

## Cultivating Ancillary Benefits



# Legal Plans Represent Winning Proposition for Employers & Employees



by Alan Fearnley

In a recovering economy, it can be hard for employers to budget financial rewards. Companies are offering employees everything from health spa memberships, to pet insurance, to discounted airline tickets. Tom Yopp, vice president of administration for the Hendricks Automotive Group had a lot of options when he was looking to enhance the company's voluntary benefit package.

Hendricks, a Charlotte N.C.-based company, operates 92 auto dealerships across the country. The company, which is highly selective of its benefits offerings, wanted to add a benefit that could help employees with the problem areas of their lives.

Yopp said Hendricks' leadership team knew that the employees, like all people, regularly encounter legal situations and issues that they don't know how to handle. He added that these issues often bleed over into the workplace, affecting employee attitudes and performance.

"The more we researched options, the more we realized that a legal protection plan made a lot of sense. People have health insurance, property insurance, life insurance and disability, and the like, but most people don't have any help in dealing with the legal issues they face over course of their lives," Yopp said.

Yopp's assessment is correct. More than 57 million full-time working Americans experienced at least one legal event in the past year and nearly half faced their legal issue without professional help, according to a new national study sponsored by LegalShield and conducted by the research firm Decision Analysts. That figure rises to 70% of the country's total population when you include non-working Americans — those unemployed, retired and disabled, according to the American Bar Association.

Even more troubling are figures in the Legal Needs of American Families Study. The study reveals that nearly half of working Americans who experienced a legal issue last year did not seek professional advice or assistance for even serious concerns, such as IRS audits, arrests for DWI, or identity theft. Study participants said they were reluctant to seek professional legal help because of cost, confusion, and fear.

"The study confirmed what we've

known intuitively for a long time. Too many American workers are facing significant legal challenges alone and the impact goes far beyond their personal lives. It affects them at work as well.

Stresses brought on by personal legal issues are indeed taking a toll on employee productivity and morale. Personal issues, such as divorce, bankruptcy, and child custody issues cost American

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businesses more than \$300 billion in lost hours due to absenteeism, lost productivity, and morale issues, according to the American Institute of Stress. The Legal Needs Study reveals that 66% of American workers who experienced a legal event in the past year took at least one day off from work to deal with it. Ninety percent said they were distracted at work and that their legal issues affected their productivity and attitude.

Yopp of Hendricks Automotive Group said, "Productivity was not the main reason we decided to offer a legal plan. But we knew that would be one of the benefits for us. We knew this would be a way to help our employees avoid or deal with legal situations before they became big issues that would affect them at work."

Yopp says that about one-fifth of

Hendricks' 5,000 benefit-eligible employees are enrolled in the company's legal plan. Employees pay the entire cost of the plan, which is less than \$20 per month. Yopp says that informal feedback reveals that employees are pleased with the benefit. "We think the take rate by our employees is a good indicator of its popularity, and we know they are using the plan and that the services provided have been very helpful," Yopp said.

Although the legal plans are among the fastest growing voluntary benefits, they're still largely unknown among most American workers. The Legal Needs Study reveals that only 10% of American workers have access to a legal plan through their jobs. Even more surprising is that nearly two-thirds of American workers don't even know that legal plans exist.

The study does show that when

legal plans are explained, more than 60% of American workers say they would be interested in enrolling at their own expense. The number jumps to more than 70% if the cost is split 50/50 with their employer.

Legal plans are where health insurance was 40 years ago. We have a lot of work to do in terms of educating employers and employees about the value of having legal plans. But the more employers and employees learn about how legal plans work, the more popular they will become. We know that once someone enrolls in a legal plan, they use it quite frequently.

The new study points out that 70% of workers enrolled in legal plans use the plans at least three times and nearly 75% of workers say they are very satisfied with the services provided and the overall experience.

Yopp said that, when choosing a benefit provider, Hendricks Automotive Group looked for an established company with a proven track record of providing quality services. He said the company also needed a provider that could deliver services in 13 states that span from the East to West Coast. Under the plan Hendricks offers, employees pay less than \$20 a month to have nearly unlimited access to dedicated law firms in their home states. Plan attorneys have an average of 19 years of experience in the areas of law — family, financial, and estate planning, wills and medical directives, tax, real estate, etc. — areas that affect individuals and families the most. With one call, employees are connected with an attorney to discuss their legal problems or needs no matter how serious or trivial the issue.

The Legal Needs Study reveals that, if legal service were more affordable, 90% of American workers would seek legal assistance for issues as small as a traffic ticket or the review of a rental agreement. Respondents reported paying an average of \$284 an hour for legal help with 24% reporting in excess of \$400 per hour.

Yopp said, "One of the things that we found most valuable is that having a legal plan allowed our employees to get help with the little things that can make life very stressful. A land-

lord may be totally unresponsive to returning a security deposit, but if an attorney sends a letter, those things usually get resolved pretty quickly."

Legal plans with dedicated firms also make it easy for employees to find a qualified attorney when they need one. More than two-thirds of American workers wouldn't know a particular lawyer to call if they needed one. Ninety percent find a lawyer randomly through an online search or through some sort of advertising. Nearly 75% of American workers say they are hesitant to call an attorney for reasons ranging from worrying about the cost to being fearful that a lawyer will take advantage of them.

"Employees don't usually say much when a benefit is useful and is meet-

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ing their expectations. But, believe me, we hear a lot from them when service is poor. I think the fact that we don't have any complaints about our legal plan is a good indicator it's meeting their needs," Yopp said.

Yopp said that the ultimate payoff for companies who offer legal plans is in the improved attitudes and perceptions that employees have about their employer. The Legal Needs Study reveals that 93% of American workers have higher job satisfaction when their employers offered legal plans.

"I think it's been a very good thing for our company. We've been able to help employees deal with issues that cause major stress and worry in their lives. As a result, those employees are more focused and productive and are happier in their jobs." □

*Alan Fearnley is the president and Chief Commercial Officer of LegalShield.*