is often a deciding factor when individuals choose between job offers.
- **Boosted employer brand** — Offering life insurance in its benefits package can enhance a company's reputation as a responsible and caring employer. This positive image can have far-reaching effects, including improved relationships with clients, partners and the community.

- **Tax advantages** — One of the most notable advantages of employer-provided group life insurance is the favored tax treatment. Employer-paid premiums for employee group life insurance can sometimes offer tax advantages.
- **Cost-effective coverage** — With all employees under one contract, a bulk coverage purchase of group life insurance is more cost-effective for employers. Policies provide coverage at a lower cost per employee than individual life insurance policies. Since premium rates are based on the collective risk of the group, group life insurance can be an affordable benefit to offer.
- **Convenient enrollment process** — The insurance company provides the necessary information and enrollment forms, so all employees must do is designate a beneficiary. This also means the enrollment process is simple and convenient.
- **Efficient benefits administration** — Group life insurance policies can streamline the administrative process for employers. With group coverage, there's no need to monitor and manage individual policies for each employee, making it easier for employers to sponsor the insurance program.

Offering life insurance as an employee benefit requires thoughtful consideration by employers. Choosing coverage based on employee needs and demographics and effectively educating employees are crucial in providing a valuable benefit that supports the workforce and a company's overall compensation package. By assessing these factors, employers can enhance their employees' financial security and well-being. Contact us to learn more about life insurance.