

# FYI® Roundup

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### Recent research in HR and employee benefits 2019 – summer edition

Our summer roundup highlights recent research publications relevant to HR and employee benefits. This issue tracks the latest on compensation, health, wellness, international/global benefits, leadership, retirement planning, and DC plan investing. It also captures the growing impact of student loan debt on the workforce and needed employer support for caregivers and disabled employees.

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### Compensation

The minimum wage debate continues to foster research advocating support for lower-wage earners. Recent research suggests that employers not only consider salary increases but provide financial wellness tools to relieve stress and help meet savings goals.

[Rise with the Raise](#) – Focuses on financial wants and needs of lower-wage workers. The research is intended to help employers understand the unique financial challenges employees earning \$60,000 or less face regarding debt and opportunities to save. It also explores how financial stress impedes their work and how fostering financial security can reduce stress, increase productivity, lower healthcare costs, reduce turnover, and foster employee loyalty. Recommendations include offering split direct deposit for savings and checking accounts, providing financial tools that address unique needs, and increasing wages to promote opportunities to save. (Building Commonwealth, 2019.)

**Note:** registration required to download the report)

### Health & welfare

Latest research on employee health and welfare issues addresses the overall health of the millennial generation (now the largest generation in the labor force), behavioral health trends and satisfaction with health plans, and giving employers insights about program design. Leave integration remains an

area of concern due to its impact on productivity, and linking health needs with retirement savings underscores the interrelationship of benefits to employee well-being both pre- and post-retirement.

The Health of Millennials – Examines the health condition of American millennials based on an index that quantifies the health of a population. The study identifies the top ten conditions affecting millennials and compares them with Gen Xers and geographic regions. The study found that millennials are facing health challenges at earlier ages than previous generations and more behavioral health conditions affecting mental health and emotional well-being. It noted that millennials experienced double-digit increases in 8 of the top 10 “chronic” health conditions from 2014 to 2017 and discussed potential implications to workplace productivity and healthcare costs. (BCBS, 2019)

Spotlight on National Behavioral Health Trends – Investigates the nationwide increase in behavioral health disorders (including both mental health and substance use disorders) using diagnostic codes from claims reported in a private healthcare database over a 10-year period. This white paper analyzed national trends and patterns finding that young Americans are “burdened” with mental health disorders such as depression, general anxiety, eating disorders, and stimulant dependence and that mental and substance abuse disorders are increasing. Deaths from drug overdoses are attributed to illicit drug use and prescription opioids that has reached crisis proportions in the U.S. For plan sponsors that must provide behavioral health treatment to comply with The Mental Health Parity Act, the increases in disorders could impact health insurance costs. (FAIR Health, 2019)

The Value of Leave Management Integration — Guardian Absence Management Activity Index & Study – Identifies best practices in absence management programs based on the level of employer activity and offers insights to reduce absenteeism and improve compliance. The study concludes that more businesses are prioritizing absence management and focusing on overall employee experience. Key insights underscore: the growing influence state-paid family and medical leave laws have on employer activity; the need for greater employer awareness of federal and state laws such as the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA/AA), statutory disability, workers’ compensation, and other responsibilities with regard to employees returning to work; and improved productivity and reduced time off due to increased integration of health and wellness benefits. (Guardian, 2019)

Survey of Adults with Employer-Sponsored Health Insurance – Examines the views of adults ages 18 to 64 on their overall satisfaction with employer-sponsored health insurance and their experiences with overall coverage, high deductibles for chronic conditions, and HSAs. The study looks at healthcare shopping behaviors, perceptions about how well the U.S. healthcare system is working and who is to blame for high health costs. (Kaiser Family Foundation and *LA Times*, 2019)

Why Health Needs to be Part of Retirement Planning – Links health costs with saving for retirement citing increased health spending, longevity, health behavior modification, income replacement ratios, mixed investment portfolios, and participation in HSAs and 401(k)s. The report warns that healthcare costs should no longer be viewed as a discretionary expense and advocates the use of financial advisors to help create a plan to cover them. (HealthView Services, 2019)

Health and Well-being Touchstone Survey – Surveys employer-sponsored benefits from a total rewards perspective. The report presents detailed information about medical costs, employer strategies and plan design (including dental and prescription drugs), wellness, well-being, disease management, leave, work/life balance, ancillary benefits, STD, LTD, and retiree medical and retirement benefit programs. The survey spotlights the changing workforce, summarizes key trends, and observes that “a focus on the whole person” is one of the biggest challenges for employers. (PwC, 2019)

Millennials: Digital Natives Disrupting Healthcare – Provides an in-depth analysis of millennial perceptions about healthcare — their decisions about health insurance, health-related priorities, access to healthcare, affordability, how informed they are about their health and making choices for health services, views about job-related healthcare, and awareness of U.S. healthcare public policy debates about. The information demystifies millennials’ thinking about healthcare. (Transamerica Center for Health Studies, 2019)

## International/global

Current reports focused on global and international benefits mirror similar benefit issues, trends and workforce concerns and provide insights on total rewards, well-being, and the emergence of the social enterprise and its influence on the future of work.

Benefits Research 2019 – Examines current employer-sponsored benefits based on responses from 290 participants in the U.K. The study reports the latest trends and issues surrounding health and well-being, pensions, and financial benefits. It provides insights into employer benefit strategies, engagement, technology trends, benefits most wanted by employees, and the return on employer investments in benefit programs. The information will be helpful to employers in designing future programs to achieve maximum value. (Employee Benefits UK, 2019. **Note:** report can be downloaded from the website)

Global Human Capital Trends – Addresses the rise of the social enterprise and its affect on human capital. The report describes the fourth industrial revolution and its impact on work, workers and employers. It offers insights into the future of the workforce, the organization, and HR in the context of the social enterprise. Data analytics based on HR professionals, C-suite executives, and mid-level managers from 119 countries are used to identify trends that relate to organizational transformation around a human focus. (Deloitte, 2019. **Note:** full report can be downloaded from website)

Future Positive: How Companies Can Tap into Employee Optimism to Navigate Tomorrow's Workplace – Investigates the readiness of companies and workers to adapt to forces affecting the workplace. In-depth research analyzes how middle-skills workers (those with education levels less than a 4-year bachelor’s degree) view their future work opportunities and how prepared senior business leaders are to manage accelerated changes in technology, labor demands, traditional work models, and the evolving business environment. The report identifies future trends and challenges companies face and offers solutions for what they can do to prepare for and shape the future of work

and the workplace. (Harvard Business School and Boston Consulting Group Henderson Institute, 2019)

Well-being in the Workplace – Explores workplace well-being and its impact on organizational performance based on a 3-year international study that utilized the Myers-Briggs Type Indicators and PREMAN factors to investigate workplace well-being, effective activities to enhance well-being, and organizational benefits of fostering employee well-being. The study finds that having supportive, meaningful relationships is the highest rated aspect of workplace well-being across all personality types, genders and geographies. It highlights the opportunity to improve the frequency and experience of positive emotions at work, citing the most effective activities at and outside of work for employee well-being. Insights about well-being by age, gender and occupation and how well-being influences organizational outcomes are provided. With U.S. employers spending “\$40 billion on wellness programs,” the report underscores the importance of creating a culture of well-being, high engagement and employee happiness for a return on that investment. (The Myers-Briggs Company, 2019)

## Leadership

According to Catalyst, more than half of management occupations are held by women. One recent leadership study on female business leaders provides a roadmap to help other women achieve success, while other research finds that securing a leadership position on a corporate board is still a challenge for younger workers.

Women in Leadership Study – Reveals the less traditional career paths taken by 1,000 female business leaders to successfully climb the corporate ladder. The study identifies nontraditional moves and common characteristics that enhanced their career journey. The report serves as a blueprint for women who want to move forward in their careers and take on leadership roles. (Cigna, 2019)

Corporate Board Practices in Russell 3000 and S&P 500 – Examines corporate governance trends and developments at more than 2,800 public companies included in the Russell 3000 Index and select findings from nearly 500 companies listed in the S&P 500. The report focuses on board organization, director profiles, director election and removal, and other board policies including “overboarding.” Key findings underscore slow progress on board refreshment and diversity largely due to the average 10-year plus tenure of board members and limited accessibility of board seats for the younger leaders. (The Conference Board, 2019. **Note:** available to The Conference Board members; non-members may purchase the research)

## Wealth/retirement/pensions

Recent research explores retirement readiness, sustaining the Social Security Trust Fund, investing DC plan assets, saving for retirement, and the impact of student loan debt on retirement savings.

Broadening the view on retirement – Discusses health as an element in retirement planning and urges employers to consider offering employees guidance about healthy lifestyle choices during their working lives and as part of their retirement readiness programs. (Aegon, 2019)

The Clock is Ticking: Generation X and the challenge of retirement readiness – Analyzes the challenges and discusses emotional and behavioral aspects related to retirement readiness — and associated financial circumstances — of Gen Xers age 45 and older. Using information from “The Protected Lifetime Income Study,” the report compares lower asset to higher asset pre-retirees in the so-called sandwich generation examining four traits: income, personal preparation, current financial circumstances and emotional outlook on retirement. The study notes that this is the first generation in which a majority don’t have access to a pension and many don’t have access to a defined contribution plan. The takeaway is that both employers and policymakers recognize the particular challenges Gen Xers face in terms of retirement readiness and are working on solutions to support this segment of the workforce. (Alliance for Lifetime Income, 2019)

Implications of Social Security’s “Missing Trust Fund” – Explores reasons behind Social Security’s shortfall and the cost implications for current workers. The briefing discusses: the origins of the Missing Trust Fund, how it relates to Social Security’s Legacy Debt and pattern of net transfers over generations, and alternative paths for funding going forward including increasing payroll and/or income taxes. The report suggests that policy makers consider the cost implications of the Missing Trust Fund in any proposal to close the Social Security’s financing gap. (Center for Retirement Research, 2019)

Sustainable Investing in Defined Contribution Plans – Explains the fundamentals about sustainable investment to give plan sponsors a basic level of knowledge about integrating environmental, social and governance (ESG) factors into decision making for DC plan investing. The guide addresses sustainable investing fundamentals, presents a business case for integrating ESG into investment decision making, discusses fiduciary responsibility relative to sustainable investing, and offers DC implementation options for plan sponsors to consider. (Defined Contribution Institutional Investment Association 2019)

Alternative Realities: The Impact of Extreme Changes in Defined Contribution Plans on Retirement Income Adequacy in America – Looks at the impact of retirement savings adequacy under two extreme scenarios: complete elimination of defined contribution plans; alternatively, universal defined contribution where every employer (except those that already sponsor a defined benefit plan) sponsors a defined contribution plan. The Retirement Security Project Model was used to develop the baseline scenarios to determine retirement savings shortfalls/adequacy by age, pre-retirement income, marital status, and gender. In both scenarios, the study found that single females would experience the most negative impact on retirement income adequacy. (EBRI, 2019. **Note:** full text report available to EBRI members)

Student Loan Debt: The Multigenerational Effects of Relationships and Retirement – Explores the intersection of student loan debt, longevity planning, and family dynamics. Data gathered from small

“in-focus” groups of 88 participants and a national survey of 1,874 participants ages 25 to 75, with student loan payments of their own or an immediate family member was used to illustrate the negative impact of student loan debt on retirement savings, family relationships, and life events. The study reinforces the need for financial literacy and management strategies as a comprehensive approach for improving retirement security while tackling student loan debt. Suggestions on how employers and policymakers can help are included in the report. (TIAA and MIT AgeLab, 2019. **Note:** Executive Summary only)

The Retirement Solution Hiding in Plain Sight – Provides in-depth information about when to claim Social Security and how sub-optimal decisions can result in a significant loss of wealth. The report describes the data, simulation and optimization methodologies used to validate findings. It offers recommendations for policymakers to ensure that retirees across different wealth levels, educational backgrounds, and health and longevity profiles are claiming Social Security at an optimal time to maximize their retirement incomes. (United Income, 2019)

How America Saves – Examines DC participant savings and investment behavior based on information provided by recordkeepers. This year’s 18<sup>th</sup> edition provides a 15-year look back highlighting automatic enrollment and the evolution of balanced investment strategies. Trend analyses of DC plan activity such as the use of target date funds, Roth 401(k)s, adoptions, loans, withdrawals, company stock, and other data points will be helpful for plan design initiatives. (Vanguard, 2019)

## Workforce

Current studies discuss how to measure employee engagement and focus on what keeps hourly employees motivated.

The State of Employee Engagement in 2019 – Examines current engagement practices of small and large employers across a broad range of industries. Data about the effectiveness of engagement initiatives, methods used to measure engagement, and characteristics of successful engagement programs is provided. Key takeaways emphasize the importance of leadership support and HR involvement as well as awareness of overall employee experience and the need to measure employee engagement more than once a year. (GLINT and HR.com, 2019. **Note:** registration required to download report)

State of the Hourly Worker – Profiles the demographics of U.S. hourly workers and explores the key drivers of hourly worker satisfaction and retention. The survey provides a perspective of what matters most to employees and generational differences. It dispels myths about hourly workers’ education and income and offers insights to help employers that depend on hourly workforces improve their retention and job satisfaction strategies. (Shiftboard and Lux Insights, 2019. **Note:** registration required to download report)

## Workplace

Employee happiness is key to creating a workplace culture that instills a high level of satisfaction, engagement and peak performance. Equally compelling is research addressing the special benefit needs employers should consider specific to caregivers and disabled employees. These needs are a growing concern in the workplace and can translate to \$50 billion annually in terms of lost productivity, legal liability and higher healthcare costs.

[Understanding How to Influence the Employee Journey](#) – Advocates why it’s important for employers to understand how company culture can influence employee engagement. The report utilizes Gartner’s Life Cycle concept to illustrate how an employee’s performance energy can be used as an indicator for peak engagement and to identify an at-risk performer. Sixteen elements of employment satisfaction, performance and engagement are provided to enable employers to develop high level engagement programs. (BambooHR, 2019. **Note:** Registration required to download e-book)

[For the Benefit of All: How Organizations Win When They Recognize and Support Caregivers and Employees with Disabilities](#) – Highlights the challenges for employers in offering additional benefits specific to caregivers and disabled employees, a growing segment of the workforce, provides a profile of these employees, discusses how their needs impact the workplace, and offers recommendations to help employers address those needs. (Voya and LRW Research, 2019)

## New resource from the GAO

[Find an Expert](#) – Launched in June, the Government Accounting Office’s (GAO’s) database identifies subject matter experts (SMEs) for use by media, congressional staff and the public. The database was developed to foster access to non-partisan, fact-based information. According to the U.S. comptroller general, who also serves as head of the GAO, the purpose of the database is “[t]o make it easier to find the right person to talk to...” The database includes GAO SMEs for pensions, Social Security, PBGC, Medicare, health issues, healthcare management, and more. (GAO Press Center Announcement, 2019)

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