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***New* from EBRI**

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President's Letter

It is noteworthy that the start of my tenure as President and CEO of the Employee Benefit Research Institute coincides with the 40th anniversaries of both the 401(k) plan and of EBRI. A lot has changed in four decades. Back in 1978, few people had even heard of the internet. "Google" (back then, "googol") meant a number with a hundred zeros. Tesla was the name of a famous electrical engineer who died in 1943. And the only smart phones were those depicted in science fiction.

The world is now different, and so are the needs of employers who provide benefits to their workers. Indeed, the very nature of benefits is evolving—shifting to a paradigm that continues to include retirement and health care—but also one that encompass employees' overall financial security. In keeping with this, current and upcoming EBRI research and forums focus on the evolving benefits environment, and what it means to employers. I'm delighted to share with you what we're working on:

> ***Gig Workers:*** While the presence of contingent workers in the American workforce clearly predates EBRI, today a new breed of such workers is emerging in greater numbers: gig workers. Employees may now be supplementing their income by driving for Uber, renting out rooms for Airbnb, or picking up jobs at TaskRabbit. In a recent meeting of the American Savings Education Council (ASEC), a panel moderated by Jeremy Smith of the Aspen Institute addressed potential implications of this transformation. We learned from David John of AARP and the Brookings Institution and Fiona Greig of JPMorgan Chase Institute that while gig workers are a small proportion of contingent workers in today's economy, their number is growing and they experience a high degree of income and spending volatility. Further, workers who move in and out of the gig environment (50% only last 12 months in their gig job) may face unique issues when it comes to retirement sufficiency, attachment to the workforce, and career progression. Employers who only think in traditional terms about employee benefits may not sufficiently address the needs of the gig element of their workforce.

> ***A Different Definition of Financial Security:*** Back in 1978, offering employees help in managing their debt burden would have fallen squarely in the realm of fringe benefits. Today, according to a number of surveys, the majority of employers offer financial wellness programs to their workers.[1] And no wonder: workers are faced with a crushing debt burden totaling $13 trillion, more than $1 trillion of which is student loan debt.[2] Arguably, workers with sizable debt may not prioritize saving for retirement. In a similar vein, some employers may wonder how

[1] AonHewitt's 2017 *Hot Topics in Retirement and Financial Wellbeing*; Fidelity's April 27 *Report Companies Expand Well Being Programs and Increase Financial Incentives.*

[2] Quarterly Report on Household Debt and Credit; 2017 Q4 Federal Reserve Bank of New York (FRBNY) Analysis Based on FRBNY Consumer Credit Panel/Equifax Data.

bringing such workers—indeed, any worker beset with high debt levels—into a defined contribution plan using auto enrollment will affect overall financial security. Upcoming research by Jack VanDerhei will examine the impact of debt on the retirement sufficiency of American workers. In addition, EBRI's new Financial Well Being Center will measure the extent to which financial wellness initiatives that are increasingly being used in conjunction with DC plans can improve outcomes.

Unique Needs of Millennials: In 1978, most Millennials had not even been born. Today, they represent a bigger demographic group than Baby Boomers. An upcoming *Issue Brief* by Paul Fronstin shows that Millennials interact with benefits such as health care programs in very different ways from prior generations: they are far more willing to shop for health care, use online tools, and exhibit do-it-yourself consumer behaviors than either Baby Boomers or Gen Xers. This has profound implications in designing programs that fit their needs.

Gaps in Coverage*:* One thing that has persisted over the past 40 years is the existence of a large gap in retirement plan coverage among working Americans. Craig Copeland examines this in an upcoming analysis of individual account retirement plans based on data from the Survey of Consumer Finances. He finds that just over 40% of families (with a head working for someone else) had no active participant in an employment-based retirement plan (either defined benefit or defined contribution) in 2016. This is lower than 2013 levels (44.3%), but higher than the peak in coverage in 1992 (when 38.6% had no active participation). Those least likely to have such a plan are low-wage workers, those who have not attained a high school diploma, and families with a nonwhite head. Understanding the forces driving gaps in coverage will continue to be a high priority for EBRI's research.

As EBRI enters its 40th year as the premier source of research on health care, retirement, and financial security, we will continue to dedicate ourselves to providing the kind of research, data and analysis that will allow our Trustees and members, as well as the community at large, to understand and navigate the evolving environment of employee benefits. We welcome your continued input and engagement.

Lori Lucas

President and CEO