EBRI-ERF POLICY FORUM #86
RETIREMENT, HEALTH, AND FINANCIAL WELLBEING

DECEMBER 12, 2019

EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE


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#EBRIPolicyForum
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COCKATIELS IN MELBOURNE

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AUSTRALIAN KING PARROT

IN RECOGNITION OF MICHAEL DOSHIER, PPAC CHAIR

THANK YOU POLICY FORUM DEVELOPMENT TASK FORCE!

Chris Byrd, Wex Health

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Josh Freely, TIAA

Bob Holcomb, Empower Retirement

Tom Johnson, Retirement Clearinghouse

Melissa Kahn, State Street Global Advisors

Stacy Scapino, Mercer

Joe Healy, PIMCO

Andrew Schreiner, Fidelity Investments

Mike Skinner, T Rowe Price

Michael Doshier, T Rowe Price

Liz Varley, Ameriprise Financial

Michael Sowa, LGIMA

Jana Steele, Callan

Chris Stephen, NRECA

Aron Szapiro, Morningstar

Jeff Tulloch, MetLife

WELCOME

Lori Lucas

President and CEO, EBRI

Bob Holcomb

Vice Chair, EBRI Public Policy Advisory Council

Vice President Legislative and Regulatory Affairs, Empower Retirement

AGENDA

8:30	Welcome
8:45	Spending in Retirement: Policy Implications
9:30	Break
9:40	Director Kathy Kraninger of the CFPB on Emergency Savings
10:00	Spending in Retirement: Recent Research and Practical Approaches
10:55	Networking Break
11:05	Washington Update
11:35	Price and Quality Transparency and Other Initiatives to Address High Cost Claimants
12:35	Motivations and Measurement of Financial Wellness Initiatives
1:00	Networking Lunch
1:35	Luncheon Keynote
1:55	Wrap Up
2:00	Adjourn

SPENDING IN RETIREMENT: POLICY IMPLICATIONS

Alicia Munnell, Peter F. Drucker Professor of Management Sciences at Boston College's Carroll School of Management and Director of the Center for Retirement Research at Boston College

Spending in Retirement: Policy Implications

Alicia H. Munnell
Peter F. Drucker Professor, Boston College Carroll School of Management
Director, Center for Retirement Research at Boston College

EBRI-ERF Policy Forum #86
Washington, DC
December 12, 2019

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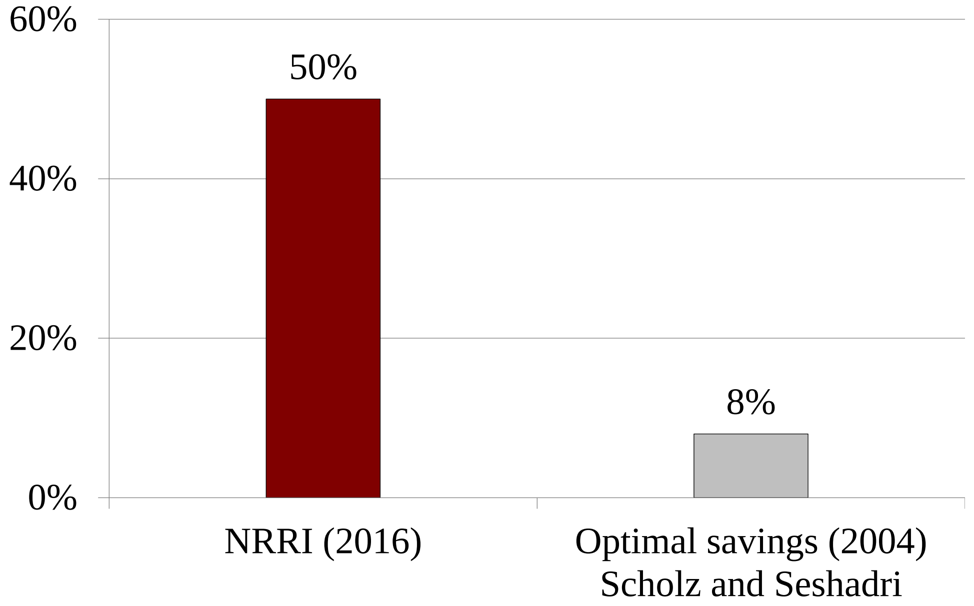
Households' desired pattern of retirement spending has implications for:

- retirement preparedness; and
- retirement income products.

Existing studies, which assume different spending patterns, offer conflicting assessments of preparedness.

Percentage of Households "At Risk:" NRRI vs. Optimal Savings



Notes: The age range for the NRRI results is 30-59; the age range for the optimal savings results is 51-61.
Sources: Alicia H. Munnell, Wenliang Hou, and Geoffrey T. Sanzenbacher. 2018. "National Retirement Risk Index Shows Modest Improvement in 2016." *Issue in Brief* 18-1. Center for Retirement Research at Boston College; and John Karl Scholz and Ananth Seshadri. 2008. "Are All Americans Saving 'Optimally' for Retirement." Presented at the 10th Annual Retirement Research Consortium Conference.

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NRRI shows half of today's households are at risk.

- NRRI uses target replacement rates, derived from a life-cycle model that smooths spending.
- Households have steady spending over their work lives.
- Retirees purchase an inflation-adjusted annuity and annuitize the proceeds of a reverse mortgage to maintain steady spending in retirement.

Source: Alicia H. Munnell, Wenliang Hou, and Geoffrey T. Sanzenbacher. 2018. "National Retirement Risk Index Shows Modest Improvement in 2016." *Issue in Brief* 18-1. Center for Retirement Research at Boston College.

For the upcoming comparison, note that the NRRI has risen since 2004 (date used in Scholz & Seshadri) and risk declines by age.

Percentage of NRRI Households "At Risk" by Age Group, 2004, 2007, 2010, 2013, and 2016

Age group	2004	2007	2010	2013	2016
All	43%	44%	53%	52%	50%
30-39	49	53	62	59	56
40-49	44	47	55	52	52
50-59	35	32	44	45	44

Note: The 2004 results reflect slightly different age groups: the youngest group is age 32-39 and the oldest is age 50-58.
Sources: Alicia H. Munnell, Matthew S. Rutledge, and Anthony Webb. 2015. "Are Retirees Falling Short? Reconciling the Conflicting Evidence." *Issue in Brief* 15-5. Center for Retirement Research at Boston College; and Alicia H. Munnell, Wenliang Hou, and Geoffrey T. Sanzenbacher. 2018. "National Retirement Risk Index Shows Modest Improvement in 2016." *Issue in Brief* 18-1. Center for Retirement Research at Boston College.

Optimal savings model concludes that most Americans are "saving optimally."

- This model assumes households want to equalize *marginal utility* of consumption over their lifetimes.

- When applied to the *Health and Retirement Study* (HRS), the model shows how much households should have accumulated by their 50s.

- Comparing these estimated amounts to actual accumulations S&S conclude that, in 2004, only 8 percent of households in their 50s had less than optimal wealth.

Source: John Karl Scholz and Ananth Seshadri. 2008. "Are All Americans Saving 'Optimally' for Retirement." Presented at the 10th Annual Retirement Research Consortium Conference.

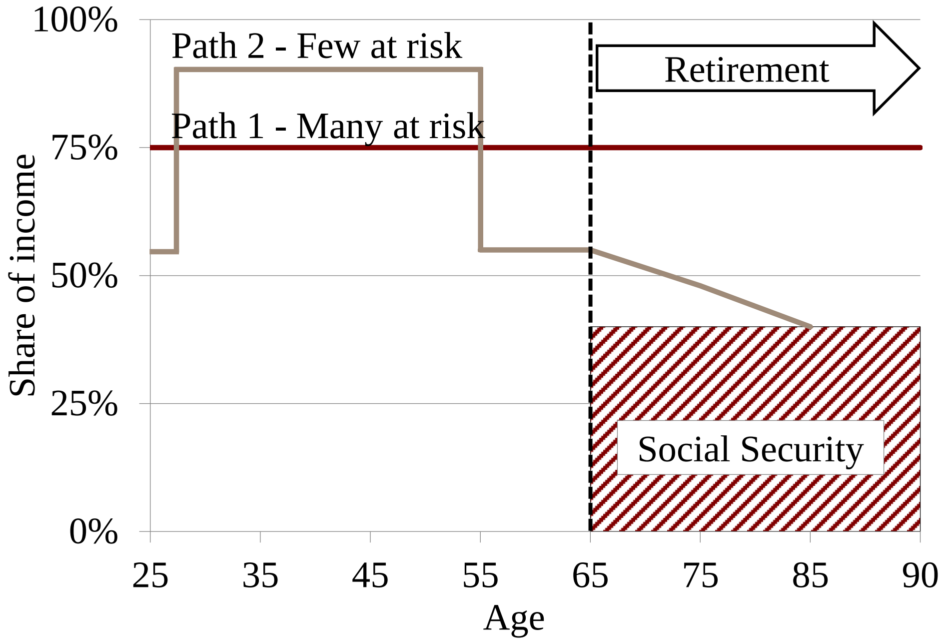
The main differences between the NRRI and the optimal savings model are:

- how households adjust their spending when their kids leave home; and

- how households spend their accumulated wealth in retirement.

These assumptions produce dramatically different spending paths.

Illustrative Spending Relative to Income by Age for Households with Children



Source: Alicia H. Munnell, Matthew S. Rutledge, and Anthony Webb. 2014. “Are Retirees Falling Short? Reconciling the Conflicting Evidence.” Working Paper 2014-6. Center for Retirement Research at Boston College.

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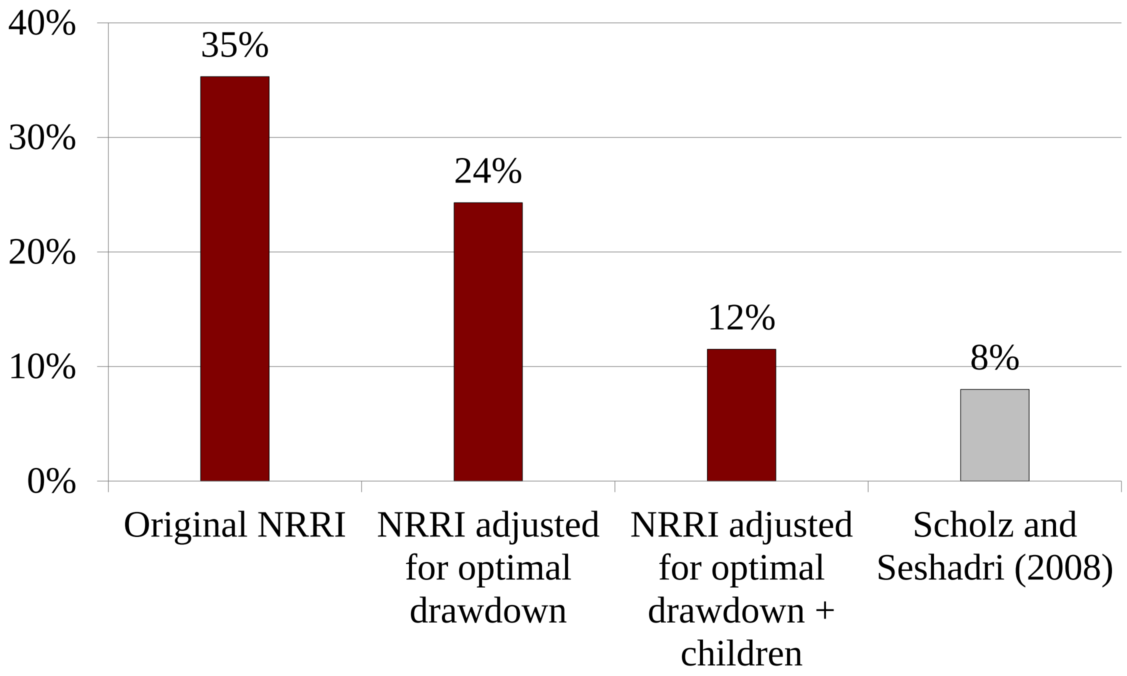
Adjusting the NRRI for the differences in spending paths produces virtually the same share of households at risk.

Percentage of Households in Their 50s at Risk, 2004



Notes: The age range for the NRRI results is 50-58; the age range for the optimal savings results is 51-61.
Source: Alicia H. Munnell, Matthew S. Rutledge, and Anthony Webb. 2014. "Are Retirees Falling Short? Reconciling the Conflicting Evidence." Working Paper 2014-6. Center for Retirement Research at Boston College.

Which assumptions are right? Do parents reduce their spending when kids leave home?

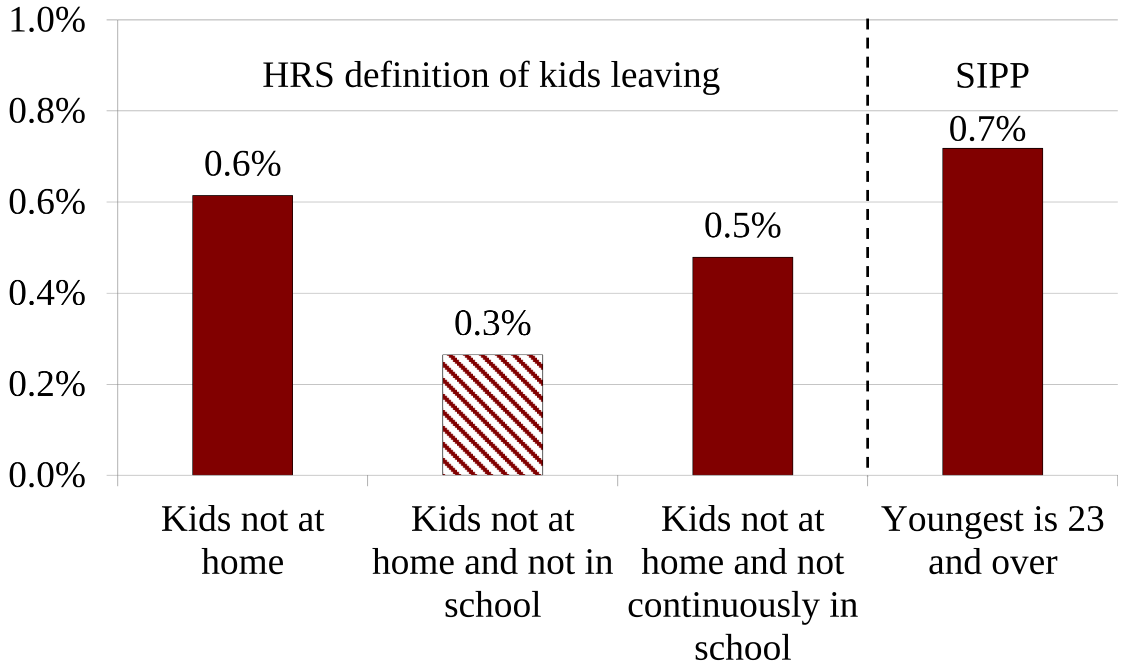
- We looked at this question using HRS data linked to W-2 tax data from 1992-2010.

- The analysis focused on households married throughout the period, with at least one parent eligible for a 401(k).

- It also looked at younger households using the *Survey of Income and Program Participation* from 1992-2008.

The results showed a range of estimates for increased saving depending on the definition.

Percentage-Point Increase in 401(k) Saving for Households when Kids Leave



Source: Irena Dushi, Alicia H. Munnell, Geoffrey T. Sanzenbacher, Anthony Webb, and Anqi Chen. 2016. "Do Households Save More When the Kids Leave Home?" *Issue in Brief* 16-8. Center for Retirement Research at Boston College.

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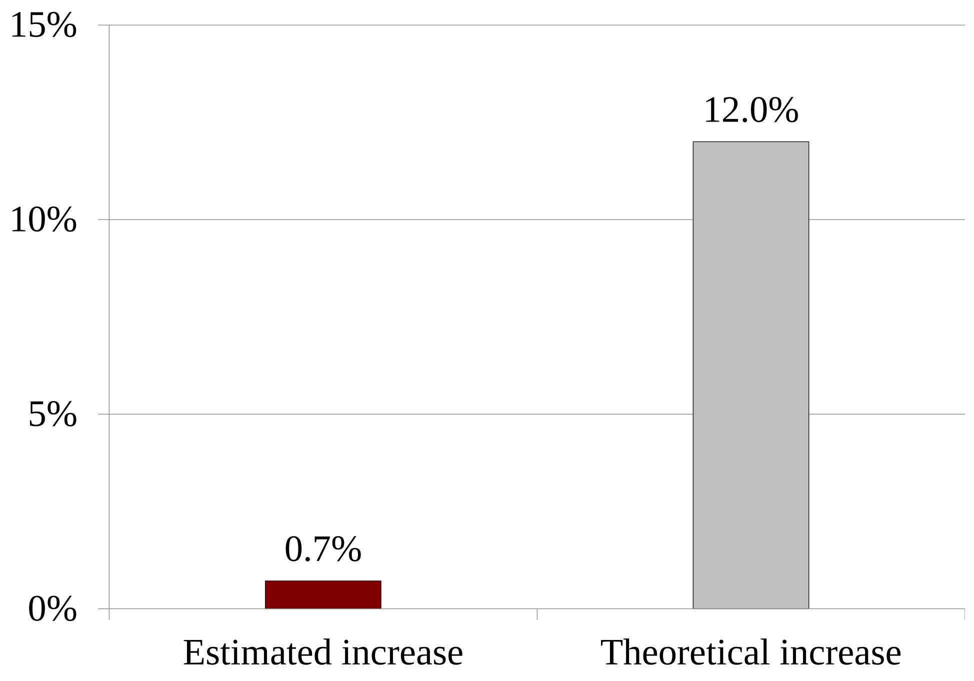
But even the largest increase in saving was miniscule compared to theory.

Percentage-Point Increase in 401(k) Saving for Households when Kids Leave, Estimated and Theoretical



Note: The estimated increase is for the SIPP definition (youngest child is 23+), which is the highest estimate.
Source: Irena Dushi, Alicia H. Munnell, Geoffrey T. Sanzenbacher, Anthony Webb, and Anqi Chen. 2016. “Do Households Save More When the Kids Leave Home?” *Issue in Brief* 16-8. Center for Retirement Research at Boston College.

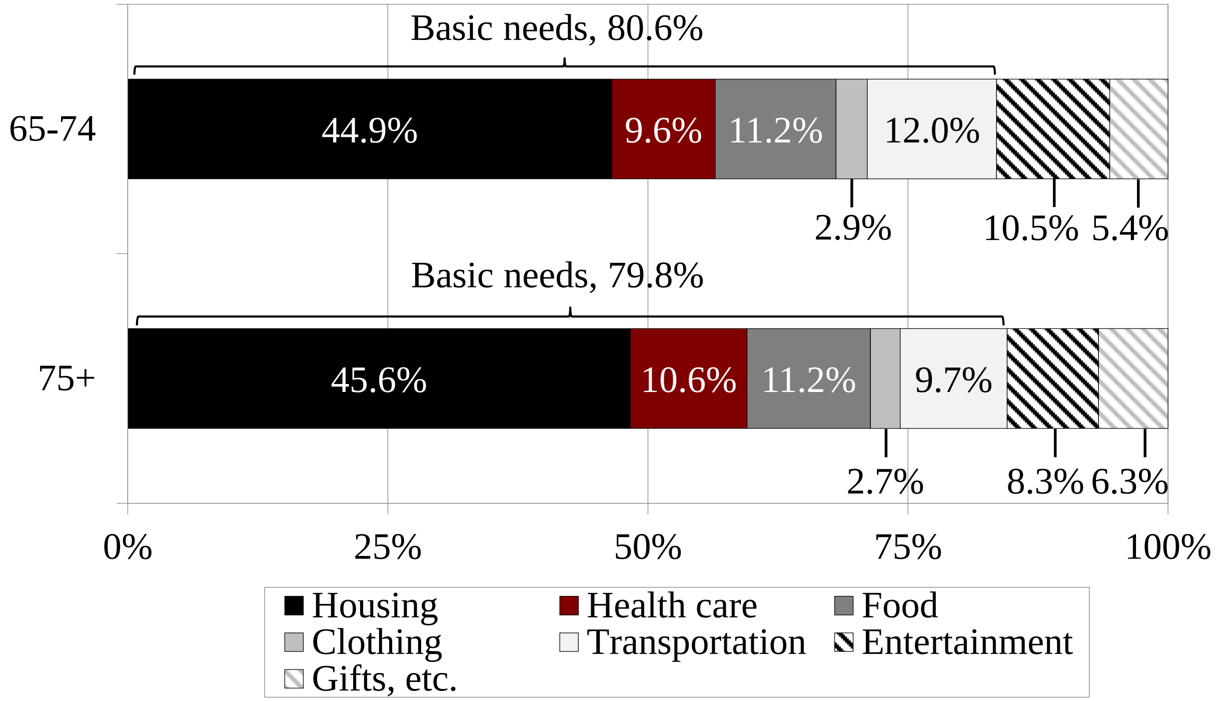
Which assumptions are right? Do people want declining or steady spending in retirement?

Evidence for steady spending:

- financial planners' framework;
- arguments for annuities (Gal's presentation today);
- structure of state/local defined benefit plans; and
- introspection!

In addition, Zahra's analysis indicates that most retiree spending goes for basic needs, which tend to be steady over time.

Share of Average Annual Household Spending on Major Components, by Age and Year



Notes: Numbers do not add up to 100 percent due to rounding.
Source: Zahri Ebrahimi. 2019. "How Do Retirees' Spending Patterns Change Over Time?" Issue Brief No. 492. EBRI.

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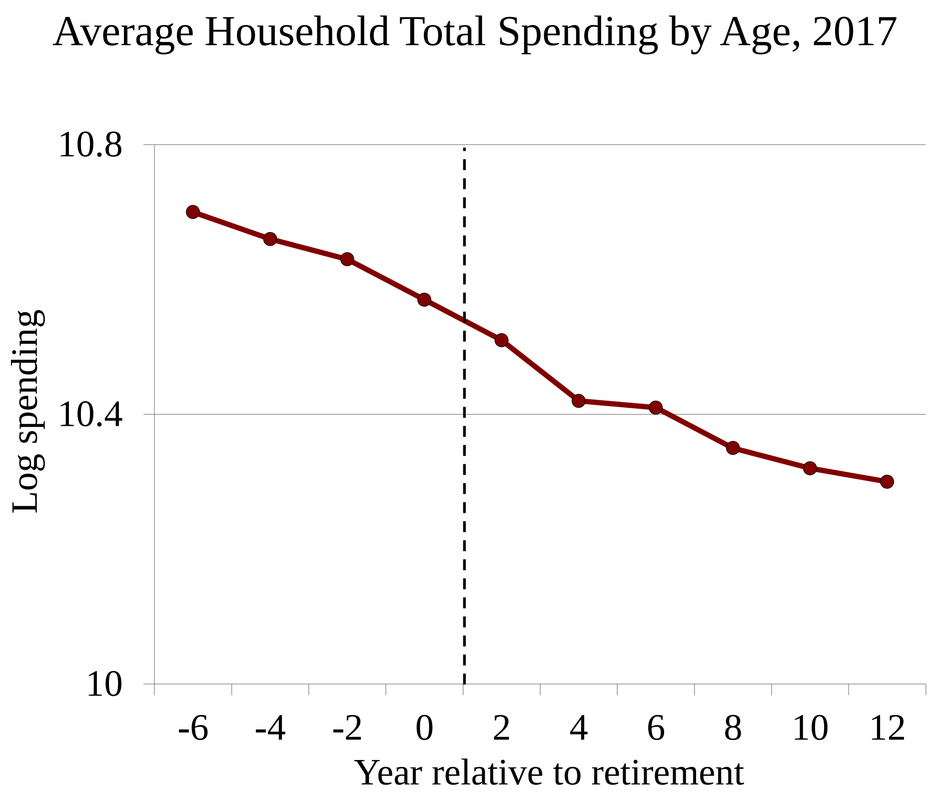
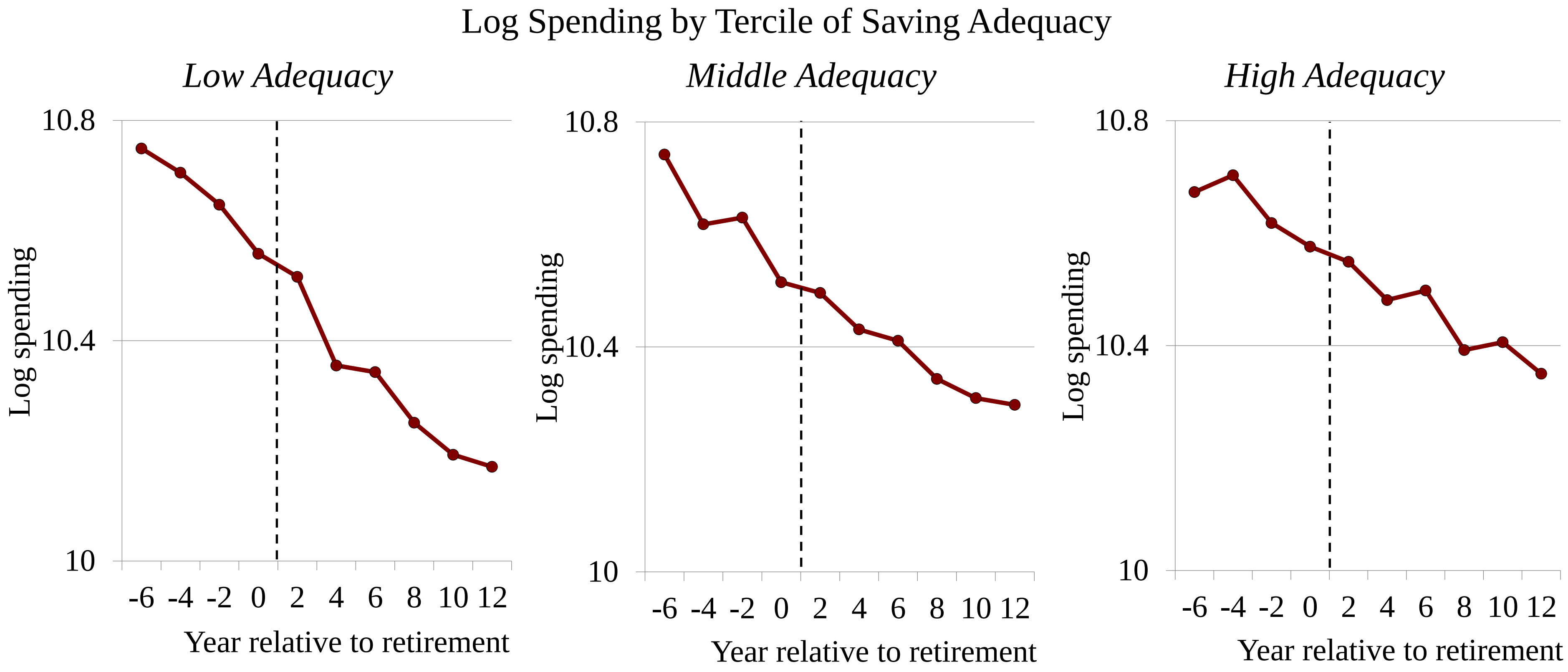
But many studies show that spending declines as people age.



Source: Sheng Guo, Jonathan Skinner, and Stephen P. Zeldes. 2019 (forthcoming). "Inattentive Households and Consumption Declines During Retirement." Working Paper. Center for Retirement Research at Boston College.

The key question is whether declining spending reflects declining income or a rational choice.



Source: Sheng Guo, Jonathan Skinner, and Stephen P. Zeldes. 2019 (forthcoming). "Inattentive Households and Consumption Declines During Retirement." Working Paper. Center for Retirement Research at Boston College.

Conclusion

- Retirement spending is a crucial topic.
- Whether people want steady or declining spending determines how many are at risk.
- If people want declining spending, then need to rethink arguments for annuities – especially inflation-adjusted annuities.
- If people want steady spending, then the share of households at risk is large.

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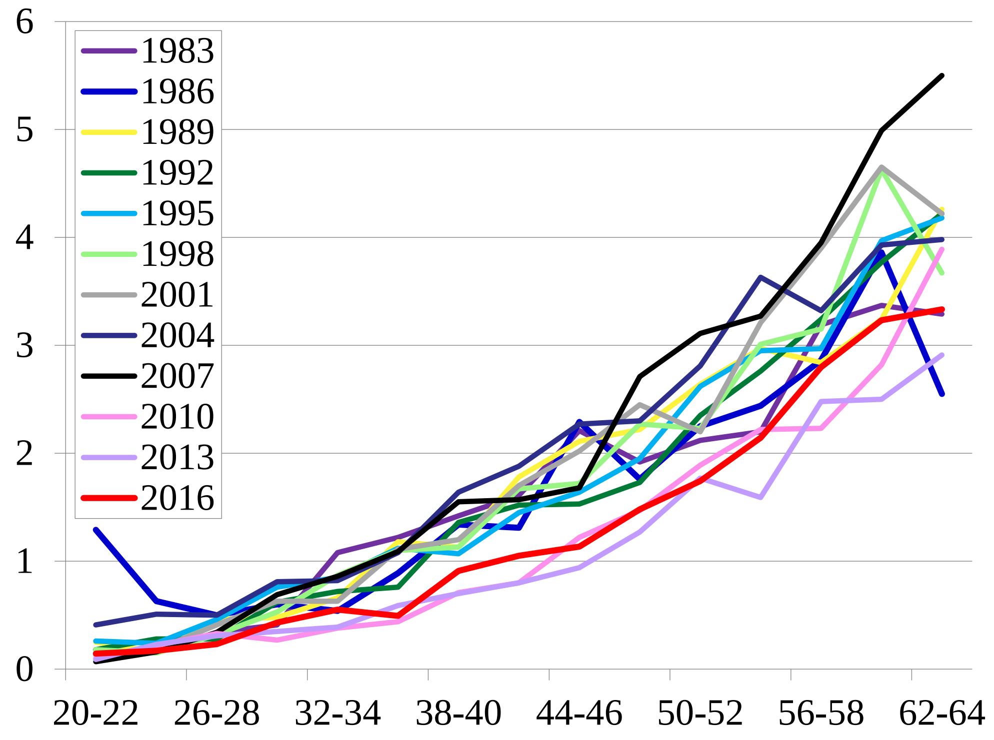
Conclusion (cont.)

- But we have the tools to reduce the share at risk:
  - fix Social Security;
  - make 401(k)s fully automatic;
  - cover uncovered workers;
  - consider the house a retirement asset; and
  - inform people of the benefits of working longer.

This figure shows that retirement preparedness has been declining.

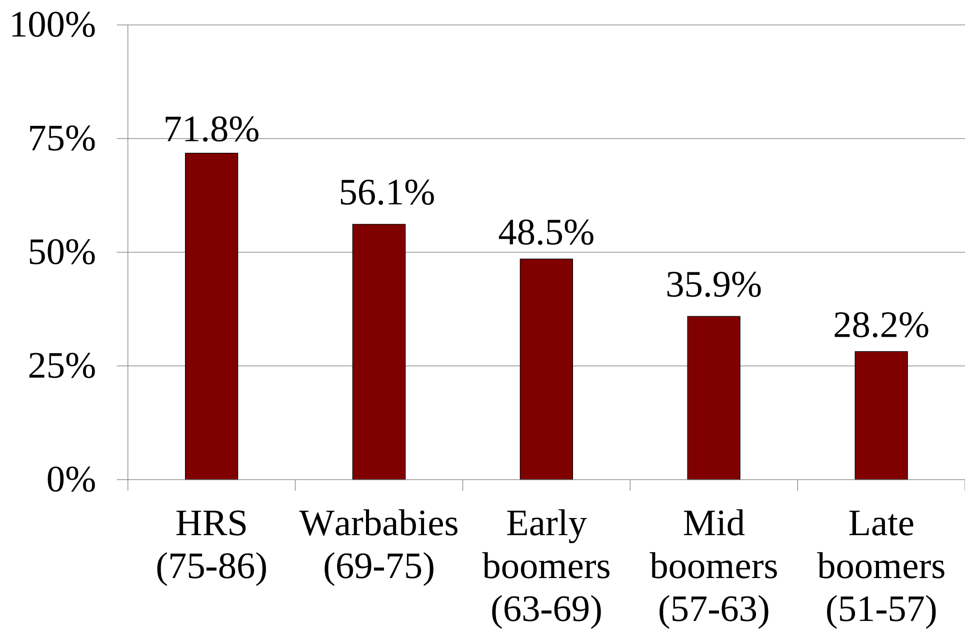
Ratio of Wealth to Income by Age from the *Survey of Consumer Finances*, 1983-2016



Source: Author's calculations based on U.S. Board of Governors of the Federal Reserve System, *Survey of Consumer Finances* (1983-2016).

Income from defined benefit plans is falling rapidly due to shift to 401(k)s.

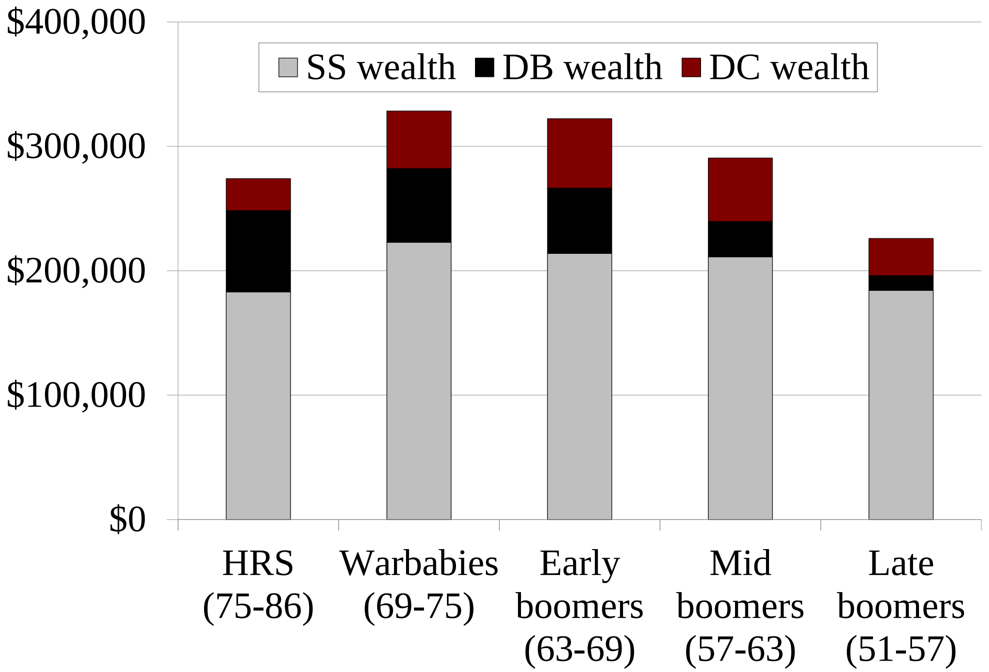
Defined Benefit Plan Wealth as a Share of Employer Plan Retirement Wealth
at Ages 51-56 for Middle Quintile Households by HRS Entry Cohort, 2016 Dollars



Source: Author's calculations from University of Michigan. *Health and Retirement Study*, 1992-2016.

Retirement wealth is actually declining.

Retirement Wealth at Ages 51-56 for Middle-Quintile Households, by Type of Wealth and Cohort, 2016 Dollars



Source: Author's calculations from University of Michigan. *Health and Retirement Study*, 1992-2016.

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DIRECTOR KATHY KRANINGER OF THE CFPB ON EMERGENCY SAVINGS

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SPENDING IN RETIREMENT: RECENT RESEARCH AND PRACTICAL APPROACHES

Moderated by:
James Veneruso, Vice President of DC Consulting, Callan

Gal Wettstein, Research Economist, Boston College Center for Retirement Research

Zahra Ebrahimi, EBRI Research Associate

Dr. Wei-Yin Hu, Vice President, Financial Research, Financial Engines

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SPENDING PATTERNS OF RETIREES OVER TIME

POLICY FORUM #86

DECEMBER 12, 2019

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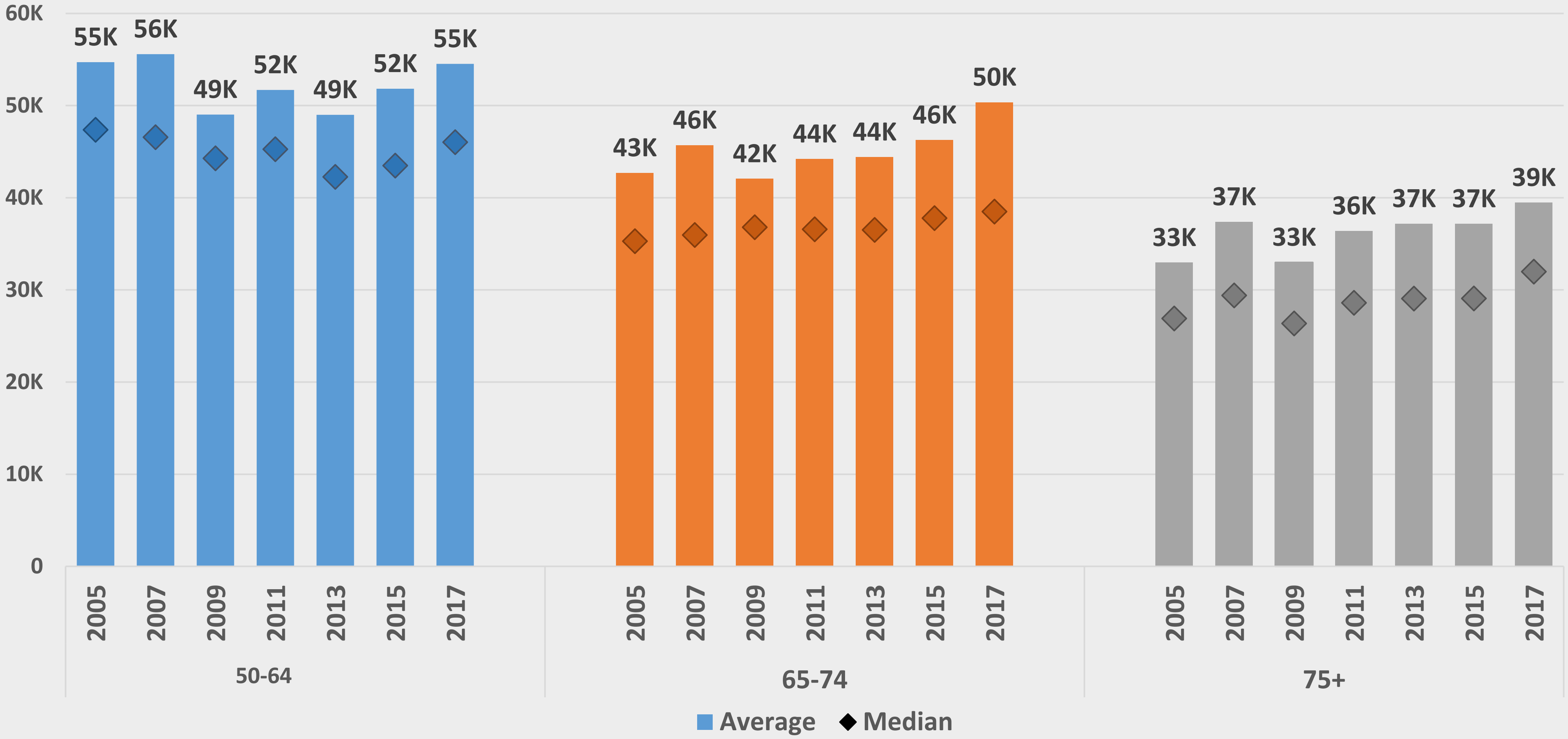
INTRODUCTION

- As many Baby Boomers are approaching retirement, fewer of them are covered by DB plans that typically generate a regular income in retirement and increasingly have DC plans that build up benefits as an account balance.
- There has been an increasing demand for products and services that help clients in decumulation in retirement as well as accumulation when they need to know:
    - Whether they have enough money to retire.
    - How to convert their assets into an income stream that will cover their needs in retirement.
- To design such products, precise assumptions on spending and budgeting for different phases of retirement (pre-retirement, early retirement, and late retirement) are crucial.
- Following EBRI's line of research on this issue, the current research focuses on spending patterns of the elderly as they transition into retirement as well as during retirement.

DATA AND DEMOGRAPHIC CHARACTERISTICS

- This study uses data from the Health and Retirement Study (HRS) 2004-2016 and the Consumption and Activities Mail Survey (CAMS) to examine the spending pattern of households with a financial representative in 50–64, 65–74, and 75-or-older age groups between 2005 and 2017, biennially.
- Households with a reference person 65 and older make up 60 percent of the sample.
- <u>Average family size drops by age</u>. The average household size for the overall sample was 2.15 members in 2016, with a high of 2.4 for the 50–64 age group and a low of 1.8 for the 75-or-older age group.
- <u>College education has increased</u>. In 2004, the percentage of households with a college-educated reference person was 25 percent, compared with 33 percent in 2016.
- In 2016, homeownership among older households was 76 percent for the 50–64 age group compared with 85 and 80 percent for the 65–74 and 75-and-older age groups, respectively.
- <u>Mortgage-free home ownership increases by age</u>. In 2016, 76 percent of homeowners 75-or-older had no mortgage debt compared with 60 and 40 percent of their counterparts in 65-74 and 50-64 age groups, respectively.

AVERAGE AND MEDIAN HOUSEHOLD TOTAL EXPENDITURES, BY AGE, 2005-2017, IN 2017 $S



Source: Employee Benefit Research Institute estimates from the Health and Retirement Study (HRS)

AGE AND SPENDING CATEGORIES

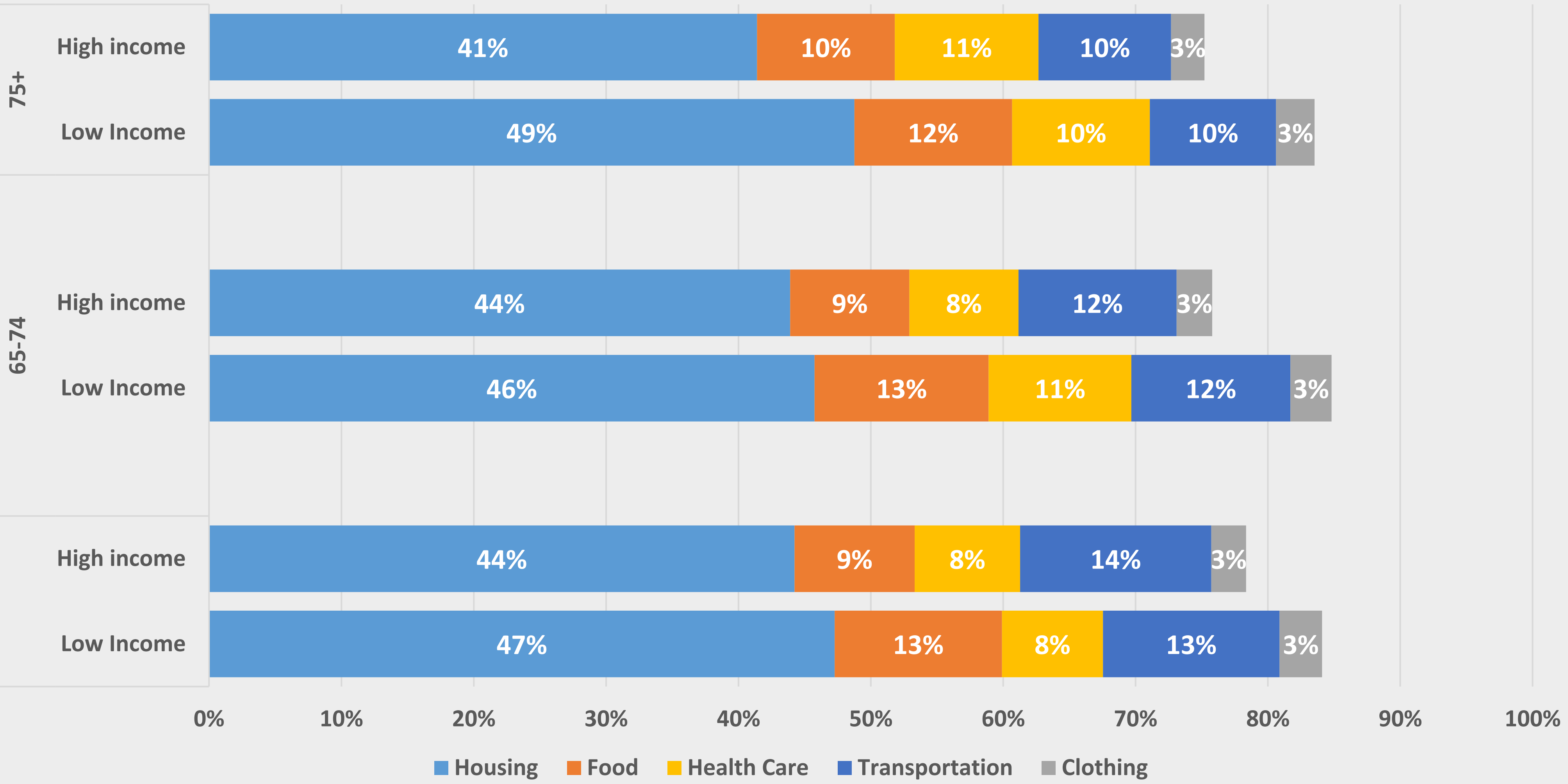
- The average dollar amount spent on housing, food, transportation, clothing and entertainment goes down as households grow older.
- The average dollar amount spent on health care cost and gifts and contributions either goes up or stays the same during all survey years. However, if we take into account that family size reduces with age, per person average health care spending is larger for the 75-or-older age group compared with younger households.

Percentage Difference in the Average Dollar Amount Spent by 50-64 and 75-and-older Age Groups, 2017

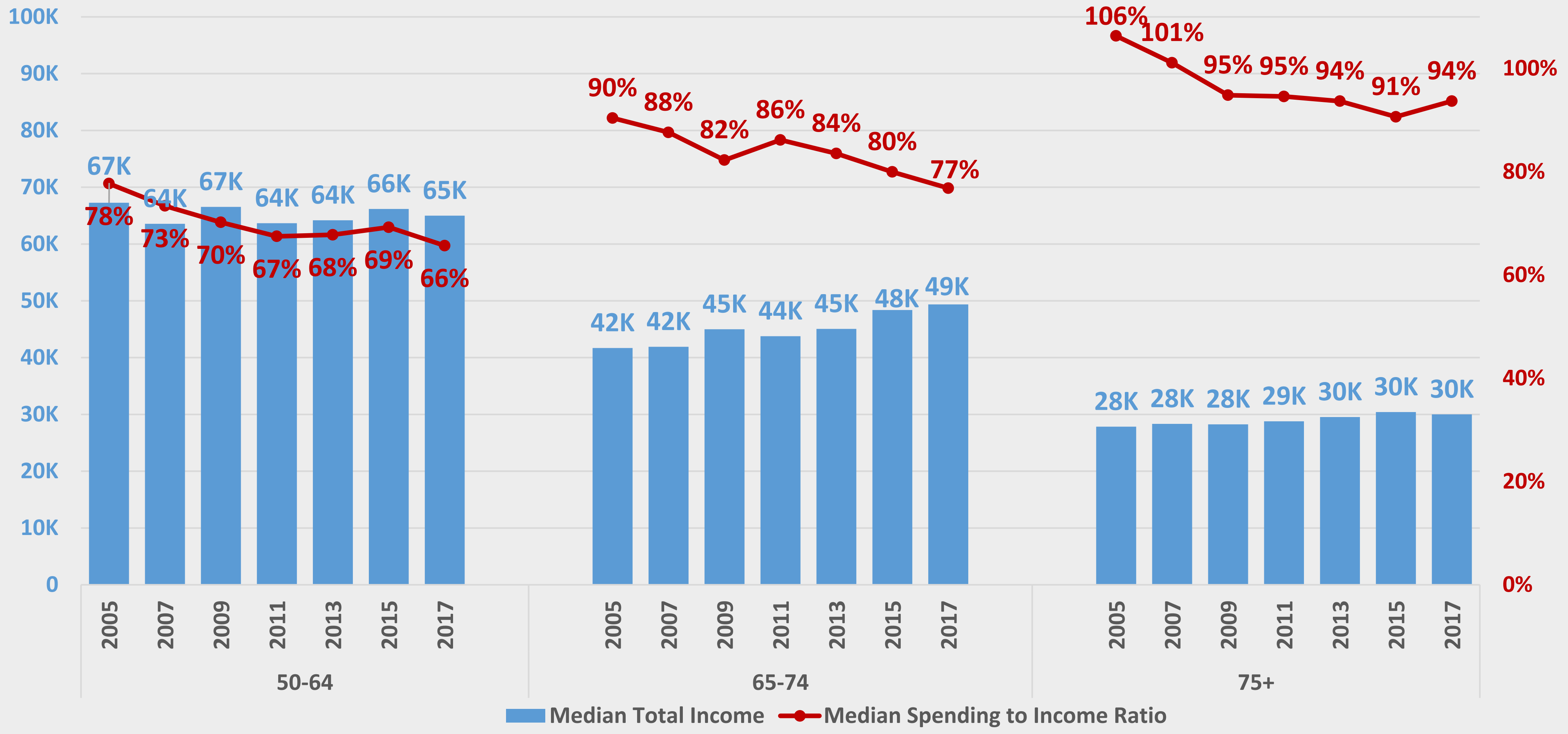
- Housing 34%
- Food 32%
- Transportation 53%
- Clothing 21%
- Entertainment 34%

- Out of pocket health care cost 0%
- Gifts, contributions, etc. 6%

SHARE OF AVERAGE ANNUAL SPENDING ON NECESSITIES IN 2017, BY AGE AND INCOME DISTRIBUTION

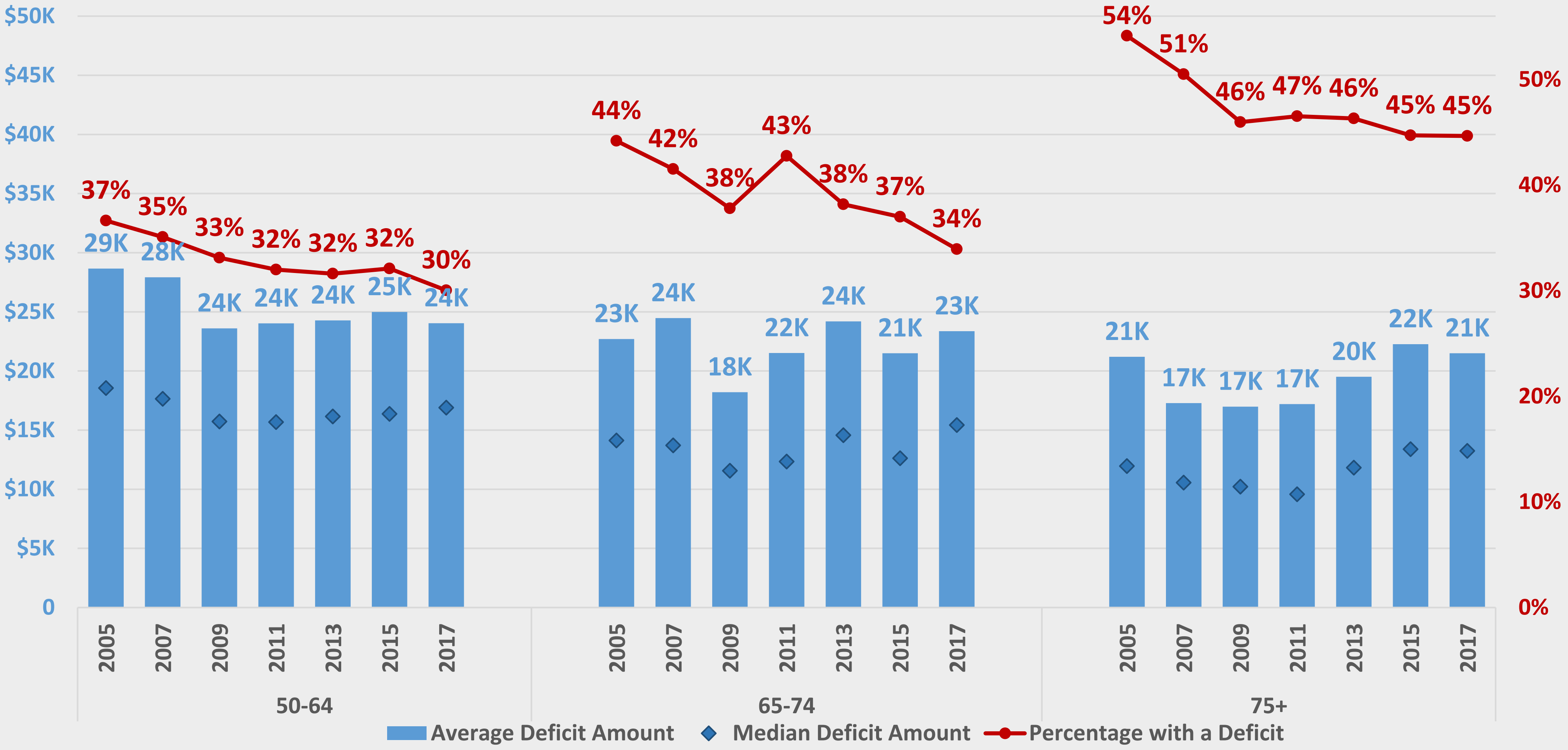


MEDIAN TOTAL INCOME AND SPENDING TO INCOME RATIO, BY AGE, 2005-2017, IN 2017 $S



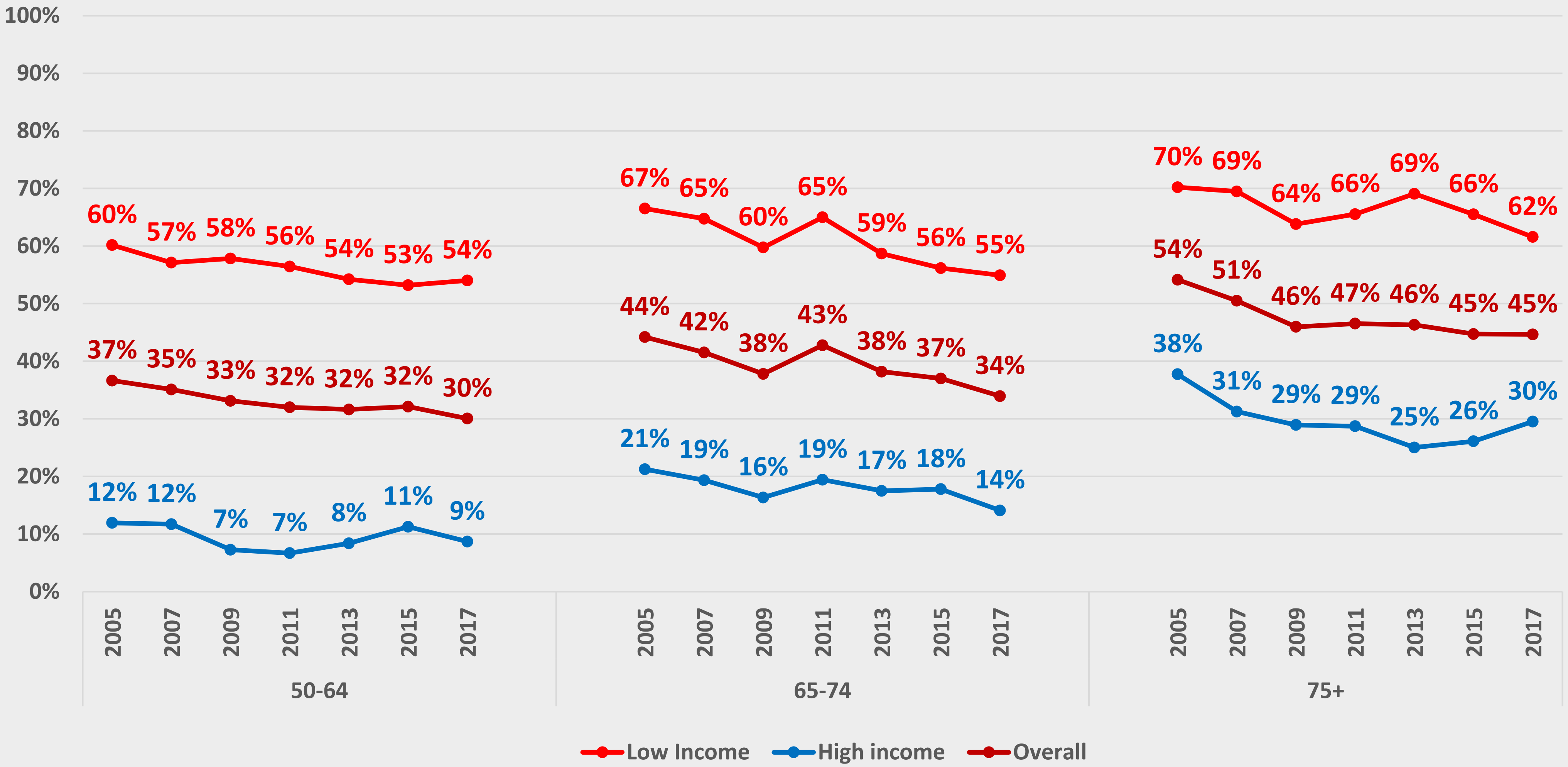
Source: Employee Benefit Research Institute estimates from the Health and Retirement Study (HRS)

PERCENTAGE WITH A DEFICIT AND AVERAGE DEFICIT AMOUNT (CONDITIONAL ON HAVING A DEFICIT), BY AGE, 2005-2017



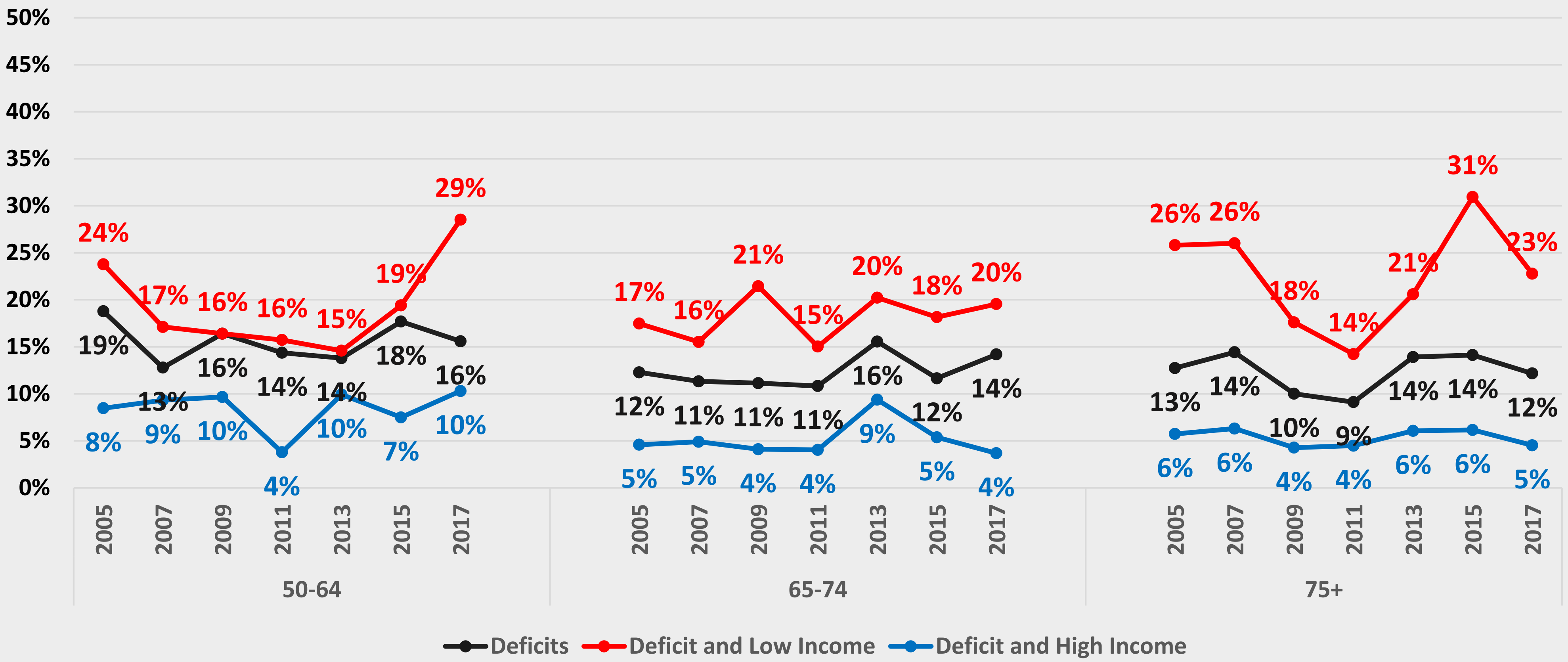
Source: Employee Benefit Research Institute estimates from the Health and Retirement Study (HRS)

PERCENTAGE WITH A DEFICIT, BY AGE AND INCOME LEVEL, 2005-2017



Source: Employee Benefit Research Institute estimates from the Health and Retirement Study (HRS)

MEDIAN BUDGET DEFICIT TO NON-HOUSING WEALTH RATIO CONDITIONAL ON HAVING A DEFICIT, BY AGE AND INCOME LEVEL, 2005-2017, IN 2017 $S



Source: Employee Benefit Research Institute estimates from the Health and Retirement Study (HRS)

MAIN TAKEAWAYS

- ✓Average annual total spending is lower for households in older age groups compared with those in younger age groups.
- ✓On average, households spent less on housing, food, transportation, entertainment, and clothing as they grew older. Taking into account the reduction in family size, the average dollar amount spent on health care and gifts and contributions, is higher for older age groups.
- ✓Housing is the largest spending category for every age group.
- ✓The average share of budget allocated to health care costs and gifts and contributions, is higher for older age groups.
- ✓On average, low-income households, spend larger share of their expenses on necessities compared with those with a high income.
- ✓Median total income was lower for households in older age groups. In addition, they had higher median spending-to-income ratios than younger age groups.
- ✓The fraction of households who spent more than their income increased with age. However, the average amount overspent was lower for older age groups compared with younger age groups.
- ✓We show some evidences that suggest, households with low incomes are more likely to spend down their liquid assets to cover their expenses as they grow older.

How to Best Annuitize Defined Contribution Assets

Alicia H. Munnell, **Gal Wettstein**, and Wenliang Hou
Center for Retirement Research at Boston College

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Washington, DC
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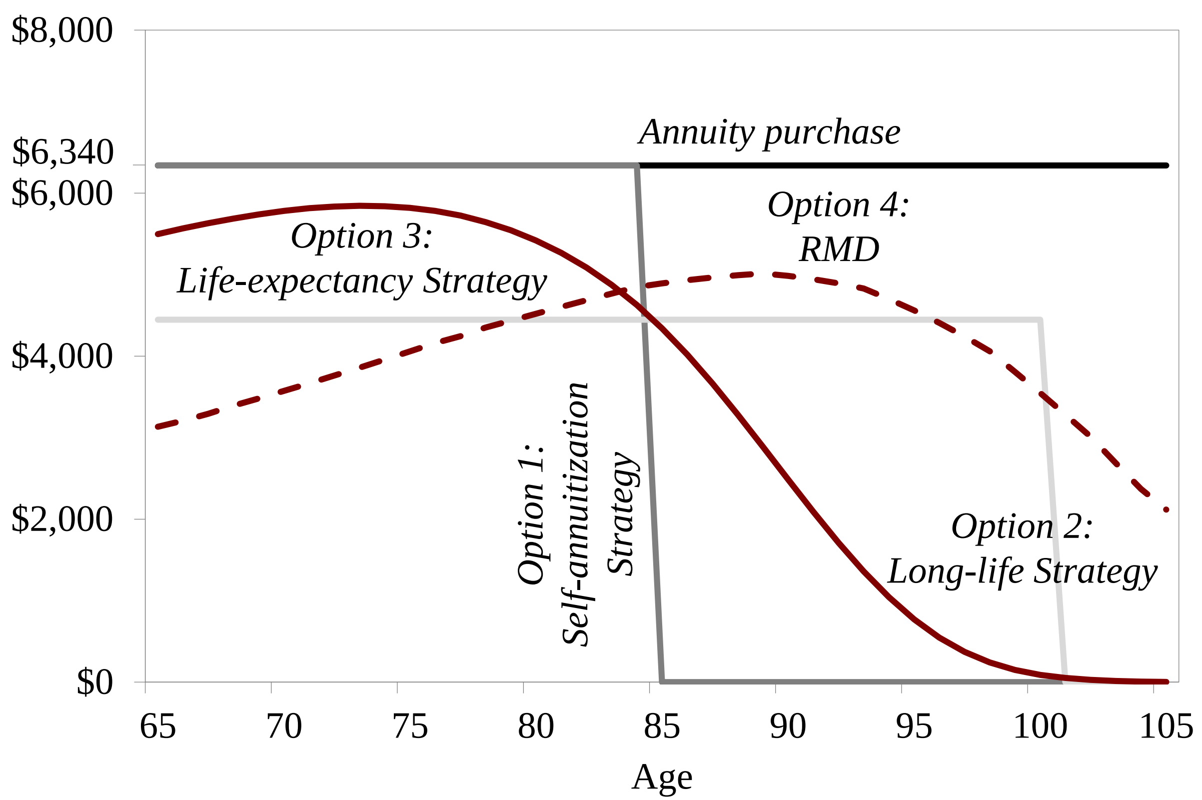
Annuities provide more income and security than individuals can attain on their own.

Income Produced from $100,000 by Drawdown Strategy



Notes: The annuity amount is from a quote as of 7/1/19 for a 65-year-old male in Massachusetts. The other calculations assume a 3-percent nominal annual return, based on the yield on AAA corporate bonds with 20-year maturities in August 2019.
Sources: The website "immediateannuities.com;" and authors' calculations.

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62

But few people annuitize. Potential explanations are:

- bequest motives;
- cost of annuities, due to adverse selection and loading;
- crowding out by Social Security, family members, and self insurance;
- precautionary saving; and
- irrational resistance.

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63

Embedding annuities within DC plans may address some barriers.

- But only 7-10 percent of employers offer such an option.

- The three leading examples of embedded annuities are:
  - TIAA's Traditional Annuity;
  - United Technologies Corporation's Lifetime Income Strategy; and
  - Guaranteed Withdrawal Lifetime Benefit products.

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64

An alternative to commercial annuities is additional Social Security income.

- Thaler and others have proposed buying an annuity directly from the Social Security Administration (SSA).
- SS income has advantages over private annuities, as it is:
  - guaranteed by the government;
  - inflation adjusted; and
  - its price would not include marketing costs or profits.
- This proposal is straightforward, but involves:
  - legislation;
  - additional administrative staff at SSA; and
  - transaction costs, as people must actively buy the product.

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65

Another way to get additional annuity income from SS is by delaying claiming.

- Benefits claimed at age 70 are 76 percent higher than at 62.
- Households can tap defined contribution (DC) wealth to "bridge" between retirement and postponed claiming.
- The bridge would pay out the individual's Primary Insurance Amount every month, between ages 60 and 69 or until the assets allocated to the bridge run out.
- The bridge can be adopted by plan sponsors now – maybe even as a default – without legislation.

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66

This paper compares the Social Security bridge to immediate and deferred annuities.

- The analysis assumes that immediate and deferred annuities are bought at 65, with the deferred payouts beginning at 85.

- 20 or 40 percent of assets are allocated to lifetime income for median-wealth households.
  - For higher-wealth households, less wealth is required to exhaust the possibility of delayed claiming.

- Individuals consume following the RMD rule of thumb.
  - For deferred annuities, remaining assets are steadily consumed until exhausted at age 85.

67

The analysis computes the "equivalent wealth" of each option relative to no annuitization.

- Each option is assigned the amount of starting wealth required to attain the same utility as when no wealth is annuitized.

- This dollar amount is then normalized by starting wealth, so that the equivalent wealth of no annuitization is 1.

- The better the option, the lower its equivalent wealth (i.e., less wealth is needed to attain an equivalent level of utility).

68

The model also accounts for several risks.

- Market returns and variance are calibrated to historical data.
  - Assets are allocated to equities and bonds following a Vanguard TDF.

- Health shocks occur with probability 0.1, at a magnitude corresponding to the 90^{th} percentile of health spending by age.
  - Shocks are paid out of assets; when they are exhausted, out of income.
  - Consumption has a floor of $10,000 (Medicaid income test).

- Households are assumed to retire at 65, with mortality from SSA tables.

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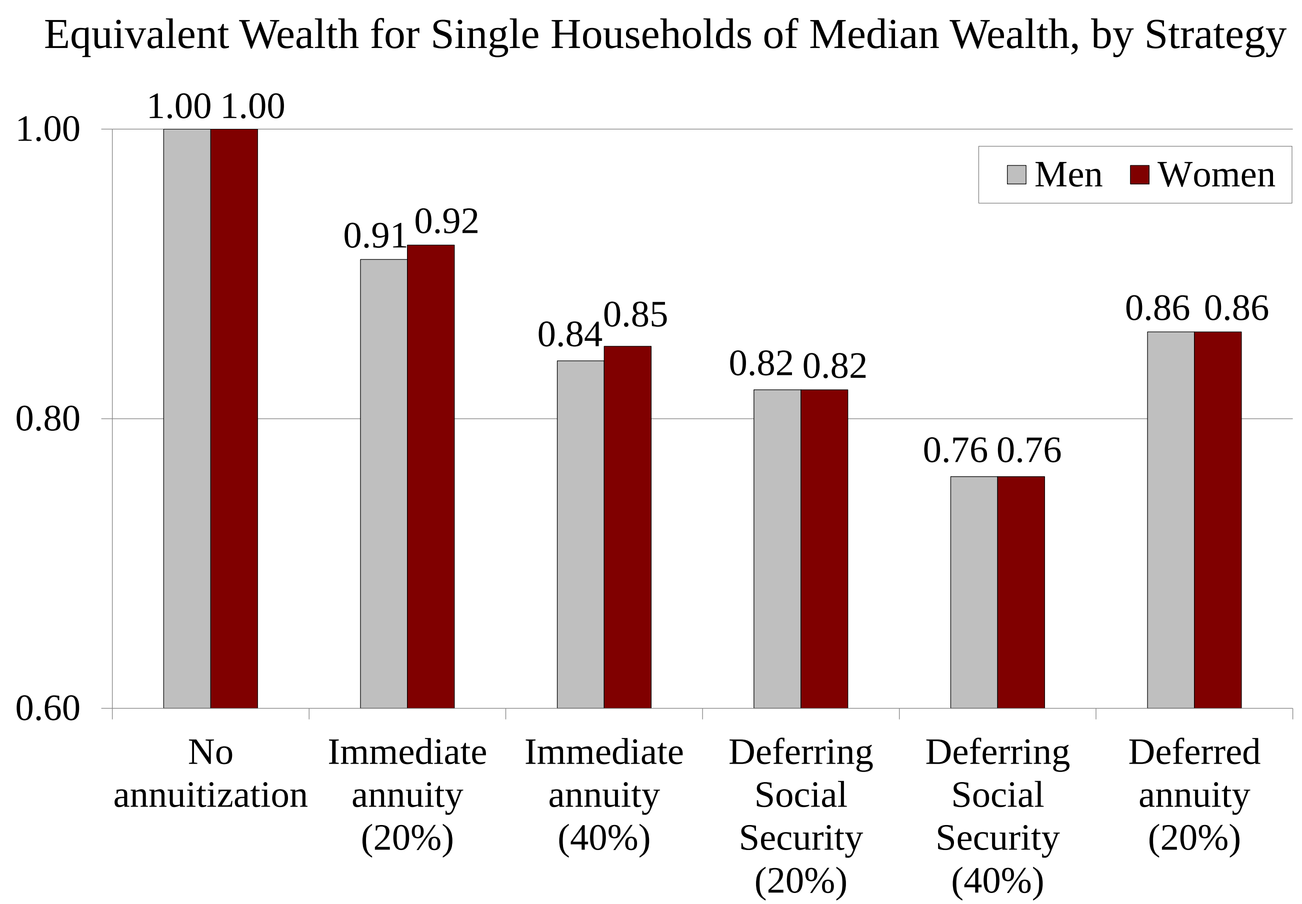
69

In utility terms, the "bridge" is the best option for median-wealth households.

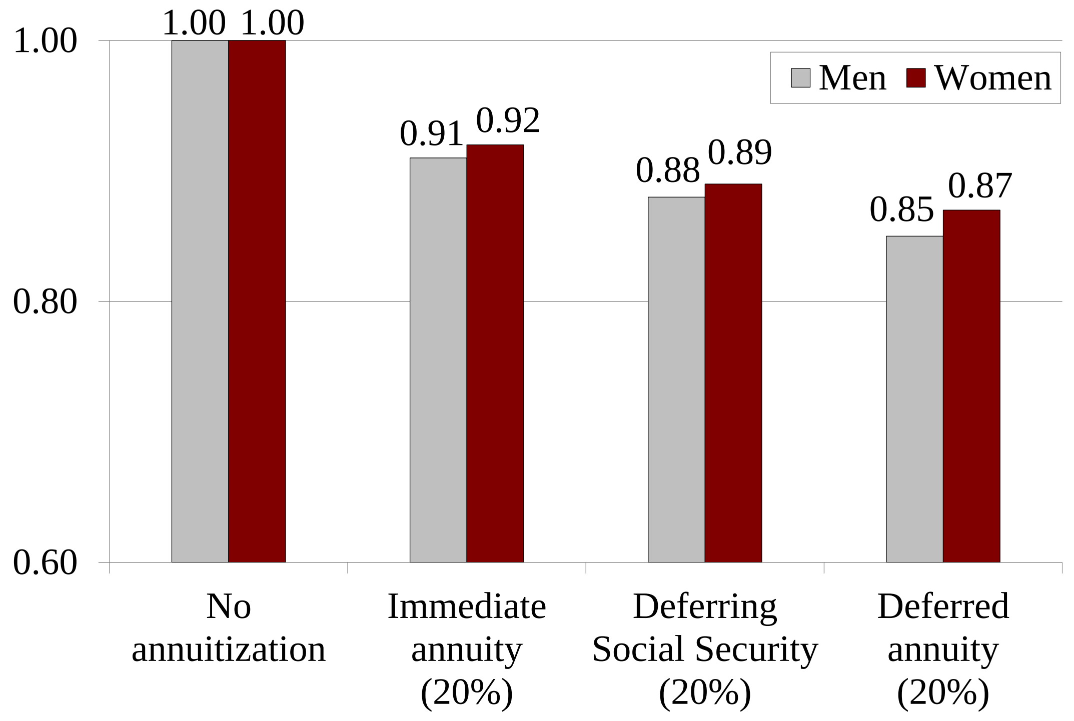


Source: Alicia H. Munnell, Gal Wettstein, and Wenliang Hou. 2019. "How Best to Annuitize Defined Contribution Assets?" Working Paper 2019-13. Center for Retirement Research at Boston College.

70

For wealthier households, the bridge and deferred annuities are similarly beneficial.

Equivalent Wealth for Single Households of 75th Percentile Wealth, by Strategy



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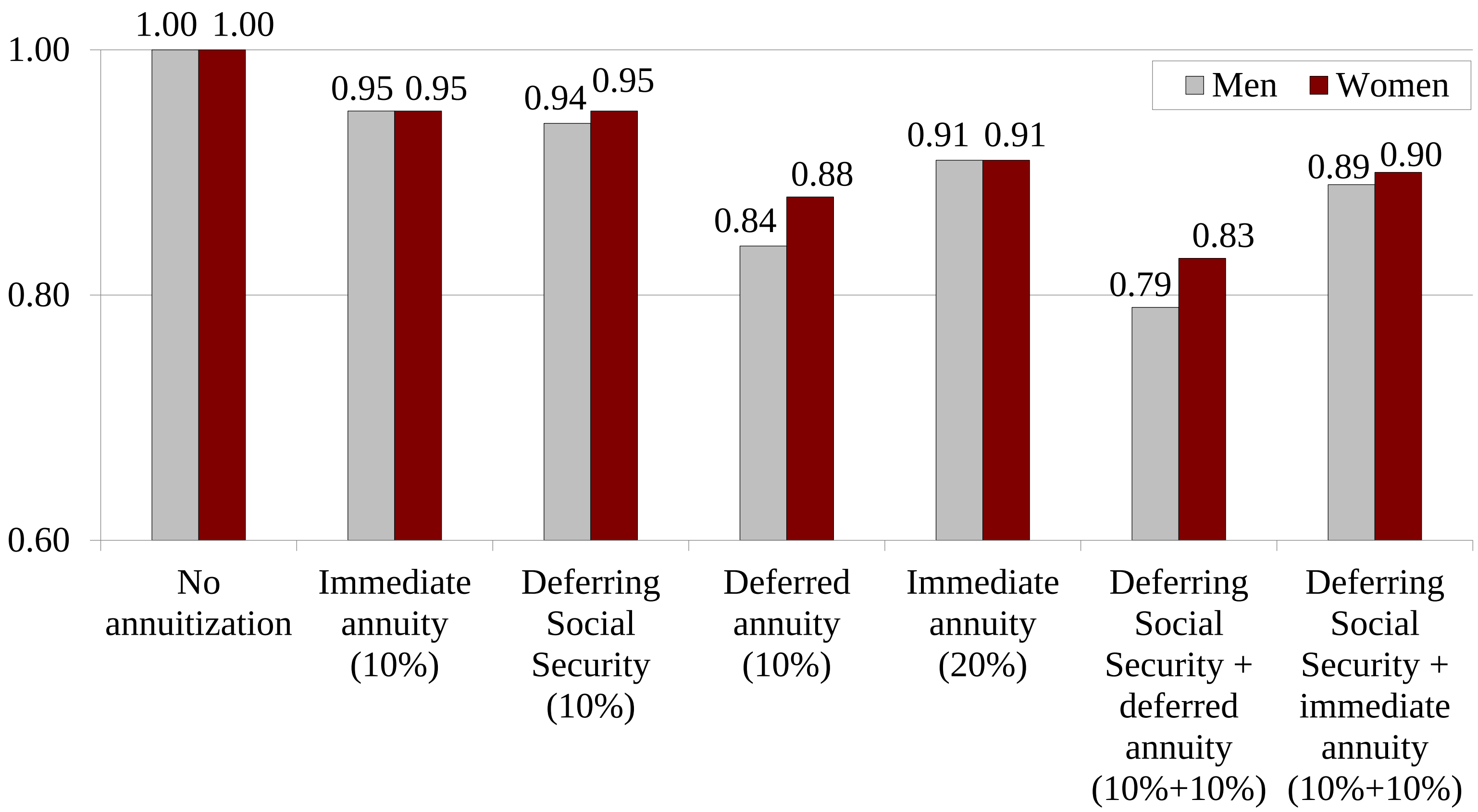
71

Even for the wealthiest, the bridge is a component of the best-performing portfolio.

Equivalent Wealth for Single Households of 90th Percentile Wealth, by Strategy



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72

Drawdown of retirement assets is a challenge that is only really beginning.

- The first cohorts completely dependent on DCs are still early in their retirement.

- Lifetime income products can provide both insurance and guidance on how quickly to consume.

- The Social Security bridge option has many advantages over commercial annuity products.
    - The “bridge” may be the best option for median households, and a promising component of the drawdown portfolio for wealthier ones.

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73

Thank you!

https://crr.bc.edu @RetirementRsrch

74

Retirement Income: Research in Practice

Designing an income solution

- **What do “not running out of money” or “safe income” mean?**
  - Annuitize everything?
  - Why do managed payout funds not satisfy?
  - Dybvig [1995]: “Dusenberry's Racheting of Consumption: Optimal Dynamic Consumption and Investment Given Intolerance for any Decline in Standard of Living”
- **Use of lifetime income guarantee**
  - Scott, Watson, Hu [2010]: “What Makes a Better Annuity?”
  - Hu and Scott [2007]: “Behavioral Obstacles in the Annuity Market”
  - Scott [2008]: “The Longevity Annuity: An Annuity for Everyone?”

Insure late-life spending

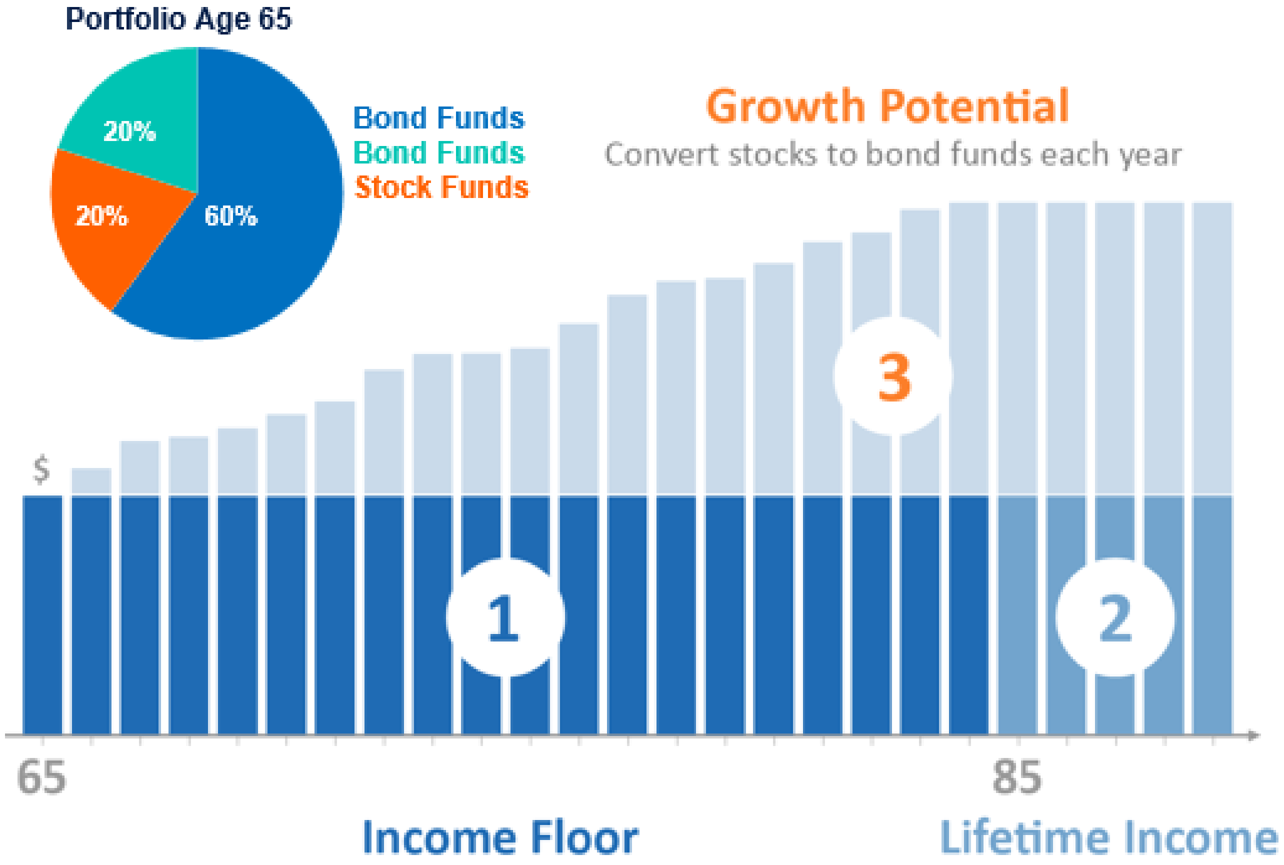
- **Desire for liquidity**
- **Desire for potential upside**
- **Desire for bequest**

All validated with participant research

Income+ design led by research

Managing for income

- Protect from market, rate changes
- Potential growth opportunity
- Flexible cash flows
- Payouts for life[1]



For illustrative purposes only.
[1] Lifetime income guarantee requires out-of-plan annuity purchase. Issuer minimum requirements may apply.

Social Security

- **When to claim?**
  - Shoven & Slavov [2012]: “The Decision to Delay Social Security Benefits: Theory and Evidence”
  - No simple rule of thumb; most households leaving a lot on the table
  - BBA 2015 rule changes
- **Proprietary Social Security optimization engine**
  - Personalized recommendations for claiming strategies
  - Singles, couples with different ages & earned benefits
  - Explicitly model longevity uncertainty
  - Report improvement in expected lifetime benefits

What’s next?

- What decisions do people need the most help with?
- What are the biggest mistakes retirees make?

Frontier research (1)

- **Pension distribution choice**
  - Bronshtein, Scott, Shoven, Slavov [2016]: “Leaving Big Money on the Table: Arbitrage Opportunities in Delaying Social Security”
- **Is optimal retirement spending flat?**
  - Hurd and Rohwedder [2011]: “Economic Preparation for Retirement”
  - Ebrahimi [2019]: “Spending Patterns of Older Households” and “How Do Retirees’ Spending Patterns Change Over Time?”
  - Scott, Shoven, Slavov, Watson [in progress]: “Can Low Retirement Saving be Rationalized?”
- **Optimal portfolios for taxable and tax-advantaged accounts**
- **Tax-efficient drawdowns**
  - Sumutka, Sumutka, Coopersmith [2012]: ”Tax-Efficient Retirement Withdrawal Planning Using a Comprehensive Tax Model”
  - Cook, Meyer, Reichenstein [2015]: “Tax-Efficient Withdrawal Strategies”

Frontier research (2)

- **Optimal long-term care planning**
  - Brown and Finkelstein [2007]: “Why is the Market for Long-Term Care Insurance So Small?”
  - Davidoff [2008]: “Illiquid Housing as Self-Insurance: The Case of Long-Term Care”
  - Zhou-Richter, Browne, Grundl [2010]: “Don’t They Care? Or, Are They Just Unaware? Risk Perception and the Demand for Long-Term Care Insurance”
  - Koijen, Van Nieuwerburgh, Yogo [2016]: “Health and Mortality Delta: Assessing the Welfare Cost of Household Insurance Choice”
  - Ameriks, Briggs, Caplin, Shapiro, Tonetti [2018]: “The Long-Term-Care Insurance Puzzle: Modeling and Measurement”

WASHINGTON UPDATE

Chris Gaston, Senior Policy Director, Davis & Harman

EBRI-ERF Policy Forum
Washington Update

December 12, 2019

Chris Gaston, Senior Policy Director
Davis & Harman LLP

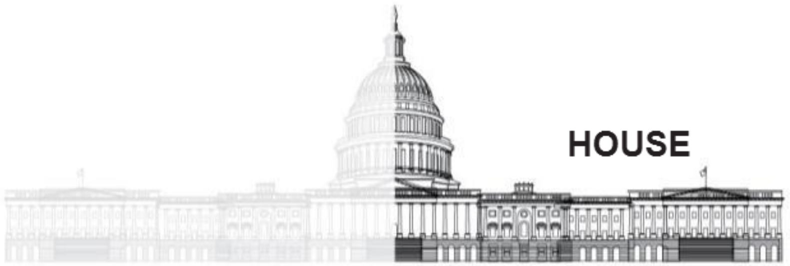
The I-Word…….

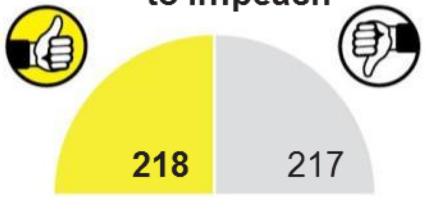
DAVIS & HARMAN LLP

Impeachment: 101

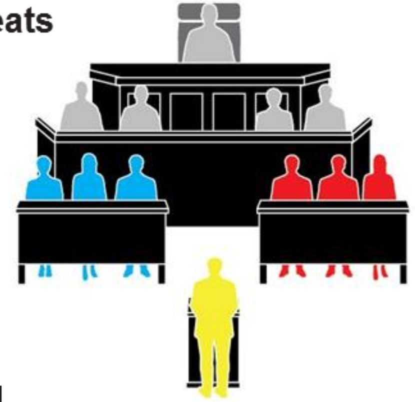
The House votes on the selected impeachment case.

At least 218 out of 435 votes are needed to approve any of the articles of impeachment presented by the Judiciary Committee.

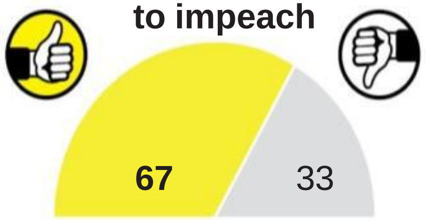




If the House votes to impeach the president, the Senate holds an impeachment trial.



After the trial, the Senate votes on impeachment.



DAVIS & HARMAN LLP

2020 Election Update

DAVIS & HARMAN LLP

2020 is only 327 Days Away!

- ❖ Expand Social Security benefits; raise payroll taxes
- ❖ Repeal all or most of the 2017 tax reform law
- ❖ Support for financial transaction tax
- ❖ Limited set of proposals on private retirement savings

DAVIS & HARMAN LLP

How to Raise $20.5 Trillion….

Sen. Warren plan to pay for Medicare for All

- **Employer Medicare contribution ($8.8 trillion)**
- **Additional take-home pay subject to taxes ($1.4 trillion)**
- **Targeted taxes on financial firms ($900 billion)**
  - **FTT ($777 billion)** & "systemic risk fee" $100 billion
- **Taxes on large corporations ($2.9 trillion)**
- **Taxes on wealthy individuals ($3 trillion)**
- **Bolster tax enforcement ($2.3 trillion)**
- **Immigration overhaul ($400 billion):**
- **Eliminate OCO funding ($800 billion)**

DAVIS & HARMAN LLP

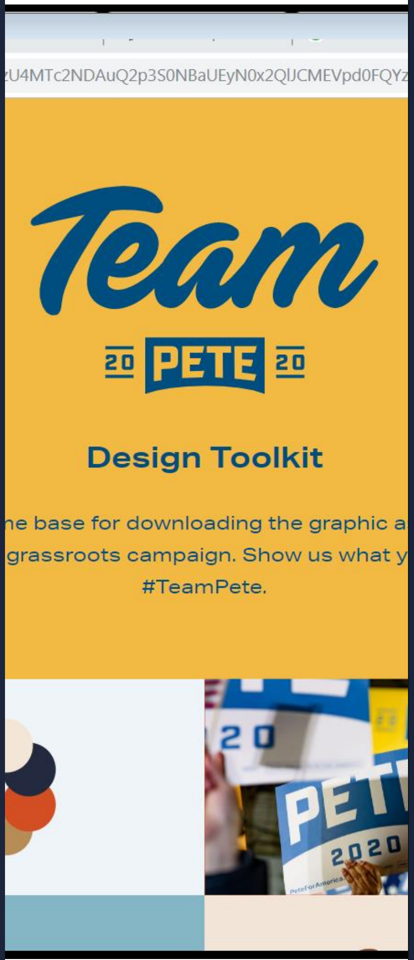
Mayor Pete's Plans for Retirement

PETE'S POLICIES WILL:

PROTECT SOCIAL SECURITY FOR THE NEXT GENERATION WITHOUT CUTTING BENEFITS

REQUIRE SOCIAL SECURITY TO RECOGNIZE CAREGIVING AS WORK

INCREASE SOCIAL SECURITY BENEFITS TO KEEP VULNERABLE SENIORS OUT OF POVERTY



PETE'S PLAN WILL:

Create a portable **PUBLIC OPTION 401(K)** with low fees and smart investment options so workers, not financial institutions, make extra money on hard-earned savings.

Expand retirement savings among the **62 MILLION WORKERS** locked out of tax-preferred retirement savings.

Help American families **WEATHER FINANCIAL EMERGENCIES** with a Rainy Day Account within the Public Option 401(k).

DAVIS & HARMAN LLP

Trump's Retirement Savings Agenda

What candidate Trump said about retirement savings policy during the campaign:

1. Nothing.

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Legislative Update and Outlook

DAVIS & HARMAN LLP

Previously on **SECURE TV**….

DAVIS & HARMAN LLP

What is in the SECURE Act

Approved 417-3 by the House on May 23rd

Encouraging small businesses to have a 401(k) plan

- “Open” multiple employer plans
- Increased start-up business credits
- New tax credit for using auto features

Encouraging lifetime income products

- Fiduciary protection for employers who select an annuity provider to offer lifetime income products
- Lifetime income disclosure on 401(k) statements
- Enhanced portability of in-plan annuities

Encouraging and preserving savings

- Increase RMD age to 72
- Allow IRA contributions after age 70½
- Increase auto escalation cap to 15%
- Coverage for long-term part-time employees
- 529 plan expansion

Status of Securing the SECURE Act

What Changes and When

Other

- **LIDA disclosure:** 12 months after DOL regs
- **529 changes:** 2019 distributions and beyond
- **Annuity safe harbor:** enactment date

Years on or After 2020

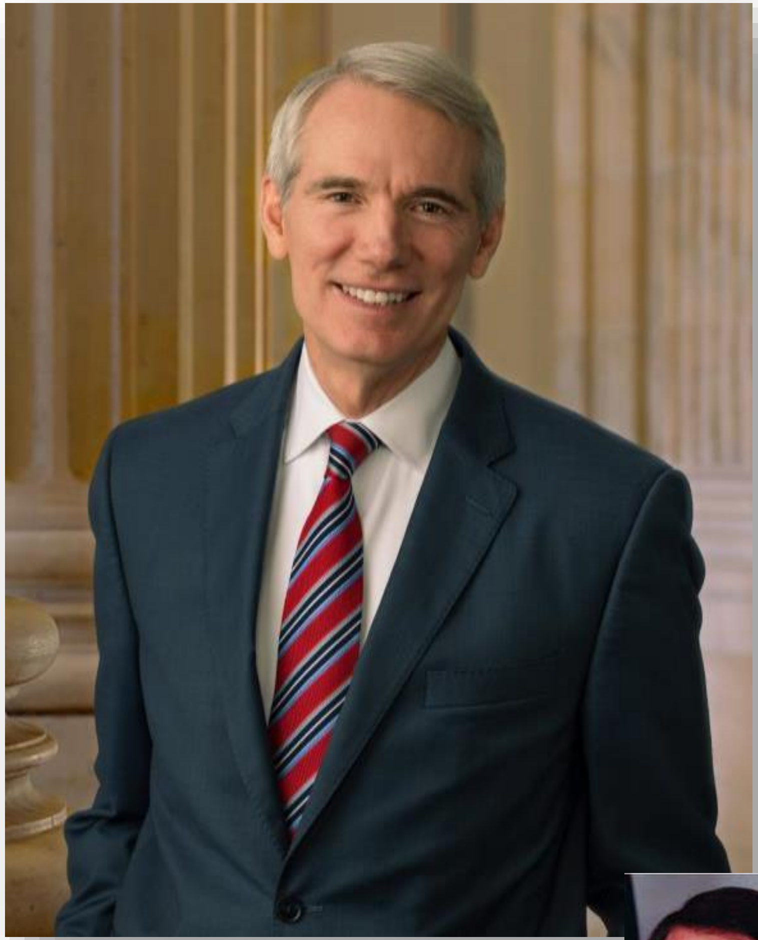
- **72 RMD age**
- **Stretch IRA**
- **Baby Withdrawals**
- **IRA $$ beyond 70 ½**
- **Increased $$ credits for starting a plan**
- **New tax credit for auto features**
- **Portability of lifetime income products**
- **Increased auto escalation cap**

2021

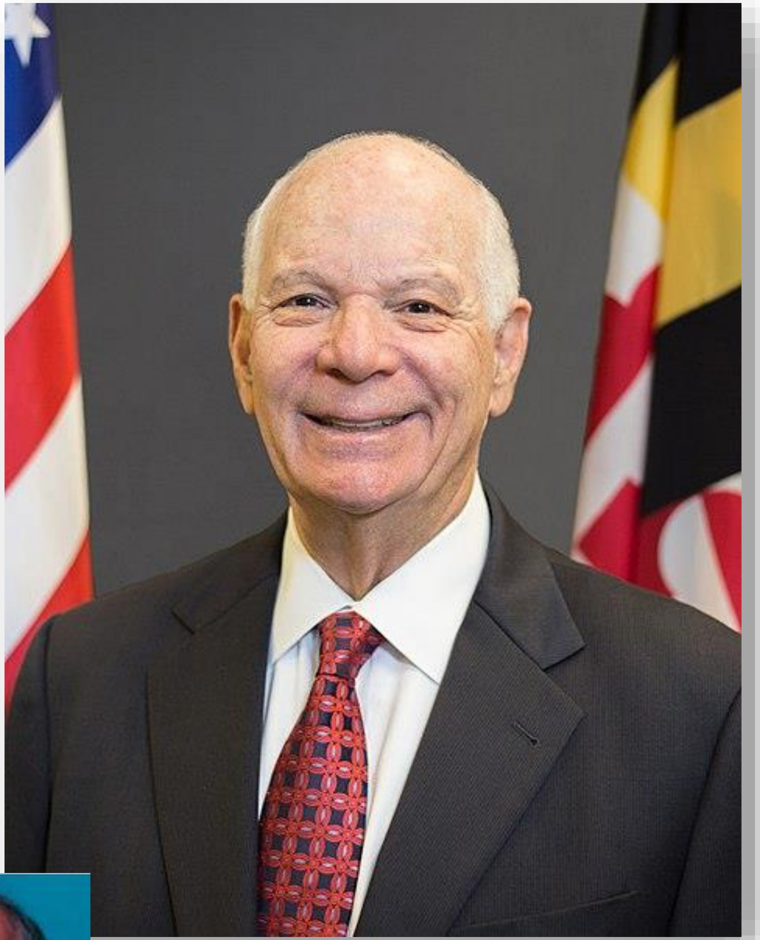
- **Open MEPs**
- **Long-Term Part-Time** (2024 to join plan)

DAVIS & HARMAN LLP

Emerging Leaders on Retirement (Again)



Rob Portman (R-OH)



Ben Cardin (D-MD)

DAVIS & HARMAN LLP

The Retirement Security and Savings Act

Introduced May 14, 2019

Lifetime Income

- QLAC Changes
- RMD Relief for Partial Annuitization
- RMD Exemption for Accounts Under 100K
- RMD Age to 75 in 2030

Savings Incentives

- Credit for Plans that Adopt Re-Enrollment
- Enhanced Start-Up Credit for Small Businesses
- Expanded Saver's Credit
- Student Loan Matching

Plan Administration

- Consolidated Disclosures
- Expanded Self-Correction
- Eliminate Notices for Unenrolled Participants
- Allow 403(b) Plans to Invest in CITs

DAVIS & HARMAN LLP

Retirement Plan Simplification and Enhancement Act

Introduced December 1, 2017

Lifetime Income

- QLAC Changes
- RMD Relief for Partial Annuitization
- RMD Exemption for Accounts Under 250K
- RMD Age to 73 in 2029

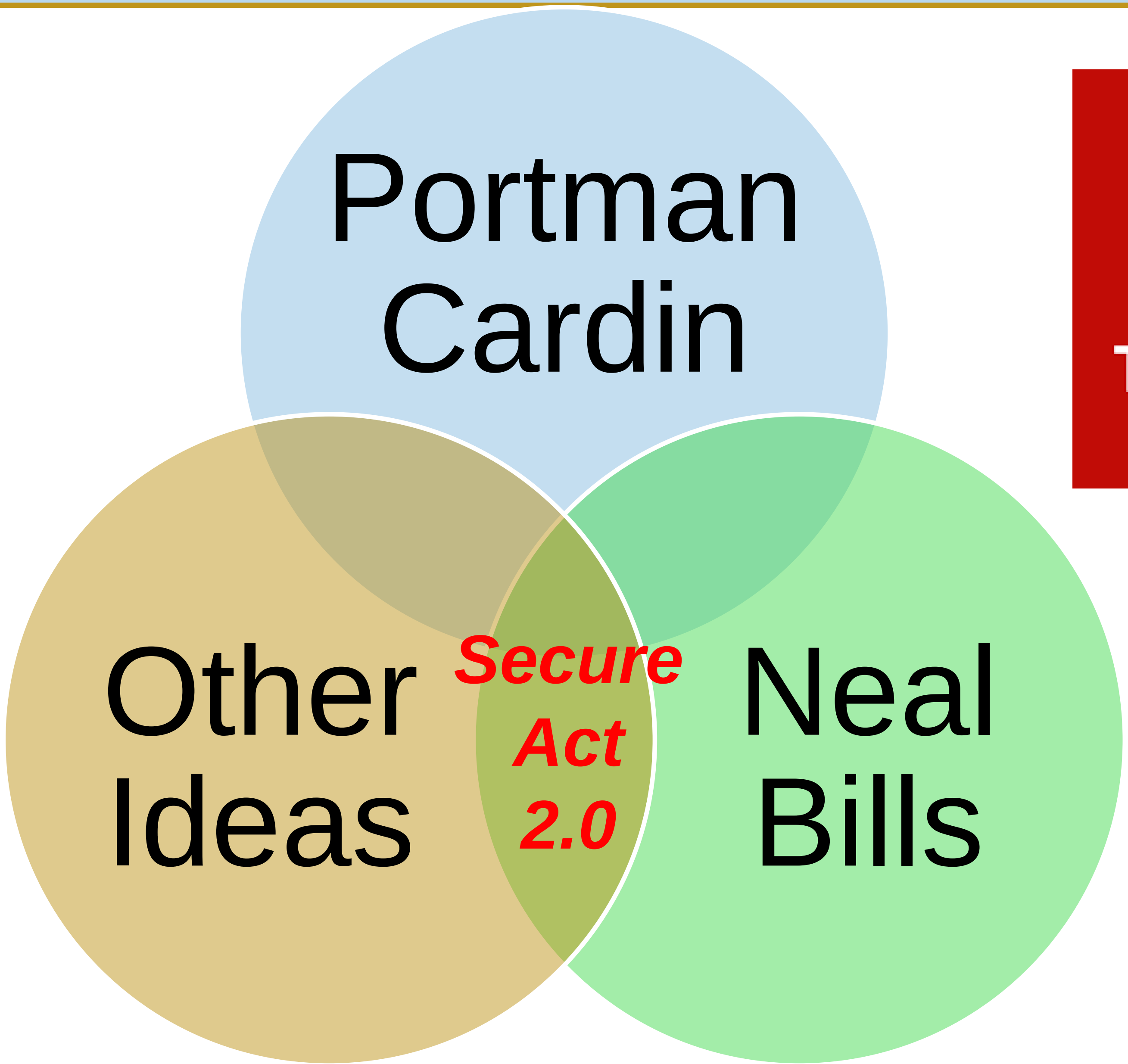
Savings Incentives

- Enhanced Start-Up Credit for Small Businesses
- Portability of Lifetime Income
- Post 70 ½ IRA contributions

Plan Administration

- Long-Term Part-Time Coverage
- Expanded Self-Correction
- Increase Auto Escalation Cap
- Recoupment of Overpayments

What does 2.0 Look Like?



DAVIS & HARMAN LLP

Regulatory Update and Outlook

DOL E-Delivery Safe Harbor

Proposal Published October 23, 2019

- ➢ **Proposed safe harbor is optional**
- ➢ **21 questions on ERISA disclosures**
- ➢ **Comments were due <u>November 22, 2019</u>**
  - ❖ **<u>More than 250</u> Comments were received**

DAVIS & HARMAN LLP

DOL E-Delivery Safe Harbor

Covered Individuals

- Retirement plans only
- Must have email address or smartphone number
- Procedures for email accuracy

Notice and Access

1. Initial Paper Notice
2. Notice of availability each time (with exception)
3. Posted online until superseded

Right to Paper

- Participant right to:
  - individual documents
  - *"some or all"* documents

DAVIS & HARMAN LLP

DOL Fiduciary Re-Re-Proposal

- Targeted for end of 2019
- Implications of Secretary Scalia
- State fiduciary developments

DAVIS & HARMAN LLP

Short (*Shorter*)-term Outlook

Time is short…what can get done?

- **<u>5</u>** legislative days to keep the government open
- **<u>5</u>** legislative days left in 2019

The Departure Lounge

Sections

The Washington Post

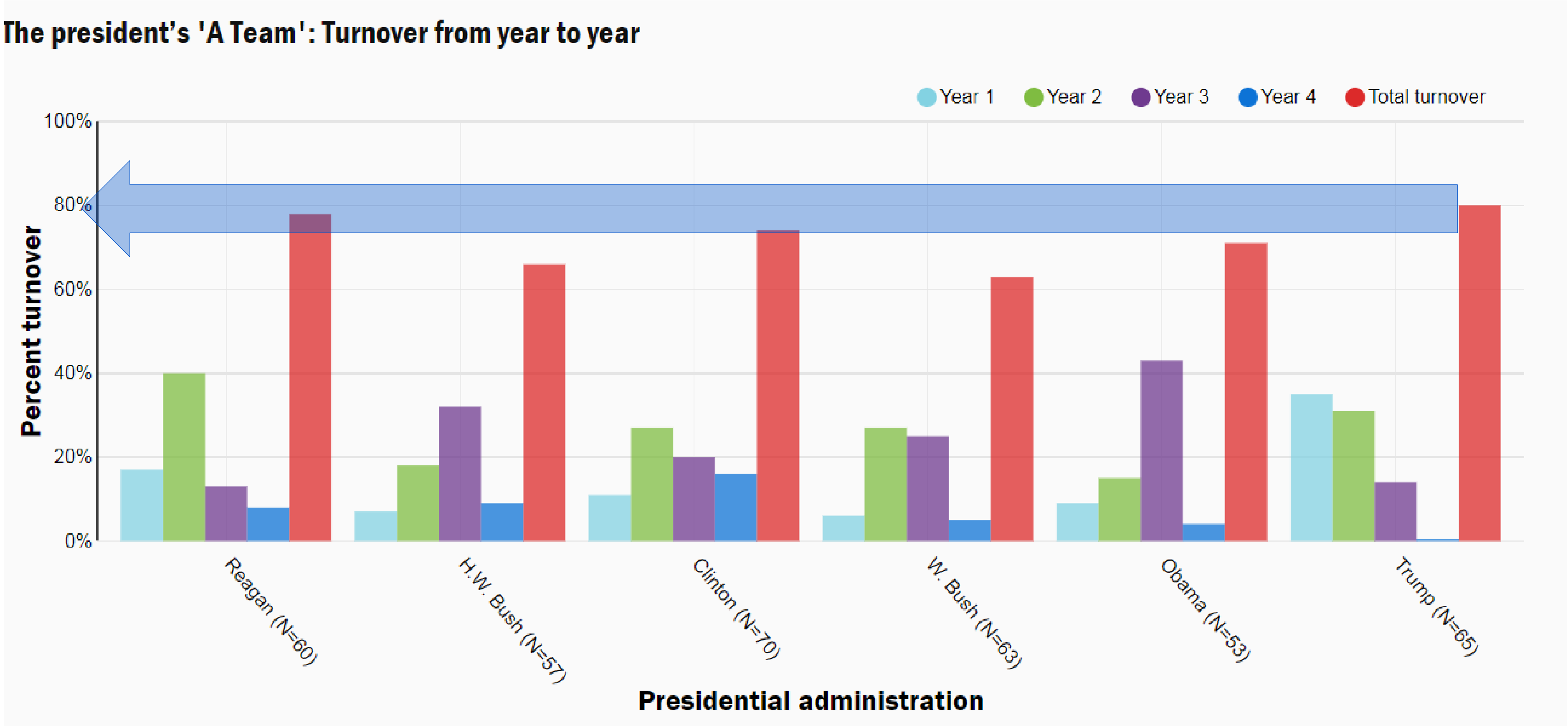
Democracy Dies in Darkness

Politics

Trump's takeover of GOP forces many House Republicans to head for the exits

"Since Trump's inauguration, a Washington Post analysis shows, **nearly <u>40 percent</u> of the <u>241 Republicans</u> who were in office in January 2017 are gone or leaving** because of election losses, retirements including former House speaker Paul D. Ryan (Wis.)…"

Trump Administration Turnover



The Brookings Institution, November 2019

DAVIS & HARMAN LLP

QUESTIONS?

Chris Gaston
Senior Policy Director
Davis & Harman LLP
202.662.2291
cgaston@davis-harman.com

NETWORKING BREAK

PLEASE RETURN BY 11:15 A.M.

PRICE AND QUALITY TRANSPARENCY AND OTHER INITIATIVES TO ADDRESS HIGH COST CLAIMANTS

Moderated by: Steve Wojcik, Vice President, Public Policy, National Business Group on Health

Paul Fronstin, Director, Health Research & Education Program, EBRI

Adam "Buck" Buckalew, Deputy Health Policy Director, U.S. Senate Committee on Health, Education, Labor and Pensions

Marybeth Gray, Senior Vice President of Health & Welfare Consulting Trion Consulting, a Marsh & McLennan Agency, LLC

Martin Ahrens, Senior Director, I&FS, Health Management Service, National Rural Electric Cooperative Association

EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE

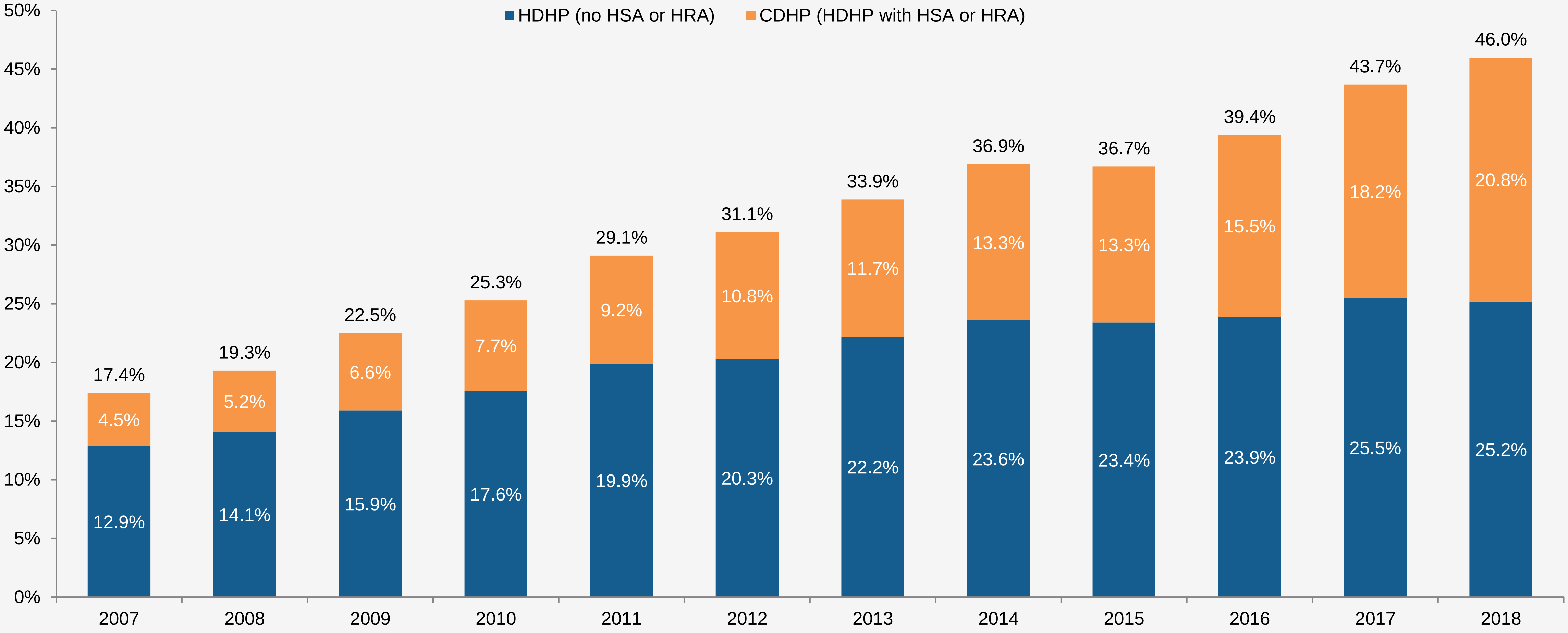
Price and Quality Transparency and Other Initiatives to Address High Cost Claimants

Paul Fronstin, Ph.D.

Employee Benefit Research Institute

December 12, 2019

Percentage of Persons With Private Health Insurance Under Age 65 Enrolled in HDHP or CDHP, 2007–2018



EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE

Source: Figure 11 in https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201811.pdf and Figure 3 in https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201306.pdf

Data

- Truven Marketscan Database
- Medical and pharmacy claims data on 14-16 million people with employment-based health benefits in any given year between 2013-2017
- 5.8 million individuals with employment-based health benefits trackable over 2013-2017

- Limitations of using continuously enrolled sample
  - Missing many $1 million babies
  - Missing other potentially high cost claimants who drop from sample because they become disabled, eligible for Medicare or pass away

Distribution of Health Spending, Among Individuals with Employment-Based Health Coverage, Continuous Enrollment in 2017

Percentage of Enrollees	Percentage of Spending	Median Spending Per Person	Mean Spending Per Person	Minimum Spending Per Person	Percent Reaching OOP Maximum
1%	28%	$120,500	$168,500	$ 80,000	70-80%
5%	56%	$41,500	$65,315	$ 23,000	60-70%
10%	70%	$23,500	$41,300	$ 12,000	50-60%
20%	84%	$12,700	$24,900	$ 5,400	30-40%

EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE

Source: EBRI analysis of Truven Health Analytics MarketScan® Commercial Claims and Encounters Databases.

Potential Implications

- The highest users might not care about price transparency. They only care about the cost to them, which is often going to be nothing.
- The highest users should care about quality transparency.
- The highest users might use price transparency tools before they become high users.
- Price transparency may affect provider pricing because of its availability, rather than through consumer engagement.
- NBER paper from 2015 “What Does a Deductible Do? The Impact of Cost-Sharing on Health Care Prices, Quantities, and Spending Dynamics” found no evidence of consumers learning to price shop after 2 years in an HDHP.
- It may take more than 2 years to change a culture once appropriate price transparency tools are available.

MARSH & McLENNAN AGENCY

WORLD CLASS. LOCAL TOUCH.

Employee Benefit Research Institute
December 2019 Policy Forum #86

Marybeth Gray
Sr VP Health & Welfare Consulting
Trion a Marsh & McLennan Agency

MBGray@Trion.com
MBGrayHealthcare.com
610-207-8985

www.MBGrayHealthcare.com

December 12, 2019

trion

Lets Look Ahead

Our Current Marketplace

Imagine 10 years ago saying:

- You’ll make your baby’s pictures public to the world
- You’ll stay in a stranger’s apartment instead of a hotel
- You’ll trust a robot to manage your money
- You’ll never buy another music album
- You’ll get out of a taxi without paying the driver

Demographic Analysis Dashboard

Understanding Your Generational Workforce

	Traditionalists (1925-1945)	Baby Boomers (1946-1963)	Generation X (1964-1980)	Millennials (1981-2000)	Generation Z (Born after 2000)
Characteristics					
Formative Experiences	• WWII • Fixed gender roles • Nuclear families	• Cold War • Vietnam • Watergate • Woodstock	• End of cold war • Fall of Berlin Wall • First PC • Latch-key kids	• 9/11 terrorist attacks • Raised by “helicopter parents” • Reality TV	• Global warming • Mobile devices • Cloud computing
Signature product	Automobile	Television	Personal computer	Tablet/Smartphone	Google glass, 3D printing
Aspiration	Home ownership	Job security	Work-life balance	Freedom and flexibility	Security and stability
Attitude towards career	Jobs are for life; loyalty; respect for authority	Live to work; collaborative; driven-achievement oriented	Work to live; distrustful; independent; skill-oriented	Work/life blending; hard working; seek recognition and feedback; career and community oriented	TBD
Communication media	Formal letter	Telephone	Email and text message	Text or social media	Hand-held devices
Benefit Preferences	Not Surveyed	Health care; expanded health care; better 401k matches; better investment choices	Health care; better 401k matches; flexible work schedules; more vacation	Health care; flexible work schedules; reimbursements for education and tuition; more vacation; wellness	TBD
Sample Company workforce in each generation	**3 0.4%**	**243 35.0%**	**316 45.5%**	**131 18.9%**	**1 0.1%**

Source: Incentive Research Foundation; Generations in the Workforce & Marketplace: Preferences in Rewards, Recognition and Incentives. Mult-Generational Workforce/Employee Benefits/Barclays. Minnesota Life: Benefit Needs by Generation.

November 4, 2019

The health innovation issue: a new approach to suicide prevention, robotic caregivers, a plan to combat the high price of insulin, and more.

Medicare for all?

1.3 Trillion Dollars

The annual budget of the Centers for Medicare and Medicaid Services, accounting for almost one-third of all federal spending, of which spending on drugs is the fastest-growing portion, according to administrator

SEEMA VERMA

What would Medicare for all cost?

$20.5 Trillion

Did CMS Just Declare 2021 "The Year of the Consumer"?

How New Price Transparency Rules May Impact Payers and Providers

OLIVER WYMAN

Overview of the Recent Price Transparency Regulations Released Nov. 15

	HOSPITALS	HEALTH INSURERS AND GROUP PLANS
Relevant regulatory rule	OPPS Price Transparency Final Rule (CMS-1717-F2)	Transparency in Coverage Proposed Rule (CMS-9915-P)
Rule status	**Final**	**Proposed** *(currently in a 60-day comment period)*
Enactment date	January 1, 2021 (official)	January 1, 2021 (target)
Summary provisions	All hospitals must publish: • **Comprehensive "standard charges" file** covering all services offered – Gross charges – Discounted cash prices for self-pay – Payer-specific negotiated charges – De-identified min. & max. negotiated charges • **Consumer friendly price tool** for searching negotiated, payer-specific rates for 300 services, 70 of which CMS has specified and 230 others the hospital may choose	Health insurers and group health plans must provide: • **Internet-based price transparency tool** for consumers to find personalized out-of-pocket cost information for all covered services in advance • **Public website with negotiated rates** for in-network providers and historical payments to out-of-network providers in a standardized format Plans will be allowed to include **consumer incentives for shopping into MLR**
Exceptions allowed	Federally owned/operated sites that don't serve the public or negotiate rates *(VA, DoD, Indian Health Service facilities)*	Plans grandfathered under ACA *(i.e., in existence as of March 23, 2010; does not apply to "grandmothered" plans)*
Penalty for non-compliance	$300/day *(not automatic; requires a complaint filed with CMS, which may be followed by a warning notice from CMS, and finally a fine)*	TBD – Not specified

Source: Oliver Wyman analysis
HHS.gov (https://www.hhs.gov/sites/default/files/cms-1717-f2.pdf | https://www.hhs.gov/sites/default/files/cms-9915-p.pdf
health.oliverwyman.com

#OWHealth

The Front Door to Accessing Healthcare is Changing!

Market Disruption

Major Movement is the New Normal

12/3/17 — UnitedHealthcare / DaVita
UnitedHealth Group buys DaVita's Physician Network for $4.9B

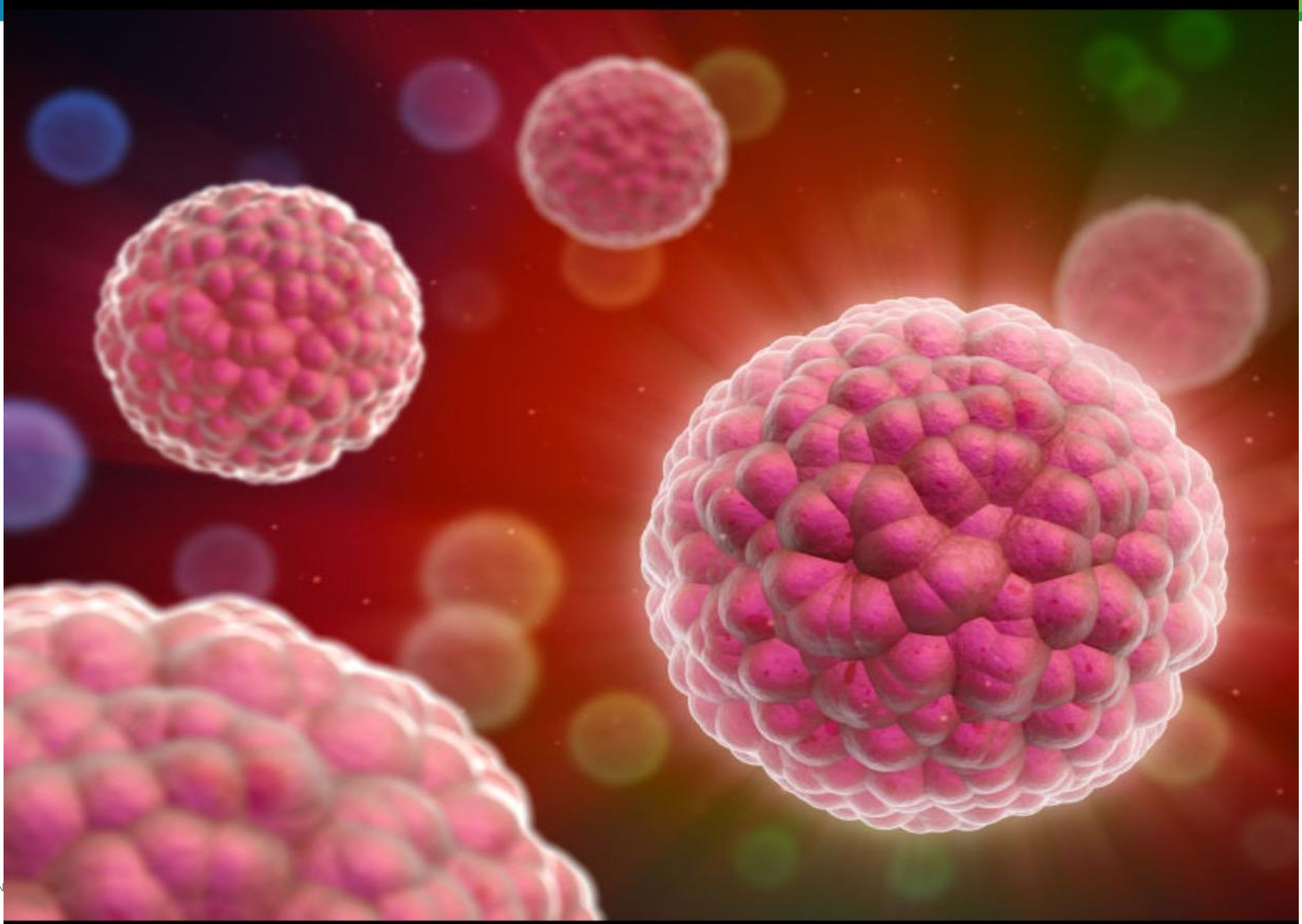
12/6/17 — CVS Health / aetna
CVS purchases Aetna for $77B, deal closed 11/28/18

1/30/18 — amazon / Berkshire Hathaway / JPMorgan Chase & Co.
Amazon, Berkshire Hathaway, JP Morgan Chase form coalition for their own employees

3/8/18 — Cigna / Express Scripts
Cigna announces purchase of Express Scripts for $70B, deal closed 12/20/18

6/28/18 — amazon / PillPack
Amazon acquires online pharmacy PillPack who is licensed in 49 states

ongoing — Walmart / Humana
Walmart and Humana in talks to expand current onsite clinic relationship into other healthcare offerings



Pharmacogenomics

Pharmacology + Genomics

Precision Medicine

GeneSight® Psychotropic Test

- Genetics affects our response to drugs.
- Effective, safe Rx tailored to the patient’s individual genomic profile.
- Improves drug safety.
- Decrease rate of adverse effects (a leading cause of death/morbidity).
- Minimizes trial and error prescribing.
- Savings in pharmacy spending, healthcare utilization, disability claims, etc.

Source: National Business Group on Health Using Genetics to Guide Treatment, September 2018.

Forbes

EDITOR'S PICK | 2,472 views | Oct 22, 2019, 8:15 am

FDA Approves Cystic Fibrosis Drug Applicable For 90 Percent Of Patients

Muscular Atrophy Treatment

Most expensive RX in the US today at $2.1 Million

Novartis gets FDA approval for world's most expensive drug

By ***Imelda Cotton*** - *May 28, 2019*

The FDA has approved Novartis' Zolgensma drug, which carries a hefty US$2.125m pricetag.

25 SHARES

A rare genetic disorder which limits an infant's lifespan to just 24 months could be cured with a groundbreaking new gene therapy approved by the US Food and Drug Administration but at over US$2 million per dose, it could well be out of the financial reach of families who need it the most.

Zolgensma, which costs **$2.1 million** per patient…

It brought in **$160 million** in the three months to Sept. 30, its first full quarter of sales.

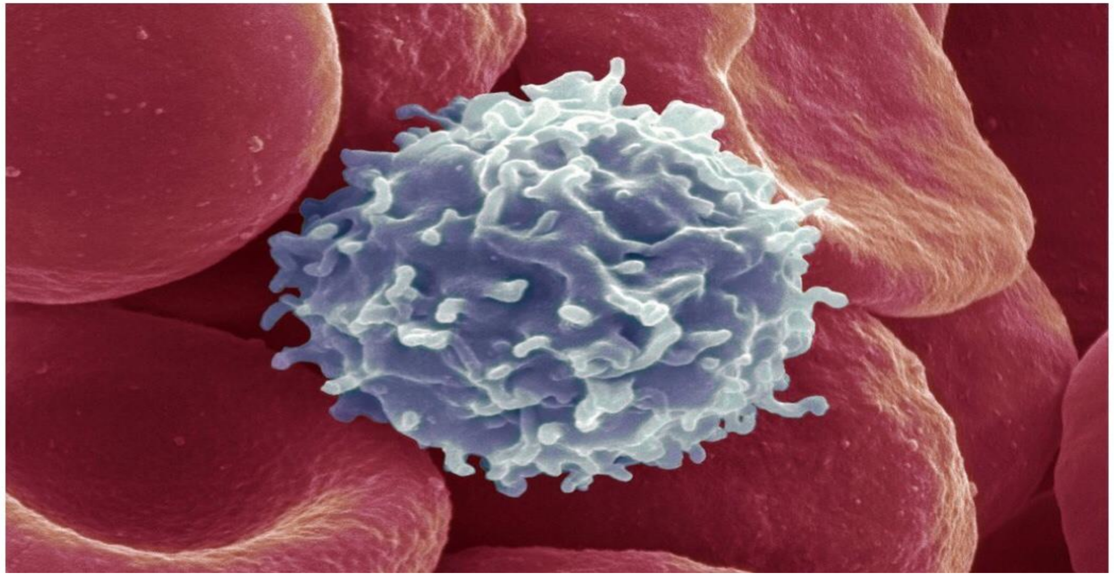
That was well above analyst expectations of around $98 million.

Some Large Employers are revisiting the need for stop loss…

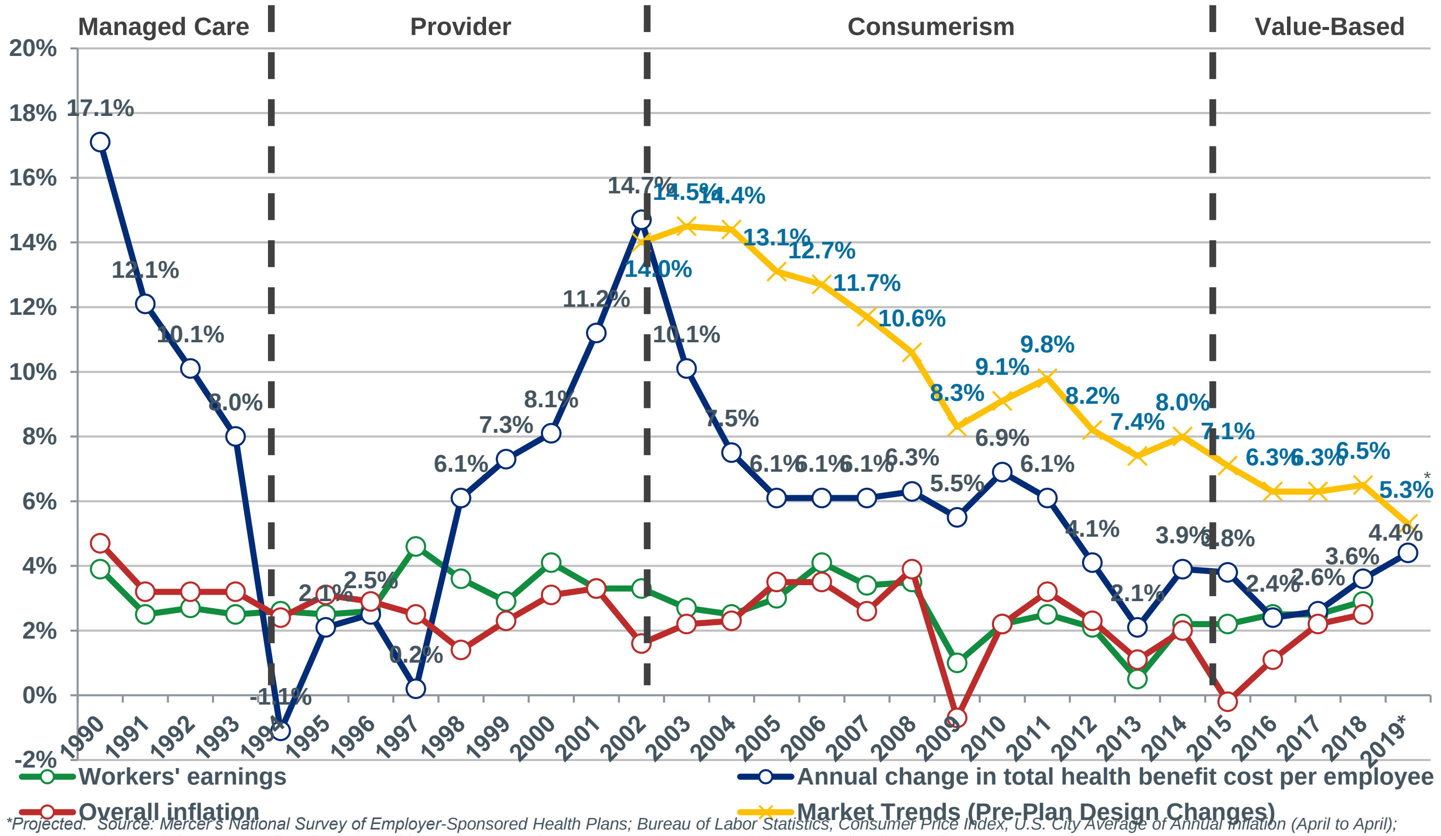
Swift Gene-Editing Method May Revolutionize Treatments for Cancer and Infectious Diseases

By GINA KOLATA JULY 11, 2018

Scientists report that they have discovered a way to tweak genes in the body's immune cells by using electrical fields.

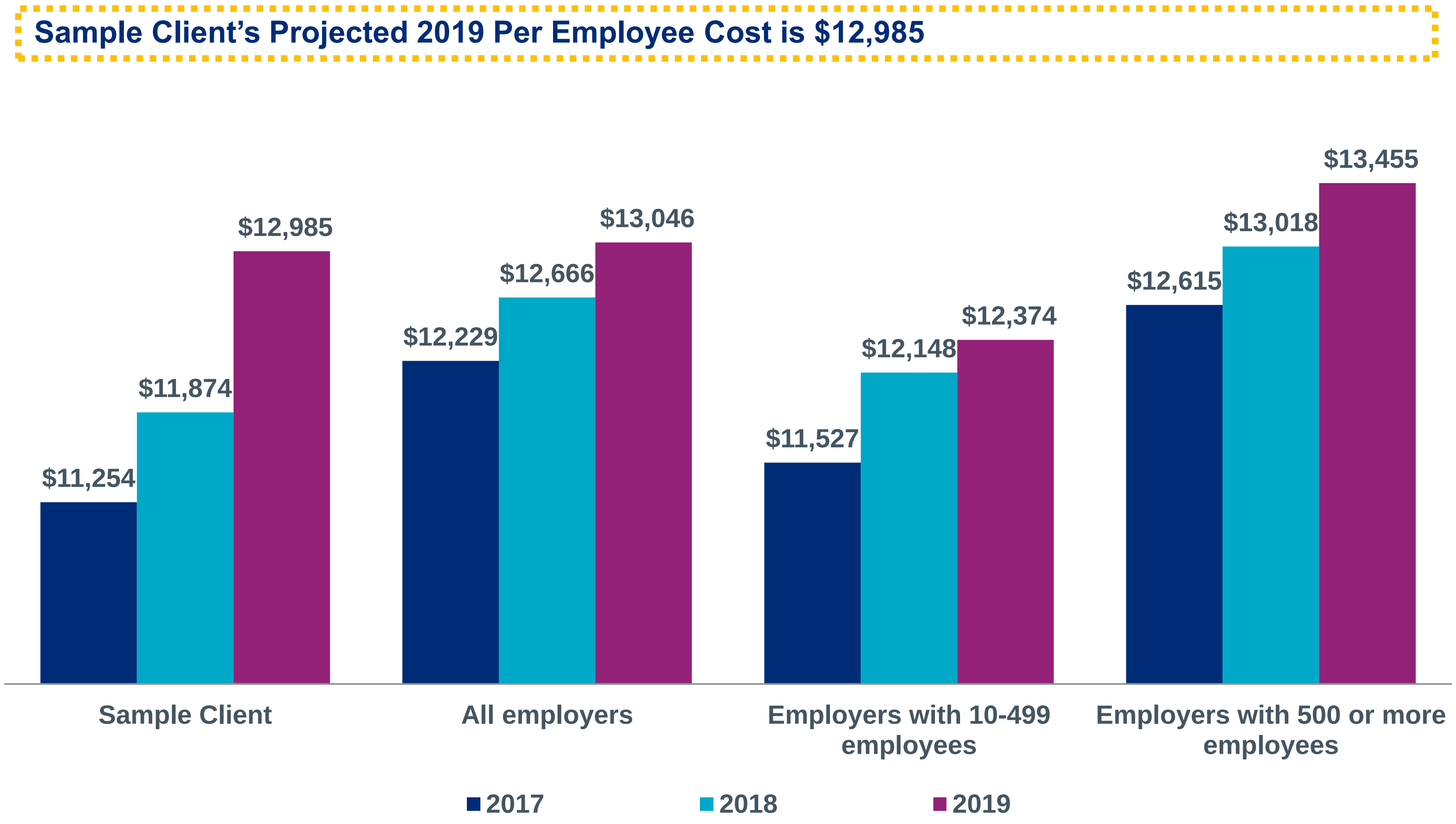


Employers Held Health Benefit Cost Growth To 3.6% In 2018 – But That's Still Above CPI



*Projected. Source: Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April); Bureau of Labor Statistics, Seasonally Adjusted Weekly Earnings from the Current Employment Statistics Survey (April to April).

Average Per-employee Cost Rises Above $13,000 in 2019



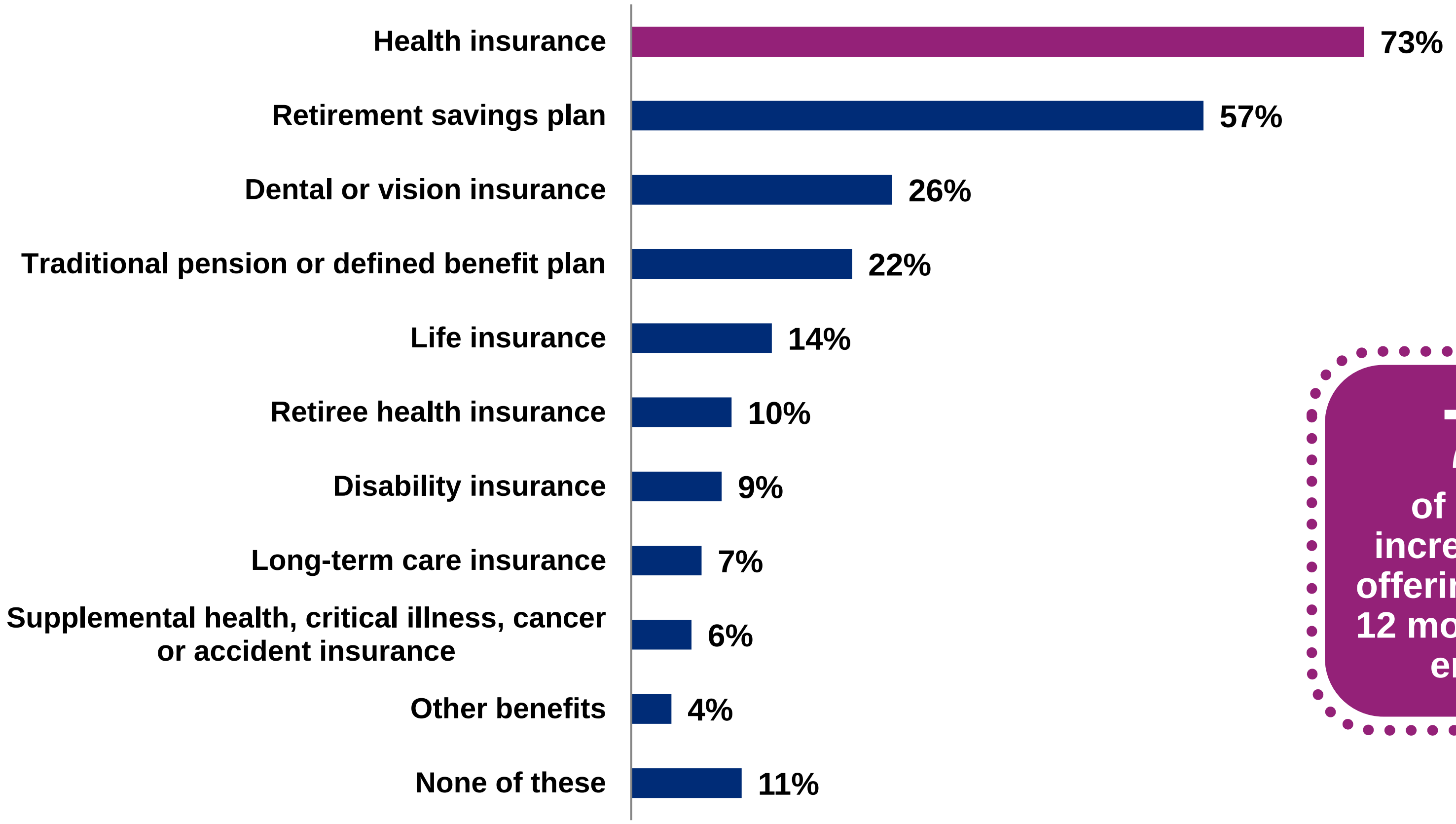
Source: Mercer's National Survey of Employer-Sponsored Health Plans 2019. Total health benefit cost includes medical, dental, Rx, vision and hearing benefits.

Last month - NEWS

The Kaiser Family Foundation published its annual survey findings on employer-sponsored health plans, which was quickly covered by The Wall Street Journal, The New York Times and Bloomberg for good reason:

The annual cost of a family plan has now surpassed **$20,000** While this amount takes into account both employer and employee costs, Kaiser found that the employee cost share is increasing at a faster rate, calling the affordability of health insurance into question.

Top Three Most Important Benefits When Considering a Job Decision



72%
of employers increased benefit offerings in the last 12 months to retain employees

Health benefits consistently top the list of benefits employees feel are most important in decision to stay in a job or pick a new one. Would ICHRAs be enough?

Source: Employee Benefits Research Institute and Greenwald & Associates, 2018 Health and Workplace Benefits Survey. Source: SHRM 2018 Employee Benefits Survey

Importance of employers providing programs that address well-being dimensions

Employees who want physical health support

- No significant difference between groups.
- Retail employees are least interested.

Employees who want social health support

- Generally have higher incomes.
- College education.
- Government sector employees are least interested.
- 55-64 are least interested.

Employees who want financial health support

- Work from home.
- Health care employees are most interested.

Employees who want community health support

- College education.
- 25-34 are most interested.

Employees who want mental health support

- Generally <55 years old.
- Females.

Source: Workplace Well-Being and the Employee Experience: Findings from the NBGH/Optum Well-being Survey, 2019.

Cheetah Save


NRECA EMPLOY


NRECA EMPLOYEE BENEFITS
ELECTRIC CO-OPS:
Who We Are
NRECA
A Touchstone Energy® Cooperative

Marty Ahrens

Sr. Director, Health Management Services, NRECA

Electric Cooperatives
Power Rural America

@NRECANews

What is an electric co-op?

- Private, independent electric utility business
- Owned by the consumer members they serve
- Consumers share the responsibility for success or failure of a co-op
- Established to provide at-cost electric service
- Profits are either reinvested for infrastructure or the members receive money back based on the amount of electricity they have used during the allocation
- Many co-ops are involved in community development and revitalization projects

Who do electric co-ops serve?

- 42 million people in 47 states, or 12% of the U.S. population
- Over 90% of America's farms
- 19 million homes, businesses, schools, churches, farms, irrigation systems and other establishments

What does NRECA do?

- Lobby Congress
  - Energy and Environmental Policy
  - Government Relations
- Energy and environmental research & technology
- International division
- Education and consulting
- Training and conferences
- Insurance, employee benefits and financial services
- Group Benefits Trust / VEBA / 501c9
- Outstanding customer service

I&FS Value Proposition

Ensure member co-ops, regardless of their size or location, have access to comprehensive, flexible and affordable benefit programs for their employees and dependents

Employee Benefit Plans

- NRECA is fully self-insured; money paid to the Group Benefits Trust for benefits is used to pay claims
- A variety of insurance plans are offered to co-ops who, in turn, offer plan choices to their employees
  - Medical, dental, vision
  - Prescription drug benefit
  - Life
  - Disability
  - Pension
  - 401(k)
  - Investments

NRECA's Group Insurance Plans nearly **100,000** lives

Population Health Management

Well-being	At Risk & Diagnostic	Chronic Conditions	Critical Conditions

<u>Health Care</u>: Medical & Rx, Dental, Vision, Provider Networks, *Health Navigation, Transparency, Incentive & Value Based Plans, Tele-medicine*

Power Wellness

- SMART Program
  - Eat SMART
  - Move SMART
- Wellness Discounts
- Fitbit Program
  - Discounts
  - Dashboard
- Consulting
- Prevention
- *Wellness Champion*

WebMD MyHealth Manager

- MyHealth Survey
- MyHealth Assistants (online coaching)
- Summit Health/Biometric Screening
- Rewards for Life
- *Challenges*

MyHealth Coaches

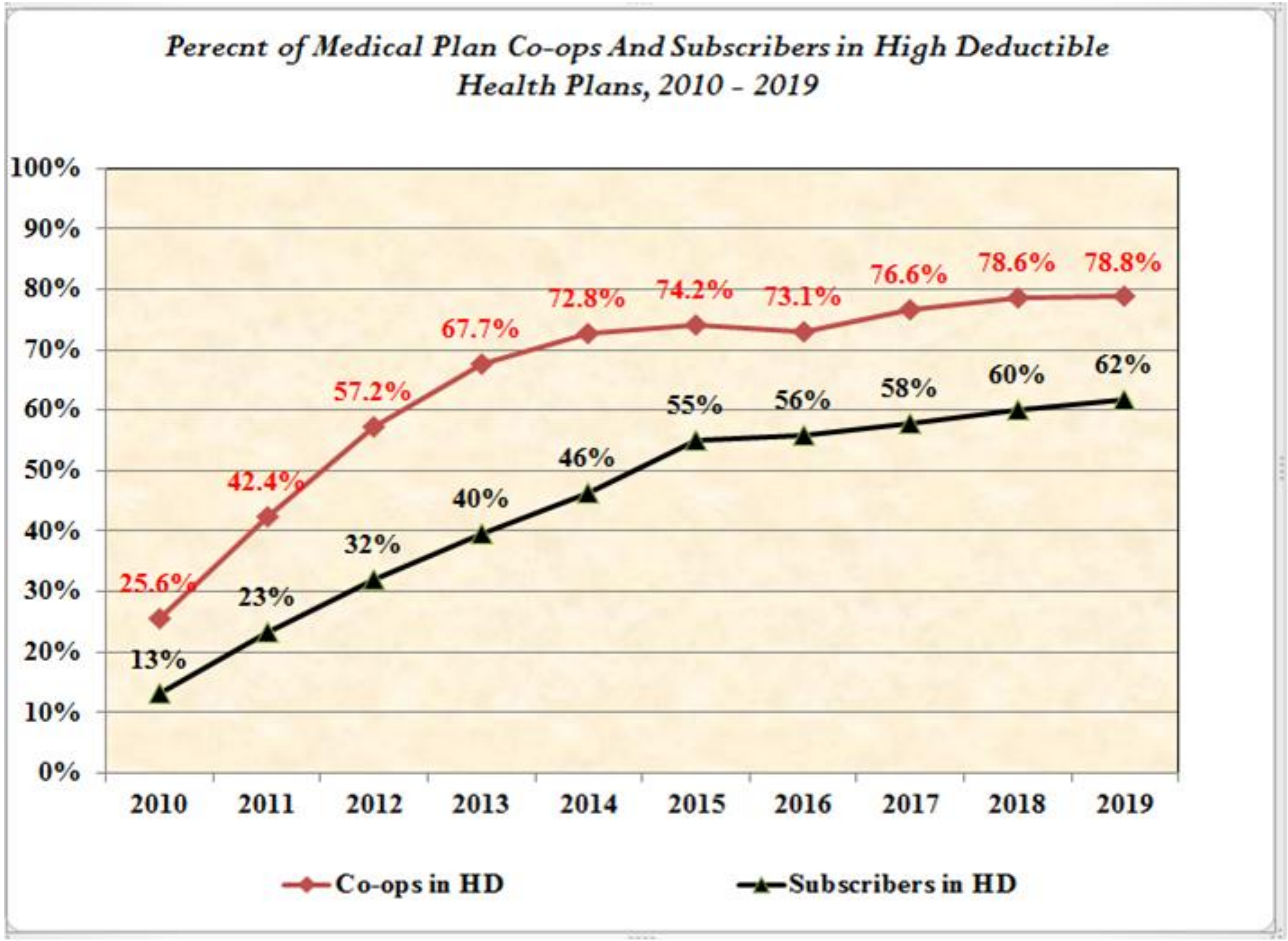
- Chronic Condition Management
- Decision Support
- Lifestyle Coaching Programs
  - Tobacco Cessation
  - Weight Loss
- *Diabetes Program*
- *Healthy Back Program*

Medical Management

- Case Management
- Utilization Management
- Care Coordination
- SHARE
- Centers of Excellence
- First Steps Maternity
- Life Strategy Counseling
- Disability Management

Vendor Integration, Risk Stratification & Analytics, ACA

ELECTRIC CO-OPS: WHO WE ARE



Percentage of Enrollees	Percentage of Spending	Median Spending Per Person	Mean Spending Per Person	Minimum Spending Per Person
1%	31%	$129,500	$185,000	$ 87,600
5%	61%	$39,600	$44,300	$ 24,500
10%	75%	$16,500	$17,000	$ 11,900
20%	88%	$7,300	$7,600	$ 4,800

Program Evaluations

- Health Care Navigation / Transparency Services
- Musculoskeletal, Spine and Joint: Centers of Excellence
- Access to Behavioral Health via Telemedicine
- Pharmacy Programs
  - PBM Evaluation
  - Specialty Drugs
  - Member Education

MOTIVATIONS AND MEASUREMENT OF FINANCIAL WELLNESS INITIATIVES

Jack VanDerhei, EBRI
Director of Research

EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE

Motivations and Measurement of Financial Wellness Initiatives

EBRI-ERF POLICY FORUM #86

December 12, 2019

Jack VanDerhei, EBRI Research Director

vanderhei@ebri.org

Outline

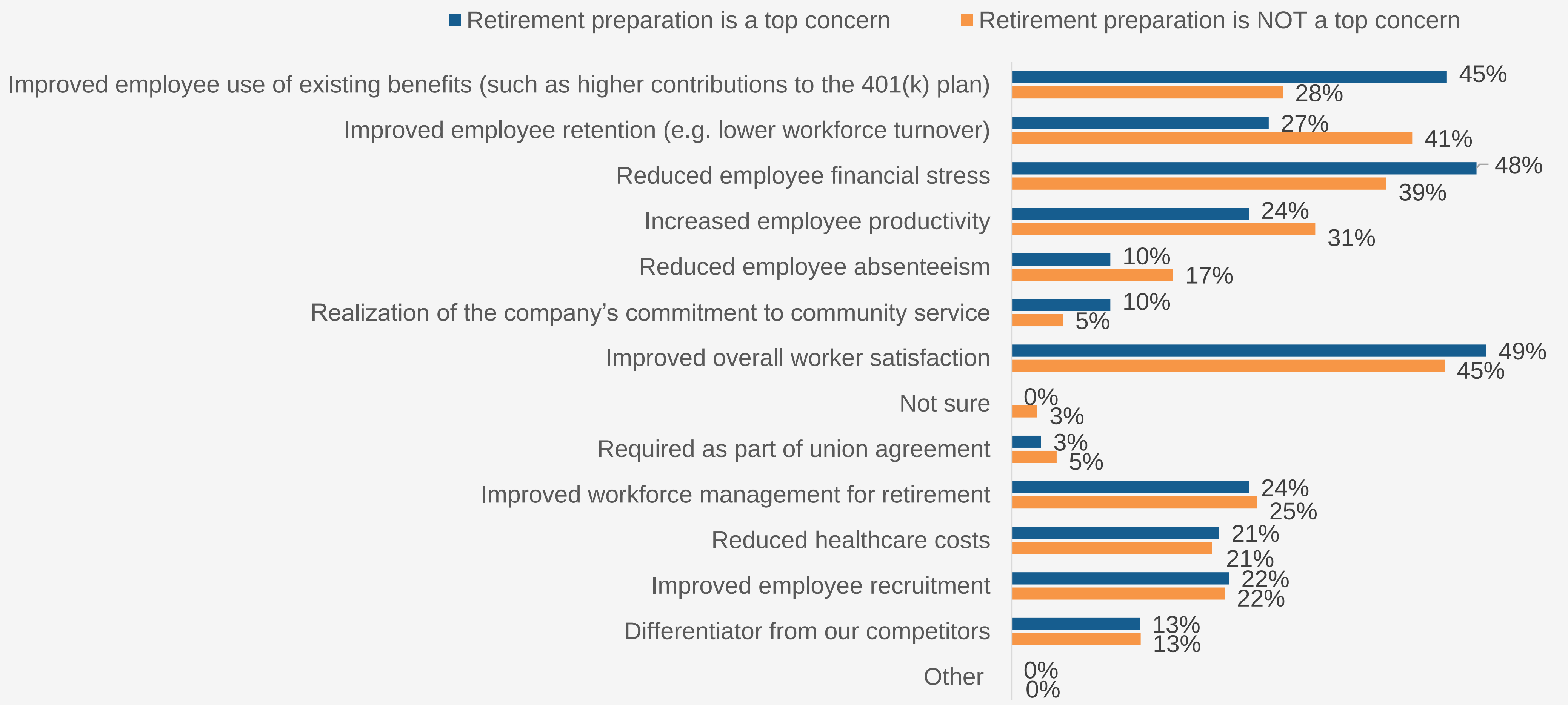
- Methodology
- Motivations and Measurements of FW Initiatives
  - Top Reasons for Offering Financial Wellness Initiatives
  - Top Considerations in the Decision to Offer Financial Wellness Benefits
  - Steps Taken to Understand Employees' Financial Wellness Needs
    - Firms who have created a financial well-being score or metric
  - Top Factors in Measuring Financial Wellness Initiatives' Success
  - Top Challenges in Offering Financial Wellness Benefits
- Phase Two of the EBRI FWRC Research
- Demographics (Appendix)

Methodology: 2019 Employer Financial Well-Being Survey

- Information for this report was collected from 15-minute online survey with 248 full-time benefits decision-makers conducted in June 2019.
  - All respondents worked full-time at companies with at least 500 employees that were at least interested in offering financial wellness programs.
  - An additional 27 respondents who worked at companies with 250 to 499 employees were also collected but are not included in this report.
- Respondents were required to have at least moderate influence on their company's employee benefits program and selection of financial wellness offerings.
  - Additionally, respondents were required to hold an executive, officer, or manager position in the areas of human resources, compensation, or finance.
- The survey was administered by Mathew Greenwald & Associates.
- Additional information can be found at: Lori Lucas and Jack VanDerhei, "2019 Employer Approaches to Financial Wellbeing Solutions," EBRI Issue Brief, no. 491 (Employee Benefit Research Institute, September 26, 2019).

MOTIVATIONS AND MEASUREMENT OF FINANCIAL WELLNESS INITIATIVES

Top Reasons for Offering Financial Wellness Initiatives by Whether Retirement Preparation is a Top Concern (ranked by absolute value of the difference in percentages)

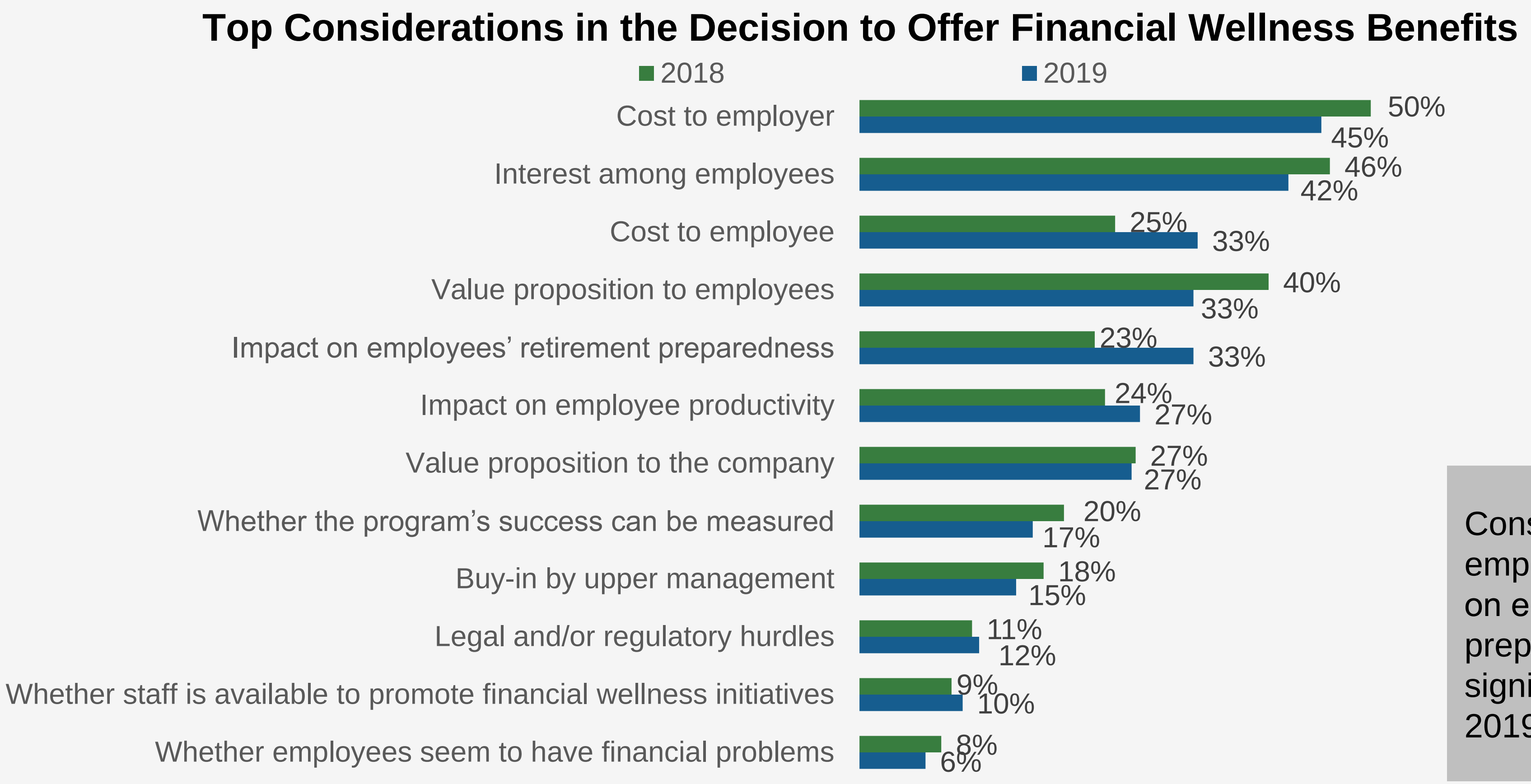


Q33. What are or would be your top 3 reasons for offering financial wellness initiatives to employees? (n=248)

Further Analysis on Employer Motivators

- Reducing employee financial stress was actually much more important for those who were still only interested in offering financial well-being programs but hadn’t done it.
  - 58% of those indicated that was one of their major motivators.
  - For those who were actually offering well-being initiatives already, it was only 32%.
- Differentiation from competitors was much more important for those who were actually currently offering a financial well-being initiative, 19% of that group chose that.
  - For the other two groups, it was only 6 or 8%.

When deciding to offer financial wellness benefits, cost to both the employer and employees and employee interest are the top considerations.

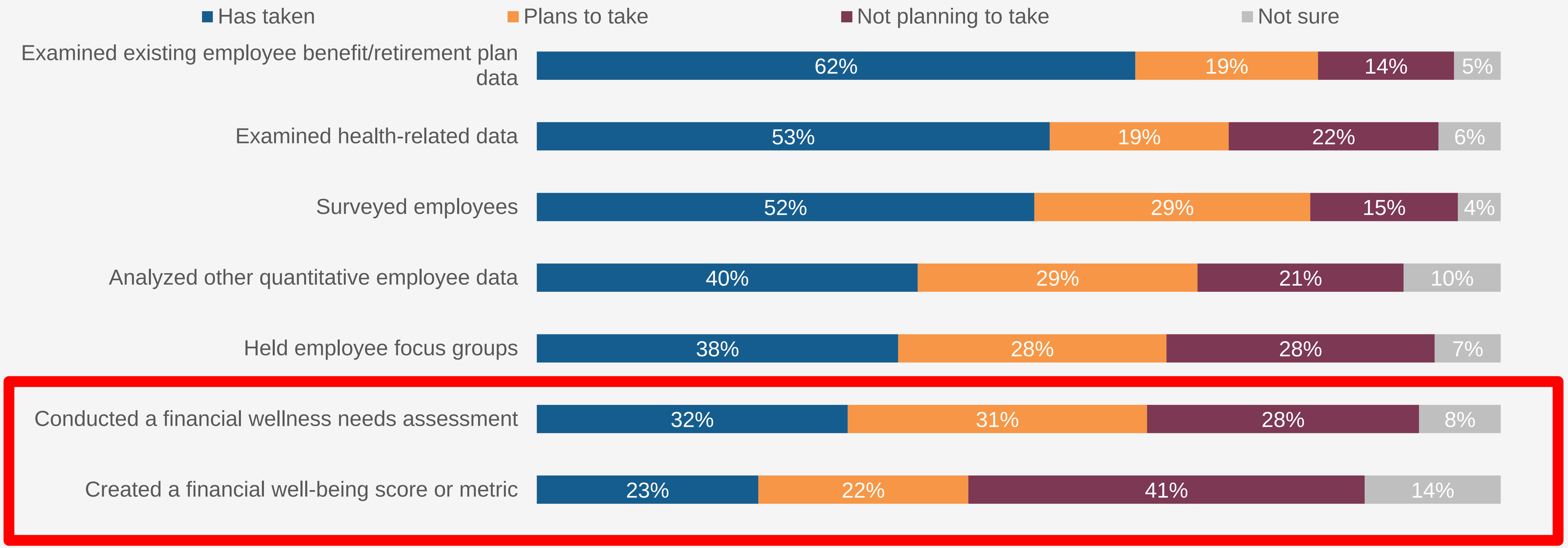


Considering the cost to employees and the impact on employees' retirement preparedness are significantly more likely in 2019 than in 2018.

Q34. What were or will be your top 3 considerations used to determine whether to offer financial wellness benefits to your employees? Please select your top 3 reasons. (n=248)

Examining employee data and employee surveys are the most common steps taken to understand employees' needs. Few firms are using specific financial wellness metrics or assessments.

Steps Taken to Understand Employees' Financial Wellness Needs

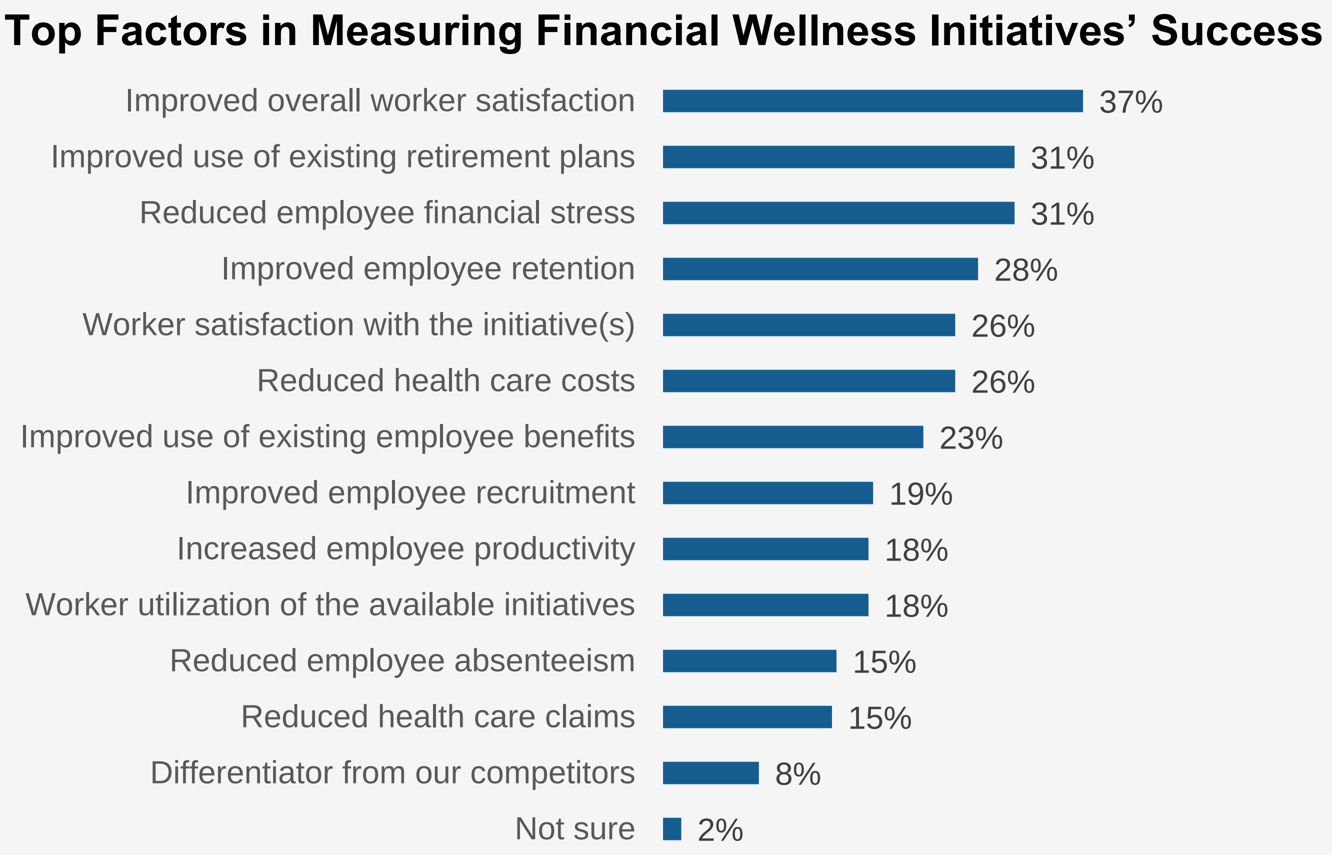


Q31. What steps has your company taken or does it plan to take to understand your employees' financial wellness needs? (n=248)

Firms who have created a financial well-being score or metric are more likely to currently offer financial wellness benefits. They are also more likely to have more offerings in a holistic approach.

	Created a Financial Well-Being Score or Metric	Not Planning on Creating a Financial Well-Being Score or Metric
Company's current approach to financial wellness initiatives	**68% Currently offer** **28% Actively implementing** 4% Interested in	51% Currently offer 11% Actively implementing **38% Interested in**
How financial wellness initiative is offered	**56% Holistic** 26% Periodic/Ad hoc 7% Pilot 11% One-time initiative	38% Holistic **38% Periodic/Ad hoc** 15% Pilot 9% One-time initiative
Number of financial wellness benefits offered	7% Low (0–2 offerings) 37% Medium (3–5 offerings) **56% High (6+ offerings)**	**42% Low** 43% Medium 15% High
Traditional benefits considered part of financial wellness initiative	**91% Health insurance** 88% Retirement benefits **84% Time-off benefits**	69% Health insurance 86% Retirement benefits 62% Time-off benefits
Employee satisfaction with benefits package	**75% Extremely/very satisfied** 19% Somewhat satisfied 5% Not too/not at all satisfied	57% Extremely/very satisfied **38% Somewhat satisfied** 5% Not too/not at all satisfied
Company's concern about employees' financial well-being	18% Low (1–6) 49% Moderate (7–8) **33% High (9–10)**	**42% Low** 43% Moderate 15% High

Similar to the reasons for offering financial wellness initiatives, overall worker satisfaction, use of existing retirement plans, and employee stress are the top factors to measure these initiatives.



Q42. What are the top 3 factors that are or will be important in the measurement of your financial wellness initiatives? Please select your top 3. (n=248)

Lack of employee interest is the top challenge in offering financial wellness benefits. One quarter say not being able to quantify value added is a top challenge.

Top Challenges in Offering Financial Wellness Benefits

Q43. What are the top 3 challenges your company faces or anticipates facing in offering financial wellness benefits in the workplace? Please select your top 3. (n=248)

Looking only at those who are currently interested but not offering or implementing FW, lack of ability/data to quantify value added of the initiatives is the top challenge in offering FW benefits.

Top Challenges in Offering Financial Wellness Benefits (only those who are interested, not offering or implementing currently)

Q43. What are the top 3 challenges your company faces or anticipates facing in offering financial wellness benefits in the workplace? Please select your top 3. (n=72)

EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE

PHASE TWO OF THE EBRI FWRC RESEARCH

KEY FINDINGS

APPENDIX: DEMOGRAPHICS

Demographics

Firm Size	
500 to 749 employees	13%
750 to 999 employees	15
1,000 to 2,499 employees	27
2,500 to 4,999 employees	16
5,000 to 9,999 employees	13
10,000 to 24,999 employees	8
25,000 or more employees	9
Average Employee Tenure	
2 years or less	7%
3 to 5 years	19
6 to 9 years	25
10 to 14 years	21
15 to 19 years	10
20 years or more	10
Not sure	7

Industry	
Health care and social assistance	14%
Manufacturing	12
Retail trade	11
Finance and insurance	10
Educational services	10
Professional, scientific, and technical services	9
Government: State or local	8
Utilities	4
Agriculture, forestry, fishing, hunting, mining	2
Transportation and warehousing	2
Wholesale trade	2
Information	2
Nonprofit/charitable	2
Government: Federal	2
Management of companies and enterprises	1
Arts, entertainment, and recreation	1
Construction	1
Real estate and rental and leasing	1
Food services and drinking places	1
Other services, except government	<0.5
Other	6

n=248

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Demographics

Employee Satisfaction with Benefits Package	
Extremely satisfied	10%
Very satisfied	46
Somewhat satisfied	40
Not too satisfied	3
Not at all satisfied	1

Absenteeism as an Issue	
A major problem	8%
A minor problem	61
Not a problem	31

Job Title	
Human Resources Manager	30%
Human Resources Officer	17
Senior Executive (CEO, President)	16
Compensation & Benefits Manager	10
Administration Executive	6
Financial Officer	5
Compensation & Benefits Officer	4
Financial Manager	3
Other	8

Decision-Making for Employee Benefits Programs	
I am a final decision-maker or I make formal recommendations to senior management	49%
I have a lot of influence	36
I have a moderate amount of influence	15

Decision-Making for Financial Wellness Offerings	
I am a final decision-maker or I make formal recommendations to senior management	42%
I have a lot of influence	34
I have a moderate amount of influence	15

n=248

NETWORKING LUNCH

PLEASE BE BACK BY 1:15 PM

EBRI


Wi-Fi Network: DCCTR
Password: meeting2015DC
#EBRIPolicyForum
Speaker bios can be found
http://bit.ly/EBRIPolicyForumBios

LUNCHEON KEYNOTE

Suzanne Clark, President, U.S. Chamber of Commerce

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WRAP-UP

THANK YOU POLICY FORUM DEVELOPMENT TASK FORCE!

Chris Byrd, Wex Health

Bob Doyle, Prudential

Josh Freely, TIAA

Bob Holcomb, Empower Retirement

Tom Johnson, Retirement Clearinghouse

Melissa Kahn, State Street Global Advisors

Stacy Scapino, Mercer

Andrew Schreiner, Fidelity Investments

Mike Skinner, T Rowe Price

Michael Doshier, T Rowe Price

Liz Varley, Ameriprise Financial

Michael Sowa, LGIMA

Jana Steele, Callan

Chris Stephen, NRECA

Aron Szapiro, Morningstar

Jeff Tulloch, MetLife

THANK YOU FOR ATTENDING!

PLEASE JOIN US FOR OUR NEXT POLICY FORUM ON
MAY 12, 2020