



Members Only Research Round-Up Webinar

EBRI Webinar

March 9, 2022

Speakers



**Craig Copeland,
Director, Wealth
Benefits Research,
EBRI**



**Jake Spiegel,
Research Associate,
Health and Wealth,
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**Moderator: Brett
Hammond, Research
Leader, Capital Group**



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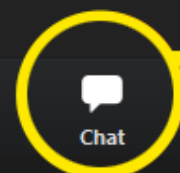


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Chat



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HEALTH BENEFITS RESEARCH REVIEW

JAKE SPIEGEL, EBRI

Today's Health Benefits Agenda

- Today, I'll recap three studies that showcase EBRI's health research capabilities
- One that leverages a commercial claims database to examine trends in employer-sponsored health benefits
 - The More Things Change, the More They Stay the Same: An Analysis of the Generosity of Employment-Based Health Insurance, 2013-2019
- One that sits at the intersection of health and retirement
 - Projected Savings for Medicare Beneficiaries Need for Health Expenses in Retirement
- One that gauges how employers are reacting to a constantly-changing regulatory environment
 - Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

The More Things Change, the More They Stay the Same: An Analysis of the Generosity of Employment-Based Health Insurance, 2013-2019

EBRI

Issue

BRIEF

October 28, 2021 • No. 545

The More Things Change, the More They Stay the Same: An Analysis of the Generosity of Employment-Based Health Insurance, 2013-2019

By Paul Fronstin, Ph.D., Employee Benefit Research Institute; Stuart Hagen, Ph.D., Blue Cross Blue Shield Association; Olivia Hoppe, Blue Cross Blue Shield Association; and Jake Spiegel, Employee Benefit Research Institute

AT A GLANCE

"The future ain't what it used to be." - Yogi Berra

In this paper we explore trends in actuarial value — or relative generosity of health plans — in the employment-based health coverage market since the implementation of the major coverage provisions of the Affordable Care Act (ACA) in 2014. Because there is a concern that workers would migrate to lower actuarial value (AV) plans in the exchanges if the Biden Health Care Plan were adopted, it is also important to know whether workers are already enrolling in lower AV plans in the employment-based market as a result of the ACA. In our analysis, we observe:

- Both average and median AV were about 83 percent in each year from 2013 to 2019.
- There were differences in average AV by plan type. The average AV for enrollees in health maintenance organizations (HMOs)/exclusive provider organizations (EPOs) was highest. This was followed by the AV of enrollees in fee-for-service plans. Preferred provider organization (PPO) and point of service (POS) enrollees saw an average AV of 85 percent and 84 percent, respectively. Not surprisingly, plans linked to spending accounts had the lowest AVs.
- Average AV increased for every type of health plan between 2013 and 2019.
- We did not find that demographics significantly affected plan choice.
- We did find variation in AV by industry. Workers in retail trade, agriculture, forestry, fishing, construction, finance, insurance, and real estate are in the lowest AV plans.

As opposed to group coverage, health insurance purchased in the individual market tends to be somewhat less generous in benefits, on average.

This study was conducted through the EBRI Center for Research on Health Benefits Innovation (EBRI CRHBI), with the funding support of the following organizations: Aon, Blue Cross Blue Shield Association, ICUBA, JP Morgan Chase, Pfizer, and PHRMA.

A research report from the EBRI Education and Research Fund © 2021 Employee Benefit Research Institute

<https://www.ebri.org/health/publications/issue-briefs/content/the-more-things-change-the-more-they-stay-the-same-an-analysis-of-the-generosity-of-employment-based-health-insurance-2013-2019>

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FAST Facts

January 6, 2022, #418

Generosity of Employment-Based Health Insurance Unchanged Since 2013

When the Patient Protection and Affordable Care Act (ACA) was passed in 2010, some voiced concern about a race to the bottom when it came to actuarial value (AV) of employment-based health care plans. That's because the ACA required that employers offering health coverage provide plans with at least 60 percent actuarial value. The fear was that the new law would cause employers to reduce the generosity of their plans to the 60 percent floor. However, recent research from the Employee Benefit Research Institute (EBRI) shows that this has not been the case.

About Actuarial Value

Actuarial value (AV) is a summary measure that may be used by consumers and regulators to compare the relative generosity of health plans. Actuarial value is the percentage of covered, allowed health care expenses that is paid by the plan.

AV is measured on a standard population basis. For example, in a health plan with an AV of 80 percent, the plan would expect to pay 80 percent of the expenses of a standard population, which is generally meant to reflect the demographics and health status distribution of the people who will be covered by the plan, and on average, the covered individuals in the plan would pay the remaining 20 percent as cost sharing. Of course, because people have different health conditions with varying health care needs, any particular plan member may pay more or less than 20 percent of their own covered health care expenses.

Although AV does not measure the premium nor the percentage of the premium that workers may be required to pay as their employee contribution, premiums are often correlated with AV.¹ Plans with a higher AV will almost always have higher premiums than lower AV plans unless there is a significant difference in other aspects of the plan, such as benefits covered, extent of the network, characteristics of the drug formulary, or restrictions on utilization of high-cost services.

Key Findings:

The research shows that both average and median AV were about 83 percent in each year from 2013 — prior to the implementation of the major coverage provisions of the ACA — to 2019.

¹ The premium is the price of the health insurance policy, which reflects the expected cost of the covered health care services after the worker's cost sharing (i.e., copayments, coinsurance, and deductibles) as well as the administrative costs of the policy (enrollment, claims payment, etc.). Typically, workers and their employers purchase employment-based insurance together, with the worker paying a relatively small fraction of the total premium (in 2020, the worker share averaged 17 percent) and the employer paying for the remainder.

EBRI's on Twitter! @EBRI or <http://twitter.com/EBRI> EBRI blog: <https://ebri.org.wordpress.com/>

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The More Things Change, the More They Stay the Same: An Analysis of the Generosity of Employment-Based Health Insurance, 2013-2019

- Some analysts predicted that the introduction of ACA exchanges might lead to a condition in which employer-sponsored health plans became less generous
- We measure this “generosity” as actuarial value (AV), a measure of how much a health plan will pay for the costs patients incur
 - To illustrate, if a particular health plan has an AV of 80%, the plan would pay out 80% of the expenses of the population covered by the plan. On average, patients would pay the remaining 20%

The More Things Change, the More They Stay the Same: An Analysis of the Generosity of Employment-Based Health Insurance, 2013-2019

- To answer these questions, EBRI turned to MarketScan data
- MarketScan is a proprietary database containing administrative claims data for patients with employer-sponsored health insurance
- We looked at 7 years of data, stretching back to 2013, before the implementation of major ACA provisions, like the individual exchanges and premium subsidies
- If ACA exchanges did indeed induce employer-sponsored plans to become less generous, then we would see health plans' actuarial values decrease over time

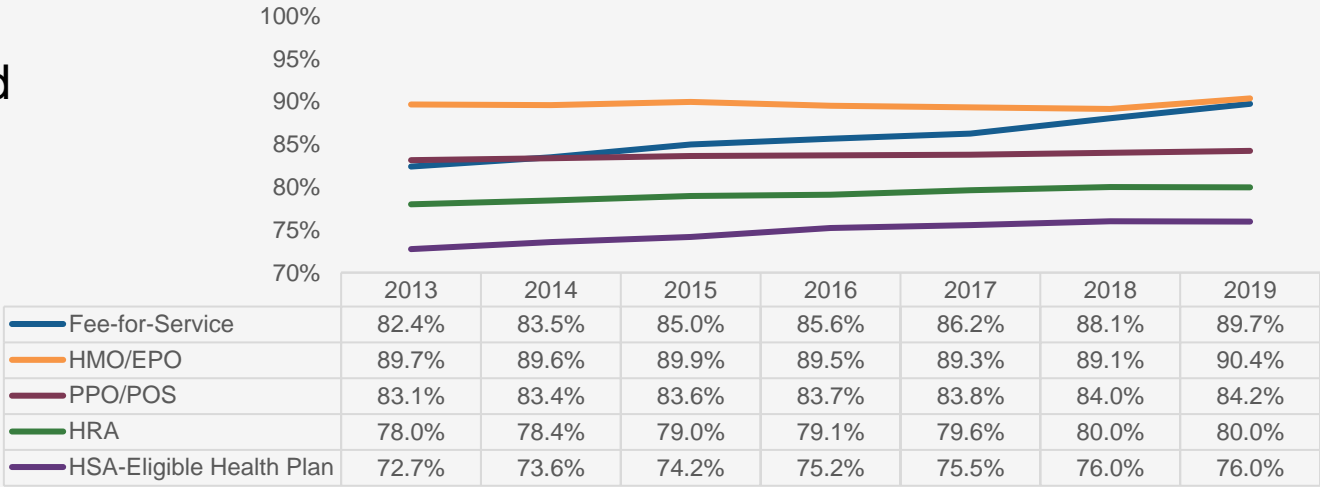
The More Things Change, the More They Stay the Same: An Analysis of the Generosity of Employment-Based Health Insurance, 2013-2019

- However, we did not find this to be the case
- Health plan actuarial values remained remarkably stable over the study period
- In fact, most plans became *more* generous during the study period
- We also did not find evidence that workers self-sorted into more- or less-generous plans; average AV based on worker age and gender did not vary significantly
- However, we did find evidence that plan generosity varied based on industry

Average and Median Actuarial Value (AV), 2013–2019		
	Average AV	Median AV
2013	82.9%	83.5%
2014	82.8%	83.1%
2015	82.9%	83.0%
2016	82.9%	83.2%
2017	82.9%	82.4%
2018	83.3%	83.2%
2019	83.5%	83.1%

Source: Employee Benefit Research Institute estimates based on administrative enrollment and claims data.

Average Actuarial Value (AV), by Plan Type, 2013–2019



Source: Employee Benefit Research Institute estimates based on administrative enrollment and claims data.

Projected Savings for Medicare Beneficiaries Need for Health Expenses in Retirement

EBRI

January 20, 2022 • No. 549

Issue

BRIEF

Projected Savings Medicare Beneficiaries Need for Health Expenses Spike in 2021

Some Couples Could Need as Much as \$360,000 in Savings

By Paul Fronstin, Ph.D., and Jack VanDerhei, Ph.D., Employee Benefit Research Institute

AT A GLANCE

After declining in 2020, the predicted saving targets for Medicare beneficiaries to cover health premiums, deductibles, and certain other health expenses in retirement increased between 3 and 8 percent in 2021. These are close to the biggest increases we have seen since 2012.

Savings are needed to pay for premiums for Medicare Parts B and D, the Part B deductible, premiums for Medigap Plan G, and out-of-pocket spending for outpatient prescription drugs.

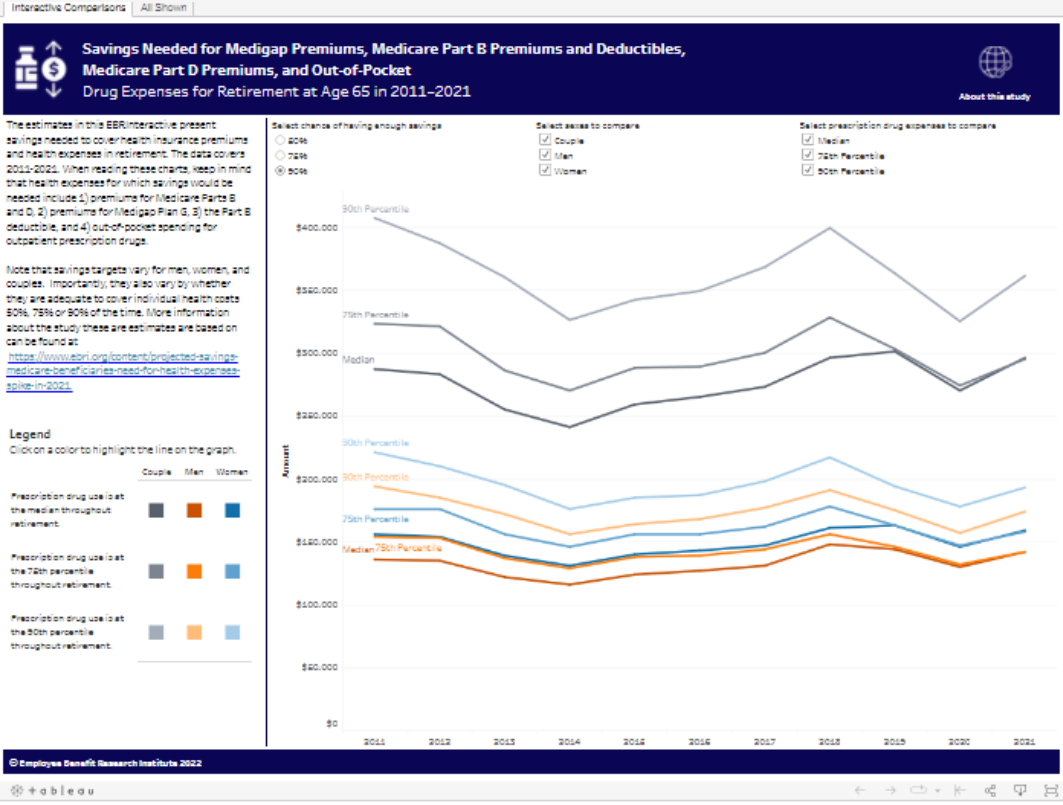
The data used in EBRI's analysis come from a variety of sources. EBRI employs a Monte Carlo simulation model for this evaluation that simulated 100,000 observations, allowing for the uncertainty related to individual mortality and rates of return on assets in retirement.

The analysis reveals:

- In 2021, a 65-year-old man needed \$79,000 in savings and a 65-year-old woman needed \$103,000 in savings for a 50 percent chance of having enough to cover premiums and median prescription drug expenses in retirement. For a 90 percent chance of having enough savings, the man needs \$142,000 and the woman needs \$159,000. This is up 9 percent from 2020.
- For a 50 percent chance of having enough to cover health care expenses in retirement, a couple with median prescription drug expenses needed \$182,000 in savings. For a 90 percent chance of having enough, the couple needed \$296,000 in savings. This is up 10 percent from 2020.
- At the extreme — a couple with drug expenses at the 90th percentile throughout retirement who wants a 90 percent chance of having enough money for health care expenses in retirement by age 65 — targeted savings were \$361,000 in 2021. This is higher than the \$325,000 required in 2020.
- The increases identified in this paper are due to a number of reasons. The Medicare Trustees increasing projected costs for Medicare Part D out-of-pocket expenses is one reason for the increase. Another reason is the substantial increase in the Medicare Part B premium.

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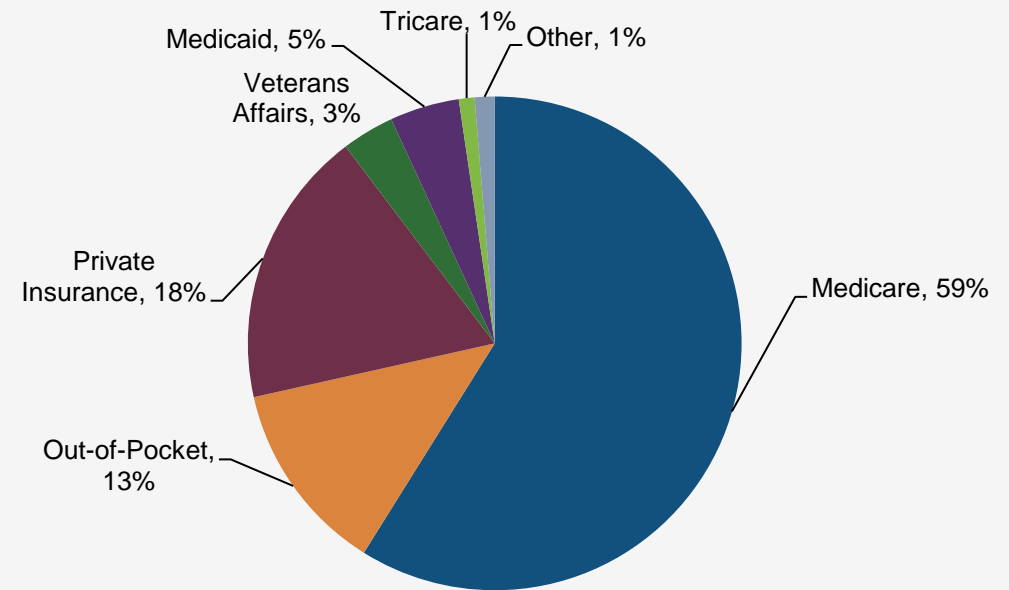


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Projected Savings for Medicare Beneficiaries Need for Health Expenses in Retirement

- While Medicare helps older people pay for health care, it does not cover expenses in full; patients are on the hook for deductibles, as well as prescription drug expenses
- EBRI used a Monte Carlo simulation model to estimate the probability that individuals and couples have enough saved to cover their health care costs in retirement, such as premiums for Medicare Parts B and D, Part B deductibles, Medigap Plan G, as well as out-of-pocket spending on prescription drugs
- Last year, we estimated that the amount Medicare beneficiaries would need to save to cover their health care costs in retirement decreased, but this proved to be a pandemic-related aberration rather than a secular trend

Source of Payment for Incurred Health Care Expenses,
Noninstitutionalized Population of Medicare Beneficiaries,
Ages 65 and Older, 2019

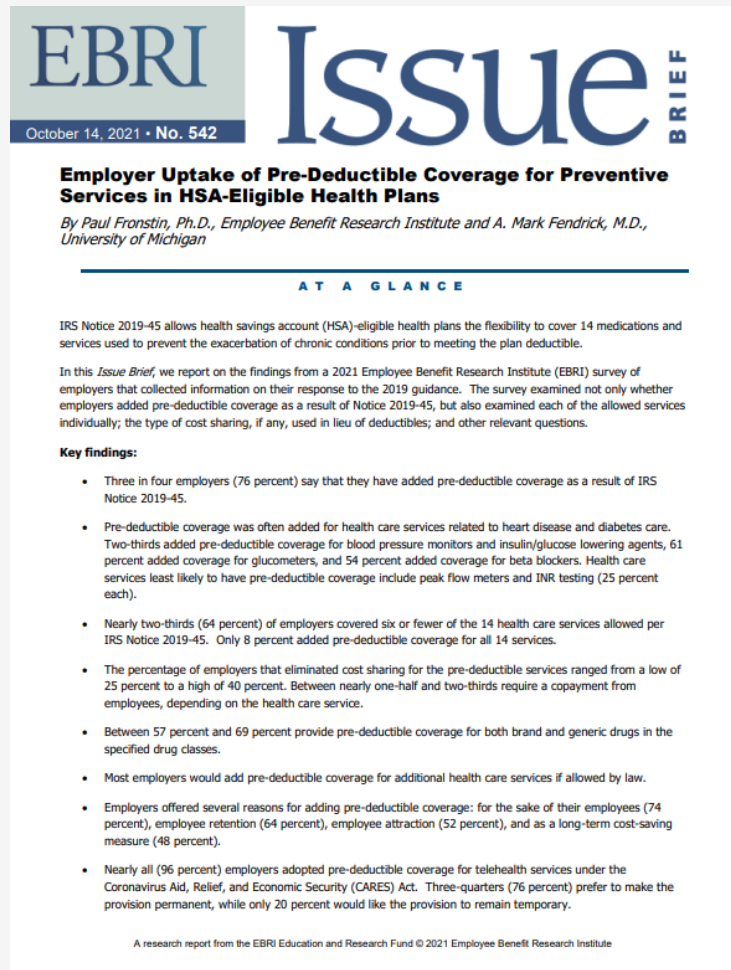


Source: EBRI estimates from the 2019 Medical Expenditure Panel Survey.

Projected Savings for Medicare Beneficiaries Need for Health Expenses in Retirement

- For 2021, the savings required increased by between 3 and 8 percent, one of the largest year-over-year increases EBRI has projected
- The Medicare Trustees increased their cost projections for Medicare Part D, and Medicare Part B premiums increased by 15% as well
- A couple with particularly high drug expenses would need \$361,000 to have a 90% chance of having enough savings for health care costs in retirement

Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans



Reach of 12M, including direct coverage by American Journal of Managed Care and citation by Academy of Oncology Nurse & Patient Navigators (AONN+) and Alliance for Connected Care

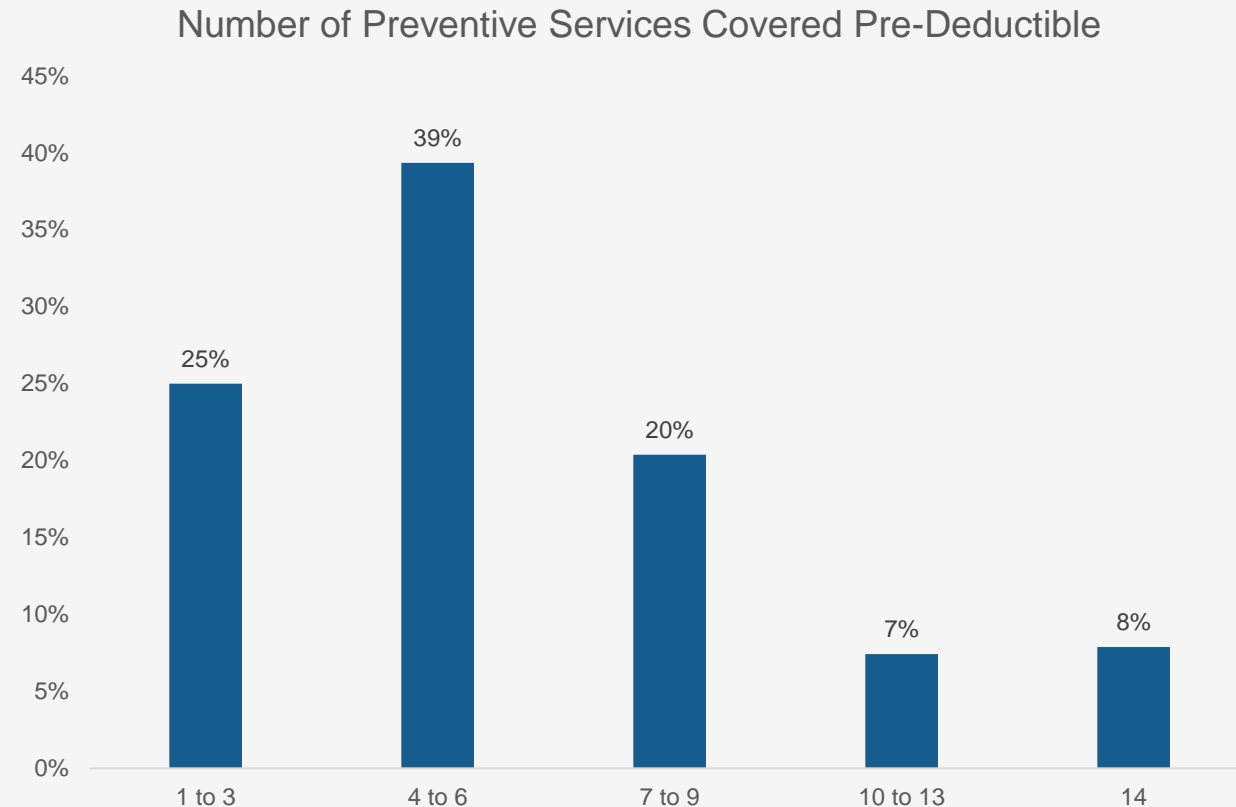
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Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

- In 2019, the IRS released guidance that allowed HSA-eligible plans to cover 100% of the costs of certain medical services and medication before the plan's deductible was met
- EBRI fielded a survey of 354 large employers to gauge whether they adopted these provisions and to what extent
 - Employers could pick and choose from the 14 additional coverages, for instance

Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

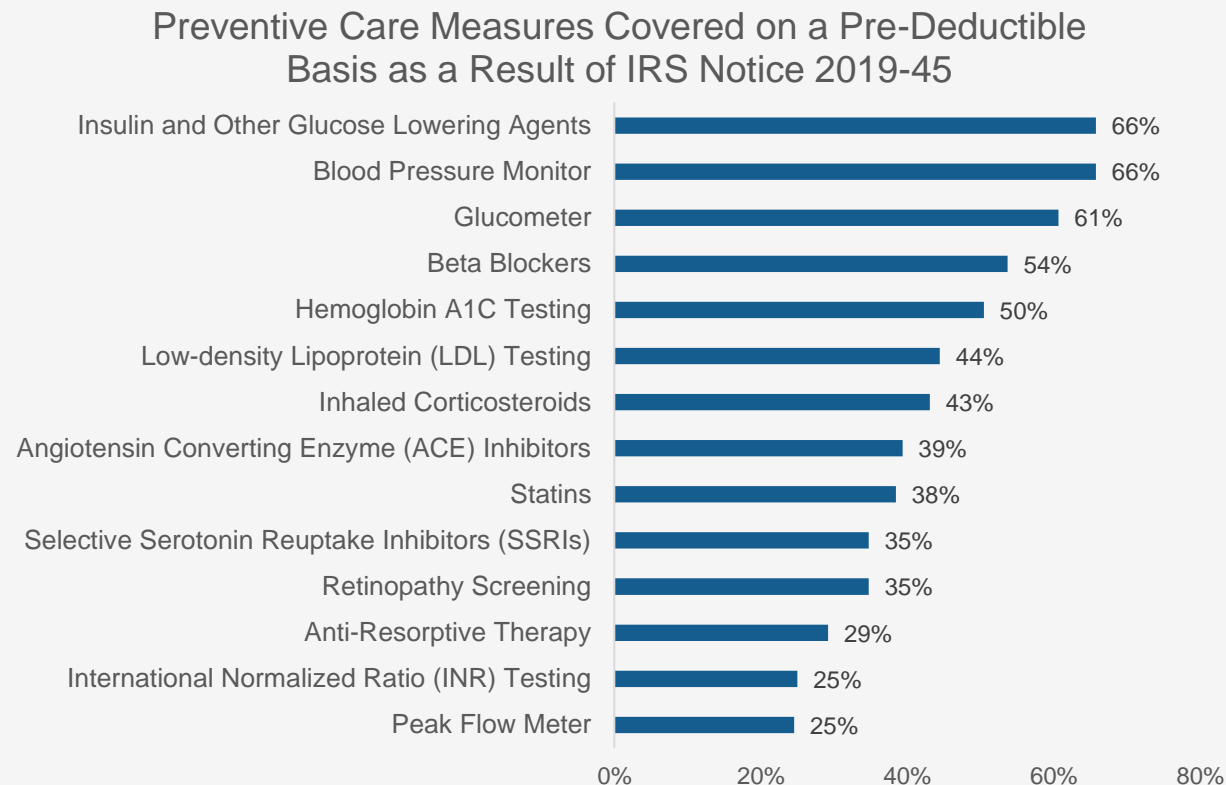
- We find that 76 percent added at least some pre-deductible coverages; a substantial increase over 2020, when another study found that only 29% adopted these changes
- Very few covered all 14 services and medications allowed by the IRS' guidance; a plurality covered between 4 and 6



Source: Employee Benefit Research Institute survey.

Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans

- Employers more often added coverage for managing conditions like heart disease and diabetes
- Employers also expressed an interest in expanding pre-deductible coverage if they were allowed to
- Among employers who *did not* add pre-deductible coverage, the vast majority either plan to do so later, or are exploring whether to do so



Source: Employee Benefit Research Institute survey.

Coming Down the Pike

- Impact of high deductibles on usage of mental health services
- Trends in out-of-pocket spending
- The future of employment-based health care
- Updates from EBRI's FSA Database

WEALTH BENEFITS RESEARCH REVIEW

CRAIG COPELAND, EBRI

Topics on Today's Wealth Benefits Agenda

1. Generational Comparisons of Various Financial Measures
2. Percentage of Families With Working Heads Having Sufficient Emergency Savings
3. 2021 Financial Wellbeing Employer Survey



Generational Comparisons of Various Financial Measures

Generational Comparisons of Various Financial Measures

EBRI

Issue

BRIEF

December 16, 2021 • No. 548

Comparing the Financial Wellbeing of Baby Boom, Generation X, and Millennial Families: How Do the Generations Stack Up?

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

Understanding the financial wellbeing of workers has never been more important. Millennials and Generation X are more likely to rely on their own savings when it comes to retirement security and face greater challenges when it comes to student loan debt than Baby Boomers. This, in turn, can lead to greater levels of financial stress in the workplace. More and more employers are beginning to recognize this and are accordingly offering financial wellbeing programs. And this ramp-up in benefits related to overall financial wellbeing may continue in light of a labor market that is evolving quickly.

This EBRI Issue Brief seeks to gauge the financial wellbeing of today's work force with two sets of generational comparisons — Generation X vs. Baby Boomers, and Millennials vs. Generation X — by comparing key financial status indicators across generations at the same ages using the Survey of Consumer Finances. As a result, this unique methodology conveys the experience of turned benefits industry professionals, whether in human resources or financial services, by contrasting the financial picture of today's mid-career employees (Generation X) with yesterday's mid-career employees (Baby Boomers) as well as today's early-career employees (Millennials) with yesterday's early-career employees (Generation X).

Key findings:

Overall, Generation X families were less likely to own a home or have any retirement plan than were Baby Boom families when their family heads were the same ages.

While Generation X families were more likely to have a defined contribution plan and have higher balances in the plan, they also had higher median debt — including student loan debt — and lower median net worth.

However, Generation X families in the highest income quartile did have a higher median net worth than their Baby Boom counterparts, and median net worth was higher for minority Generation X families than for comparable Baby Boom families.

For Millennial families, homeownership rates were lower than for Generation X at the same ages, while defined contribution (DC) plan ownership was more common.

However, Black Millennial families were less likely to own a DC plan than their Generation X counterparts. And while median DC plan balances were generally higher among Millennial families than Generation X families at the same ages, that was not the case for Black Millennial families.

The median net worth of Millennial families was lower than for Generation X families of the same ages, driven by the much lower net worth of those in the highest income quartile.

A research report from the EBRI Education and Research Fund © 2021 Employee Benefit Research Institute

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FAST Facts

January 20, 2022, #421

Black Families' Financial Statuses Show Signs of Decline Across Generations

In a recent Employee Benefit Research Institute survey, Black families' financial statuses show signs of decline across generations. The survey found that Black families in the highest income quartile had lower median net worth than their white counterparts. Additionally, Black families in the lowest income quartile had higher median student loan debt than their white counterparts.

Lower Retirement Plan Incidence

Black families in the highest income quartile had lower median net worth than their white counterparts. Additionally, Black families in the lowest income quartile had higher median student loan debt than their white counterparts.

Lower Homeownership

Black families in the highest income quartile had lower median net worth than their white counterparts. Additionally, Black families in the lowest income quartile had higher median student loan debt than their white counterparts.

Higher Student Loan Debt Incidence

Black families in the highest income quartile had lower median net worth than their white counterparts. Additionally, Black families in the lowest income quartile had higher median student loan debt than their white counterparts.

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FAST Facts

January 13, 2022, #419

Student Loan Debt Burden Is Increasing by Generation

In the EBRI Issue Brief "Comparing the Financial Wellbeing of Baby Boom, Generation X, and Millennial Families: How the Generations Stack Up," numerous financial indicators were compared using the Federal Reserve's Survey of Consumer Finances (SCF) between Generation X families and Millennial families when their family heads were ages 25-36. One financial indicator that showed uniformly higher incidence and larger median values across generations was a negative one: student loan debt. Indeed, the percentage of the Millennial families having student loan debt was nearly twice that of the Generation X families: 42.4 percent vs. 23.9 percent. Further, the median value of the student loan debt held was dramatically larger — \$11,552 among the Generation X families in 2019 vs. \$27,450 among the Millennial families in 2019 (both in 2019 dollars). This increase in student loan debt among Millennial families altered the type and relative amounts of debt held, causing Millennial families to have much less ability to take on or service other debt, such as housing debt.

Student loan debt share rises

Student loan debt represented a significantly larger share of total debt among Millennial families than among Generation X families — 18.8 percent among Millennial families in 2019 compared with 8.9 percent among the correspondingly aged Generation X families in 2001 (Figure 1). This led to a reduction in shares of each of the remaining debt sources — housing, credit card, and other — among the Millennial families. In fact, the share of debt represented by housing debt was more than five percentage points lower for Millennial families — at a time when housing prices were increasing.

Figure 1
Comparison of Generation X and Millennial Distribution of Debt Sources When They Were Ages 25-36

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FAST Facts

January 13, 2022, #419

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FAST Facts

January 13, 2022, #419

https://www.ebri.org/docs/default-source/fast-facts/ff-419-gencomp-13jan22.pdf?sfvrsn=f8993b2f_2

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At a Glance | February 5, 2022

Comparing Generational Financial Wellbeing Then and Now

Evaluating Millennial and Baby Boom families against Gen X families at the same ages and career stage.

BABY BOOMERS IN 2001 VS. GEN XERS IN 2019

Generation X families were more likely to have a defined contribution (DC) plan and had higher median DC plan balances. They were less likely to own a home.

The most dramatic difference between Baby Boom and Generation X families' financial situations, however, was the amount of student loan debt held.

Mid-Career Baby Boomers vs. Mid-Career Gen Xers (Ages 39-54)

DC Plan: Boomers 48%, Gen Xers 58%, +4.2% (Had DC Plan)

Home: Boomers 74%, Gen Xers 68%, -8.1% (Owned Home)

Student Loans: Boomers 38%, Gen Xers 36%, +136% (Student Loan Incidence)

GEN XERS IN 2001 VS. MILLENNIALS IN 2019

Millennials were more likely to have a DC plan than Gen Xers. However, both the likelihood of having student loan debt and the median value of student loan debt held were dramatically higher for Millennials.

Early Career Gen Xers vs. Early Career Millennials (Ages 25-36)

DC Plan: Gen Xers 42%, Millennials 46%, +9.5% (Had DC Plan)

Home: Gen Xers 31%, Millennials 40%, -11.8% (Owned Home)

Student Loans: Gen Xers 24%, Millennials 42%, +75% (Student Loan Incidence)

1 All values are median values and in 2019 dollars.

SOURCE: Copeland, Craig "Comparing the Financial Wellbeing of Baby Boom, Generation X, and Millennial Families: How the Generations Stack Up" EBRI Issue Brief no. 548 (December 16, 2021)

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Comparing the Financial Status of Baby Boom, Generation X, and Millennial Families: How Do the Generations Stack Up?

EBRI Webinar
January 19, 2022

https://www.ebri.org/videos/default-source/webinar-replays/generationswebinar_011922.mp4?sfvrsn=ab943b2f_2

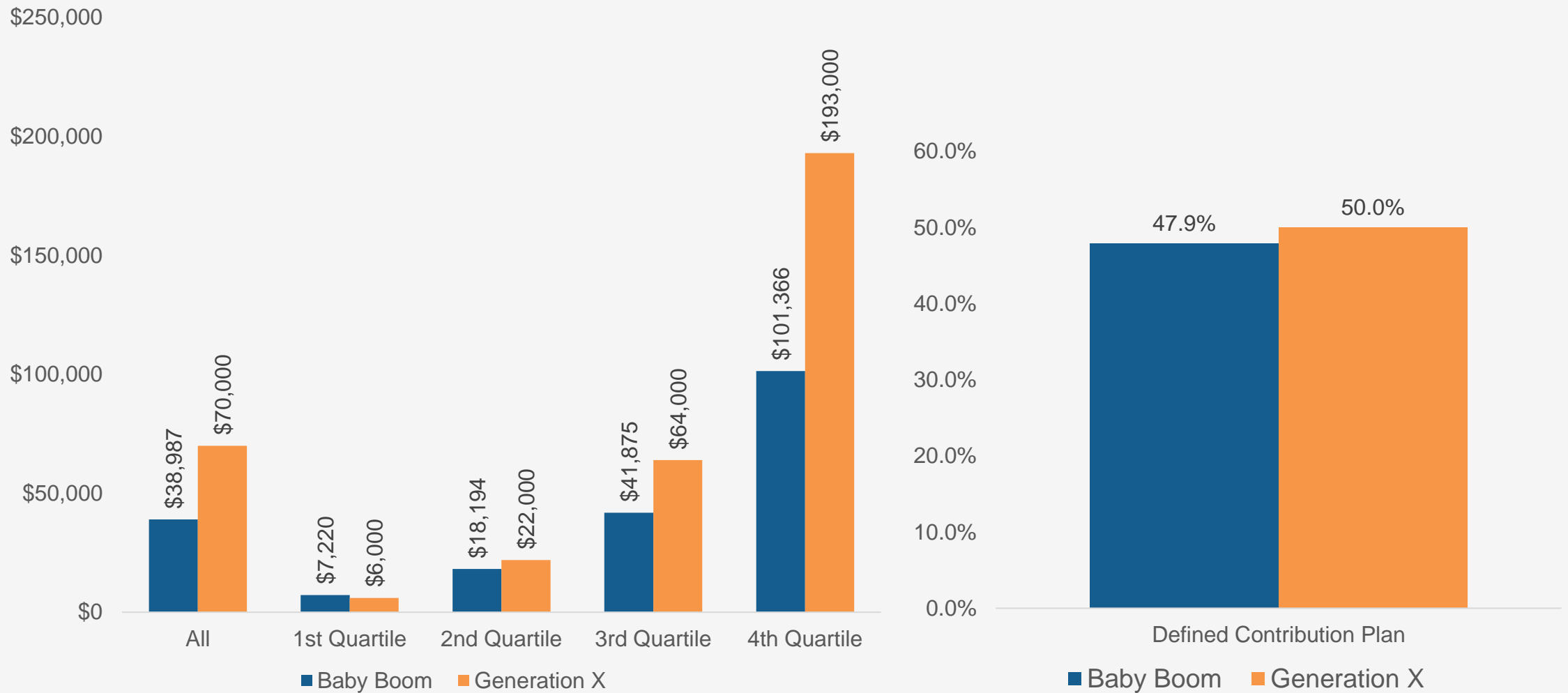
Data Definitions

Data Source: Survey of Consumer Finances (SCF)-triannual survey from the Federal Reserve-considered the best source for wealth of American families — 2019 (latest) and every 3 years before that 2016, 2013, 2010,

- Generations (birth years)
 - Baby Boom (1946-1964)
 - Ages in 2001 37-55
 - Generation X (1965-1980)
 - Ages in 2019 39-54
 - Ages in 2001 21-36
 - Millennials (1981-1996)
 - Ages in 2019 23-38
- For nonoverlapping Baby Boom and Generation X families, the closest SCF year is 2001, so ages 39-54 are used.
- Due to unequal generation birth years, the same clean separation does not work between Generation X and Millennials, so the ages are 25-36 for this comparison. Age 25 is used because family formation is most likely by that age.
- 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.

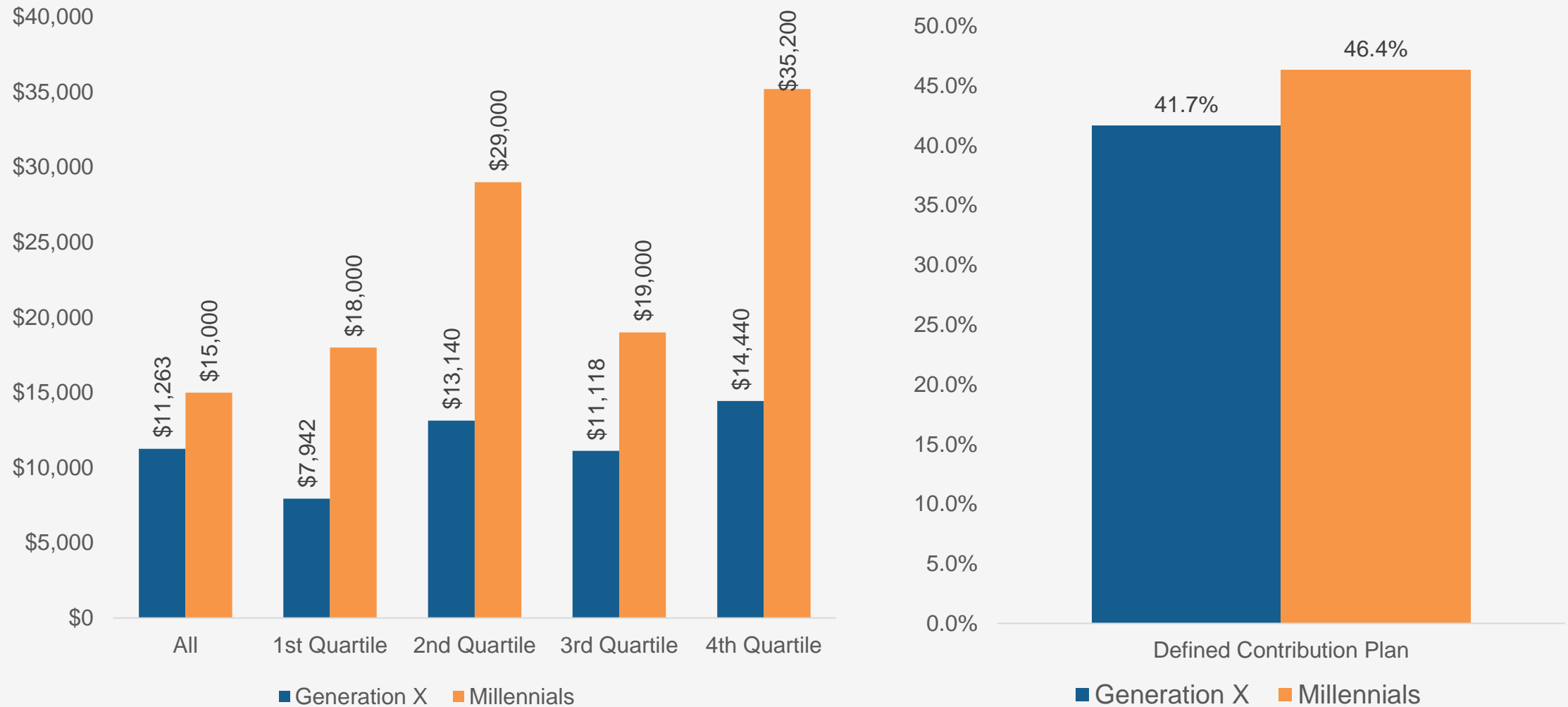
RETIREMENT PLANS

Comparison of Baby Boom and Generation X's Ownership of Defined Contribution Plans and Median Balances When They Were Ages 39-54, by Income Quartile



Note: All estimates in 2019 dollars.

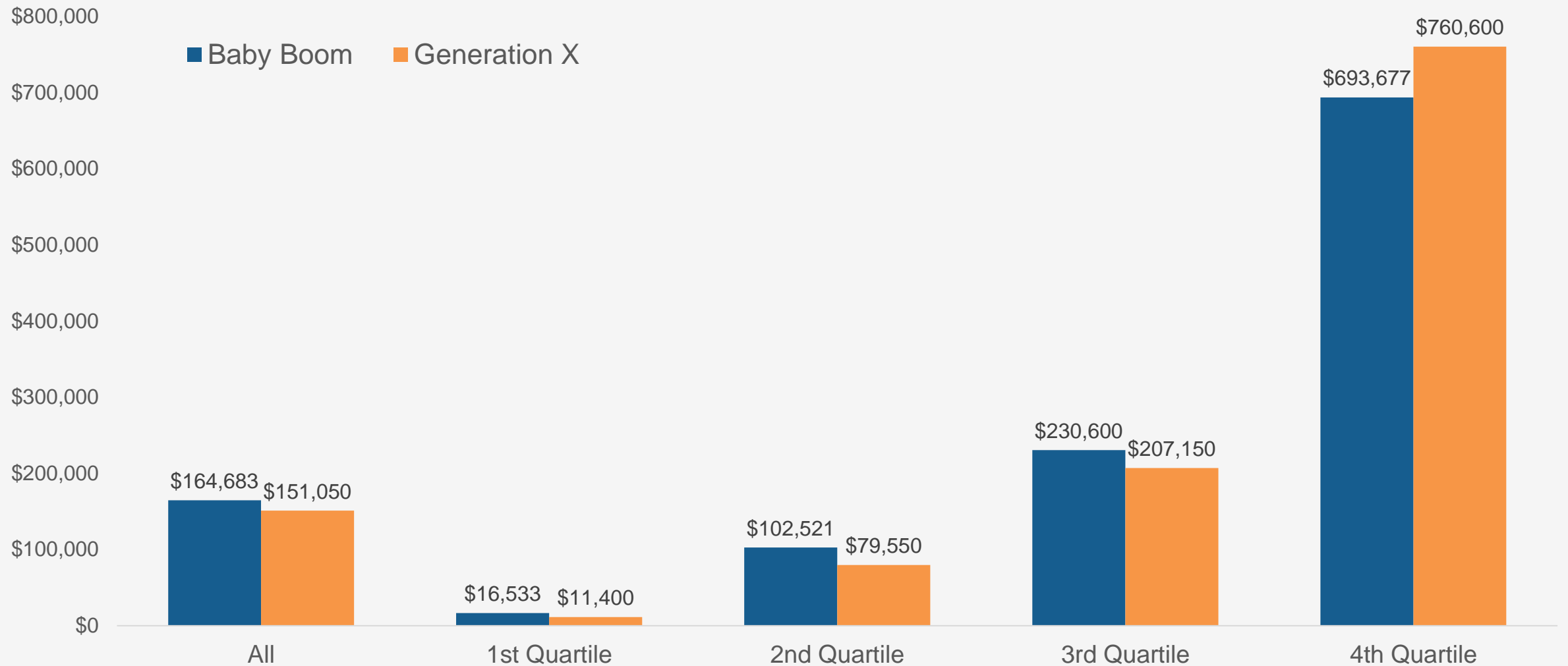
Comparison of Generation X and Millennials' Ownership of Defined Contribution Plans and Median Balances When They Were Ages 25-36, by Income Quartile



Note: All estimates in 2019 dollars.

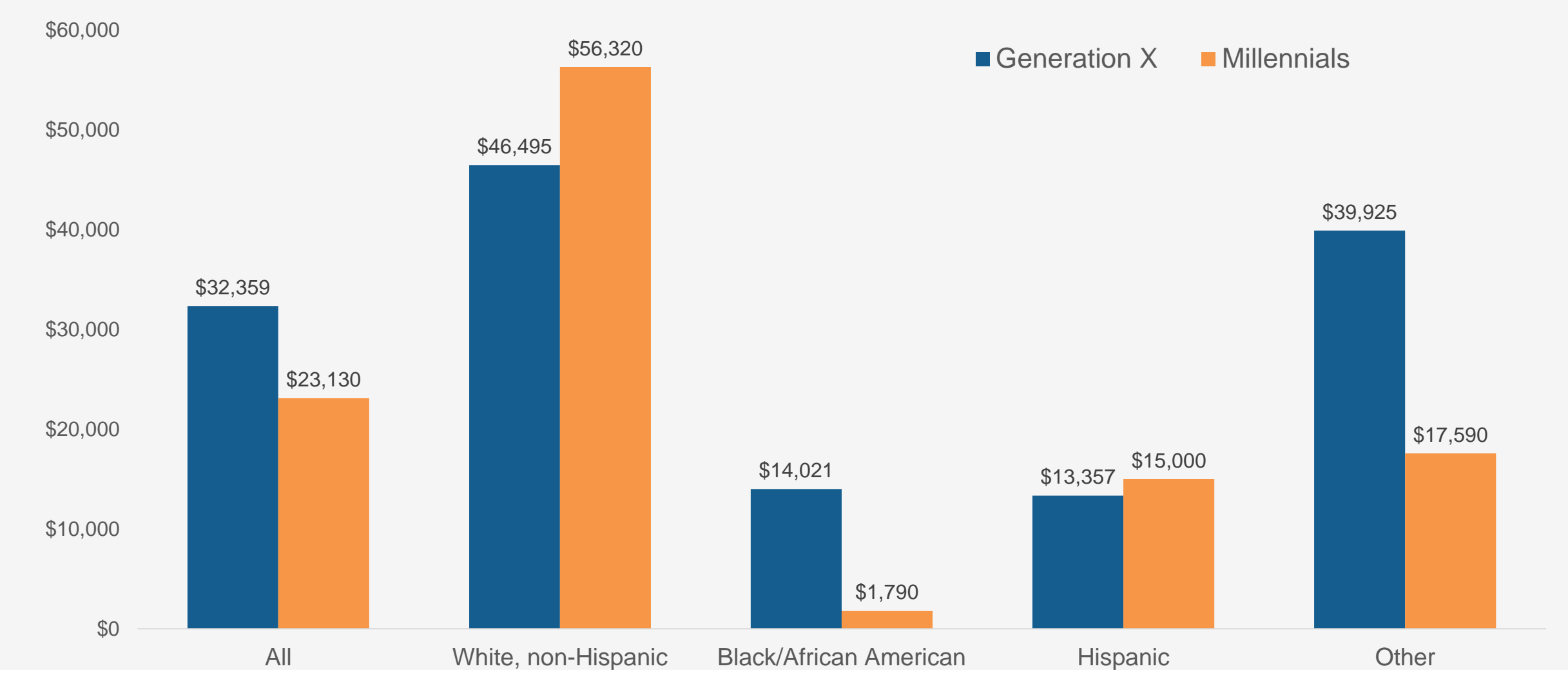
NET WORTH

Comparison of Baby Boom and Generation X's Median Net Worth When They Were Ages 39-54, by Income Quartile



Note: All estimates in 2019 dollars.

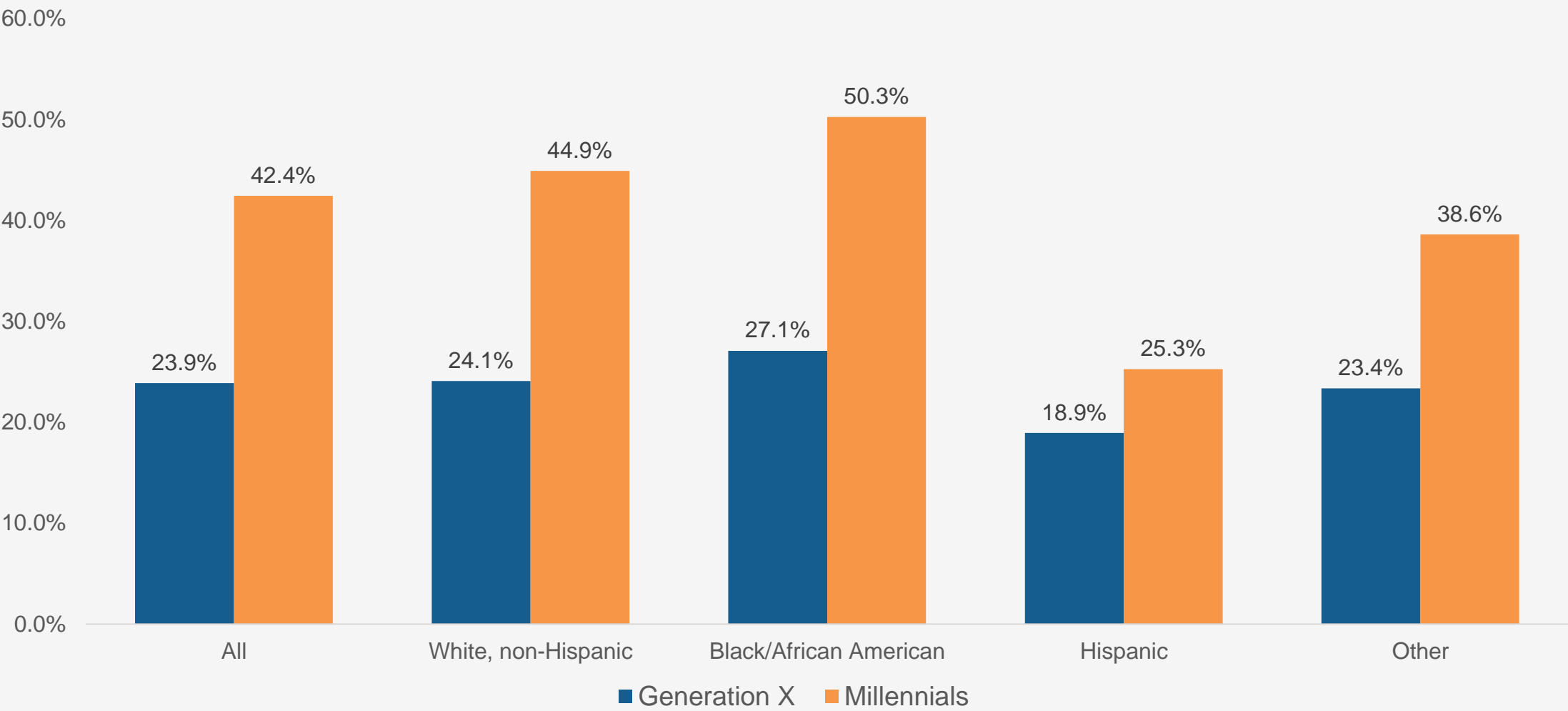
Comparison of Generation X and Millennials' Median Net Worth When They Were Ages 25-36, by Race/Ethnicity of the Family Head



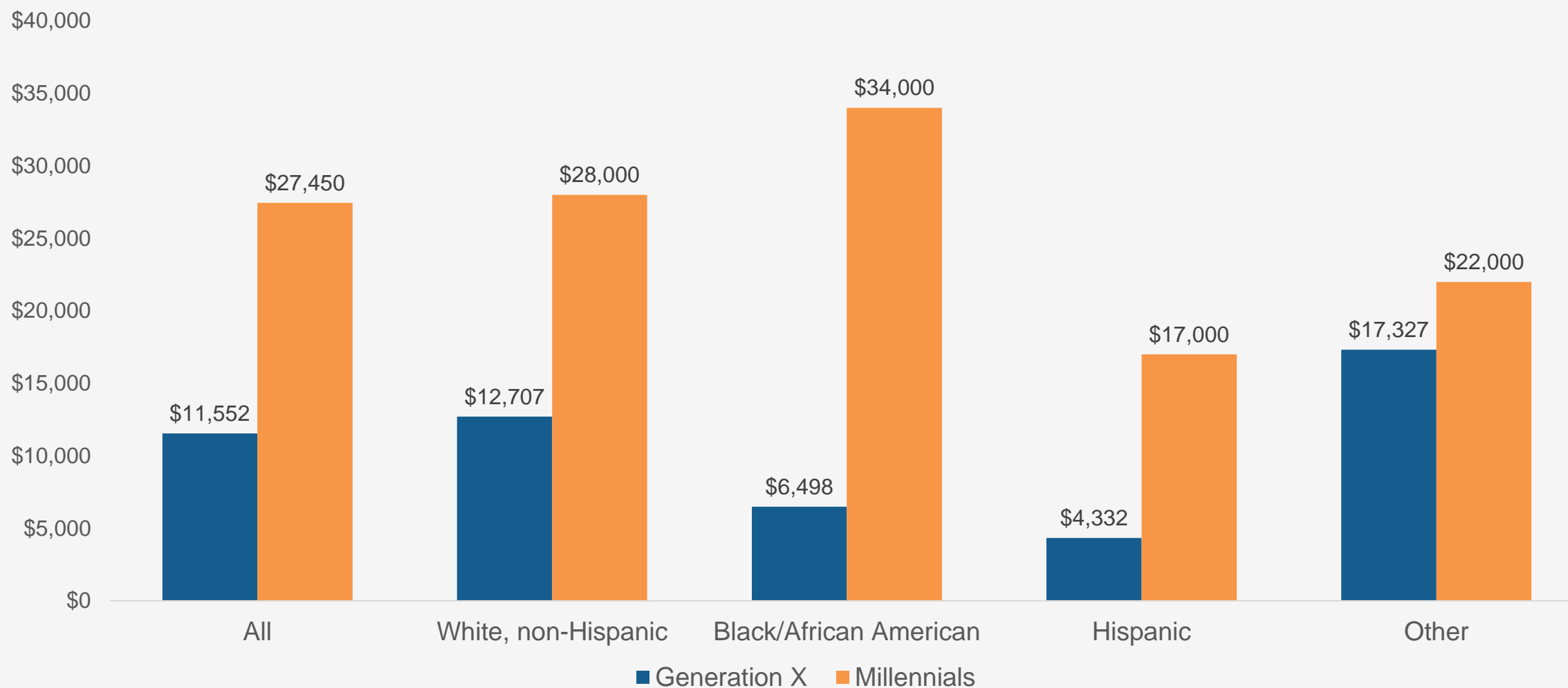
Note: All estimates in 2019 dollars.

STUDENT LOAN DEBT

Comparison of Generation X and Millennials' Student Loan Incidence When They Were Ages 25-36, by Race/Ethnicity of the Family Head

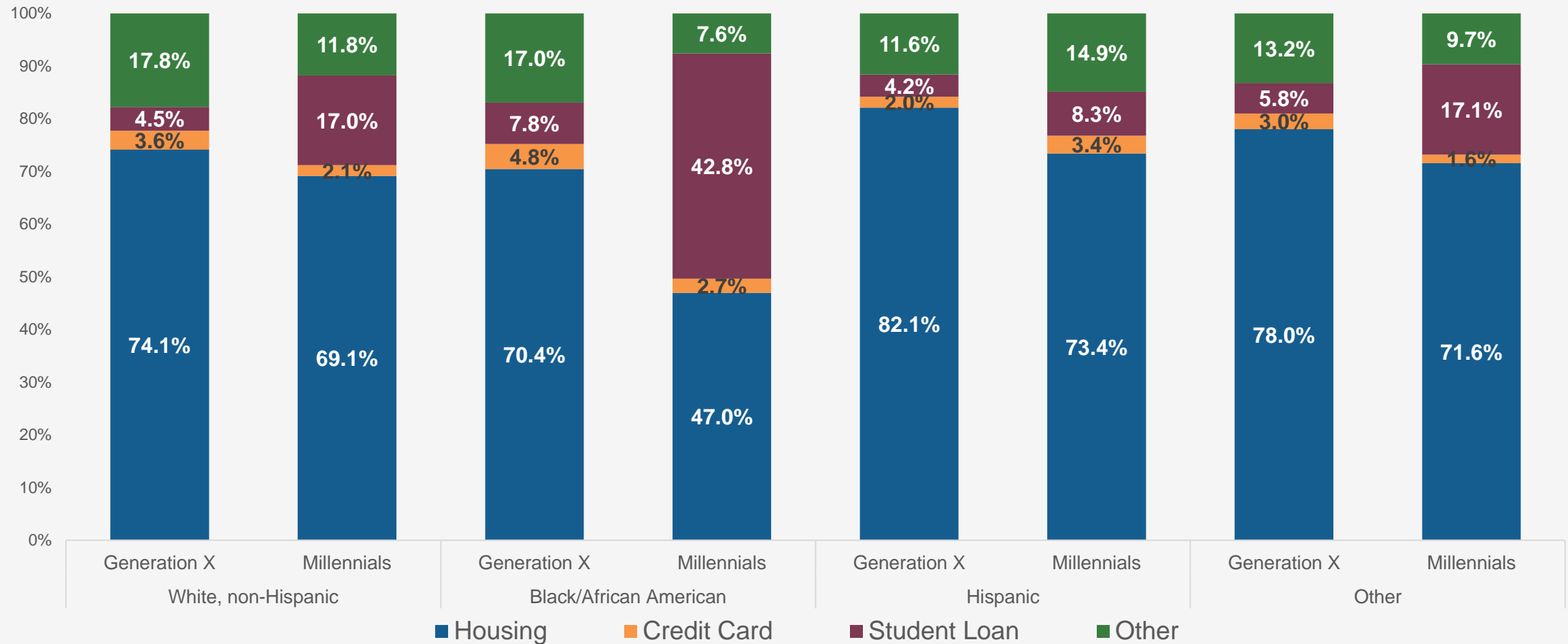


Comparison of Generation X and Millennials' Median Student Loan Balances When They Were Ages 25-36, by Race/Ethnicity of the Family Head



Note: All estimates in 2019 dollars.

Comparison of Generation X and Millennials' Distribution of Debt Sources When They Were Ages 25-36, by Race/Ethnicity of the Family Head





Percentage of Families With Working Heads Having Sufficient Emergency Savings

Percentage of Families With Working Heads Having Sufficient Emergency Savings



Emergency Savings: What Do Workers Have Available in Liquid Savings? How Long Can They Afford a Loss of Income?

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

An important factor for a family's financial wellbeing is the ability to cover unexpected expenses, such as a car or furnace repair or something even more financially challenging such as a loss of a job. Being able to cover short-term emergency expenses can help improve workers' long term financial prospects. However, American families do not appear to be prepared for significant short-term financial emergencies, potentially creating a role for employers to help with the development of emergency savings funds.

The need is clearly outlined in findings from the Federal Reserve's triennial survey of wealth, the Survey of Consumer Finances (SCF). Findings from the SCF show that:

- Of all families with working family heads under age 65, less than one-quarter had liquid savings of more than three months of their family income in 2019.
- This goes up slightly when certificates of deposit are added to the liquid savings.
- Even if the threshold is reduced to 75 percent of three months of family income, only just over a quarter of families with working family heads under age 65 had liquid savings in excess of this amount.
- At the median, among all families, less than one month of income in liquid savings was available. This only increased to one and three-quarters months for the families with incomes in the highest quartile.
- The relatively low percentage of families who had liquid savings that surpassed the three-months-of-income threshold held regardless of the family head's age or race/ethnicity or of the family's income. The need for emergency savings was *not* limited to just the families with low incomes or with younger heads.
- Families whose heads were defined contribution (DC) plan participants were more likely to have sufficient liquid savings to cover three months of expenses than those headed by a nonparticipant.
- However, even for families headed by a DC plan participant, the number with sufficient liquid savings to cover three months of expenses would not be considered substantial.

Given the low percentage of families who have sufficient savings to cover a loss of income for any extended period, it is not surprising that more and more employers are seeking to address the overall financial wellness of American workers. Employer interest in emergency savings programs lies both in the direct potential benefit to workers as well as the benefit to employers in the form of higher employee satisfaction.

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https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_535_emersav-12aug21.pdf?sfvrsn=a3703b2f_2



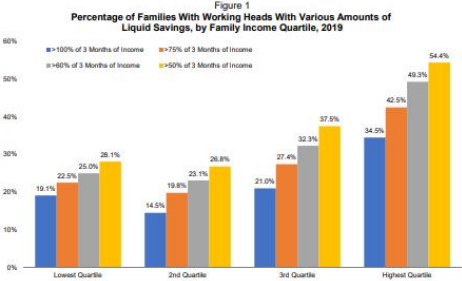
The Great Leveler: Families Lack Emergency Savings Regardless of Income

In the *EBRI Issue Brief* "Emergency Savings: What Do Workers Have Available in Liquid Savings? How Long Can They Afford a Loss of Income?," the liquid savings of American families was explored using the Federal Reserve's Survey of Consumer Finances (SCF). The results were troubling: Only 22.3 percent of families with working family heads under age 65 were found to have liquid savings of more than three months of their family income in 2019.¹ In this *Fast Fact*, the impact of income on the amount of liquid savings held by families is examined.

Family Income and Emergency Savings

While families with the highest incomes were the most likely to have liquid savings greater than three months of their income, only 34.5 percent had more than three months of income in liquid savings available for emergencies. However, higher-income families are likely to not need a full three months of income saved for emergencies, as their monthly expenses would be expected to be lower than their monthly incomes. As a result, other thresholds — 50, 60, and 75 percent of three months of income — are investigated.

When these thresholds are used, the families in the highest income quartile were more likely to surpass them (Figure 1). However, even among those in the highest income quartile, just 54.4 percent of these families with a working head under age 65 had liquid savings of greater than 50 percent of three months of their income.



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https://www.ebri.org/docs/default-source/fast-facts/ff-406-emergencysavings-16sep21.pdf?sfvrsn=76673b2f_4

Press release reach of 15M,
with coverage in
PLANSponsor, SHRM,
Morningstar, MarketWatch,
NAPA, and InsuranceNewsNet,
among others

Overview

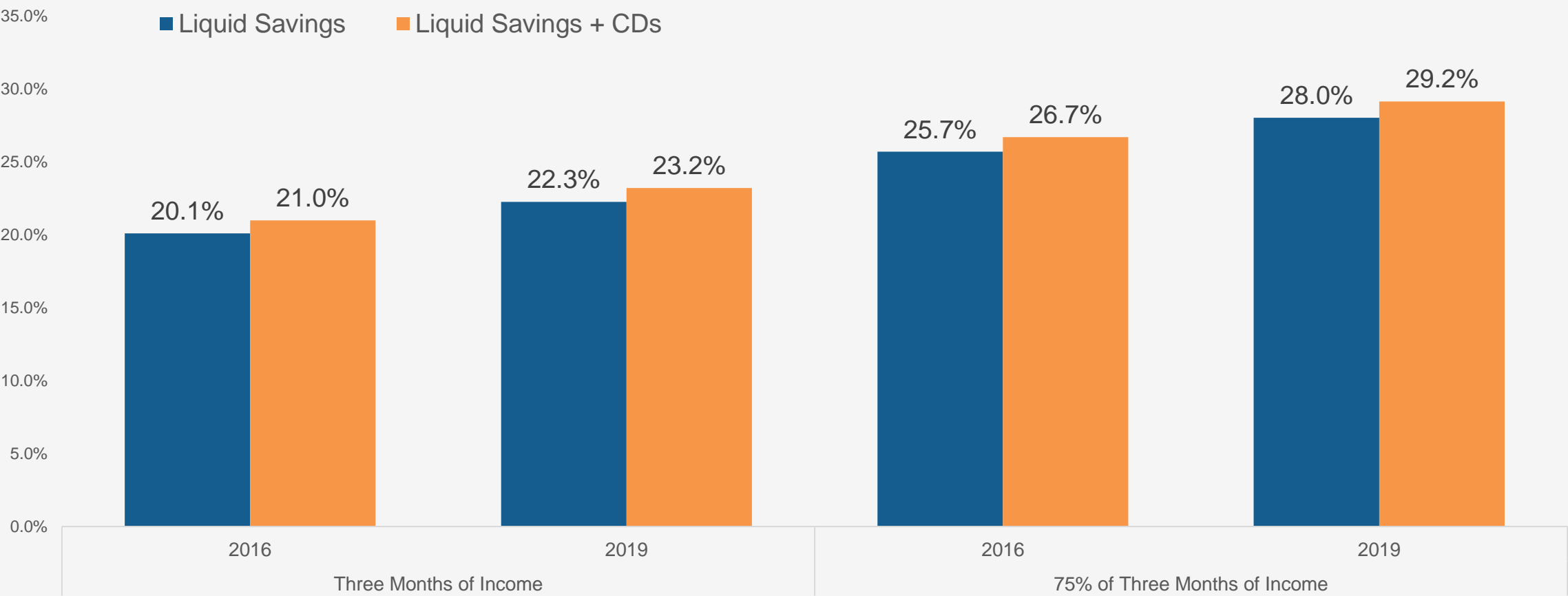
Data Source: Survey of Consumer Finances (SCF) – triannual survey from the Federal Reserve – considered the best source for wealth of American families.

The metric of interest: *Sufficient emergency savings* — three months of family income in liquid savings (checking and savings accounts and money market funds)

What percentage of families meet this threshold by various demographic characteristics and DC plan participation?

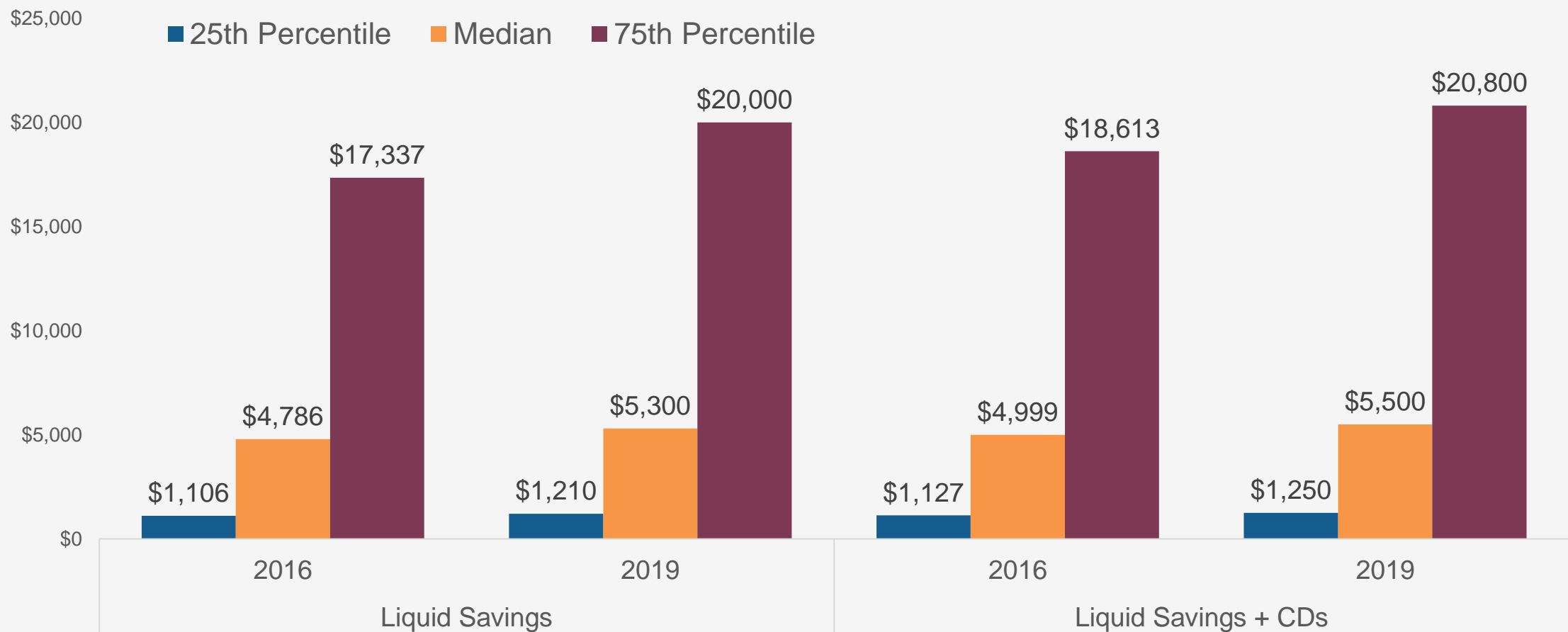
- Race/ethnicity of family head
- Family income
 - Necessary income replacement is likely lower for families with higher incomes, as they are more likely to *not* spend their full incomes each month
 - Thus, lower thresholds of family income are examined—75%, 60%, and 50% of three months of family income

Percentage of Families With Working Heads Under Age 65 Who Have More Than Three Months of Income and 75 Percent of Three Months of Income in Liquid Savings and Liquid Savings Plus Certificates of Deposit (CDs), 2016 and 2019



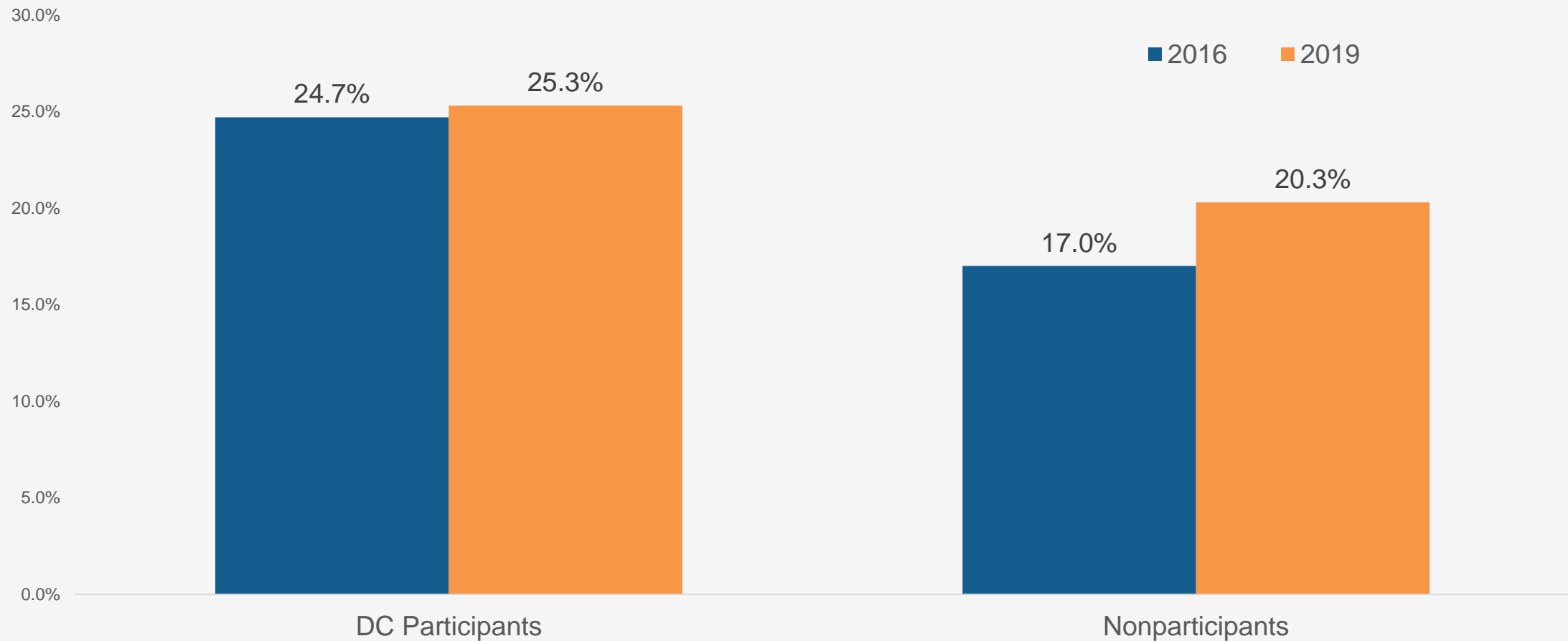
Source: Employee Benefit Research Institute estimates of the 2016 and 2019 Survey of Consumer Finances.

Distribution of Liquid Savings and Liquid Savings Plus Certificates of Deposit (CDs) Amounts for Families With Working Heads, 2016 and 2019



Note: All dollar values are in 2019 dollars.
Source: Employee Benefit Research Institute estimates of the 2016 and 2019 Survey of Consumer Finances.

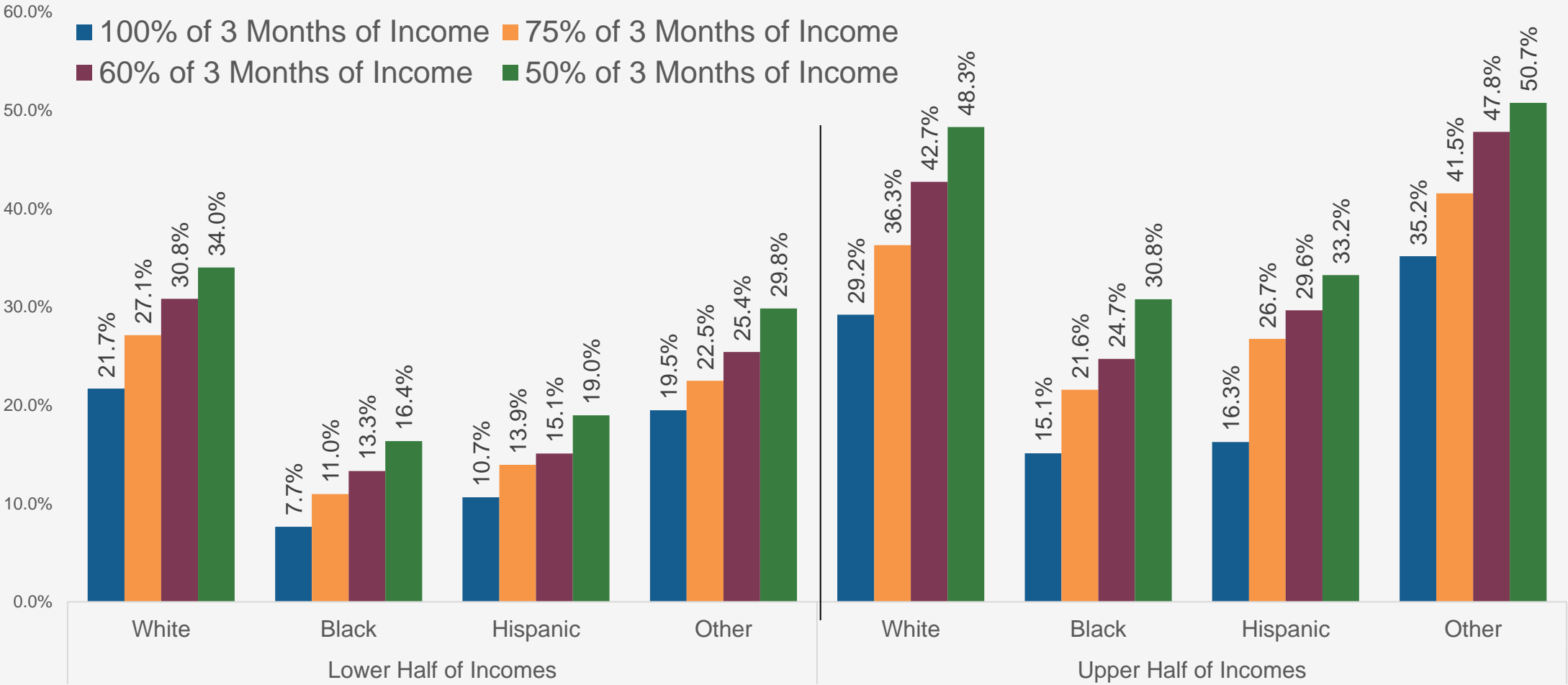
Percentage of Families With Working Heads Under Age 65 Who Have More Than Three Months of Income in Liquid Savings, by Defined Contribution (DC) Plan Participation, 2016 and 2019



Source: Employee Benefit Research Institute estimates of the 2016 and 2019 Survey of Consumer Finances.

DIFFERENT INCOME THRESHOLDS

Percentage of Families With Working Heads Who Have More Than Various Percentages of Three Months of Income in Liquid Savings, by Family Income and Race/Ethnicity of Family Head, 2019



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



2021 Financial Wellbeing Employer Survey

2021 Financial Wellbeing Employer Survey

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Issue

BRIEF

October 28, 2021 • No. 544

2021 EBRI Financial Wellbeing Employer Survey: Focus on COVID-19 and Diversity Goals

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

The fourth annual Employee Benefit Research Institute (EBRI) Financial Wellbeing Employer Survey shows that maturing financial wellbeing programs have become increasingly holistic and are highly likely to have a strategy for improving their employees' financial wellbeing. However, the uncertainty surrounding the COVID-19 pandemic persists, and the programs being offered are being impacted. With costs continuing to be reported as the top challenge in offering financial wellbeing programs, employers are looking for ways to measure their impact, with employee retention and productivity being cited the most.

- Concern for Employees' Wellbeing Grew** — In addition to the signs of financial wellness programs maturing, the companies' level of concern about their employees' financial wellbeing also grew in 2021. On a 10-point scale (10 being the highest), 34 percent of employers rated their concern at 9 or 10 (high) in 2021, up from one-quarter in the prior years.
- Top Issues, Areas of Focus, and Challenges** — The top issues companies seek to address with their financial wellness initiatives are retirement preparedness, health care costs, and financial-related stress. Likewise, the top areas of focus by employers with financial wellness initiatives are health/medical/physical and retirement planning. Basic finance or budgeting are also in the top areas of focus. The top challenges to offering these programs continue to be costs both to the employer and the employee. Outside of costs, data and privacy concerns and complexity surrounding the programs are the top challenges employers say they face.
- Benefits Gaining in Importance** — Some of the benefits that were the most commonly currently offered also ranked highest among those that companies plan to offer: personalized financial counseling, coaching, or planning and basic money management tools. At the same time, a relatively high proportion of employers also plan to offer financial wellness benefits such as credit/debt counseling, coaching, or planning and incentives/gamification around savings and financial actions.
- Caregiving Benefits** — The caregiving benefits most often offered have to do with leave policies as opposed to benefits in the direct provision of caregiving. However, one-third of employers said they plan to offer each of the surveyed caregiving benefits, even those dealing with the direct provision of care, in the next 1–2 years.
- Top Priority Since Pandemic** — Initiatives that are a top priority of employers, deal with immediate financial help — emergency fund/employee hardship assistance and short-term loans through payroll deduction, through a third party. Roughly half of the emergency fund/hardship assistance features currently offered were added in response to the COVID-19 pandemic.
- Companies Have Taken Actions to Understand the Needs of Diverse Workers and Have Tailored Benefits for Different Groups of Workers** — Benefit decision makers were highly likely to agree that their companies provide safe spaces for their employees to provide feedback on their needs, understand the needs of their distinct employee population, and have put substantial effort into identifying the financial wellness

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https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_544_fwes2021-28oct21.pdf?sfvrsn=51443b2f_4

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FAST Facts

November 18, 2021, #412

COVID-19's Impact on Financial Wellbeing Offerings: Helping With Current Financial Needs Is Key

Introduction

As worker retention and recruitment take center stage with employers, offering benefits that best meet workers' needs has increased in importance. The fourth annual [Employee Benefit Research Institute \(EBRI\) Financial Wellbeing Employer Survey](#) sheds light on the specific financial wellness programs that have seen increased engagement since the pandemic as well as those that have become top priorities for employers — namely financial wellbeing programs addressing current needs as a result of the COVID-19 pandemic.

Employee Engagement — Specifically, the survey finds that 78 percent of the employers offering emergency fund/employee hardship assistance reported that employee engagement had increased (Figure 1). Just over three-quarters (76 percent) reported that engagement with payroll advance loans through the employer had increased. In contrast, longer-term initiatives such as financial planning education, seminars, or webinars and tuition reimbursement were the least likely to have increased engagement since COVID-19 — 48 percent and 45 percent, respectively. Also, tuition reimbursement and college savings account programs were the most likely to see decreased engagement.

Figure 1
Employee Engagement With Benefits Since COVID-19
Among those offering each benefit

Benefit	Increased Significantly	Increased Somewhat	No Change in Engagement	Decreased Somewhat	Decreased Significantly	Not Sure
Emergency Fund/Employee Hardship Assistance (n=78)	78%	18%	4%	0%	0%	0%
Payroll Advance Loans Through the Employer (n=64)	76%	20%	4%	0%	0%	0%
Incentives or Gamification Around Savings & Financial Actions (n=66)	65%	24%	11%	0%	0%	0%
Student Loan Debt Assistance (n=62)	60%	28%	12%	0%	0%	0%
Personalized Credit or Debt Management Counseling, Coaching, or Planning (n=62)	58%	26%	16%	0%	0%	0%
Basic or Short-Term Payroll Loans (n=67)	55%	28%	17%	0%	0%	0%
Debt Management Services (n=66)	52%	30%	18%	0%	0%	0%
Child/Ellder Caregiving Benefits (n=77)	48%	32%	20%	0%	0%	0%
Short-Term Loans Through Payroll Deduction, Through a Third Party (n=66)	48%	32%	20%	0%	0%	0%
Personalized Financial Counseling, Coaching, or Planning (n=105)	48%	32%	20%	0%	0%	0%
College Savings Accounts (n=60)	45%	35%	20%	0%	0%	0%
Basic Money Management Tools, Such as Budgeting Tools or Calculators (n=124)	45%	35%	20%	0%	0%	0%
Employee-Owned Programs/Partnerships (n=124)	45%	35%	20%	0%	0%	0%
Financial Planning Education, Seminars, or Webinars (n=127)	45%	35%	20%	0%	0%	0%
Tuition Reimbursement (n=107)	45%	35%	20%	0%	0%	0%

EBRI has been studying employee and employer financial wellness changes since the COVID-19 pandemic.

Immediate Help Is a Priority — Employers also cited benefits providing immediate financial help as their top priority since the COVID-19 pandemic. Just over one-third (35 percent) reported that emergency fund/employee hardship assistance was their top priority, and 26 percent reported short-term loans through payroll deduction via a third party as being a top priority (Figure 2). Financial planning education, seminars, or webinars tied for the

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https://www.ebri.org/docs/default-source/fast-facts/ff-412-fwes-18nov21.pdf?sfvrsn=8eb83b2f_2

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EMPLOYEE BENEFIT RESEARCH INSTITUTE

2021 EBRI Financial Wellbeing Employer Survey

September 2021

<https://www.ebri.org/financial-wellbeing/2021-financial-wellbeing-symposium>

Methodology

2021 Financial Wellbeing Employer Survey



Information for this report was collected from a 15-minute online survey with 250 full-time benefits decision-makers conducted in June and July 2021.



All respondents worked full-time at companies with at least 500 employees that were at least interested in offering financial wellness programs. Respondents were required to:

- Be employed full-time
- Have at least moderate influence on their company's employee benefits program and selection of financial wellness offerings
- Hold an executive, officer, or manager position in the areas of human resources, compensation, or finance.

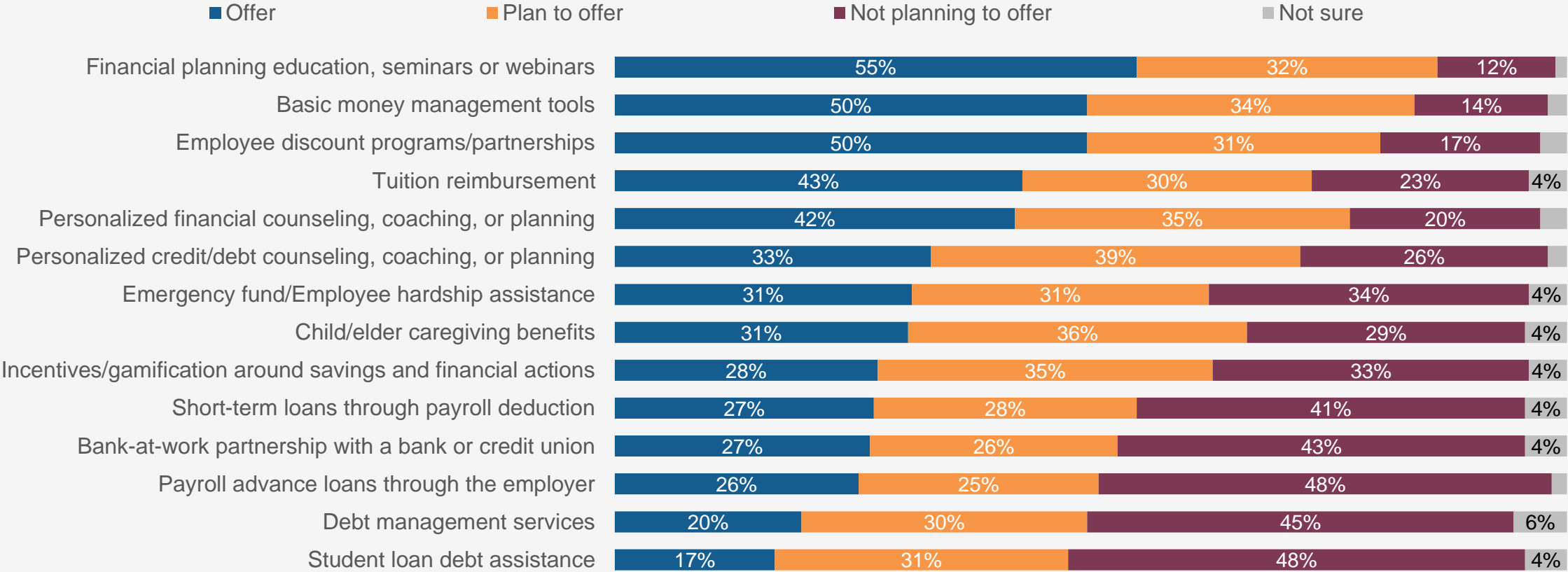


Where applicable, trend data from the 2018, 2019, and 2020 surveys are shown.

Note that percentages in the tables and charts may not total to 100 due to rounding and/or missing categories. Trend data from the 2018, 2019, and 2020 Employer Financial Wellbeing Survey is shown when applicable.

Financial planning education, employee discount programs, and basic money management tools are the most offered benefits. Few are currently offering debt or student loan services.

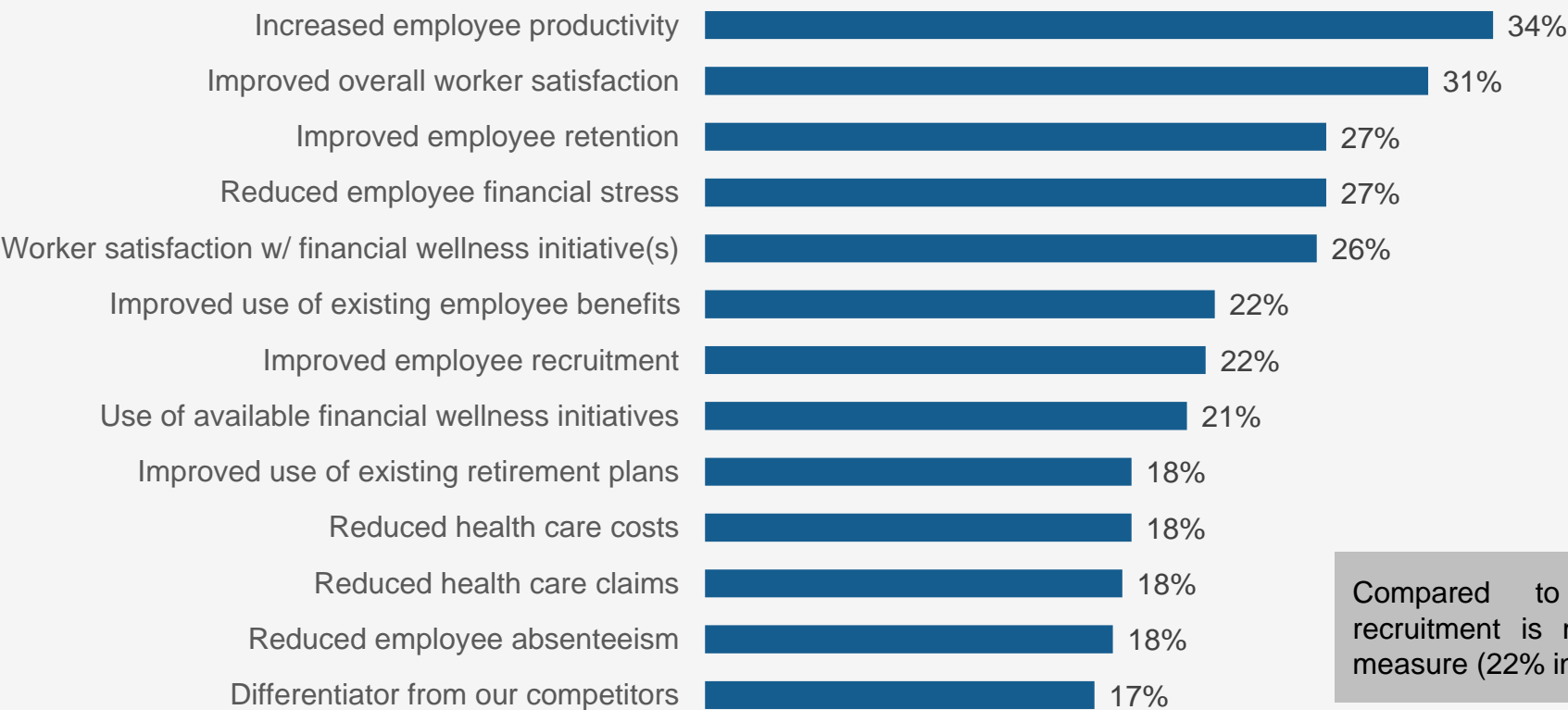
Financial Wellbeing Benefits Offered



Q15. Does your company offer or plan to offer any of the following financial wellbeing or debt assistance benefits to employees? (n=250)
 Q20. Which of the following does your company offer to help employees with personal financial challenges? (n=250)

Employee productivity, overall worker satisfaction, and employee retention are the top aspects employers use to measure their financial wellness initiatives' success.

Top Factors in Measuring Financial Wellness Initiatives' Success

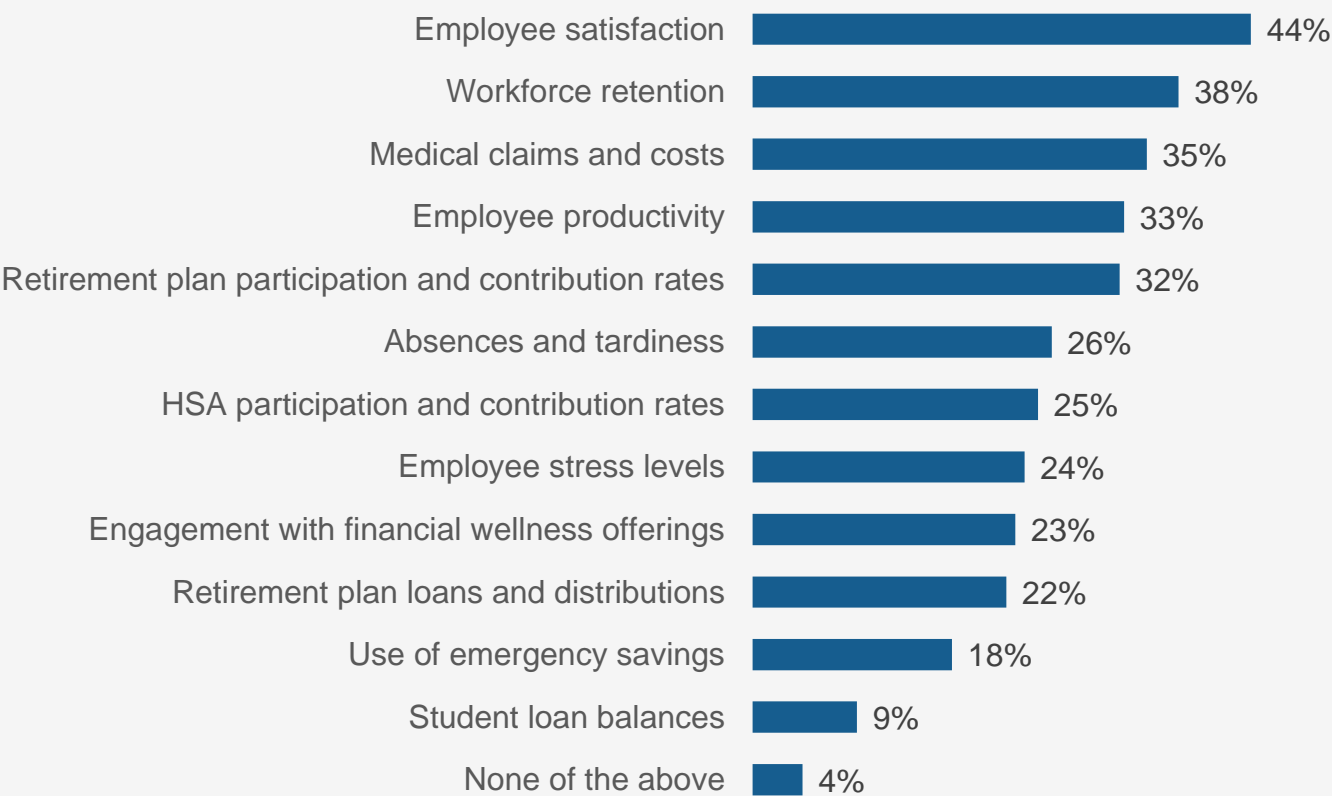


Compared to 2020, employee recruitment is more likely to be a measure (22% in 2021 vs. 13%).

Q33. What are the top three factors that are or will be important in the measurement of your financial wellness initiatives? Please select your top three. (n=250)

Employers most commonly track data around employee satisfaction, retention, and medical claims in order to evaluate the effectiveness of their financial wellness offerings.

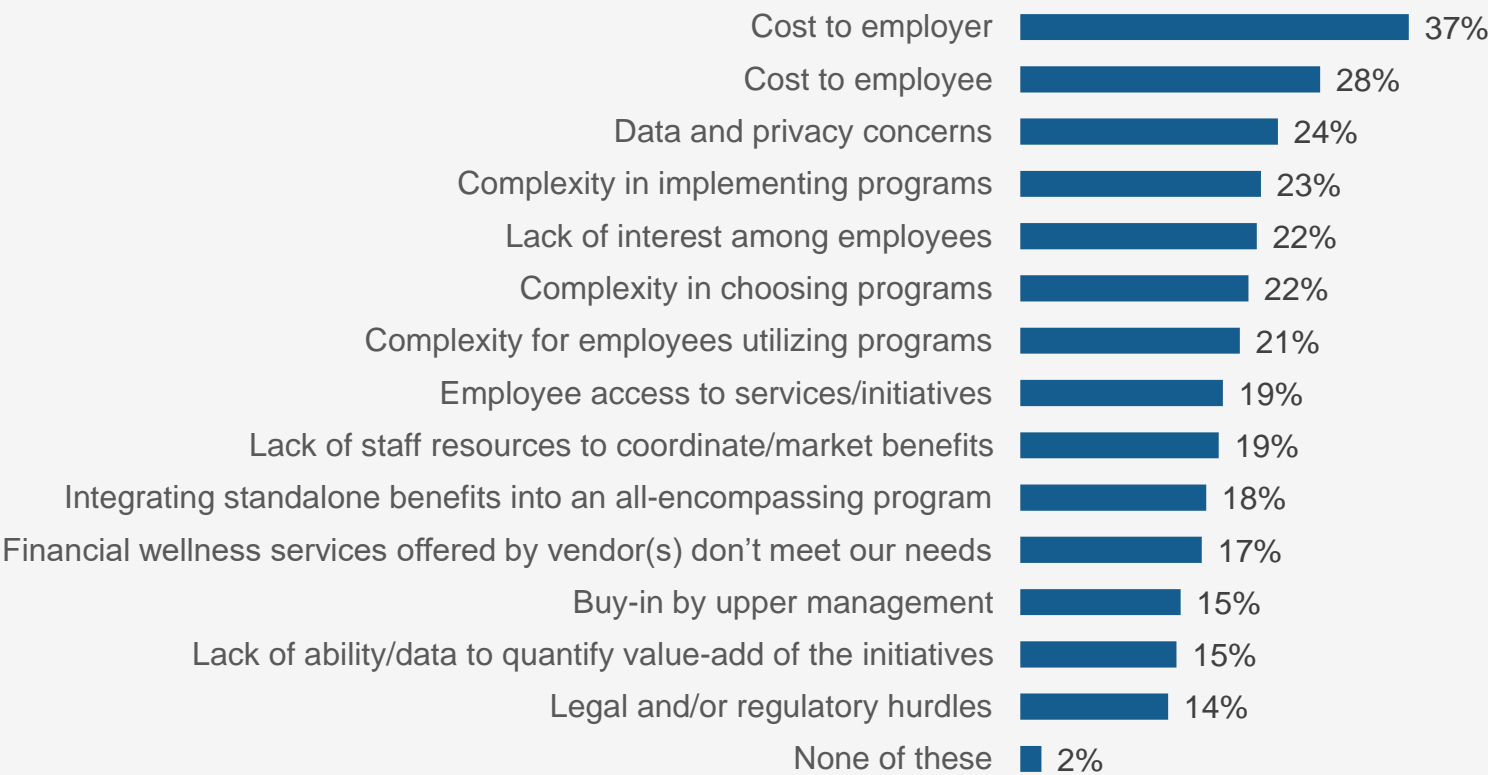
Data Tracked to Evaluate Effectiveness of Offerings



Q34. Do you track any of the following to evaluate the effectiveness of your financial wellness offerings? Please select all that apply. (n=250)

Costs—both to the employer and employee—are the top challenges in offering financial wellness benefits.

Top Challenges in Offering Financial Wellness Benefits



- Employer cost is a bigger challenge for those interested in offering financial wellness programs and for those without an overall strategy.
- Data and privacy concerns are more likely to be an issue for those actively implementing their program.

Q32. What are the top three challenges your company faces or anticipates facing in offering financial wellness benefits in the workplace? Please select your top three. (n=250)

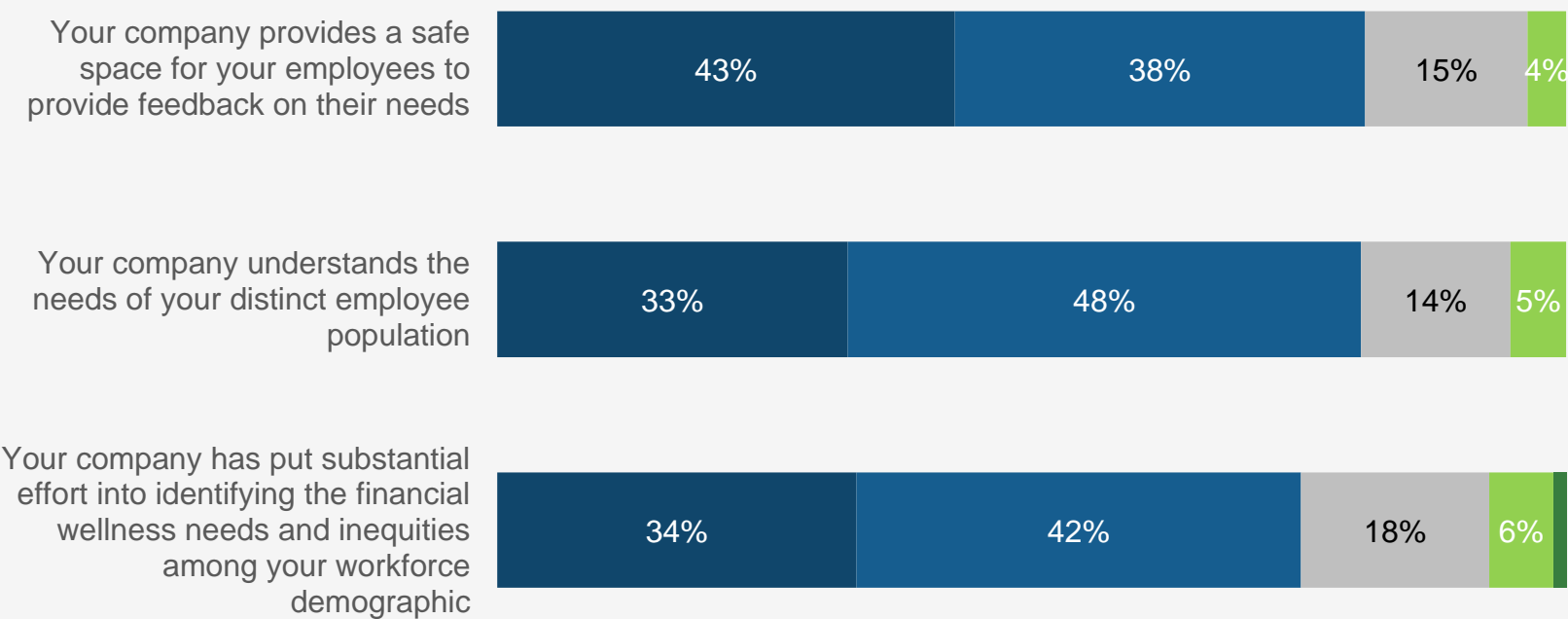
DETAILED FINDINGS

Diversity, Equity, and Inclusion

8 in 10 agree their company understands the needs of their distinct employee population. A similar share say their company has put substantial effort into identifying these unique needs.

Diversity, Equity, and Inclusion Sentiment: Understanding Needs

Strongly agree Somewhat agree Neither agree nor disagree Somewhat disagree Strongly disagree



Those more likely to agree with each statement include:

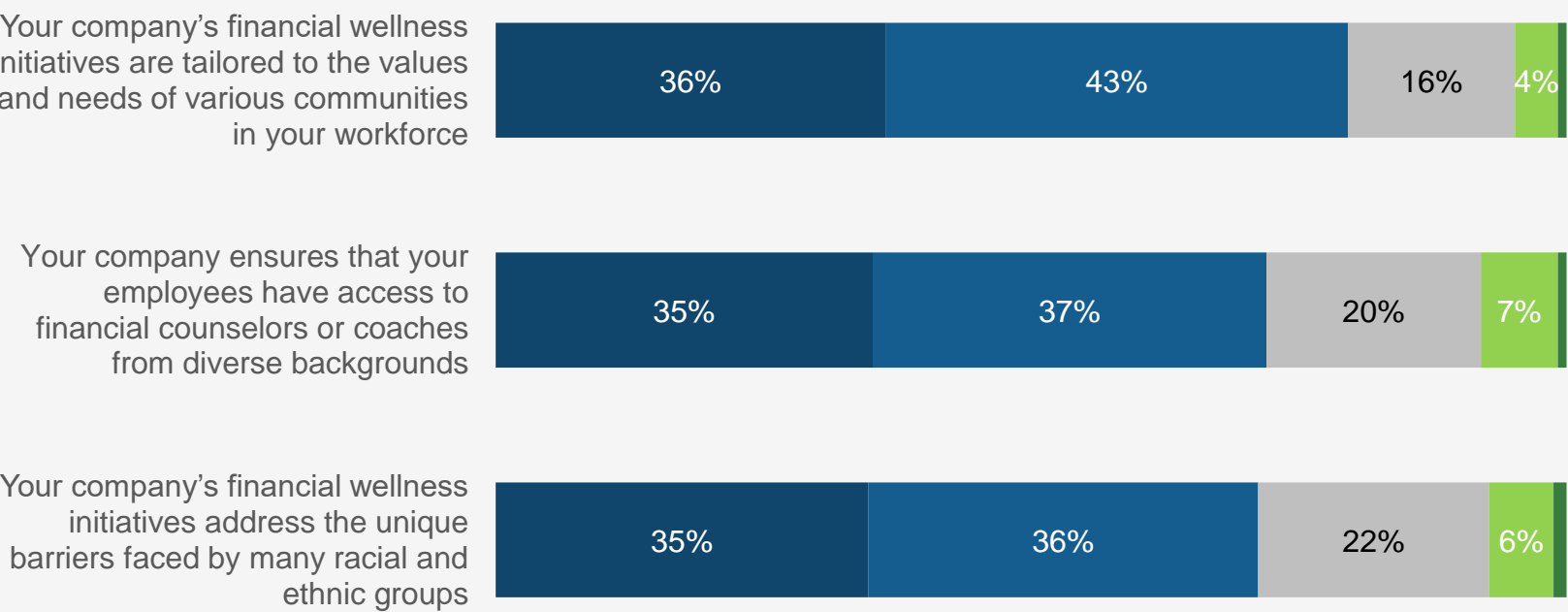
- Those with high concern
- Those with a high number of financial wellness benefits
- Rate their employers' initiative as great or very good
- Created a score, conducted a needs assessment, examined data, or held employee interviews

Q23. To what extent do you agree or disagree with the following regarding diversity, equity, and inclusion? (n=250)

8 in 10 agree their benefits are tailored to their distinctive workforce. 7 in 10 believe the initiatives address unique barriers faced by racial and ethnic groups.

Diversity, Equity, and Inclusion Sentiment: Tailored Benefits

Strongly agree Somewhat agree Neither agree nor disagree Somewhat disagree Strongly disagree



Those more likely to agree with each statement include:

- Those with high concern
- Those with a high number of financial wellness benefits
- Rate their employers' initiative as great or very good
- Created a score, conducted a needs assessment, examined data, or held employee interviews

Q23. To what extent do you agree or disagree with the following regarding diversity, equity, and inclusion? (n=250)

Q&A



Upcoming Events

March 30 — The Three Certainties of Life: Death, Taxes and Updates From EBRI's HSA Database Webinar

May 10 — EBRI May Policy Forum

May 11 — EBRI Board of Trustees Meeting

May 11 — EBRI Research Committee Meeting

Please visit ebri.org for more information.

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