



FMI Voluntary Benefits Exchange

In alliance with Aflac and VBS

Food Marketing Institute (FMI), in cooperation with Aflac and Voluntary Benefits Solutions Corp. (VBS) is rolling out an exclusive voluntary benefits program for its members and their employees. The program, called the FMI Voluntary Benefits Exchange (VBExchange), is a special new voluntary supplemental insurance program tailored to food retailers, wholesalers and suppliers. Because of the enormous aggregated volume of employee groups associated within FMI's membership, VBExchange, through Aflac and VBS, is able to deliver premium voluntary supplemental insurance products to FMI members at the lowest possible rates.

VBS and Aflac will help interested FMI members determine the list of benefits they would like to make available to their employees. VBS will then arrange for Aflac's most experienced agents to conduct benefit reviews with individual employees at their workplaces. Because personal benefit reviews are conducted during business hours, employers will be reimbursed, by VBS, for the time their employees spend in their reviews.

Why Voluntary Supplemental Benefits are so Important Now

Employees across the country have increasingly been asked to share in rising healthcare costs as the healthcare market shifted from defined benefit to defined contribution. As this transition happened throughout the 1980s and 90s, the 401(K) also became a household name, replacing the traditional pension.

Since then, with the implementation of healthcare reform, the High Deductible Health Plan (HDHP) has become the fastest growing plan. However, many employees enrolling in this type of plan do not understand the risk they assume when choosing it. Consequently, the average family has been forced to balance the competing demands of healthcare coverage and day-to-day living expenses, leading many to select policies with out-of-pocket maximums of \$5,000 to \$10,000. (*It's interesting to note that this demographic typically has less than \$1,000 in savings and represents 50% of employees nationwide.*) While desperately trying to keep their monthly premiums low, these families have greatly increased their financial exposure by subscribing to plans with higher copays and deductibles. The higher out-of-pocket maximums associated with the plans they choose cause many to avoid seeking the very medical care for which they were insured.

As a result of these rapidly evolving trends, employee-paid voluntary benefits have emerged as a core component of a company's overall benefits package. These benefits provide a timely cost-effective solution to help fill gaps in medical coverage and reduce the financial risks employees accept when enrolling in lower-cost, but higher-deductible, health plan options.

As an all-new benefits offering, VBExchange provides FMI members with an economically sensible solution to help their employees reduce personal financial exposure and feel more confident about their futures. Here's how the program works:

VBExchange's value-added services and solutions

From educating your employees about benefits choices to enrollment and administration, VBS works with each member to customize a program according to their company's needs.

National Program with Dedicated Service Team

FMI members have a dedicated Aflac service team available to conduct personal benefit reviews, explain all forms of coverage, assist with claims and follow up to ensure satisfaction and quality.

Discounted Rates & Preferential Underwriting for FMI Members

Aflac and VBS designed the program specifically for FMI's vast membership, so that members receive advantageous pricing, unique underwriting concessions and complimentary services that are not available otherwise. These services include:

- Special low rates – an industry code waiver that categorizes FMI-member employees in a lower (most-optimal) product rating class;
- Guaranteed availability – Aflac's core products will be available on a special guaranteed-issue basis; and
- Higher dollar amounts granted – amounts granted on Aflac's Critical Illness policy are increased by 33% to 200% over their standard offering, depending on group size.

Unique Benefit Package for Permanent Part-Time Employees

Through VBExchange, permanent part-time employees have access to the same voluntary benefits and corresponding discounted rates and preferential underwriting that full-time staff receives.

Personal Benefits Review and Employer Reimbursement

VBS is providing dedicated-benefits counselors to educate employees in a personalized consultation, to help them in choosing benefit options that meet their individual needs.

Additionally, VBS is reimbursing each member company for the time employees spend receiving their personal benefits reviews.

Employer Tax Savings

Voluntary benefits reduce employees' taxable income, thereby reducing employers' share of FICA and FUTA taxes, which can provide a significant tax savings.

Affordable Coverage

VBExchange offers a variety of affordable voluntary benefits options that include coverage for disability, accidents, illness, physician visits, hospitalization and critical illness. Since these plans can be pre-taxed, the impact on employee paychecks is 22% to 35% less. In addition, several plans pay cash benefits, on an annual basis, for routine physicals/exams. This puts cash back in the insured's pocket even if their comprehensive health plan covers them.

Portable and Rate Stable Benefits

Employees pay the same rate for as long as they keep their coverage, regardless of claims paid. The policies are portable, so employees can keep them at the same rate regardless of change in employment.

Summary

As rising costs of major medical insurance force many companies to decrease staffing, reduce medical plan benefits and increase employee contributions, VBExchange helps employees supplement their benefits coverage in a cost-effective manner. Making voluntary benefits available along with employers' comprehensive medical insurance plans helps employees reduce their financial exposure. VBExchange is exclusive to FMI members, encompasses a wide range of benefit offerings and comes at no direct cost to the member company. Members are reimbursed for their employees' time and gain access to levels of benefits and pricing, not available previously

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