

EBRI

EMPLOYEE BENEFIT
RESEARCH INSTITUTE

88TH PUBLIC POLICY FORUM
DECEMBER 8, 2020

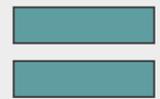
THE FULL PICTURE: RETIREMENT, FINANCIAL WELLNESS, AND
HEALTH BENEFIT CONSIDERATIONS OF MINORITIES IN THE U.S.

Sponsored by:



The information contained herein is not to be construed as an attempt to provide legal, accounting, actuarial, or other such professional advice. Permission to copy or print a personal use copy of this material is hereby granted and brief quotations for the purposes of news reporting and education are permitted. Otherwise, no part of this material may be used or reproduced without permission in writing from EBRI-ERF.

POLICY



A POLICY FORUM LIKE NO OTHER

POLICY + RESEARCH = A POLICY FORUM LIKE NO OTHER

- Monday, December 7 — **Election Results: What They Mean for Employers and the Benefits Landscape**
- Tuesday, December 8 — **The Full Picture: Retirement, Financial Wellness, and Health Benefit Considerations of Minorities in the U.S.**
- Thursday, December 10 — **The Stand: Employer Approaches to Health Benefits Post-COVID-19**

THANK YOU POLICY FORUM DEVELOPMENT TASK FORCE!

Vice Chair, PPAC,

Liz Varley, Ameriprise
Financial

Task Force:

Nevin Adams, ARA

Chris Byrd, Wex Health

Jeanne de Cervens

Michael Doshier, T Rowe
Price

Bob Doyle, Prudential

Kris Haltmeyer, Blue Cross
Blue Shield Association

Joe Healy, PIMCO

Tom Johnson, Retirement
Clearinghouse

Melissa Kahn, State Street
Global Advisors

Gary Koenig, AARP

Chantel Sheaks, U.S.
Chamber of Commerce

Mike Skinner, T Rowe Price

Michael Sowa, LGIMA

Jana Steele, Callan

Aron Szapiro, Morningstar

For information
about joining, contact
Betsy Jaffe at
jaffe@ebri.org

THE FULL PICTURE: RETIREMENT, FINANCIAL WELLNESS, AND HEALTH BENEFIT CONSIDERATIONS OF MINORITIES IN THE U.S.



Craig Copeland,
Senior Research
Associate, Employee
Benefit Research
Institute



Jack VanDerhei,
Director of Research,
Employee Benefit
Research Institute



Moderated by: Aron
Szapiro, Head of
Policy Research,
Morningstar,
Moderator



Christina Cutlip,
Senior Managing
Director and Head
of Client
Engagement and
National Advocacy,
TIAA



Karen Moseley,
President, Health
Enhancement
Research
Organization

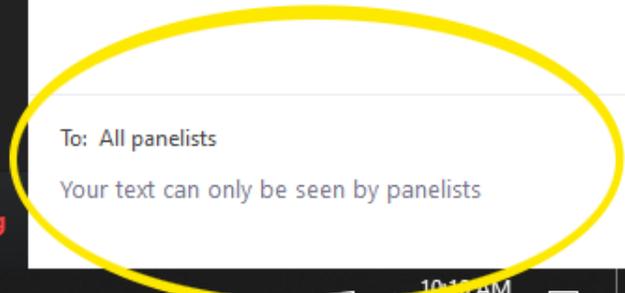
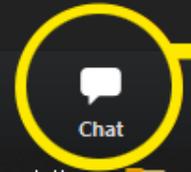
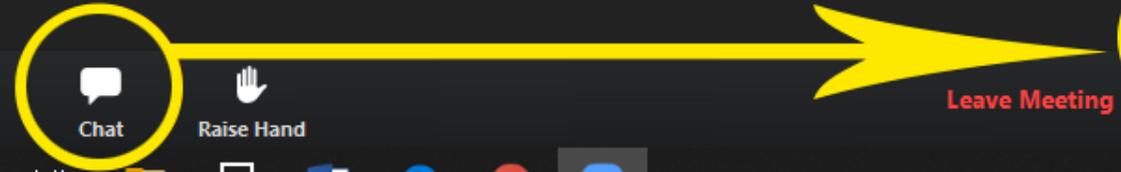
Enter Full Screen

Zoom Webinar Chat

John Doe

Click this button

Type question(s) here



Audio Settings ^

Leave Meeting

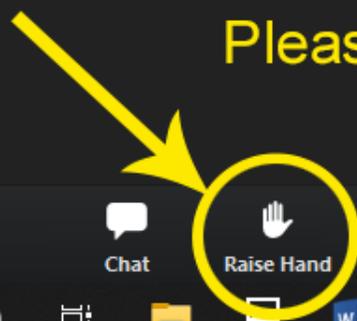
Enter Full Screen

Zoom Webinar Chat

John Doe

Click this button to raise your hand

We will contact you through this chat window so that you can communicate your question(s) to us. Please note that you will be muted throughout the meeting.



To: All panelists
Your text can only be seen by panelists

Leave Meeting



Retirement Account Assets and Debt, by Race of Family Head

EBRI Winter Policy Forum

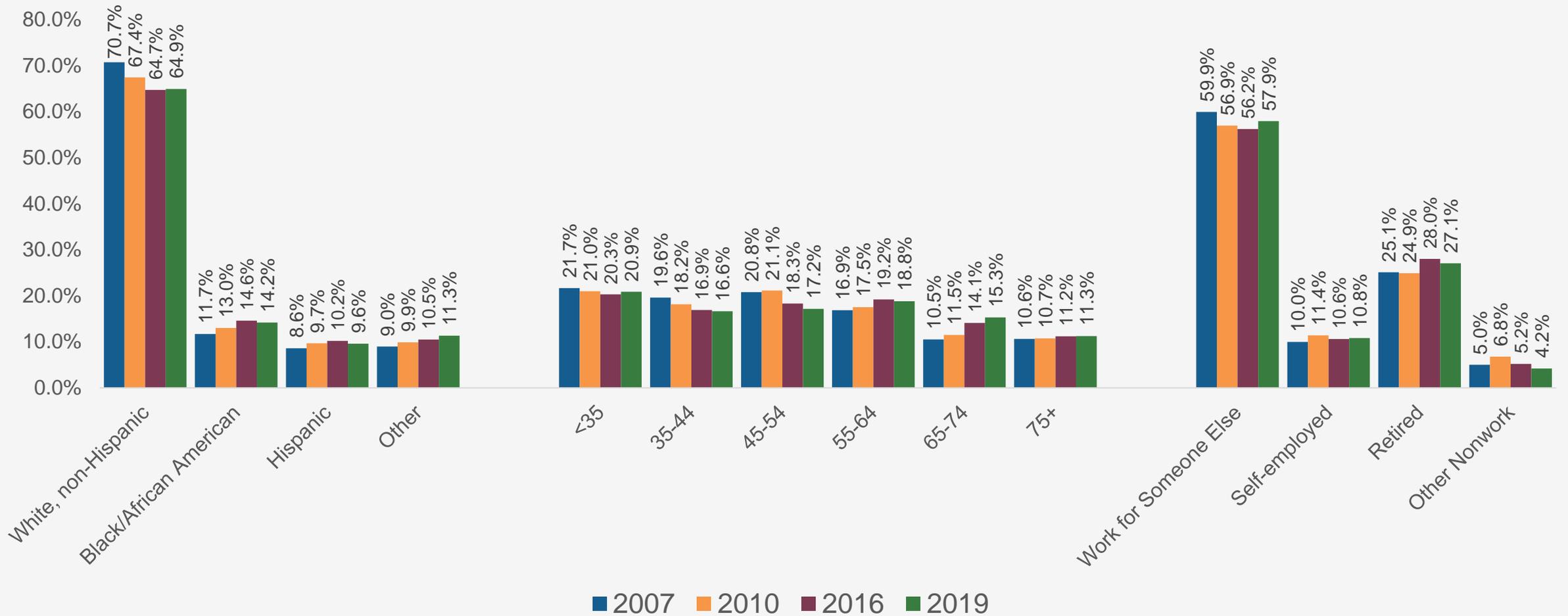
December 8, 2020

Overview

Data Source: Survey of Consumer Finances (SCF)-triannual survey from the Federal Reserve-considered the best source for wealth of American families-2007, 2010, 2016, and 2019 (latest)

- Retirement account assets
 - Share of families with any retirement plan, an individual account (IA) retirement plan, a defined contribution (DC) plan from a former or current employer, and an individual retirement account (IRA)
 - Median amount held in these accounts
 - Median percentage of IA retirement plan assets of financial assets
- Percentage of families holding debt, the median debt-to-asset ratios of those holding debt, and proportion of families with mortgage and credit card debt
- The racial/ethnicity categories from SCF are self-identified and include White, non-Hispanic; Black/African American; Hispanic; and Other, which consists of those races/ethnicities not defined in the three prior categories, such as Asian Americans and those who identify as multiracial. SCF is at the family level, so the characteristics of the family head (or the reference person) are used to categorize the families.

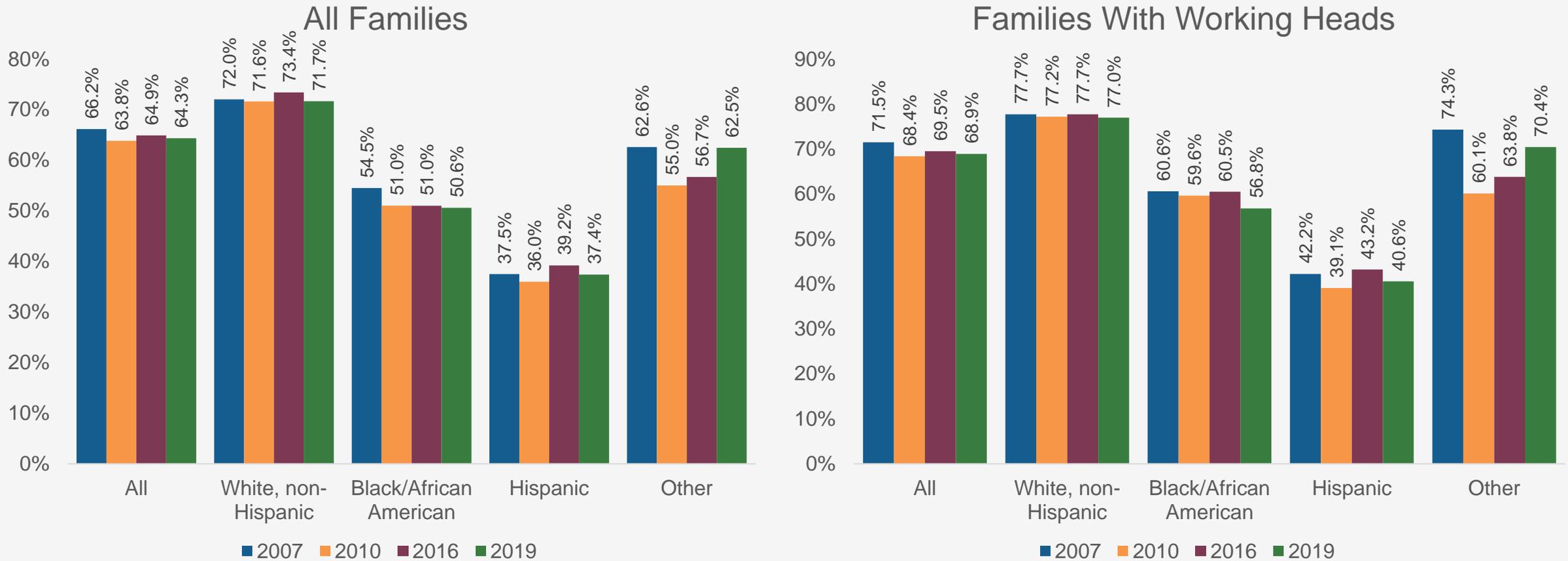
Specific Demographic Characteristics of the Family Heads



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

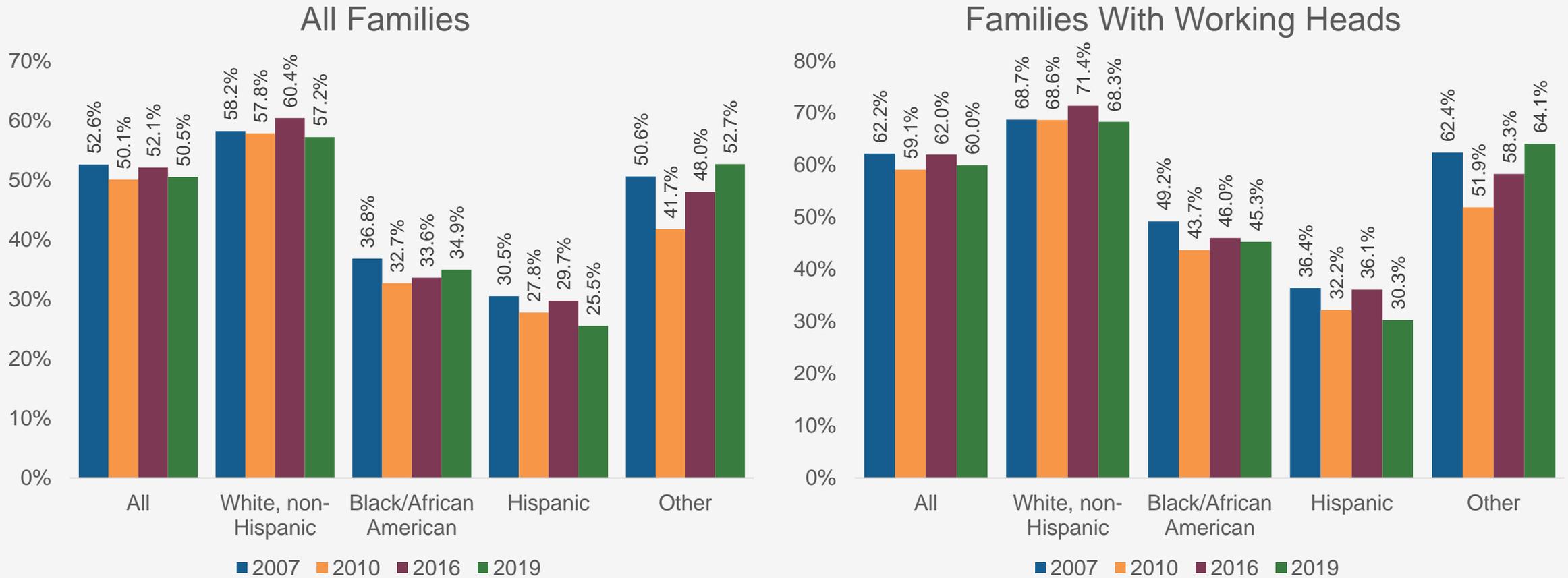
RETIREMENT ACCOUNT OWNERSHIP

Percentage of Families Who Have Any Type of Retirement Plan, by Race of Family Head



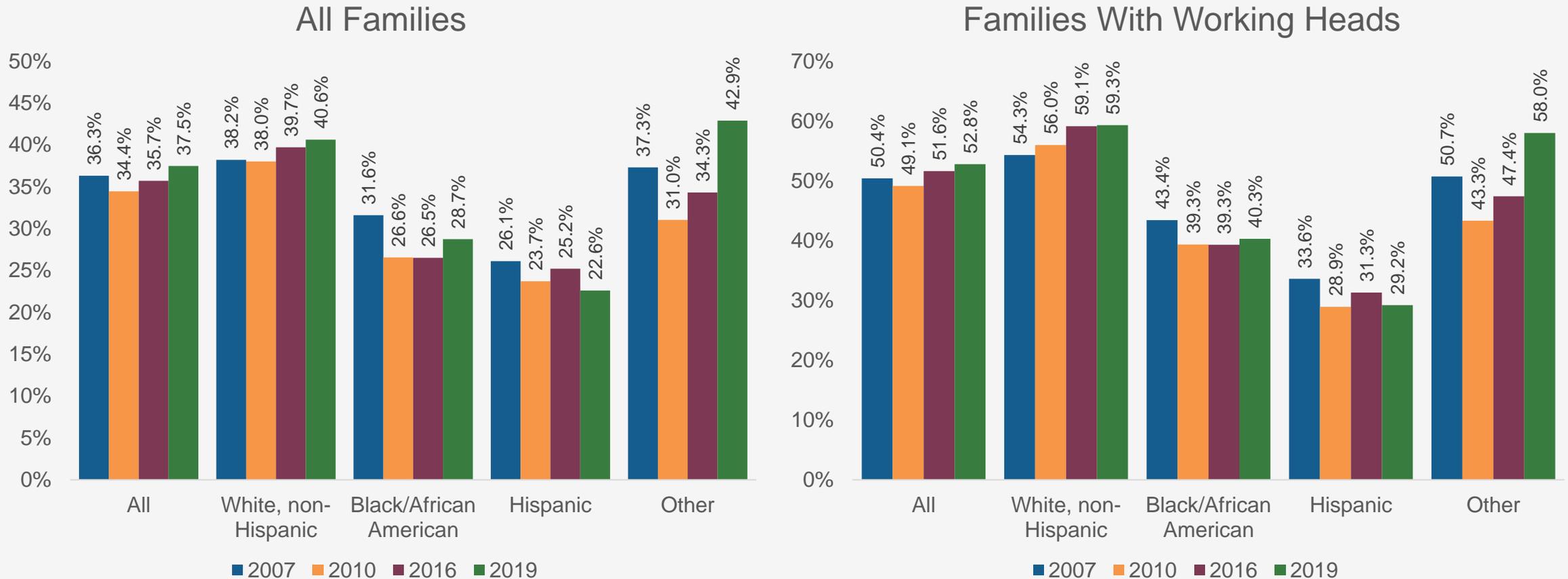
Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

Percentage of Families Who Have an Individual Account (IA) Retirement Plan, by Race of Family Head



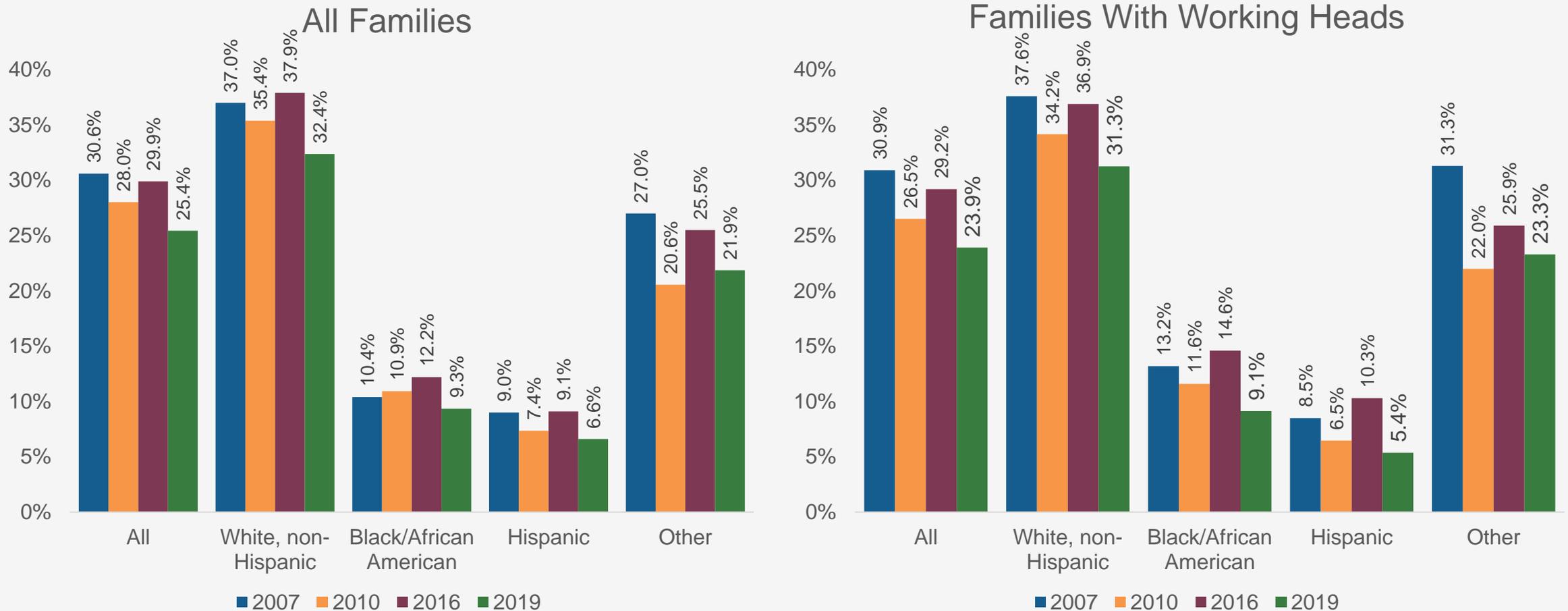
Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

Percentage of Families Who Have a DC Plan (Current or Former Employer), by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

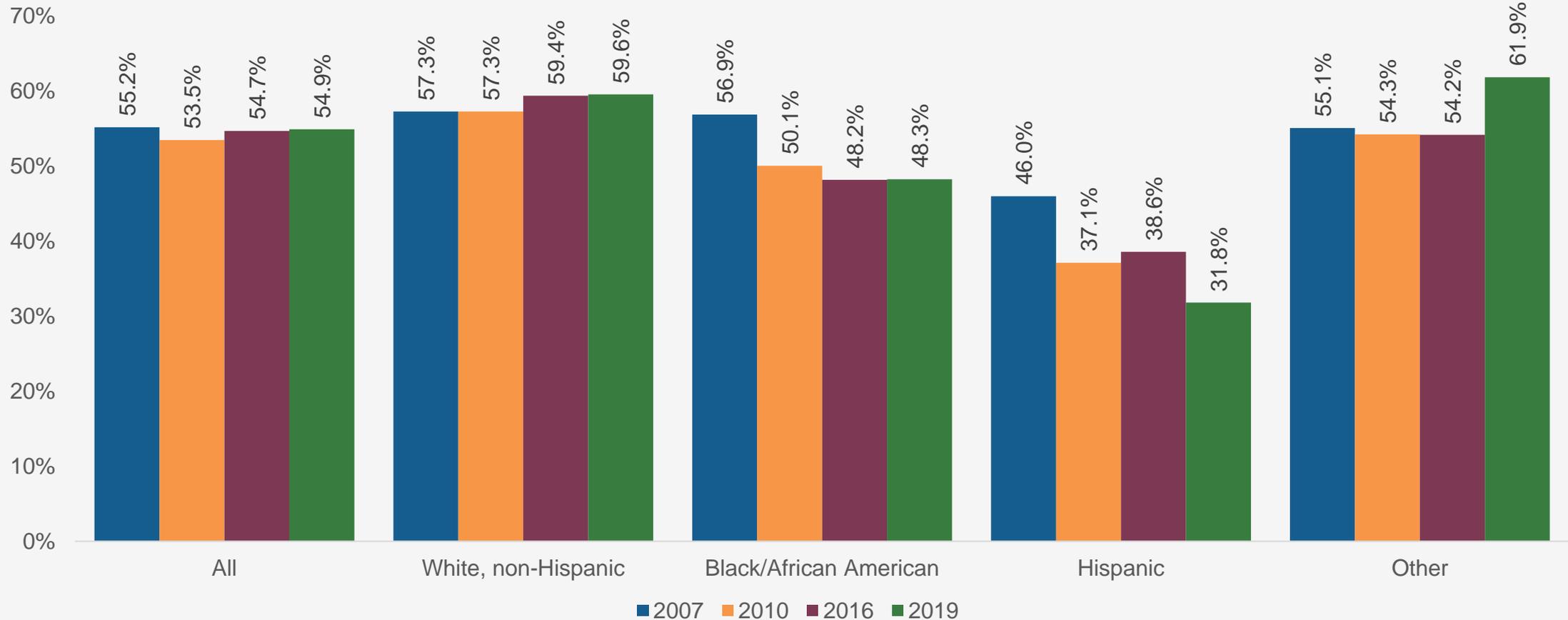
Percentage of Families Who Have an Individual Retirement Account (IRA), by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

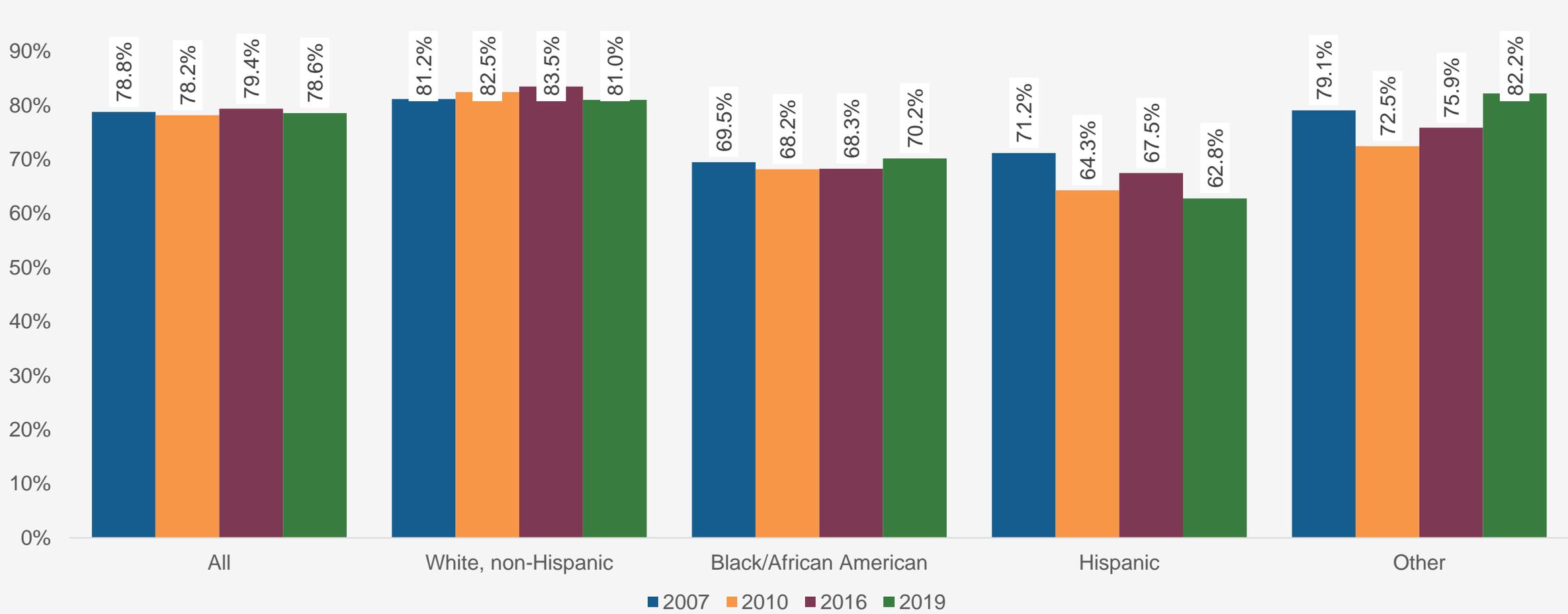
Note: A very small percentage of those having a Keogh Plan is included in the IRA percentage.

Percentage of Working Family Heads Eligible for a DC Plan, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

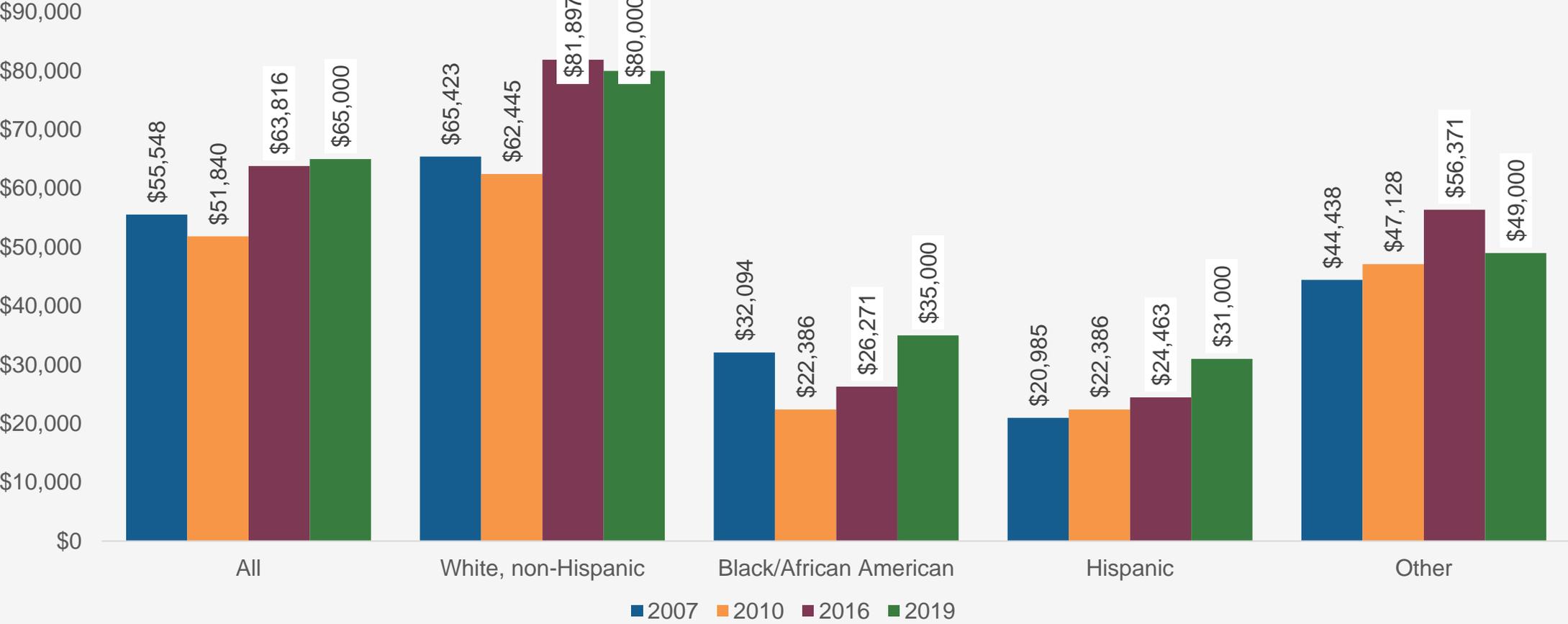
Working Family Heads' Participation Rate in an Employment-based DC Plan, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

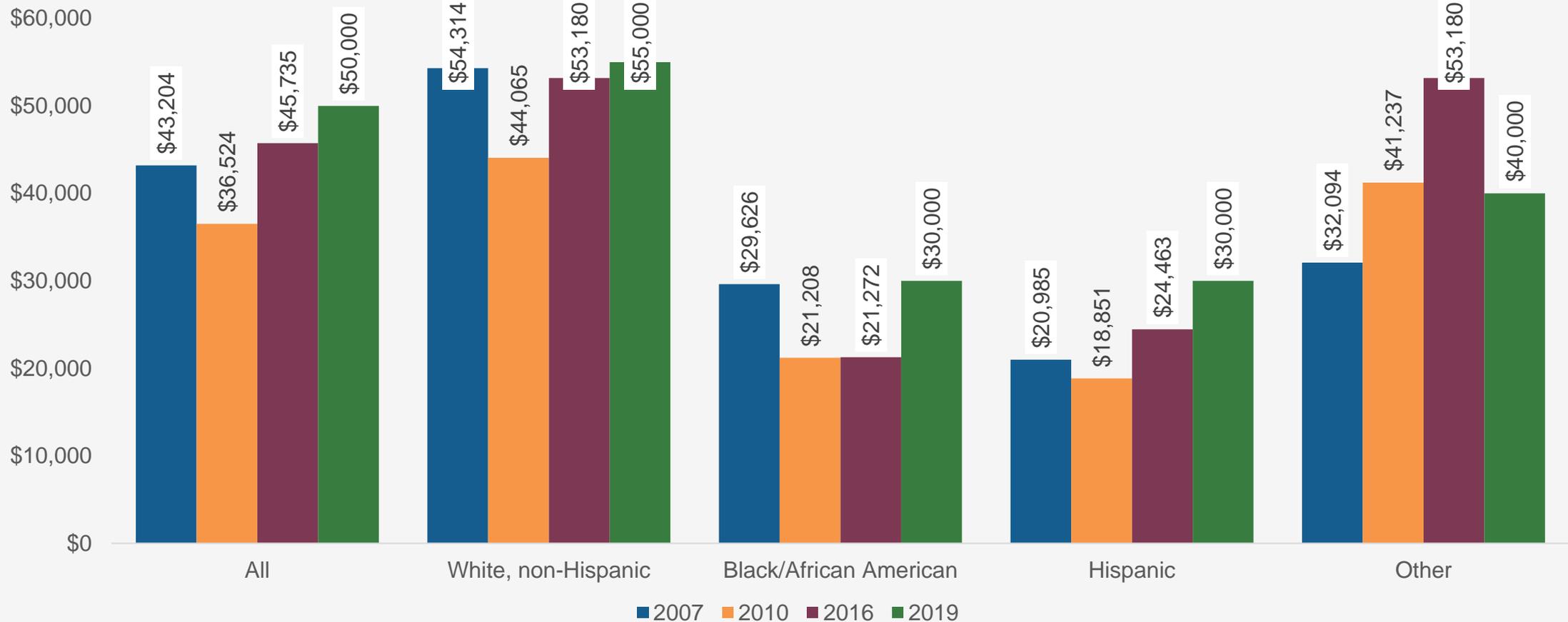
RETIREMENT ACCOUNT BALANCES

Median Individual Account (IA) Retirement Plan Balances (of Those Having a Plan), by Race of Family Head



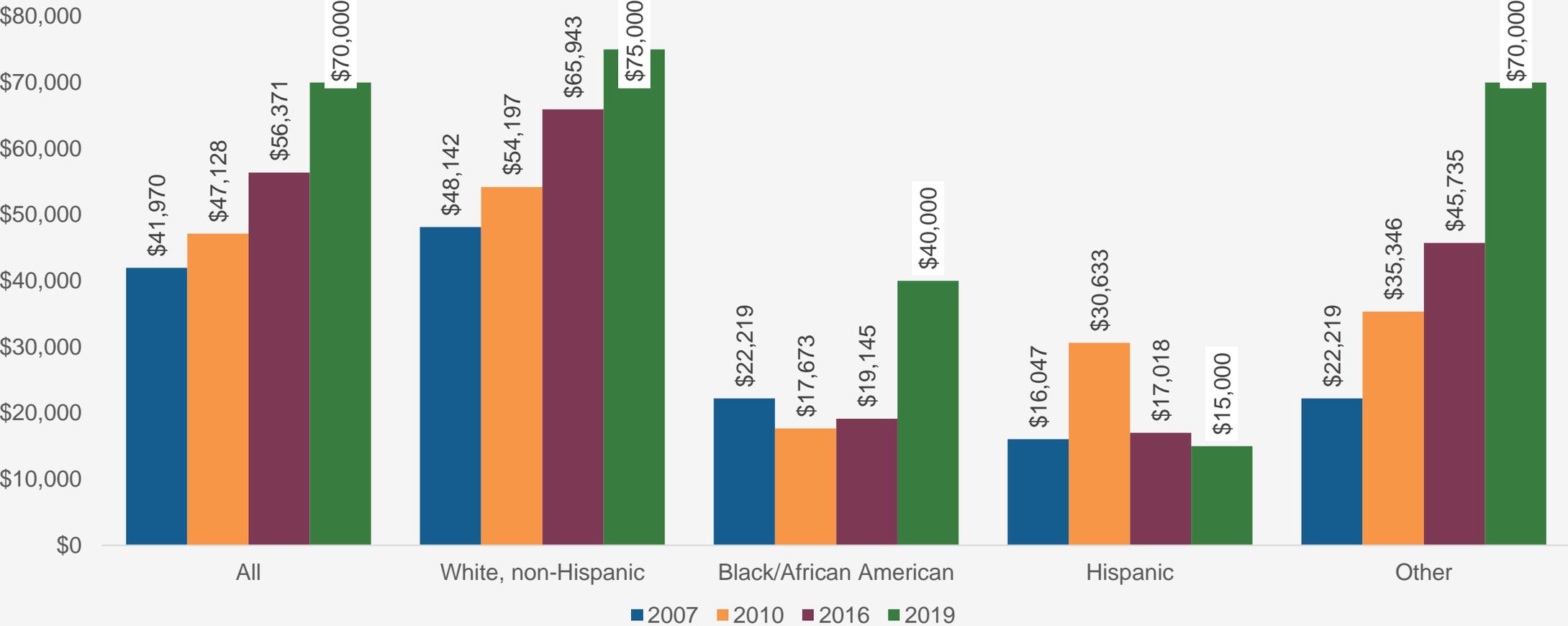
Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances. Note: All dollar amounts are in 2019 dollars.

Median DC Plan Account Balances (of Those Having a Plan from a Current or Former Employer), by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances. Note: All dollar amounts are in 2019 dollars.

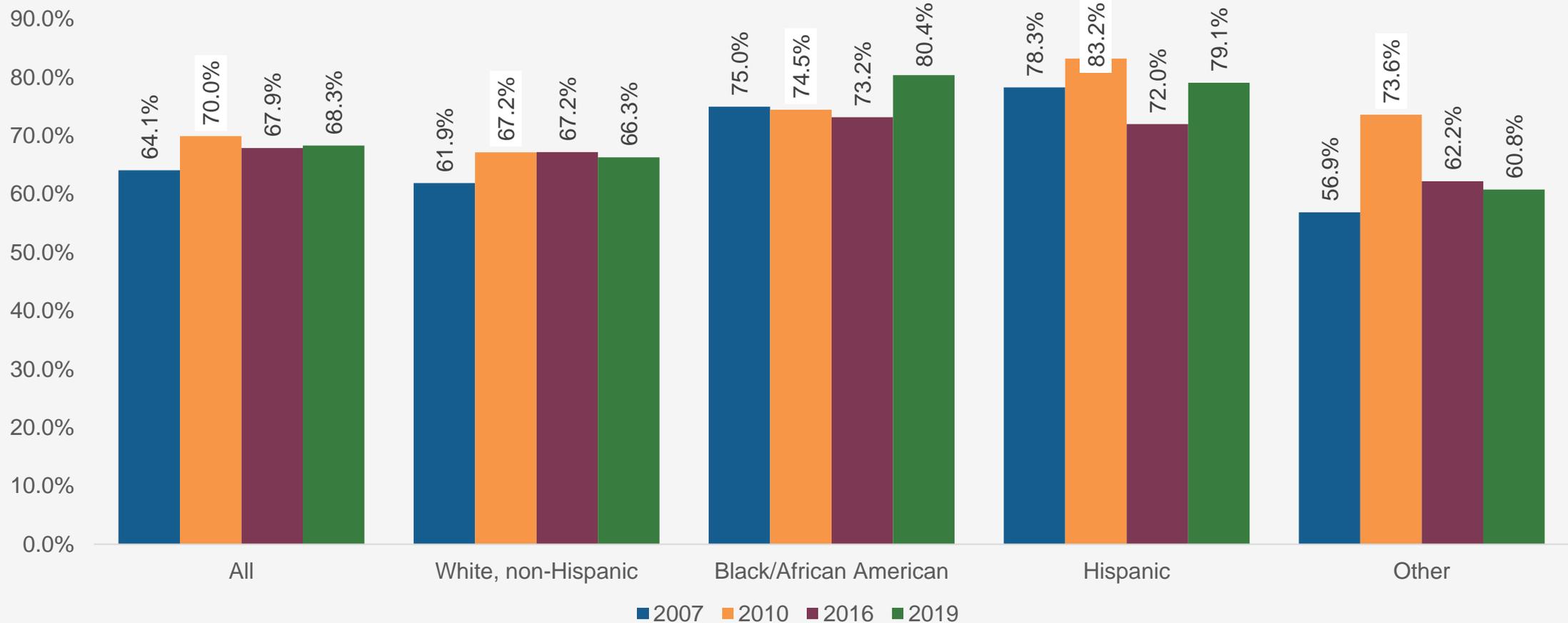
Median Individual Retirement Account (IRA) Balances (of Those Having an Account), by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances. Note: All dollar amounts are in 2019 dollars.

INDIVIDUAL ACCOUNT (IA) RETIREMENT PLAN ASSETS AS A SHARE OF FINANCIAL AND TOTAL ASSETS

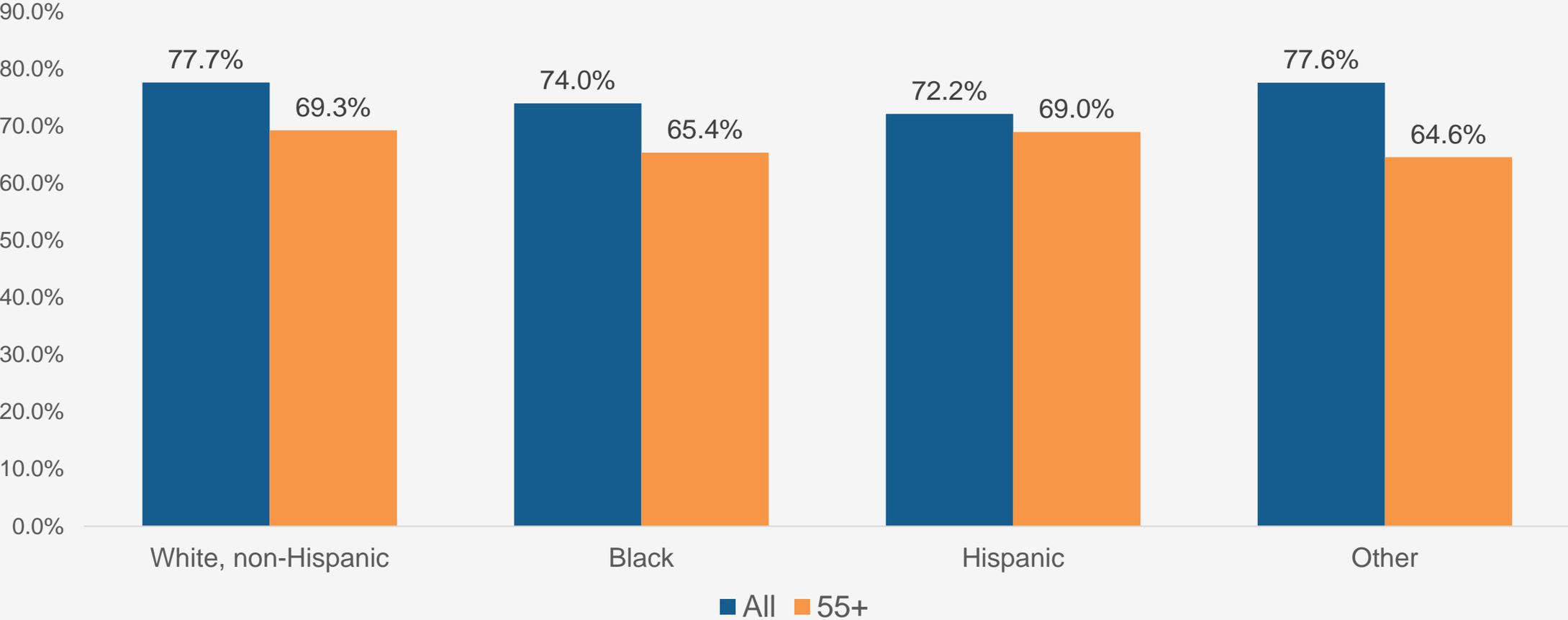
Median Ratio of Individual Account (IA) Retirement Plan Assets to Total Financial Assets (of Those Having an IA Plan), by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

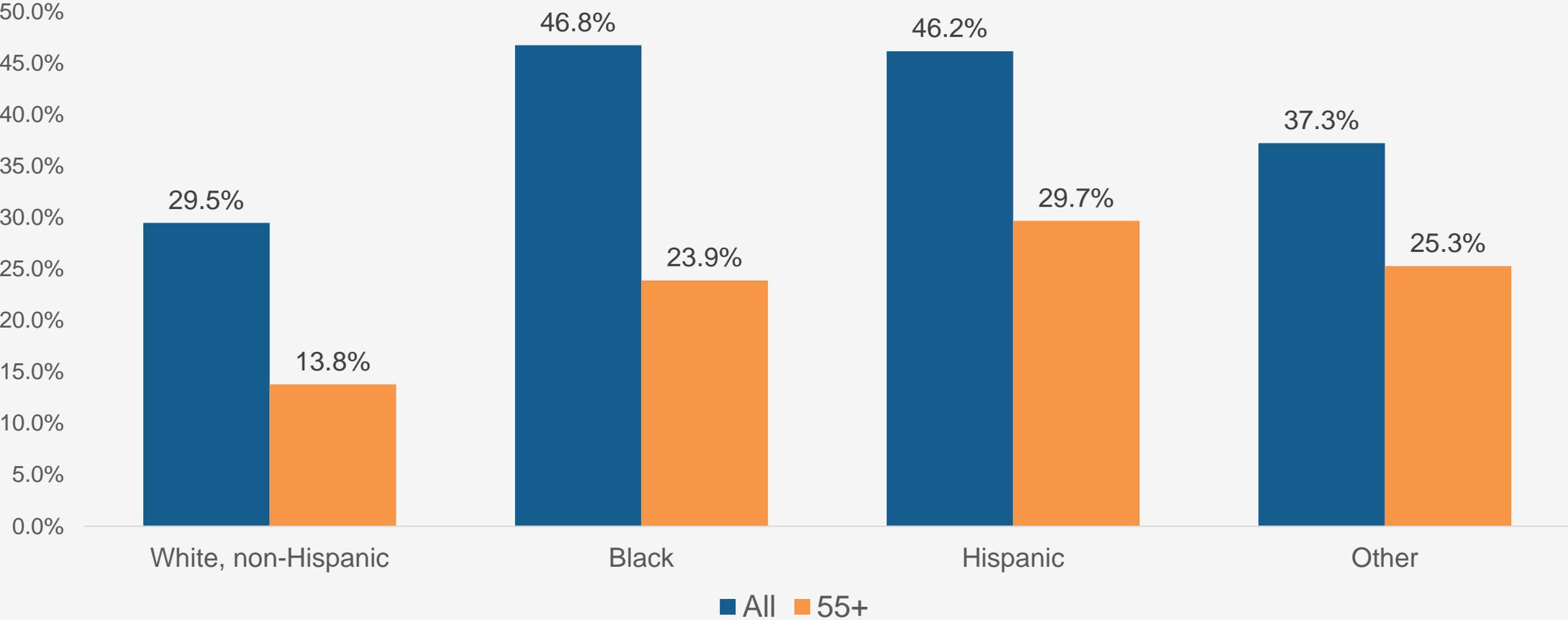
RACIAL/ETHNICITY DIFFERENCES IN DEBT

Percentage of All Families Having Debt and Families with Heads Ages 55 or Older Having Debt, by Race/Ethnicity of the Family Head, 2019



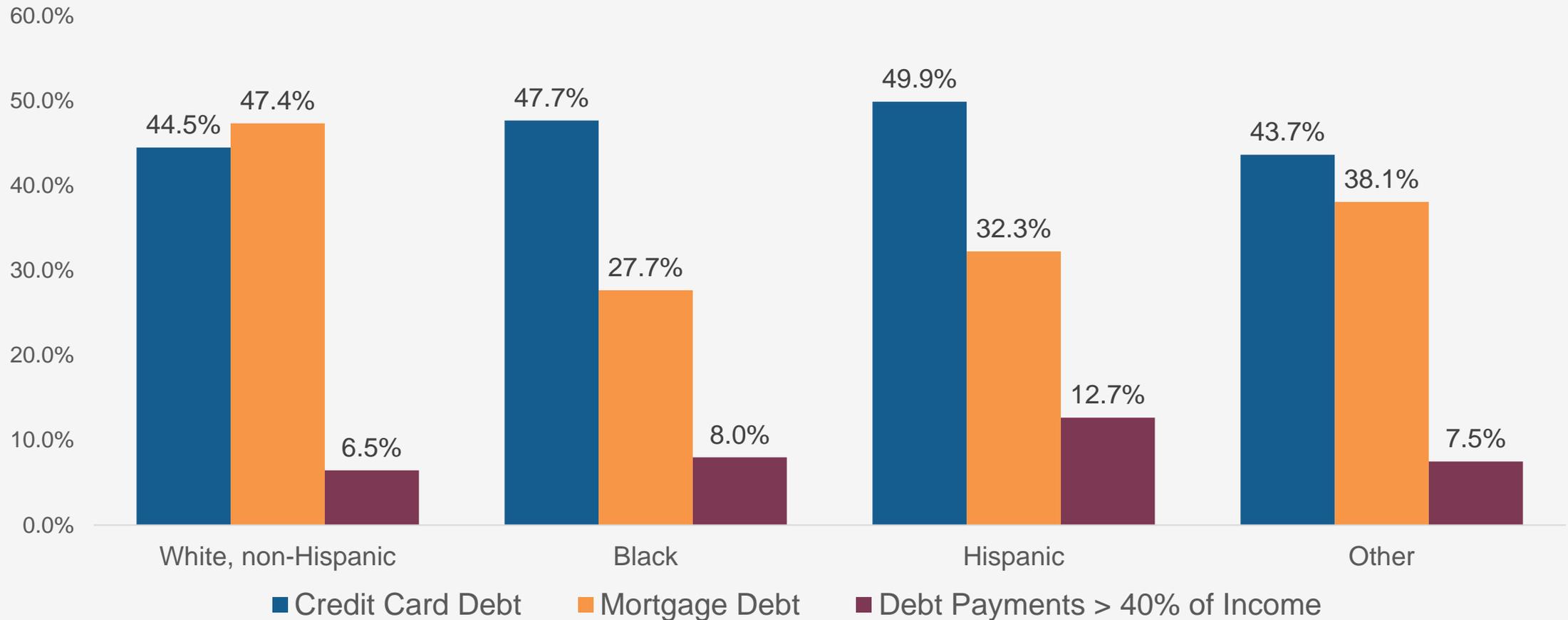
Source: Employee Benefit Research Institute estimates of the 2019 Survey of Consumer Finances.

Median Debt-to-Asset Ratio of All Families Having Debt and Families with Heads Ages 55 or Older Having Debt, by Race/Ethnicity of the Family Head, 2019



Source: Employee Benefit Research Institute estimates of the 2019 Survey of Consumer Finances.

Percentage of All Families With Credit Card Debt, Mortgage Debt, and Debt Payments Greater Than 40% of Income, by Race/Ethnicity of the Family Head, 2019



Source: Employee Benefit Research Institute estimates of the 2019 Survey of Consumer Finances.

Takeaways

- Families with minority heads were less likely to have any of the examined types of retirement plans. Some exceptions exist for those families with heads labeled as “other”.
- The account balances were also lower among those families with heads who were Black or Hispanic.
- Among those having IA plans, families with Black and Hispanic heads had a larger share of their financial assets being from the IA plans.
- The likelihood of having debt wasn’t meaningfully different across the families. However, the debt-to-asset ratios were much higher for families with Black and Hispanic heads.
- Furthermore, families with Black and Hispanic heads were less likely to have housing debt but had similar likelihoods of having credit card debt. Families with a minority head were also more likely to have high debt payments, particularly those with Hispanic heads.

THE FULL PICTURE: RETIREMENT, FINANCIAL WELLNESS, AND HEALTH BENEFIT CONSIDERATIONS OF MINORITIES IN THE U.S.



Jack VanDerhei,
Director of Research,
Employee Benefit
Research Institute



The full picture: Retirement, financial wellness and health benefit considerations of minorities in the United States

EBRI Winter Policy Forum

Christina Cutlip, Ph.D.
Senior Managing Director, TIAA

BUILT TO PERFORM.

CREATED TO SERVE.

For institutional investor use only. Not for use with or distribution to the public.

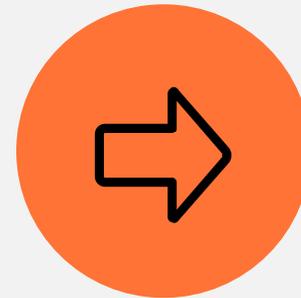




**Financial literacy
and why it matters**



**Systemic support
for better outcomes**



**What's
coming next**



What is it?

Measures knowledge and understanding which enable sound financial decision making and effective management of personal finances.



How does it work?

- Annual survey of U.S. adults
- Covers eight areas where individuals routinely make financial decisions
- Oversamples a demographic group each year:
 - Hispanics in 2017
 - African Americans in 2019

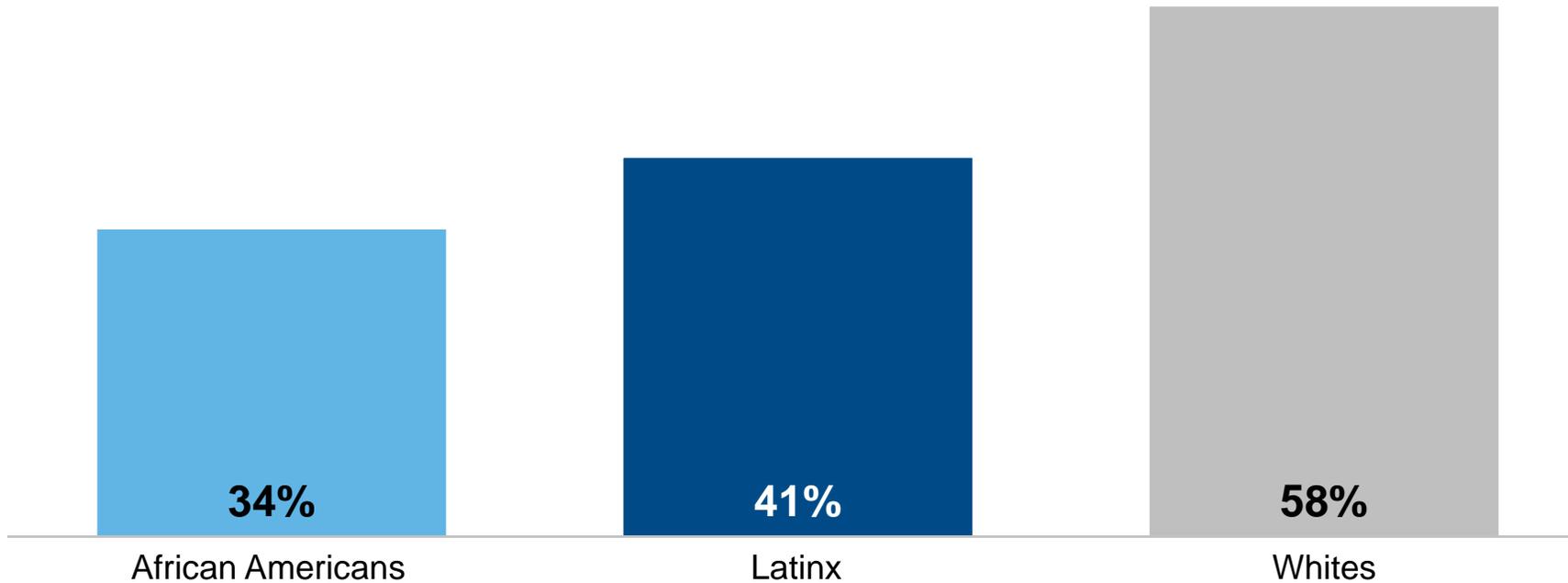
Functional areas:

- ① Earning
- ② Consuming
- ③ Saving
- ④ Investing
- ⑤ Borrowing
- ⑥ Insuring
- ⑦ Comprehending risk
- ⑧ Go-to information sources



African American and Latinx financial literacy are lower than that of whites.

% of P-Fin Index questions answered correctly



Source: TIAA Institute-GFLEC Personal Finance Index (2020).



Borrowing is common area of relatively high financial literacy.

% of P-Fin Index questions answered correctly

African Americans



Latinx

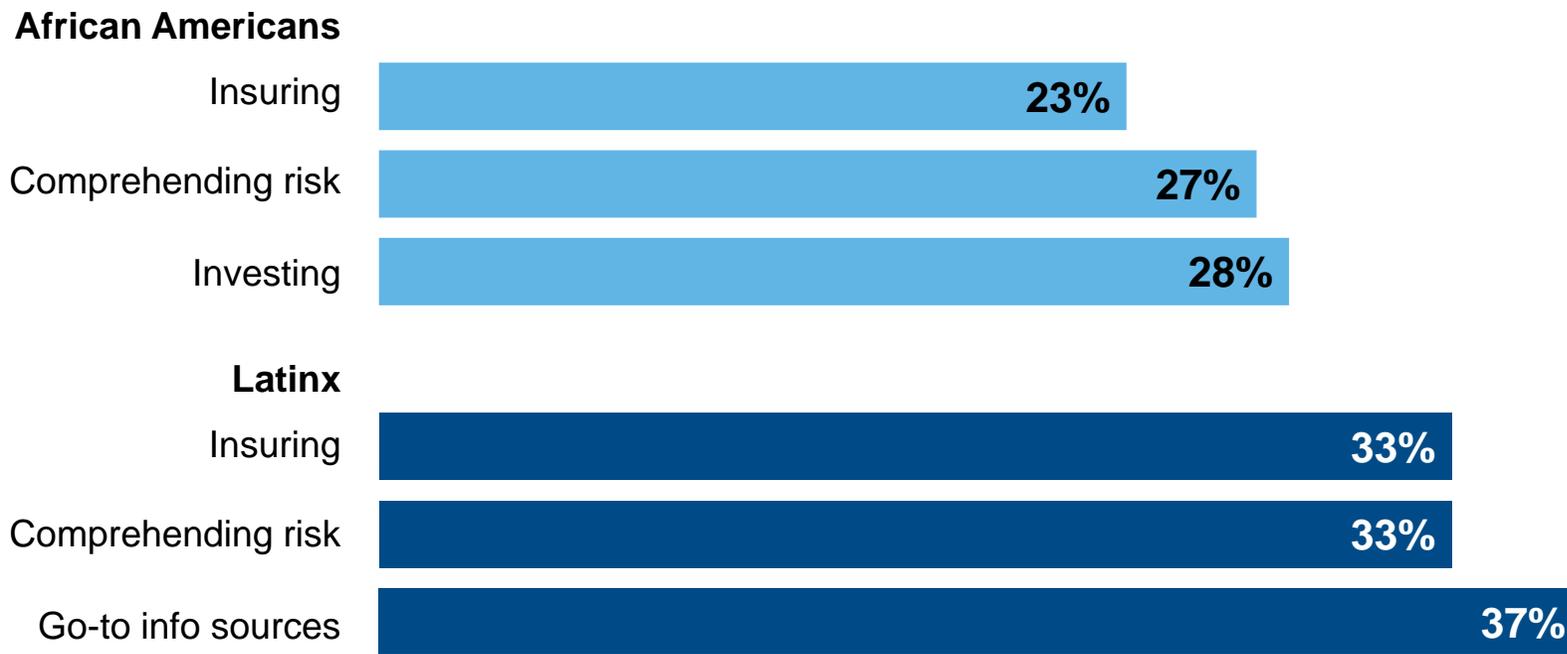


Source: TIAA Institute-GFLEC Personal Finance Index (2020).



Insuring and comprehending risk are common areas of relatively low financial literacy.

% of P-Fin Index questions answered correctly

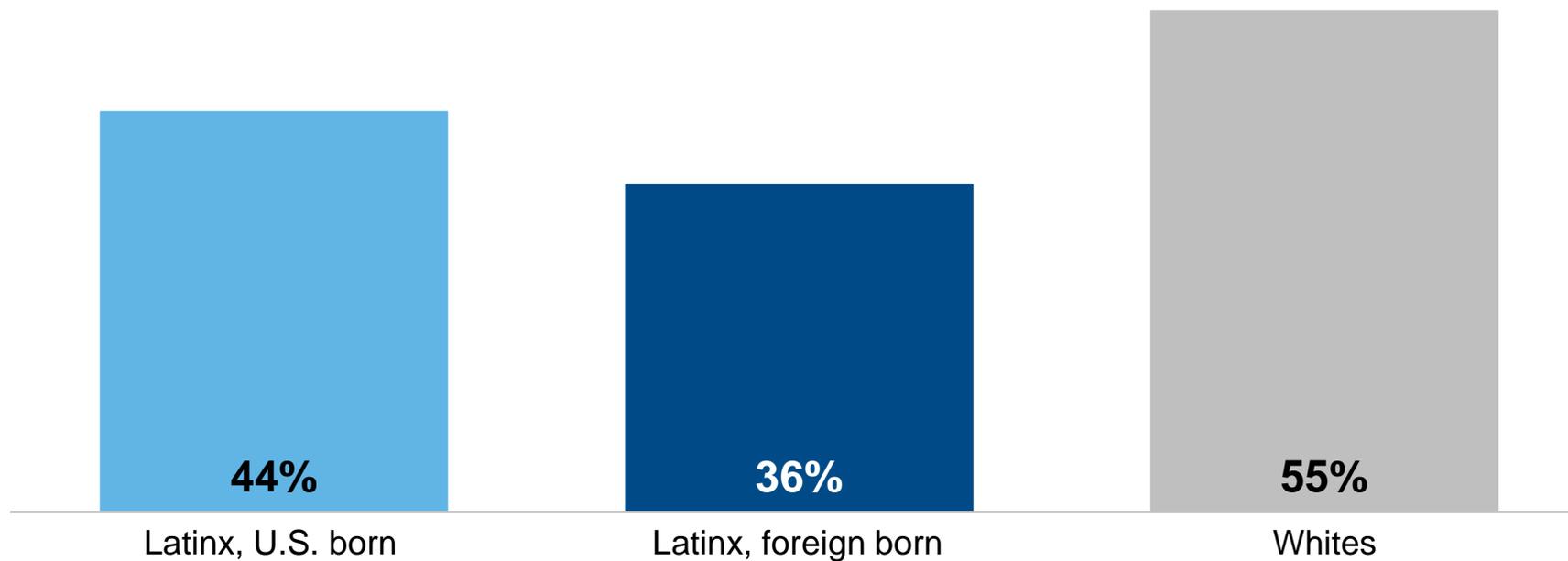


Source: TIAA Institute-GFLEC Personal Finance Index (2020).



Financial literacy is greater among U.S.-born Latinx.

% of P-Fin Index questions answered correctly

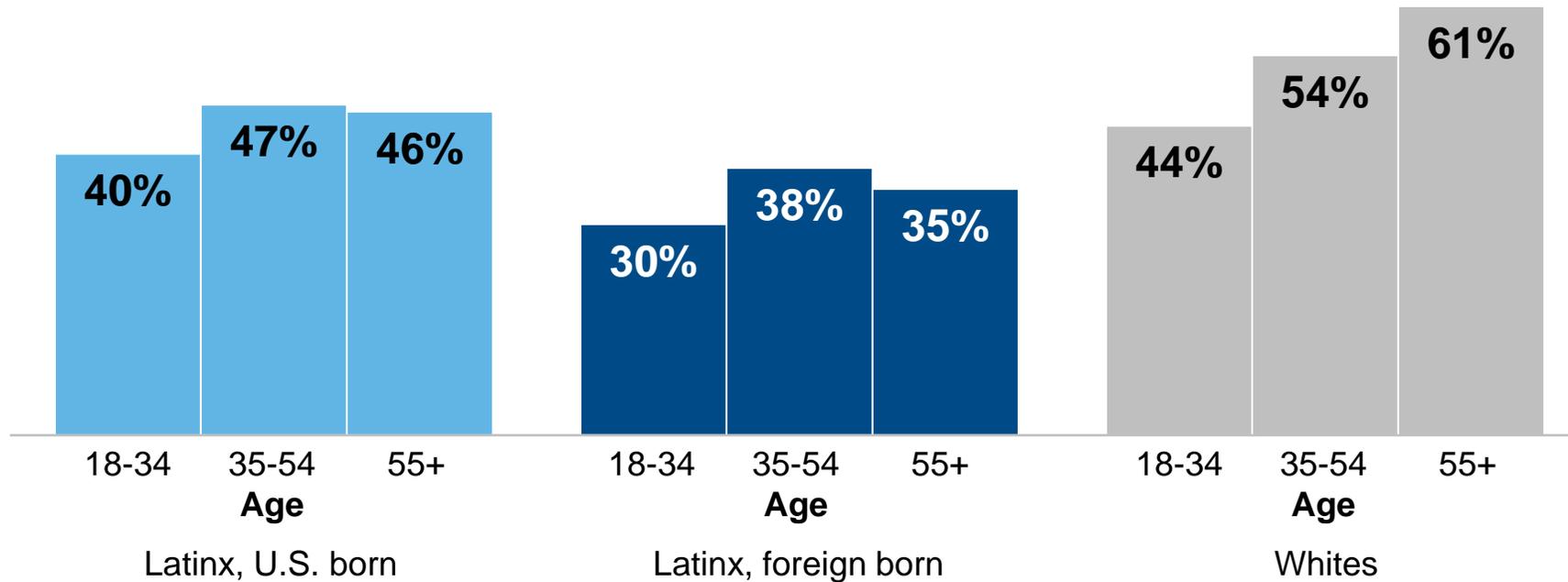


Source: TIAA Institute-GFLEC Personal Finance Index (2017).



Financial literacy of young U.S.-born Latinx almost equals that of their white peers.

% of Index questions answered correctly



Source: TIAA Institute-GFLEC Personal Finance Index (2017).

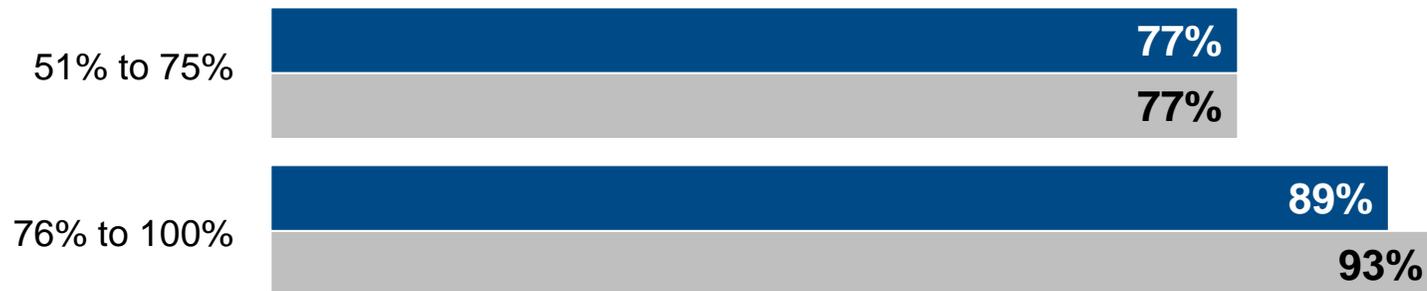


Financial literacy mitigates differences in financial fragility.

% who could certainly or probably come up with \$2,000 if an unexpected need arose within the next month.



P-Fin Index questions answered correctly



Source: TIAA Institute-GFLEC Personal Finance Index (2019).

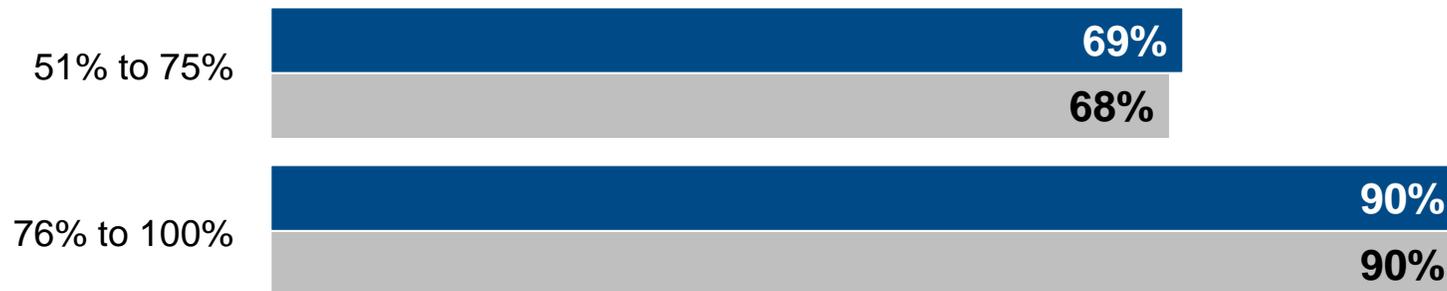


Financial literacy mitigates differences in saving for retirement.

% of non-retirees who save for retirement on a regular basis



P-Fin Index questions answered correctly



Source: TIAA Institute-GFLEC Personal Finance Index (2019).

Setting Every Community Up for Retirement Enhancement (SECURE) Act



Comprehensive retirement reform bill signed into law December 20, 2019



The most significant retirement legislation since the Pension Protection Act of 2006



Contains 30 provisions designed to help modernize the retirement system

Gives employers more tools to help employees pursue retirement readiness



Increases access to in-plan lifetime income solutions (Guarantee Gap)



Facilitates increased savings rates (Savings Gap)



Improves access to employer-sponsored retirement plans (Access Gap)



Coverage

- Expanding automatic enrollment in retirement plans
- One-year reduction in period of service requirement for long-term part-time workers
- Modification of startup credit for small employers



Savings

- Indexing IRA catch-up limit
- Higher catch-up contribution to apply at age 60
- Treatment of student loan payments for matching contributions
- Small, immediate financial incentives for plan contributions
- Simplification and increase in saver's credit



RMDs

- Increase RMD age to 75
- Exemption from RMD rules for individuals with certain account balances (<\$100,000)

Thank you



TIAA-CREF Individual & Institutional Services, LLC, Members FINRA, distributes securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), New York, NY. Each is solely responsible for its own financial condition and contractual obligations.

Investment products may be subject to market and other risk factors. See the applicable product literature or visit **TIAA.org** for details.

[TIAA.org](https://www.tiaa.org)

©2020 Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017

1437839

BUILT TO PERFORM.

CREATED TO SERVE.

Financial Well-being: What has 2020 taught us?

Karen Moseley, HERO President
December 8, 2020



HERO Vision



All workplaces will positively influence the health and well-being of employees, families and communities.

Financial Well-being: What is it?



- ✓ Control over finances
- ✓ Can absorb financial shock
- ✓ Meets financial goals
- ✓ Freedom to make choices that allow life enjoyment

Basic Financial Well-Being Needs Assessment

Utilize an assessment tool

- HA questions related to financial well-being
- CFPB Personal Financial Well-Being Scale

Human resource data

- Salary and wage data and alignment with living wage in the areas where employees live (<http://livingwage.mit.edu>)
- Workforce demographics (ie, percent eligible for retirement and 401(k) contribution rates)
- 401(k) contribution rates
- 401(k) loans

Qualitative data – *ask managers and supervisors:*

- If they are aware of employees who are struggling with financial issues
- To note employee behavior that may be indicative of financial issues, such as challenges with reliable transportation or finding consistent childcare, that may show up as drivers of absenteeism

Table 2. Types of Financial Well-Being Services.

Focus	Description
Investment advising	Provided by an individual or firm that is in the business of giving advice on investing in stocks, bonds, mutual funds, securities, or exchange-traded funds. Investment advisor services may include financial planning services and advice on every aspect of financial life
Financial education	Aims to improve financial competence or knowledge through virtual and in-person training and workshops
Financial coaching	Similar to health coaching where the aim is improvement and goal accomplishment, coaching often begins with a current state assessment to support development of a personal financial plan
Cash flow management and budgeting assistance	Vendors provide online platform with digital tools including financial and savings calculators and budgeting guidance
Loan repayment/ assistance	Provide online tools to model options for repayment. Some provide access to refinance and consolidation options, while others also administer employer loan contributions
Short-term/hardship loans	Help employees avoid costly 401(k) loans and payday lender fees by offering emergency loans often capped at 8%-10% of salary. Repayment structure helps to ensure the loan is paid back and may be structured to build up savings concurrently

Source: American Journal of Health Promotion, 2019, Vol. 33(1), 142-155.

CASE STUDY: Prudential

Prudential has identified 7 keys to a successful financial wellness program:

1. *Provide a wealth of financial wellness offerings, building what you can over time.* You want a broad range of offerings, but not everything needs to be available on day 1. Deliver a continuous evolution of offerings.
 2. *Integrate benefit offerings.* Benefit offerings not only can boost financial wellness but a financial wellness program can help employees appreciate and make better use of the benefits being offered.
 3. *Embrace innovative plan design features.* In retirement savings plans, for example, automating participant enrollment and escalation of contributions can drive superior results.
 4. *Provide access to investment education and planning resources.* Tools that help employees assess their financial health and improve it can lead to better outcomes.
 5. *Recognize that employees engage and learn in different ways.* Some prefer to learn independently using online programs, for example, while others prefer in-person engagement.
 6. *Change the culture and build trust.* Develop creative, consistent, and engaging communications programs.
 7. *Develop a holistic approach.* Your financial wellness strategy should focus on delivering personal, organizational, and community benefits.
 8. *Leverage data, both internal and external, to inform strategy.* Measuring results is crucial to figuring out what works and what doesn't, refining your program, and allocating resources appropriately.
-



CURRENT ENVIRONMENT

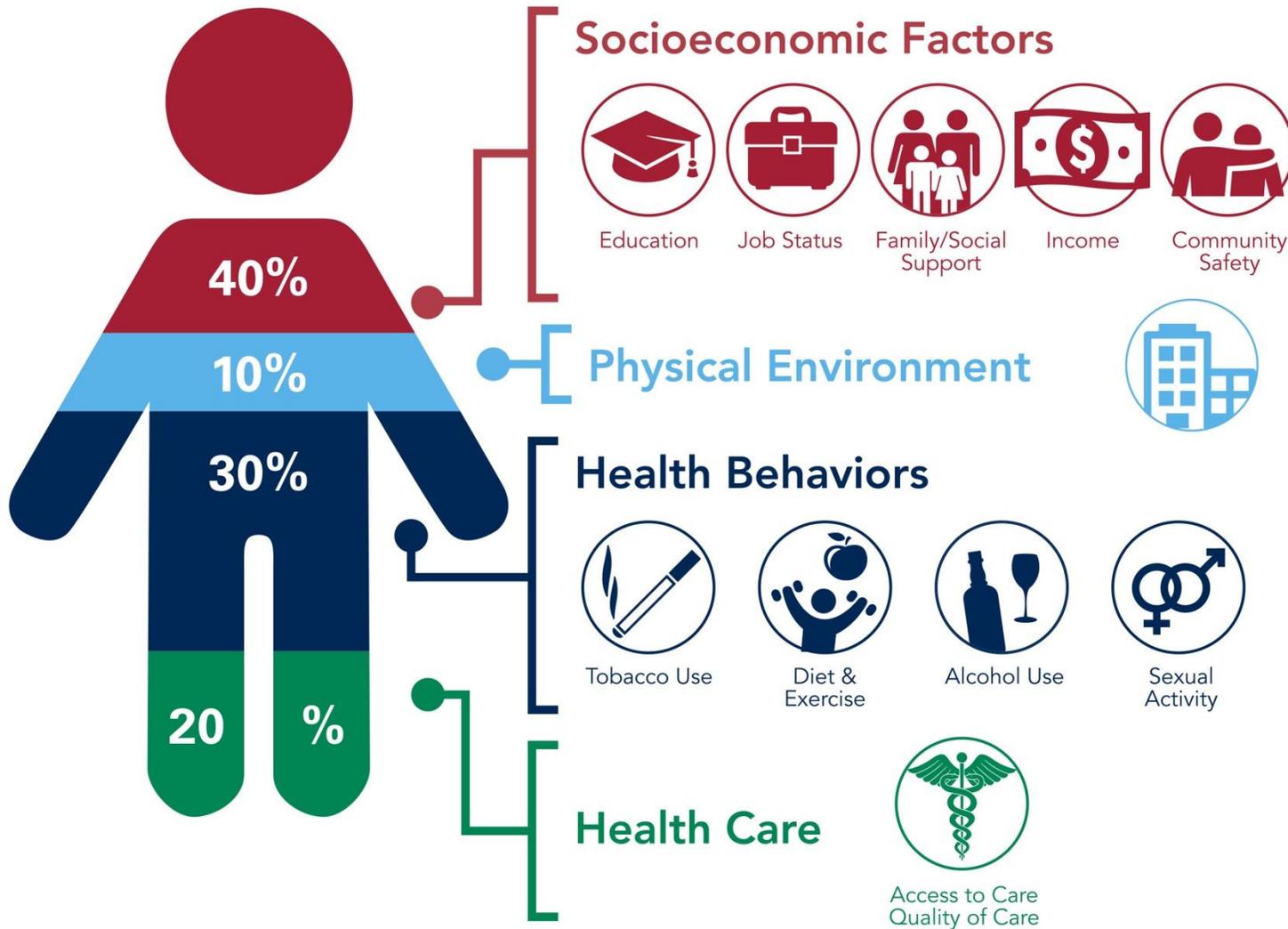
Social determinants of health are the circumstances in which people are born, grow up, live, work and age, and the systems put into place to deal with illness.

➤ Each Year In The U.S...

- ➔ **1.5 million** million individuals experience homelessness
- ➔ **3.6 million** people cannot access medical care due to lack of transportation
- ➔ **40 million** people face hunger, and
- ➔ **11.8 percent** of households are food insecure

IMPACT OF SOCIAL DETERMINANTS OF HEALTH

Social determinants of health have tremendous affect on an individual's health regardless of age, race, or ethnicity.



SDOH Impact

➔ **20 percent** of a person's health and well-being is related to **access to care** and **quality of services**

➔ The **physical environment, social determinants** and **behavioral factors** drive **80 percent** of health outcomes

Financial Stability by Race

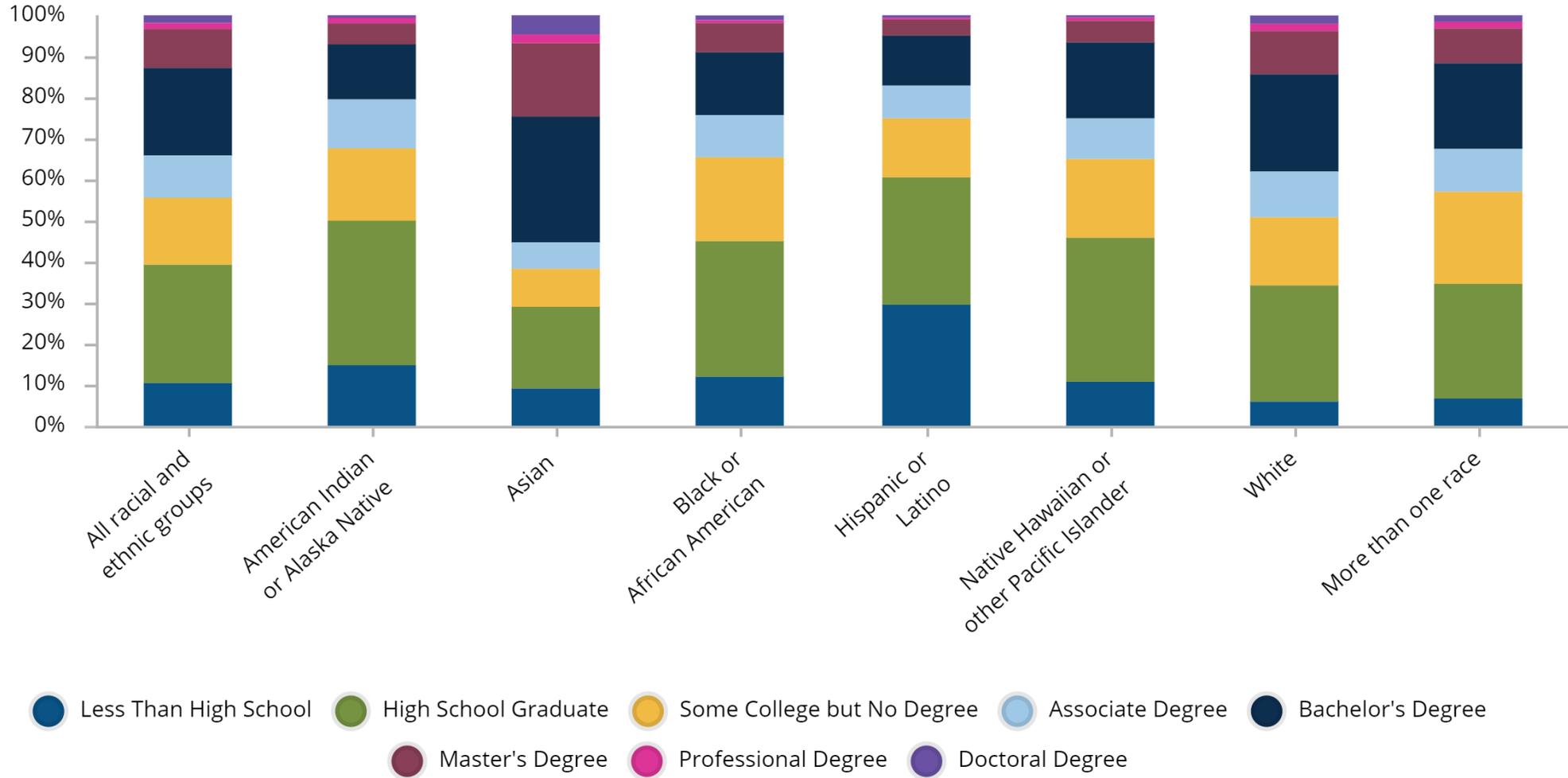
Table 1: Wealth rises with age for all families, but substantial wealth gaps between White and non-White families persist throughout the life-cycle.

Source: Federal Reserve Board, 2019 Survey of Consumer Finances.

Notes: Table displays median wealth by age group and by race and ethnicity in thousands of 2019 dollars.

	White	Black	Hispanic	Other
Under 35	25.4	0.6	11.2	13.5
35-54	185.0	40.1	46.1	154.5
Over 55	315.0	53.8	111.5	213.2

Educational Attainment of Adults Ages 25 and Older, by Race and Ethnicity: 2017



SDOH: Financial Insecurity

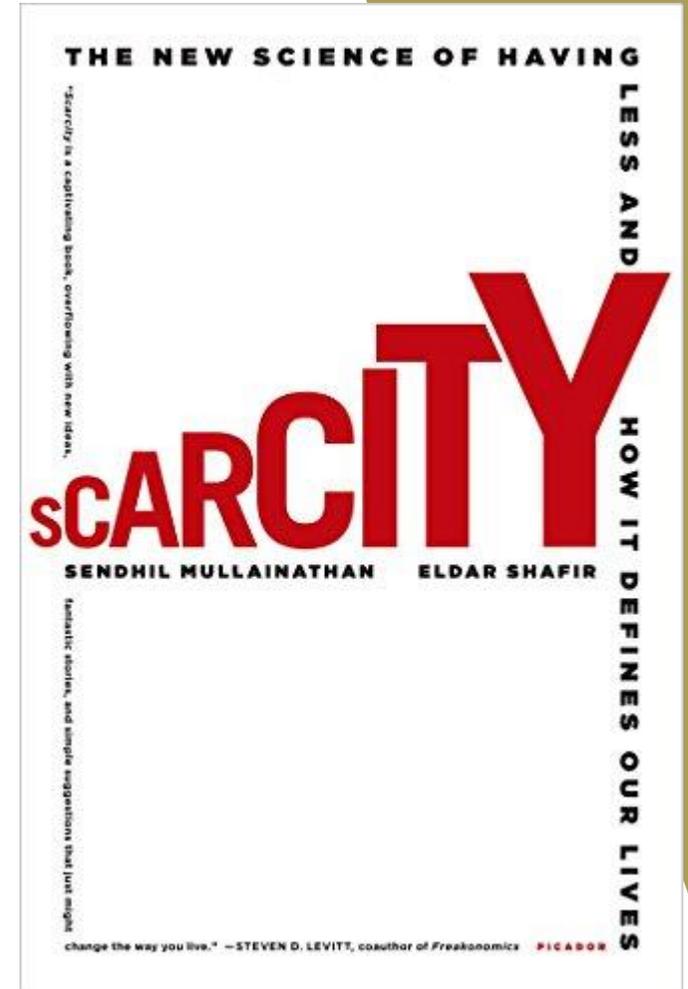
SCARCITY: having less than you feel you need

POOR: having too little money to buy what one needs AND requires one to use more bandwidth to manage available funds

BANDWIDTH: new lens through which to view financial well-being

TUNNELING: single-mindedly focusing on managing scarcity; leads to seemingly irrational decisions

“When you’re tunneling, many rewards can fall outside the tunnel. Why not instead think about financial products, logistical interventions, or working conditions that help workers deal with financial volatility and help clear some bandwidth?”



Source: Mullainathan S, Shafir E. Scarcity: Why Having Too Little Means So Much. New York, NY: Times Books: Henry Holt and Company; 2013.

What can Employers do?

➤ **Create bandwidth.**

Example: Provide pay advances to employees in an effort to avoid payday lenders

➤ **Influence what is in the tunnel** by using reminders.

Example: Simple text or email reminder of the goal once a month increased savings by 6%

➤ **Timing to maximize bandwidth** can be helpful.

Example: Present options for longer term strategies when individuals have more bandwidth for more likely adoption

➤ Bandwidth limitations have implications for **how info is presented.**

Example: Clear, concise summaries of options for financial products or programs can economize on bandwidth



Focus Area: Health & Well-being Benefits

❖ ASK:

What key resources, in the community and within the workplace, address employee social needs?

❖ DO:

- ✓ Listen to employees
- ✓ Leverage existing vendor partners including financial partners (i.e., 401k, insuranceto understand employee data with a SDOH perspective
- ✓ Support utilization of benefits and vendor partner resources
- ✓ Destigmatize the use of resources and benefits



Focus Area: Work Scheduling & Pay

❖ ASK:

What do our employees need in terms of equitable work scheduling and pay?

❖ DO:

- ✓ Assess recruiting, hiring, scheduling and payment practices for norms that hinder well-being
- ✓ Consider pilots that promote flexibility and job autonomy

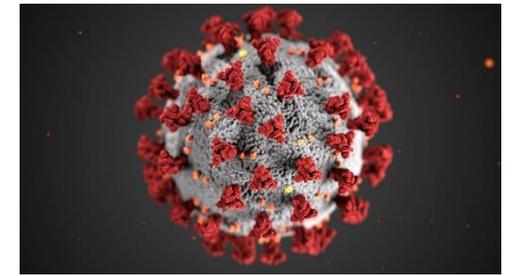
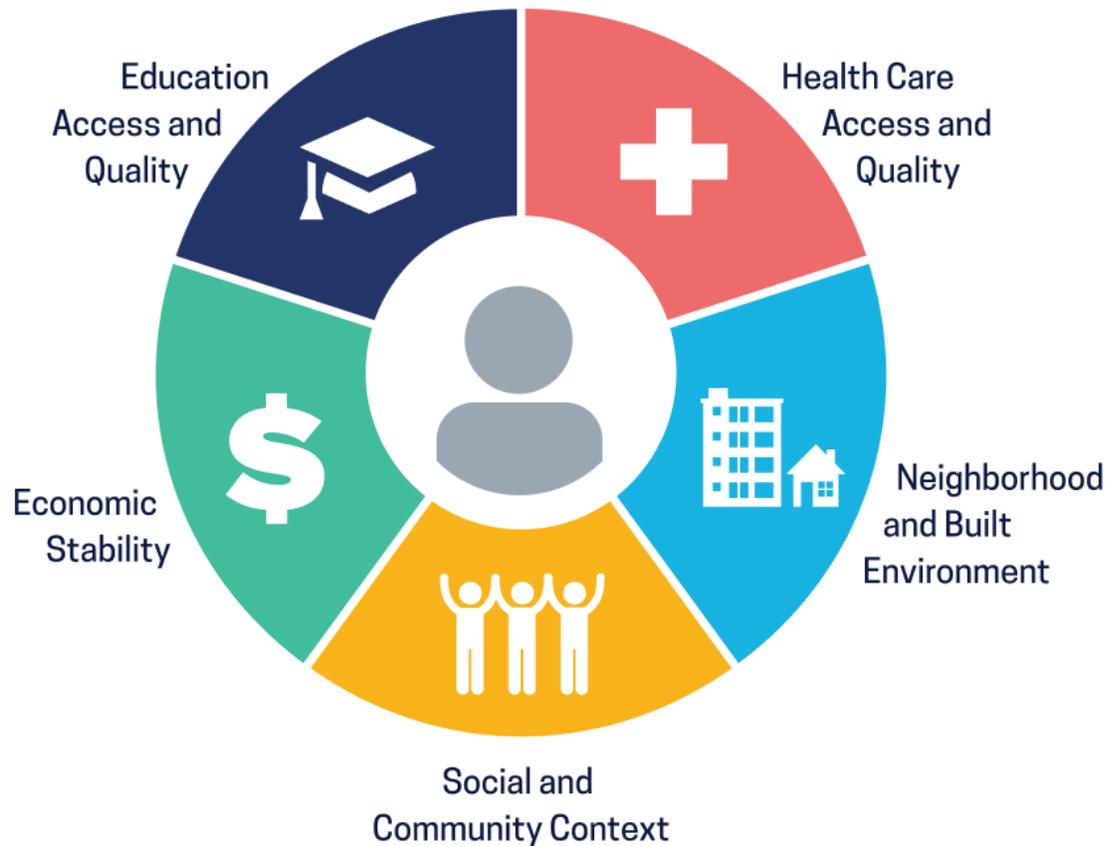
SPOTLIGHT:

Greyston Bakery's 'Open Hiring' policy seeks to employ previously incarcerated individuals with a goal to educate and train and to address the cycles of poverty that impact health status.

**GREYSTON
BAKERY**



Social Determinants of Health



SDOH Insecurities October 2020 (full-time US employees)

- 41% food insecurity
- 43% housing insecurity
- 37% financial insecurity
- 26% childcare challenges
- 26% eldercare challenges

Social Determinants of Health

Copyright-free



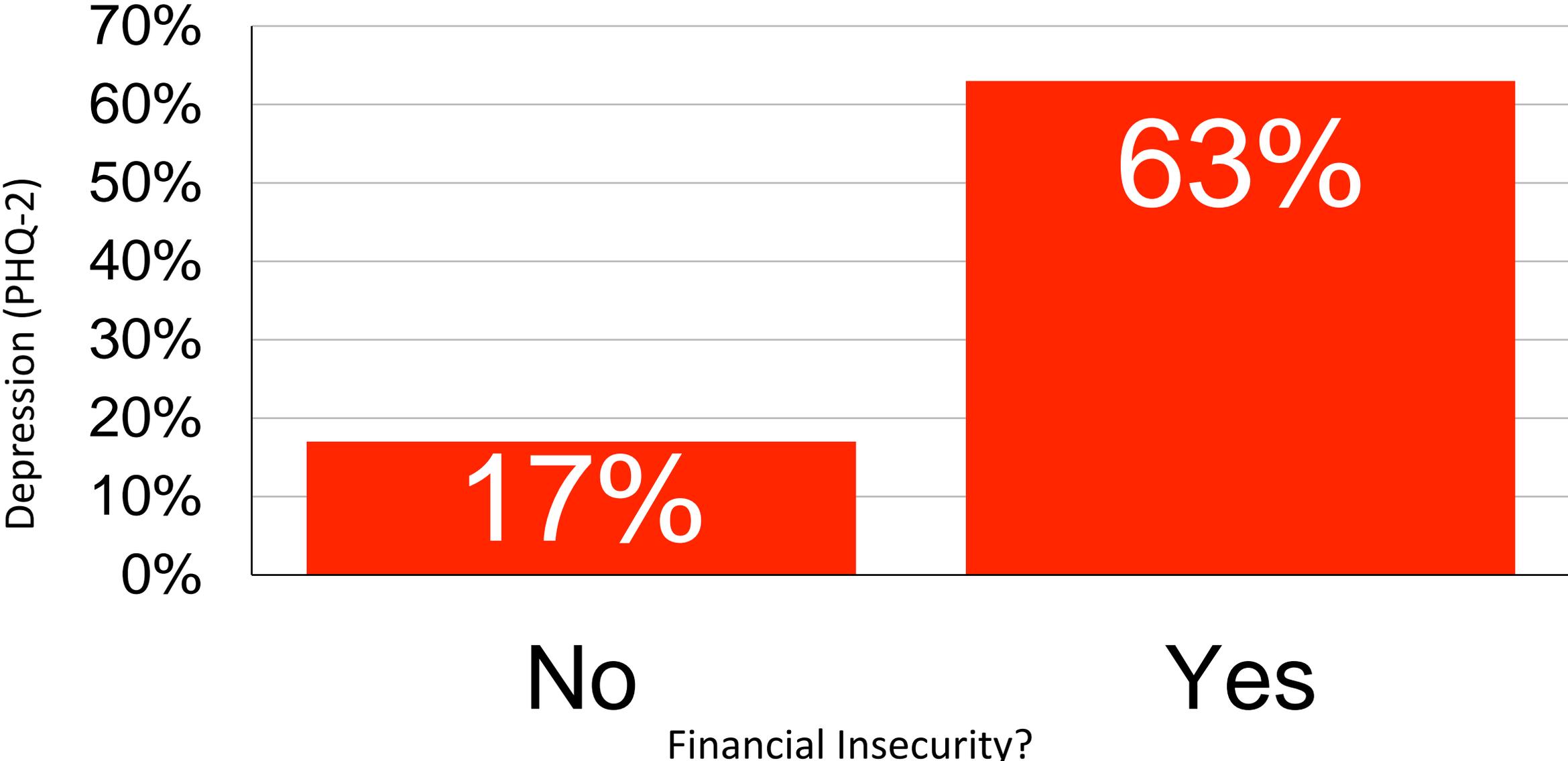
Healthy People 2030

Source: Healthy People 2030, U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion. Retrieved October 1, 2020, from <https://health.gov/healthypeople/objectives-and-data/social-determinants-health>

Source: Harris-ProMedica SDOH Index Poll, Oct 2020, n=U.S. sample of 830 full-time employees

Depression by SDOH Insecurities October 2020 (full-time US employees)

Difficulty in paying for food, housing, medical care and utilities in past two months. (somewhat, very)



Source: Harris-ProMedica SDOH Index Poll, Oct 2020, n=U.S. sample of 830 full-time employees



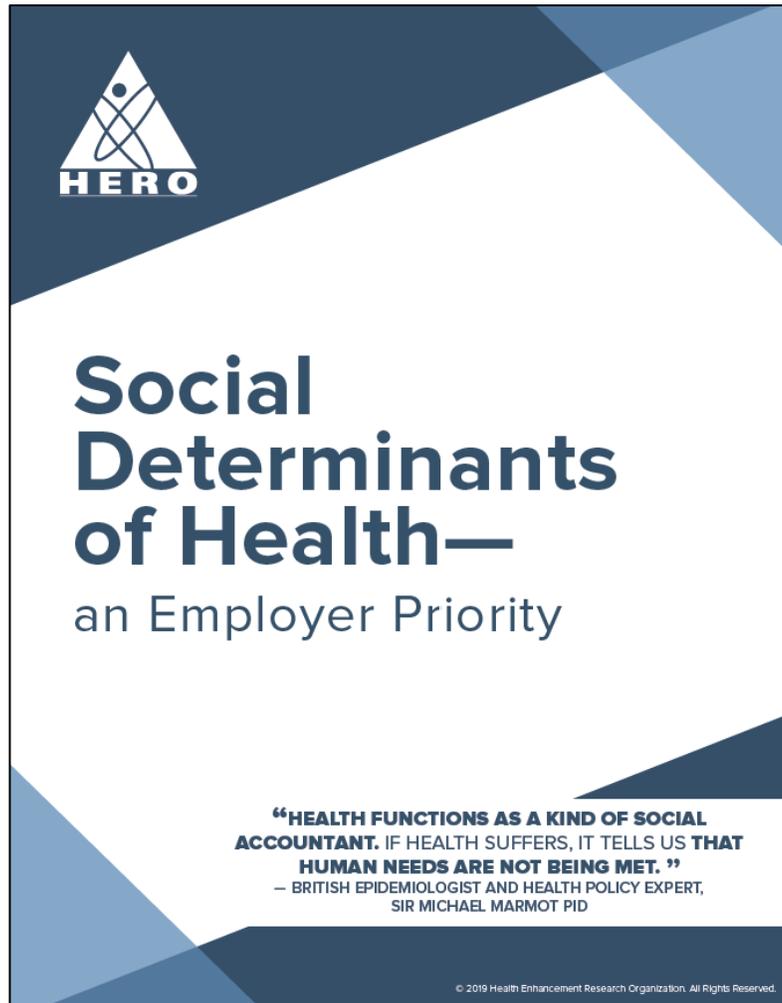
WIN NETWORK

VITAL CONDITIONS FOR WELL-BEING

Vital conditions are properties of places and institutions that all people need to participate, prosper, and reach their full potential. We encounter them on day one and depend on them every day of our lives. They also persist over generations.



Resources



- 100 Million Healthier Lives <100mlives.org>
- A New CSR Frontier: Business and Population Health <bsr.org>
- Build Healthy Places Network <buildhealthyplaces.org>
- Chief Executives for Corporate Purpose <cecp.co>
- Community Commons <communitycommons.org>
- County Health Rankings & Roadmaps <countyhealthrankings.org>
- Good Health Is Good Business <bipartisanpolicy.org/report/good-health-is-good-business>
- HERO Publications <hero-health.org/resources/committee-publications/>
 - Category: Healthy Workplaces, Healthy Communities
 - Category: Employer-Community Collaboration Study Committee
- Health Means Business <uschamberfoundation.org>
- National Academies: Health and Medicine Division <nationalacademies.org>
 - Action Collaborative on Business Engagement in Building Healthy Communities
 - Communities in Action: Pathways to Health Equity <nationalacademies.org/promotehealthequity>
- WIN Network – Vital Conditions <winnetwork.org/vital-conditions>



Thank You!

Karen Moseley

HERO President

Karen.Moseley@HERO-health.org

Office: (717) 868-7150



Q&A



THURSDAY'S EVENT



EBRI WINTER POLICY FORUM WEBINAR

DECEMBER 10, 2020

2:00–3:15 P.M.

The Stand: Employer Approaches to Health Benefits Post-COVID-19

Featuring:

Paul Fronstin, Director, Health Research and Education Program, Employee Benefit Research Institute

Kris Haltmeyer, Vice President, Legislative & Regulatory Policy, BCBSA

Cheryl Larson, President and CEO, Midwest Business Group on Health

**Mark Wilson, President, American Health Policy Institute, Vice President, Health and Employment Policy, HRPA
Chief Economist, HRPA**

Chris Byrd, Executive VP, Operations, WEX Health, Moderator

UPCOMING EBRI PROGRAMS

Retirement Spending Profiles: Findings from the Health and Retirement Study
Webinar – January 27, 2021

May Policy Forum – May 13, 2021

Please visit ebri.org for more information.

Align your brand – Sponsor these events: contact Betsy Jaffe, jaffe@ebri.org