



Amid the Pandemic: Seven Win-Win Solutions to Support Employee Health and Financial Well-Being

by **Catherine Collinson** | *Transamerica Center for Retirement Studies®*

The COVID-19 pandemic has completely upended nearly every aspect of the economy, the benefits industry and everyday life. An important fact remains: Employers play an invaluable societal role in supporting workers' achievement of long-term financial security in ways that transcend the offering of a job and a paycheck. That role has become even more crucial, albeit precarious, amid the COVID-19 pandemic.

Employers can cultivate an environment where employees have a shared purpose, common goals, and opportunities to contribute, learn and grow. They can offer business practices, programs and benefits that help their employees manage their health and ability to work while also saving for the future and retirement. They can facilitate smooth transitions and softer landings when employment relationships come to an end.

How are U.S. workers faring amid the pandemic? The news is mixed. The positive news is that most are in relatively good spirits. As of June 2020, according to a survey conducted by the nonprofit Transamerica Center for Retirement Studies® (TCRS), more than four in five workers who are currently employed or have been laid off or furloughed as a result of the pandemic indicate they have close relation-

ships with family and/or friends, are generally happy and are enjoying life (Figure 1). However, the concerning news is that many workers are struggling in ways that affect their quality of life—and their productivity as employees. Forty-two percent often feel anxious or depressed, including 50% of Millennials. Thirty-eight percent are having trouble mak-

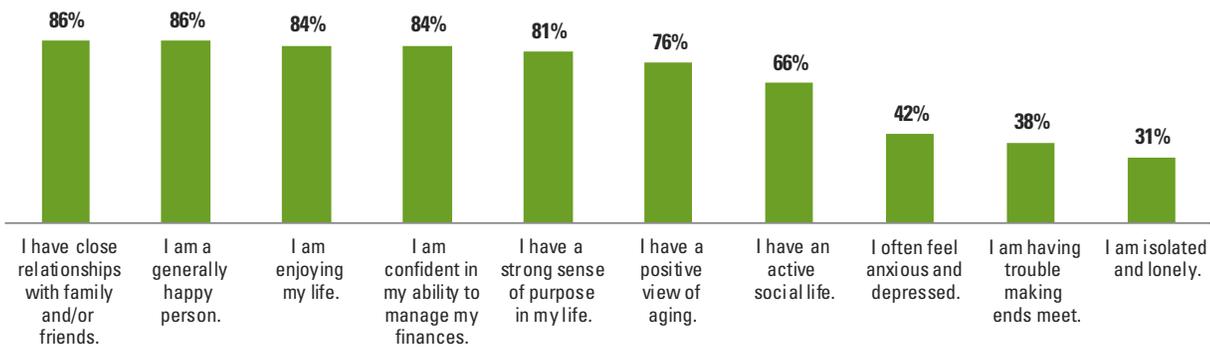
AT A GLANCE

- The role of employers in helping workers achieve long-term financial security has become even more important during the COVID-19 pandemic.
- Employers should create an environment of growth and opportunity as well as implement business practices, programs and benefits that help employees manage health and retirement costs.
- Tips include being an age-friendly employer, offering alternative work arrangements like flexible schedules and promoting wellness in the workplace.
- Other ways to help include providing a retirement savings plan and financial education as well as offering health and welfare benefits that can improve financial security, including life and disability insurance.

FIGURE 1

Workers Are in Good Spirits but Facing Challenges

**How much do you agree or disagree with the following statements?
(Percentages reflect strongly/somewhat agree.)**



Source: Transamerica Center for Retirement Studies survey.

ing ends meet, and 31% say they are isolated and lonely.

The pandemic has undermined the profitability of businesses, and employers are confronting difficult decisions. As daunting as the situation may be, change brings opportunity—including opportunities for employers to engage employees and potentially improve productivity and workforce management.

TCRS has identified seven win-win solutions for employers to help support their employees’ health and financial security. Working with their human resource (HR) and benefits advisors, employers can consider these options during the current challenges and when the broader economic picture improves.

Be an Age-Friendly Employer

Today’s environment requires unprecedented levels of innovation, prob-

lem solving, agility and adaptability. By harnessing the depth and breadth of knowledge, skills and experiences in a multigenerational workforce, employers can nurture high-performing teams and more efficiently and effectively address issues, identify opportunities and implement solutions.

Age-friendly employers embody an inclusive, diverse and multigenerational workforce. They foster an environment in which workers of all ages can fully contribute and succeed. In a late 2019 survey, TCRS found that seven in ten workers consider their employers to be age-friendly by offering opportunities, work arrangements, and training and tools needed for employees of all ages to be successful in their current role or contribution to the company. Notably, Millennials (73%) are somewhat more likely to indicate their employers are age-

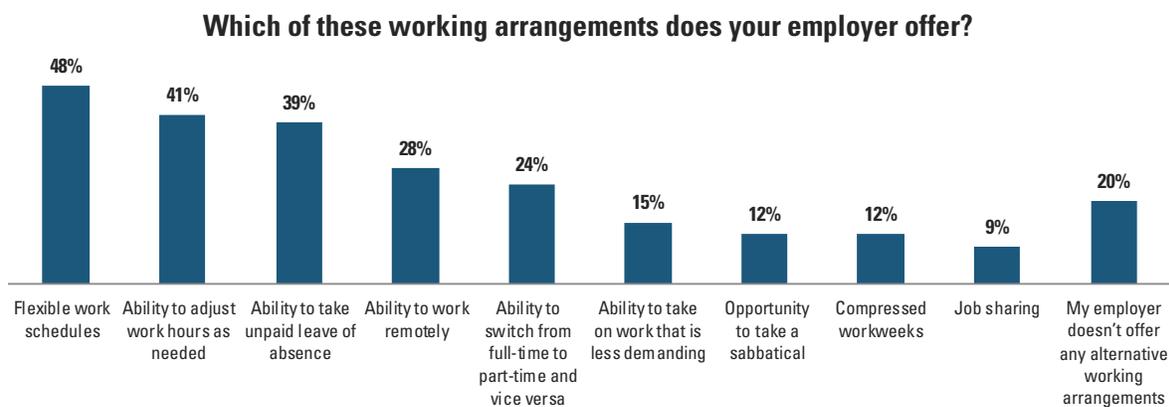
friendly, compared with Generation X (65%) and Baby Boomers (69%), which suggests the presence of ageism in the workplace.

Offer Alternative Working Arrangements

Especially during the pandemic, workers of all ages and life stages may need extra flexibility. Many are juggling their employment with homeschooling children or serving as caregivers for an aging parent or loved one. In late 2019, relatively few workers indicated they were offered flexible arrangements (Figure 2), including flexible work schedules (48%), the ability to adjust work hours as needed (41%) or the ability to take an unpaid leave of absence (39%). Notably, fewer than one in four workers (24%) said they were offered the ability to switch from full-time to part-time and vice versa.

FIGURE 2

Workers Offered Flexible Working Arrangements



Note: Excludes "other" response of less than 1%.
Source: Transamerica Center for Retirement Studies survey.

Flexible work arrangements can help employers attract talent, generate goodwill, avoid absenteeism and retain employees who might otherwise give up their employment due to family or other responsibilities.

Promote Wellness in the Workplace and Home

Amid the pandemic, it is more important than ever for employers to instill a corporate culture conducive to maintaining good health. Given the stakes at hand, workers can and should be doing more to consistently engage in health-related activities—and they need support from employers.

In June 2020, only 58% of workers indicated they are eating healthfully, 57% are exercising regularly, 53% are getting plenty of rest and 47% are managing stress (Figure 3).

In addition to offering a safe work environment, whether it be on site or working from home, employers can promote health and wellness by ensuring employees can attend to their health as needed (e.g., exercise, doctor appointments and health screenings, self-quarantine) and by offering wellness-related resources. In late 2019, fewer than three in ten workers reported being offered a workplace wellness program or employee assistance program.

Provide a Retirement Savings Plan, Financial Education and Planning Resources

Workplace retirement plans, such as 401(k) or similar employee-funded plans, can help employers attract and retain talent. In addition, they have proved to be one of the most effective ways to engage workers in saving for retirement. In late 2019, among workers who were offered

a 401(k) or similar plan, approximately three in four workers indicated they participate in the plan (76%) and contribute 10% (median) of their annual salary (Figure 4). However, only 68% of workers indicated they were offered a plan, with a noteworthy disparity between full-time (74%) and part-time workers (45%) being offered access to a plan.

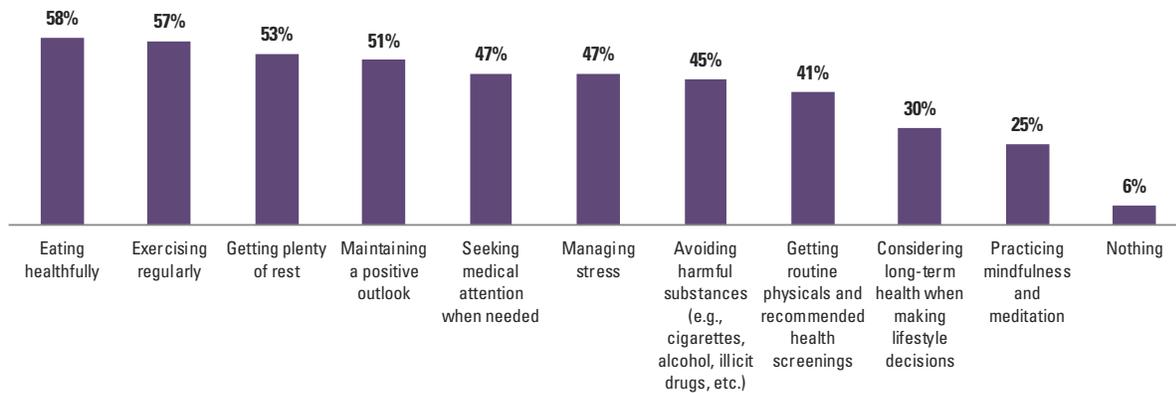
The Setting Every Community Up for Retirement Enhancement (SECURE) Act, enacted in late 2019, makes it more affordable for small employers to establish a plan. For new plans, it includes a tax credit of up to \$5,000 per year to help offset startup costs for the first three years. The law also requires plan sponsors to extend eligibility to long-term part-time employees.

Especially now, workers face competing financial priorities that make it difficult to save for retirement, including covering basic living expenses, paying

FIGURE 3

Worker Engagement in Healthy Activities

Which of the following health-related activities are you doing on a consistent basis?



Note: Excludes "other" response of less than 1%.
 Source: Transamerica Center for Retirement Studies survey.

off debt, building emergency savings and supporting their families. Working with their retirement plan providers, employers can help employees improve their ability to set goals and make decisions by offering financial education and planning resources. In late 2019, only 18% of workers indicated they were offered a financial wellness program (Figure 5).

Provide Other Health and Welfare Benefits That Can Help Improve Financial Security

In addition to retirement benefits, employee benefits such as health, life and disability insurance—along with workplace wellness, financial wellness and employee assistance programs—may enhance workers’ health and financial well-being. These benefits offer protections, mitigate out-of-pocket expenses and provide additional resources in situations of difficulty. While most workers value these benefits and view them as important, a considerably lower proportion is actually offered these benefits by their employers.

Facilitate Flexible Transitions to Retirement

Long-standing views of retirement as a single point in time—when someone is working full-time one day and never again starting the next day—have been supplanted with

expectations of continued work into older age and a gradual transition out of the workforce. As of late 2019, only about one in five workers plans to immediately stop working and fully retire (21%). Fifty-two percent of workers expect to retire after age 65 or do not plan to retire, and 57% plan to continue working at least part-time in retirement.

Many workers, however, may find a flexible transition into retirement to be difficult, if not impossible, to accomplish with their current employer. Few individuals indicated that their employer offers flexible options for transitioning, such as accommodating flexible work schedules and arrangements (22%), the ability to reduce work hours and switch from full-time to part-time (19%), and the ability to take a position that is less stressful or demanding (14%) (Figure 6).

By offering transition services to preretirees, employers can engage retiring employees in succession planning, training and mentoring in order to ensure seamless transitions when they fully retire.

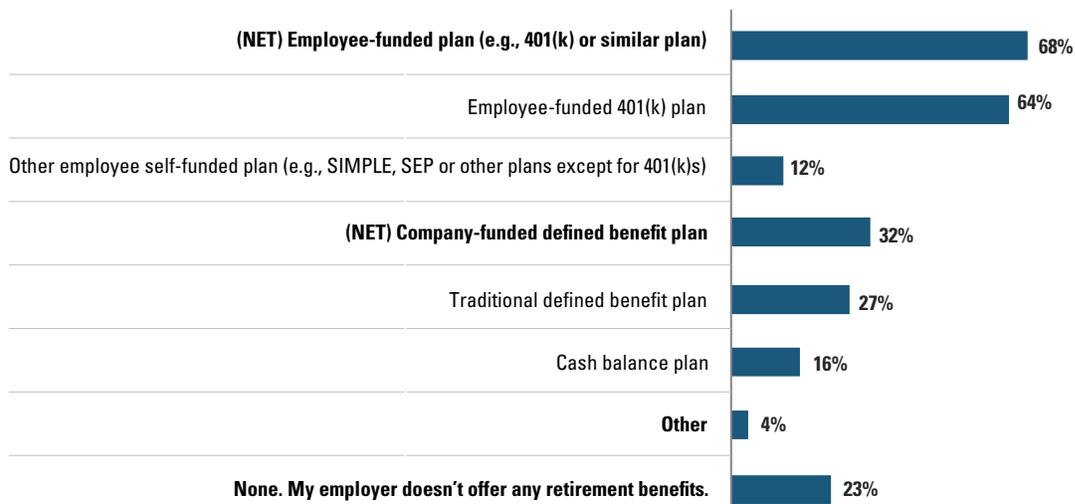
Design Programs and Benefits With Affordability and Portability in Mind

A heart-wrenching reality of the pandemic and economic downturn is that many employers are confronting difficult

FIGURE 4

Workers Who Are Offered Retirement Benefits

Retirement benefits offered by employers



Source: Transamerica Center for Retirement Studies survey.

FIGURE 5

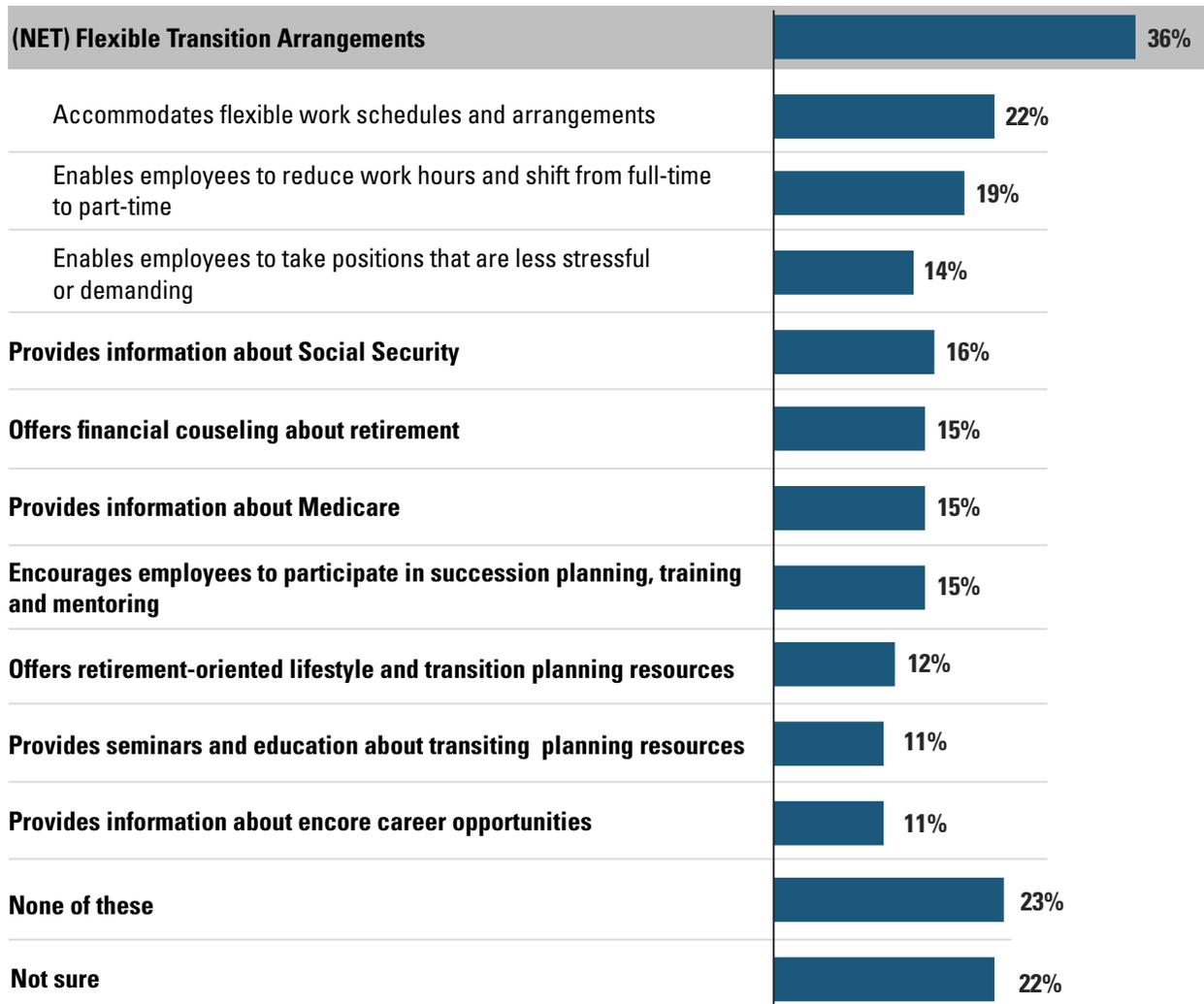
Worker-Stated Importance Versus Offered Benefits

Type of Employee Benefit	All Workers		
	Important (NET)— Very/Somewhat Important (%)	Offered by Employer (%)	The Gap: Importance Versus Offered (%)
Health insurance	92	75	-17
Life insurance	79	53	-26
Disability insurance	76	42	-34
Long-term care insurance	73	24	-49
Critical illness insurance	67	17	-50
Financial wellness program	65	18	-47
Employee assistance program	65	28	-37
Workplace wellness program	63	26	-37
Cancer insurance	61	12	-49

Source: Transamerica Center for Retirement Studies survey.

FIGURE 6

Workers Offered Retirement Transition Assistance



Note: Excludes "other" response of less than 1%.
 Source: Transamerica Center for Retirement Studies survey.

Reprinted from the First Quarter 2021 issue of *BENEFITS QUARTERLY*, published by the International Society of Certified Employee Benefit Specialists. With the exception of official Society announcements, the opinions given in articles are those of the authors. The International Society of Certified Employee Benefit Specialists disclaims responsibility for views expressed and statements made in articles published. No further transmission or electronic distribution of this material is permitted without permission. Subscription information can be found at iscebs.org.

©2021 International Society of Certified Employee Benefit Specialists

decisions, and employees are contending with setbacks to their employment situation. By June 2020, more than half of workers (55%) had already experienced one or more setbacks, including reduced hours (27%), reduced salary (17%), layoff (13%), furlough (12%) and/or early retirement (7%).

Designing benefits with affordability and portability in mind can provide an opportunity for employees to maintain coverage and save for retirement while they are employed and after they separate from service.

The Call to Action

Amid the pandemic, many employers may no longer be able to provide assurances of continued employment with a certain degree of confidence. Nevertheless, they still play a vital role in contributing to their employees' health, well-being and financial security. Working with their HR and benefits advisors, employers are encouraged to consider pursuing these win-win situations when the time is right—now or in the future.

On a final note, employers should widely promote available programs and benefits to increase awareness and help employees take advantage of them. 

Endnotes

1. Collinson, Catherine; Rowey, Patti; Cho, Heidi. *Retirement Security Amid COVID-19: The Outlook of Three Generations*. Transamerica Center for Retirement Studies. May 2020.

About Transamerica Center for Retirement Studies®

Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute®, a nonprofit, private foundation. Transamerica In-

AUTHOR



Catherine Collinson serves as chief executive officer (CEO) and president of the nonprofit Transamerica Institute and its Transamerica Center for Retirement Studies®. She oversees all research and outreach initiatives, including the Annual Transamerica Retirement Survey. Collinson also serves as executive director of Aegon Center for Longevity and Retirement based in the Netherlands. She was named a 2018 Influencer in Aging by PBS' Next Avenue. In 2016, Collinson was honored with a Hero Award from Women's Institute for a Secure Retirement (WISER) for helping to improve retirement security among women. In 2015, Collinson joined the advisory board of Milken Institute's Center for the Future of Aging. She co-hosts ClearPath: Your Roadmap to Health and Wealth on WYPR, Baltimore's NPR news station. Collinson earned her bachelor's degree in British and American literature at Scripps College and her master's of business administration degree at the University of California, Irvine.

stitute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. TCRS and its representatives cannot give ERISA, tax, investment or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax, investment or legal advice. Interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here. For more information, please refer to www.transamericacenter.org and follow TCRS on Twitter at @TCRStudies.

