

Mitigate inflationary impacts and protect families with voluntary benefits

While the price of eggs seems to be normalizing, inflation is still real. The June 2023 CPI for All Urban Consumers shows a 4 percent annual inflation rate.¹ And while we are seeing some easing, the rate is still uncomfortably high for many – including those living on tight budgets with less disposable income. Inflation can impact employees with moderate incomes more significantly than those with more generous incomes because a greater portion of their income is spent on necessary goods and services such as food, gas, health care etc.

The impact is real, with individuals and families needing to make decisions – and sometimes challenging ones – about what purchases to make and which to forgo. Even among those who have not had to make difficult decisions, there are daily impacted decisions – do we buy the name-brand, select-a-size paper towels (my indulgence) or the store brand?

While some decisions are probably not monumental, others can be. For example, do you wait to see if that sore throat goes away or seek care right away? If your child falls and is complaining of a sore wrist, do you go to urgent care or put ice on it and wait overnight to see if the swelling goes down? Each family's decision is personal, but no one wants to be unable to seek the care that they feel is appropriate.

Voluntary benefits can help

While voluntary benefits plans can't fix inflation, they can help employees hedge against the impacts and be more financially comfortable with making timely decisions about their health and that of their loved ones. And with some voluntary benefits, that peace of mind can even extend beyond your partner, spouse and children.

Let's look at an example of how a plan could work.

Written by

Lydia Jilek
Securian Financial
Voluntary practice leader



Accident

While out biking, you spot a beautiful field of flowers, lose your concentration and go over the handlebars. You pick yourself up, shaken, thankful you were wearing your helmet, and walk your bike home – wondering if you feel shaky because of adrenaline or if you have a concussion. And if you are anything like me, that also makes the soreness in the shoulder that hit the ground first worse too!

You know that you have a high deductible and that your HSA balance won't cover the full amount of an urgent care visit. But then you remember that you have accident insurance through your employer. You ask your neighbor to drive you to urgent care since this isn't an emergency. Thankfully you learn that nothing is broken – but you do have a concussion. Your accident plan will provide a benefit for the urgent care visit as well as for the x-ray and the concussion. And, more importantly, you have peace of mind (and a good neighbor).

These payments can help offset your deductible and any coinsurance – making the sting of the accident and cost of the urgent care visit less of a pinch to what may already be a stretched budget.

Hospital indemnity

Voluntary benefits can help your budget and combat the effects of inflation as you are looking at a planned hospitalization such as for a pregnancy.

Let's look at another example.

Mary and her wife are expecting their first baby early next year, so Mary signs up for family coverage under the hospital indemnity plan offered by her employer. After the birth of a healthy baby boy, she files a claim under her certificate and receives a benefit that includes a payment for her first day in the hospital as well as a payment for each subsequent day until discharge.

Many carriers also now offer a benefit for the newborn and will cover ongoing hospitalization if either the birthing parent or the newborn needs to spend additional days in the hospital (up to the plan limits).

As you can see, this allows Mary to budget better and the benefit can be used to help offset her deductible and coinsurance or the rising cost of diapers and wipes!

Carriers may also offer additional features that can be helpful to insured employees adding to their families.

For example:

- Coverage that helps employees as they navigate the fertility, maternity and child rearing path through age four years
- Leading carriers may even offer a benefit that allows employees to file a hospital indemnity claim once gestation reaches 36 weeks and receive the initial confinement benefit and a three-day hospitalization benefit

Premiums for voluntary benefits are generally modest – well under the cost of that maligned cup of coffee per day – and can be a hedge against unexpected (and some expected) expenses.

Stay safe out there – but rest assured that your voluntary benefits package will have your back.

1. www.bls.gov/news.release/pdf/cpi.pdf.

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