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Employee Benefit News

82%

*of employers say they would benefit from a financially secure workforce.**

* "The Power of The Wellness Effect," a Prudential white paper (2017).

WHO REALLY BENEFITS FROM FINANCIAL WELLNESS IN THE WORKPLACE?

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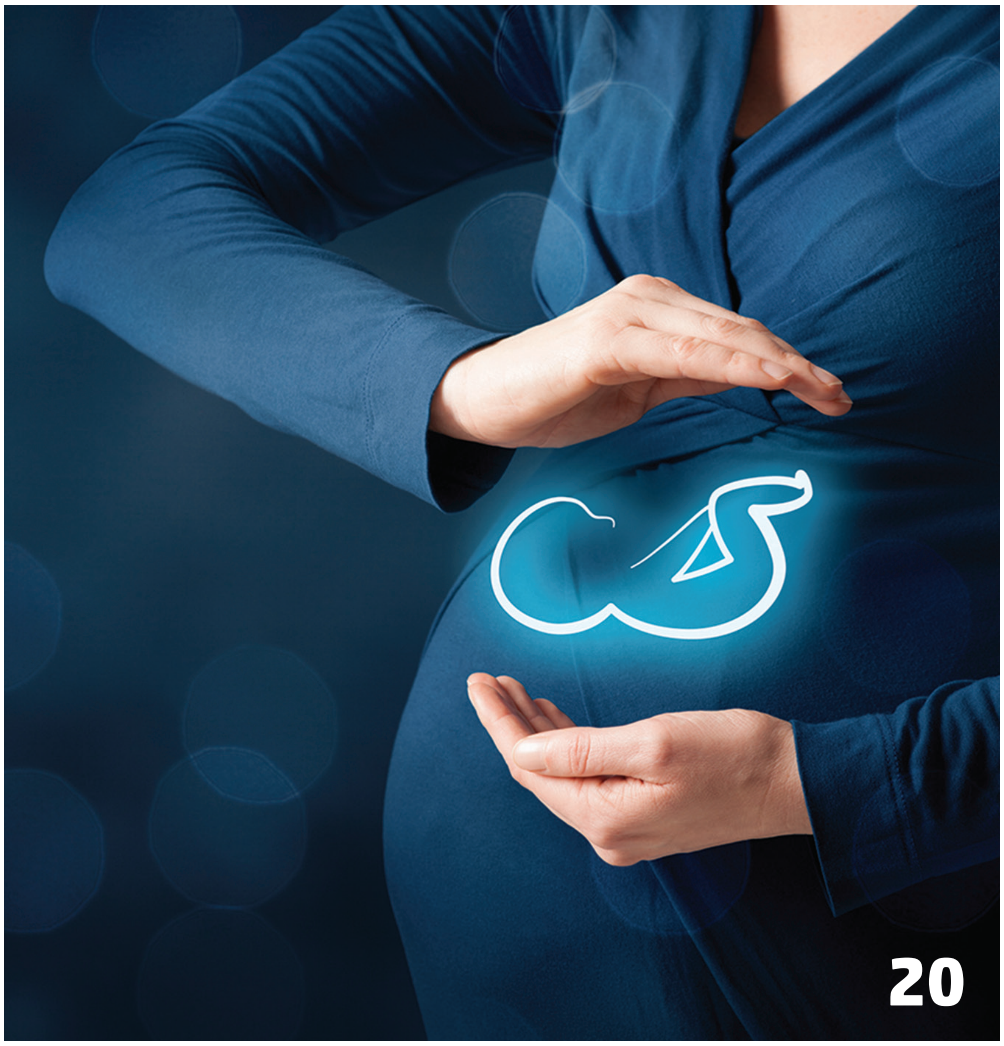

STRATEGY SESSION

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VOLUNTARY

FEATURES

On the Cover: Illustration by Steven Noble

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June's don't miss, web-only content at benefitnews.com

EMPLOYEE BENEFIT VIEWS

An excerpt from our *Employee Benefit Views* blog, written by Robert C. Lawton, founder and president of Lawton Retirement Plan Consultants.

Why 401(k) loans are the worst possible investment

Taking a 401(k) loan is such a bad investment choice that it should not be allowed in any 401(k) plan other than for hardship reasons. And yes, it is an investment because when plan participants take 401(k) loans, they become one of the investments in their accounts.

Before allowing workers to pull money out of their accounts, employers and employees should consider these importance factors.

Borrowers often lose the company match. Many participants who borrow from their 401(k) accounts end up stopping or lowering their 401(k) contributions while they are paying back their loans. This often results in the loss of 401(k) matching contributions when a participant's contribution rate falls below the maximum matched percentage.

Job changes can force defaults. Most participants considering a job change don't realize that their outstanding 401(k) loan balance becomes due when they leave their current employer. In the case of involuntary job loss, an outstanding 401(k) loan can add significant pain to an already difficult situation. Regardless of whether a job change is voluntary or involuntary, most participants don't have the financial resources available to pay back their 401(k) loans when they separate from service. As a result, a large percentage of these participants are forced to default. The defaulted balance becomes subject to state and federal taxes and possibly state and federal early withdrawal penalty taxes. Plan balances that leave a 401(k) plan forever before retirement are referred to as leakage. "Leakage" from defaulted 401(k) loans makes it less likely that participants will build adequate retirement savings.

Opportunity costs can be substantial. Assume that a participant takes a $10,000 loan for five years at 6%. The investment experience on that portion of the participant's balance will be a 6% return for five years. Had the loan balance been invested in the investment options in the plan for the same period, the participant may have earned a lot more. For example, the five-year return on the Vanguard 500 Index Fund through March 31, 2017, was more than 13%.

Interest on a 401(k) loan is not tax-deductible. Anyone needing a loan should investigate the possibility of taking a home equity loan first, since interest on these loans is tax-deductible.

To read this blog in its entirety, check out http://bit.ly/2pBAMJc.

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VIEW

EBN's slideshow gallery:

10 worst jobs of 2017

As the job market further expands and evolves, new vocations will come up while old ones fade away. Not everyone is so lucky to be in a growing field, however, and online job database CareerCast has found what might be considered the least attractive jobs of 2017 — many of which involve dangerous work conditions or a murky job market outlook.

See the list: http://bit.ly/2q65uy6

AHCA: 12 things employers should know

A look at some of the major changes to the Affordable Care Act in the American Health Care Act, the GOP's new healthcare plan.

Check out the major provisions: http://bit.ly/2py6nLT

Top 10 must-have employee benefits

With the talent pool as aggressive as it is, employers know that these most-desired perks will help to attract the best and brightest workers.

See what workers want: http://bit.ly/2q5ZV2A

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EDITOR'S DESK

"No matter how good a job employers think they do when educating employees about their health and financial benefits, it usually isn't enough."

Can you hear me now?

KATHRYN MAYER
EDITOR-IN-CHIEF

WHEN IT COMES TO WORK (well, and life in general), I'm kind of a loner. As a remote employee, I'm based out of my home in Denver, while all of my coworkers are based in our offices on the East Coast (greetings from the Mile High City, guys!)

Being a remote worker has its perks — you know, like getting to wear sweatpants and having an endless supply of coffee — but it also has its drawbacks.

Work-life balance feels hazier when you're always in your workspace and always "on." Where does work life end and home life begin? And there's the whole isolation aspect. I don't connect with coworkers at after-work happy hours or during the office holiday party. I don't shoot the breeze at the water cooler. And office gossip is pretty slow here — my dog is cute and all, but she's no conversationalist.

Most notably, though, it's harder for me to keep up to date about the goings-on in my office — from new policies to what's happening in our benefits department.

That's why workplace communication from HR departments is such a big issue for remote workers like me. Without it, I feel more isolated than ever.

I'm certainly not alone in that respect — more and more workforces are going remote — which is just one reason benefits communication needs to be a bigger priority than ever before.

But unfortunately, it's still a huge challenge for employers of all sizes. According to *Employee Benefit Adviser*'s Open Enrollment Readiness Benchmark survey, communications is an Achilles' heel: employers gave themselves a grade of just 17 for their communications plans on a scale of 1-100, with the latter score indicating total readiness.

"No matter how good a job employers think they do when educating employees about their health and financial benefits, it usually isn't enough," Andrew Brickman, account manager for employee benefits firm Corporate Synergies, recently wrote in a blog on *EBN*'s website.

Like most issues, the first step is acknowledging you have a problem. And the good news is that there are a number of employers who've done just that, and are now working to revamp their communications strategies as a result.

From technology and gamification to varied delivery vehicles, employers are coming up with solutions that are making a difference to their employees. And, lucky for you, you can read about benefits communications best practices from Fujifilm, BlackRock, Aon and Formstack to help inspire you on p. 14.

The thing about strong benefits communications is, it's not just about making sure your employees understand and are aware of their benefits (which of course is important, too). It's also about acknowledging the new work culture (including us remote employees!) and acknowledging that things can't stay the same as they once were. It's about keeping employees aware, engaged and making them feel like they are part of a team. Because if that's not a priority, then something is terribly wrong. ■

Send letters, queries and story ideas to Editor-in-Chief Kathryn Mayer at kathryn.mayer@sourcemedia.com.

STRATEGY SESSION

In this section:
>Well-being

Image from LPL Financial building lobby, courtesy of LPL Financial

WELL-BEING

Can architectural wellness slash employers' costs?

More companies are redefining office space, boosting productivity and driving up employee happiness

BY **AMANDA EISENBERG**

Companies like Google and Facebook are usually lauded for redefining office space, and other employers have taken notice and are reaping the benefits.

Wellness architecture, the new phenomenon of building workspaces with health and productivity at the forefront, is saving employers money through attraction and retention cost-saving measures, according to the "8 Wellness Trends for 2017 — and Beyond" report, conducted by Global Wellness Institute, a nonprofit research and educational resource for the wellness industry.

"Companies are trying to reach an employee audience," says Burt Rea, managing director for Deloitte Consulting. "We need to create a workspace that can attract the kind of digital, high-tech talent to be competitive."

Flexible workspaces are a major departure from the standard office cubicles, and workspace experts believe that they are becoming the de facto setting for hybrid workplaces, which are primarily communal spaces with conference and private rooms that employees can access at their choosing.

Rather than being segregated by departments, employers can leverage technology, such as organizational network analysis (ONA), to help employees work amongst their peers and increase productivity, Rea says.

ONA uses analytics to scan employees' e-mails, instant messages and physical proximity to determine who works with whom, and can then determine teams within the company, according to a recent global human capital 2017 trends report published by Deloitte.

For employers who want to maximize profitability, ONA can suggest to employees where and with whom to work with on any given day, Rea says.

Through ONA, Deloitte has been "able to see which types of interactions absolutely need to be in person and which ones need to be enabled by conference calling," says Rea. "There's lots of different ways to enable teams to work together."

Meanwhile, employers also are making sure they have natural light, which Rea says, is "an enabler of wellness, an enabler of creativity and an enabler of feeling good about the place you work."

LPL Financial is one company that recently transformed its office building to make it an ideal space for workers.

The nation's largest independent broker-dealer unveiled its 27-acre Carolinas campus, in Fort Mill, South Carolina, last November. The two U.S. Green Building Council-certified buildings, which offer employees 450,000 square feet of office space, incorporate design features and amenities including glass stairways, a fitness center and on-site health clinic.

Before building the campus, LPL Financial surveyed employees on the location and amenities required for an ideal work-life balance, as well as the level of engagement employees want from their workspace, says Sara Nomellini, senior vice president of corporate real estate at LPL Financial.

The campus sits adjacent to the 2,100-acre Anne Springs Close Greenway nature preserve, where more than 1,400 employees have access to two miles of walking trails and a boardwalk with open air lounge spaces, various seating options and Wi-Fi access.

Outdoor sports courts and community gardens also are on the campus.

"It's important to let [employees] know that we view them as our most important asset," says Nomellini. "We're concerned about your overall wellness. We'll do everything we can to assist that. We trust you to use your time well and take advantage of these amenities because we understand and care about you. I think it sends a clear message." ■

COMMUNICATION & ENGAGEMENT

In this section:
>Caregiving

CAREGIVING

More employers pursuing autism benefits

Consultation, training drive engagement, loyalty for employees who have special-needs kids

BY **PHIL ALBINUS**

Parents of children on the autism spectrum often need help finding reliable caregivers, accessing certified therapists and learning how to best communicate with their children — in addition to a host of other needs.

That's why Rethink Benefits, a New York-based cognitive care firm, offers services such as these to employers including Microsoft, Amazon, AOL and Viacom to help employees cope with these burdensome challenges.

According to Mike Civello, vice president of benefits at Rethink Benefits, employers know that a subset of their employees probably need help for their children on the autism spectrum and those who have developmental delays or learning disabilities.

"There's definitely increased demand on employees who are struggling with the gaps in their child's care, and employers are really starting to get their heads around this issue," he says.

While the number of employers offering autism benefits is still small, but growing, companies that do provide such support have seen increased loyalty and engagement from employees who have special-needs kids, Civello says.

Rethink Benefits offers an e-learning-style platform that teaches parents how to teach their special needs and verbally-challenged child. Rethink trains parents how to teach the child to communicate via flash cards or pointing to pictures on an iPad. "He or she can indicate to the parent simple things like, 'I'm hungry' or 'I'd like this specific toy' or 'I'd like to go outside,'" Civello says.

Autistic children will most likely have been prescribed these services, such as applied behavioral analytics or ABA, but Rethink aims at helping the parents communicate with their children.

"A lot of parents don't know how to do that," Civello says. "They might be working with a therapist but the therapist is focused on the child specifically."

The benefit provider also provides on-demand access for parents to speak with a board certified behavior analyst via phone, e-mail or video chat. While they are not delivering therapy to the child, parents can speak with BCBAs to review the child's current developmental levels, specific learning strategies and their IEP.

And it's not just technology firms that are pursuing these benefits, major retailers such as Costco, Lowes, Nordstrom, REI and Zappos have also hired Rethink. "In retail, every hour missed typically for most employees is an hour unpaid," Civello says.

One client is financial technology firm Intuit, which offers Rethink to its employees around the globe. Although around 70 Intuit employees have signed up for Rethink, that is 80% of Intuit employees and their families that would qualify for the benefit, says Sarah Lecuna, global benefits leader at Intuit.

"Because this program is global, countries that have limited to no support for children with special needs are now able to access expert advice and consult with experts at any time," says Lecuna. She says employee response has ranged from "relief to life changing, and an overall feeling that Intuit truly looks out for our employees and their families."

Intuit also partners with Cognition Builders, a firm that works with adults and children with developmental delays to help them devise daily routines and gain greater independence through life-skill planning.

"Intuit also matches up to $650 into the dependent care flex spending account to help parents with the cost of childcare and camp aids. By the end of the summer, we will also have added equine and music therapy to our medical plans, and will be expanding our well-being reimbursement to cover tracking devices and respite care," Lecuna says. ■

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HEALTH CARE

In this section:
>Benefits tech

BENEFITS TECH

Are digital devices the next big thing in diabetes management?

Using new technologies, employers can engage workers while bringing down healthcare costs

BY **NICK OTTO**

Employers who embrace a digital approach to combating diabetes in the workplace can not only provide employees engaging opportunities to help manage the condition, but also take advantage of cost-saving measures.

A recent pilot program within a segment of employees at Mount Sinai Health System integrated Livongo for Diabetes, an interactive blood glucose monitoring system, and showcased significantly enhanced connection and engagement between employees and health services.

Additionally, it showed "timely, secure and convenient collection of data that can lead to improved clinical care," according to a new report from the Northeast Business Group on Health.

"Diabetes shows no signs of abating as a key concern for employers, despite investments in a wide range of targeted diabetes prevention and management strategies over the years, including biometric screenings, nutrition and exercise counseling, onsite clinics and incentives for diabetes medication adherence," says Laurel Pickering, president and CEO of NEBGH.

Pickering says that the pilot program proves that investing in digital health is a "worthwhile addition" to those strategies — "as long as employers are willing to set clear objectives, carefully select a digital partner, be prepared for challenges and decide in advance what measures they will use to gauge success."

Employers should know what measures they will use to determine digital health's success, and how to evaluate them, NEBGH says. They might measure cost-related outcomes such as reductions in medical spend and decreases in diabetes-related emergency room and hospital admissions. Another option might be focusing on health outcomes such as reductions in A1c levels, weight and blood pressure.

While employers look ahead to strategize possible programs, benefit managers can look to some of the enrollment and engagement challenges Mount Saini encountered and how they tackled the problem head on.

Enrollment in this type of program was challenging for Mount Sinai, according to the report. Unlike a general wellness benefit that may be appropriate for any employee, getting a digital tool specifically into the hands of employees with diabetes requires targeted marketing and communications.

While employers can market to an entire employee population with hopes those diabetic employees will self-select, that general approach may not work; a percentage of employees who could benefit from the tool will likely not seek it out.

One challenge employers have is finding a way to communicate programs effectively to the employees who stand to benefit the most.

Sustaining engagement in the program following enrollment also provided Mount Sinai with some new challenges in utilizing the diabetes technology. Employers can encourage engagement by incentivizing regular and ongoing use of a digital health tool through value-based insurance design.

At Mount Sinai, employees categorized as "active participants" in the Livongo program over the course of a month received their diabetes drugs and insulin free of charge the following month.

"It's too early for measurable results, but we feel encouraged by what we've seen with Mount Sinai's use of Livongo," adds Jeremy Nobel, executive director of NEBGH's Solutions Center. "Based on observations, we would encourage other employers to consider whether implementing a digital health solution — for management of diabetes or other chronic illnesses — might benefit their employee populations."

Going forward, the NEBGH report advises cultivating the right employer-digital partner relationship.

"A good digital partner will let the employer take the lead on important decisions," according to the report. ■

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FAMILY BENEFITS

Why employers are offering caregiving benefits

Companies that offset the burden for employees with medical and support services are likely to see higher retention rates

BY **AMANDA EISENBERG**

More than one in six U.S. employees has a secondary job their employer might not know about: informal caregiving for a relative.

As the older adult population in the U.S. is projected to nearly double in size by 2050 from 48 million to 88 million, employers need to expect that employees might be distracted with the financial and emotional burden of caring for a relative and are looking for support in the form of peer support groups, medical tools, flexible schedules and more.

In fact, 23% of employees are spending 41 hours or longer each week caring for a relative, according to a new report from the Northeast Business Group on Health.

"Many employees providing care for loved ones don't think of themselves as caregivers but rather as 'just doing what's necessary,' and that in itself can be an obstacle in adequately supporting those struggling with this burden," says Jeremy Nobel, medical director of the NEBGH.

Meanwhile, employees distracted with their caretaking responsibilites have a big impact on employers, affecting absenteeism, productivity levels, healthcare costs and retention rates — factors that result in a loss of almost $38 billion each year for employers, according to the NEBGH.

"There's a growing awareness at the risk caregiving represents for the health and well-being of the employee caregiver," Nobel says.

So what's an employer to do?

Organizations, Nobel says, can help their caregiving employees in a number of ways, such as tackling company culture, facilitating access to logistical, legal and medical services and training managers to be more aware of the challenges.

For example, Big Four firm EY offers two telephonic peer support groups managed by its internal employee assistance program team. Employees can join EY's caregiver group to share resources, information, ideas and experiences, according to the report. The firm also has a group to support parents of children with special health needs, where employees can address trends in care and parenting.

Employer-formed networks, such as EY's support groups, are crucial for many millennial caregivers — the fastest-growing demographic — who might not have coworkers in their peer group to discuss these issues with, Nobel says. Employers also can offer millennials and tech-savvy employees web-based tools and services. For example, Prudential Financial offers Best Doctors, a physician referral service, to its employees and their families as a benefit, according to the NEBGH. As a result, 65% of the insurance company's employees or their relatives using the service received a changed diagnosis.

If caregiving benefit services aren't enough, flexible scheduling or leave policies can make the difference for caregiving employees.

While more than three in five workers in the United States are covered by the Family Medical Leave Act, which guarantees up to 12 weeks of unpaid leave, it isn't possible for most caregivers to lose their salary. On average, family caregivers spend $7,000 on out-of-pocket caregiving expenses annually, which is close to 20% of overall income for many Americans, according to the report.

Some employers, like Big Four firm Deloitte and pharmaceutical company Pfizer, offer paid time off to take care of a relative. Other companies offer paid family leave that employees can use for maternity and paternity leave, or for taking care of a sick or disabled parent, spouse or child.

Above all, Nobel says, employers need to "make sure that the right set of support activities are not just available but actively communicated to the employees around logistical and emotional support." ■

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[1]Staskon F, Fu C, Kirkham H. Multiple Sclerosis Medication Adherence within Walgreens Local Specialty Pharmacies is Significantly Higher Compared to Other Class of Trade Pharmacies. AMCP Managed Care & Specialty Pharmacy Annual Meeting. 27 Mar 2017.

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CAN WE TALK?

BEST IN BENEFITS COMMUNICATION

As benefit professionals look to engage employees, they might want to take some tips from four employers — Fujifilm, BlackRock, Formstack and Aon — that are breaking the communication status quo

BY **AMANDA EISENBERG**

Trying to successfully communicate with employees has always been one of the biggest challenges for the executives in charge of HR and benefit plans. Getting workers to pay attention to open enrollment messages, in particular, has been a huge obstacle. That's due to an overload of information, endless emails and the fact that the subject matter is often difficult to understand.

In fact, a just-released survey of more than 400 employers by SourceMedia Research (which, like *EBN*, is part of SourceMedia), found the 70% of respondents were struggling to prepare their communications strategies for the open enrollment periods that begin at the end of the year.

And this job isn't going to get any easier.

More employees are working from home or remotely, sometimes making it difficult for HR to connect with them. And the influx of cellphone- and social media-addicted millennials — there are 75 million in the workforce today and the number is growing rapidly — means many traditional email and print communication methods are quickly becoming obsolete.

However, employers such as Aon, BlackRock, Formstack and Fujifilm are deploying innovative strategies, often based on the latest technology trends, such as gamification, to break down these employee communication barriers. What follows is a look at the novel approaches these organizations are using to connect with their staffs.

Communication by segmentation

In a technology-driven world, employees can easily dismiss HR communications, especially if the information is simply posted on a website or sent out in an email blast. And if the dispatch doesn't clearly signal that the information directly relates to them, chances are most employees will simply ignore the missive.

But segmentation — targeting employees based on specific demographics — creates specific communications that are personal, even vital, to each staff member, experts say.

Segmentation strategies helped asset manager BlackRock communicate with employees who weren't maximizing the company's 401(k) match. A segment of the population was not contributing as much as they could to their 401(k) retirement plans, so BlackRock partnered with its record keeper, Merrill Lynch, to send out targeted communications.

Using Merrill Lynch's records, BlackRock identified employees who were not projected to get the full company match in 2016, according to the company.

BlackRock sent out emails with the subject line "Get the full match" that contained a single sign-on link, which directed participants to a webpage to make contribution changes with just a couple of clicks. It also created a pop-up message to remind targeted employees every time they logged in that they weren't maximizing the company match.

After three months, 26% of the targeted group increased their 401(k) savings rate, with a quarter of those participants increasing their deferral rates to 8% or more, which would allow them to get a full match from the company, BlackRock says. The company matches 50% of contributions up to 8% of eligible pay, with an annual cap of $5,000.

"We were pleasantly surprised that our response rate [and that] many recipients took action, going into their 401(k) accounts and changing their own contribution to maximize the BlackRock match," says Jennifer Lee, global head of benefits at BlackRock.

Aon — the insurance giant with about 50,000 global employees — also relies on segmentation, which helps it determine the ideal format for benefit communication.

"In this high-tech world, you might think paper was going to be dead," says Kate Sanderson, Aon's global head of total rewards and HR shared services. "But we've actually continued with some of the high-impact mailers to people's homes because we realized that the population that we're trying to target is not just the colleagues but also a spouse or a partner."

Although Sanderson communicates with Aon's employees through multiple channels, including mailers, webinars and text messaging, workers are given the choice to opt in to certain channels through indicating their preferences in their online profile.

"Some respond to a quick text reminder, others want a webinar with the chance to ask questions, and others want that same information on demand as they are completing a benefit-related task," Sanderson says.

Likewise, she says, employees choose if they want to attend in-person or web-based info sessions.

Employees who opt into text messaging are likely to receive one or two communications a month compared to less frequent email and physical communications throughout the year. Sanderson says communication ramps up around Q4's open enrollment time when it will be most effective.

"Our multi-channel approach has improved communication because we are meeting our colleagues and their families where they are and taking into account that individuals want to receive information in different ways," she says. "Our approach appears to be working, as post-enrollment surveys indicate a high level of satisfaction with the tools, resources and information provided."

Getting personal

Employees are more likely to participate in benefits communication when they can choose which communication methods work best for them, experts say.

Different tools at data management company Formstack have helped both the HR department and other employees communicate more efficiently.

One tool is an internal wiki based on the Confluence collaborative content software package from Atlassian. The remote, 82-person staff at Formstack is able to log in to Confluence to submit reimbursement and time cards, request snacks and equipment and submit feedback, says HR Director Miranda Nicholson.

While the wiki helps Formstack employees in countries like Mexico, the Netherlands and Argentina work on projects together, the system also lets Formstack's HR team easily communicate and engage employees, says Nicholson.

"A lot of times my team will pull some feedback from the organization: How did this initiative go? How was this communication received? Is there anything we can do to improve?" she says. "That's really important for us, especially with communication, really fine-tuning it because it does change over time. We need to address the needs of new individuals that come on board and not always think, 'It used to work, so it's going to always work.'"

Nicholson says that before she began involving employees in the process, her communication efforts usually went unnoticed. Messages reminding employees to enroll or waive their benefits during open enrollment often went unread.

"When you need to send 15 emails to get that accomplished, you realize something needs to change," she says.

It also is important to make sure employees are receiving communications at times that are opportune for them, she says.

Since Nicholson took over benefit communications at Formstack in October, she has leveraged technology to help reach employees across the globe. Personally, Nicholson uses Boomerang, a scheduling app, to send out emails to employees on three continents at the same time, say 10 a.m., regardless of time zone. The strategy is to standardize when every employee, regardless of location, receives the benefit communication during working hours.

"That includes understanding who else in that organization might need to communicate things and trying to time that in a way that you're not doubling up or your information's not getting lost," says Nicholson.

Target demographics

When it comes to communicating benefits, experts stress the importance of understanding employees' varied backgrounds and perspectives.

For Carolyn Gordon, director of benefits at Japanese imaging company Fujifilm, the new workforce of millennial employees required a different communication strategy.

"We do see with the millennials that we have to have more conversations with them because they're not as familiar with the workforce and the way some of these programs work and what they do," she says. "We get that you probably won't be here forever, but these are good lessons for you, to carry with you, about saving for when you are older or building up your HSA."

Beyond generational gaps, experts say benefits should be communicated not only by various methods but also in different formats.

Videos and slideshows are popular methods for communicating, and sometimes nothing beats a physical explanation of benefits copy.

At Blackrock, Lee communicates with 13,000 employees in 30 countries over the course of the year through webinars, email communications, the company's Intranet, and in-person orientations and meetings.

When open enrollment occurs in the fourth quarter, BlackRock hosts webinars to guide employees through the process and answer any questions they might have, Lee says.

She also found that dropping a physical copy of the company's annual benefits overview on every desk helped employees understand their plans better. A digital copy of the pamphlet is also available on BlackRock's Intranet for instant access, along with tips and "Did you know?" articles.

"We received rave reviews on the booklet, and many employees praised it for clearly drawing their attention to benefits they weren't previously aware of," Lee says.

Meanwhile, the firm will visually display benefits communication by adding banners across the bottom of more than 200 TVs in common spaces and desktop screen savers featuring calls-to-action around things such as open enrollment, she says.

Gaming gets serious

Most leading HR professionals who follow best practices found that technology aids their employees when it comes to benefits enrollment.

Embedding plan information within various communications helps employees navigate their benefits better, experts say. For example, employees need to navigate open enrollment with a working knowledge of acronyms like HSAs and HDHPs and what they mean.

So Nicholson worked with Formstack's insurance management team

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to create a one-page explainer of benefit terms and their definitions and broke down plan costs, which was distributed to employees prior to an information session.

Nicholson uploaded the explainer to Confluence for employees to access when it came time to waiving or enrolling in their benefits as well. Additionally, when Aon employees are selecting their benefits, they can hover their mouse over certain terms, such as a PPO or deductible, for an explainer of what those terms mean.

"You could just go, with no reading in advance, through decision support and communication and information that's integrated and embedded in our annual enrollment process," says Sanderson. "You would still be able to make informed decisions and choices in a short window of time but you wouldn't need to collect information first."

The platform itself can make all the difference to both employees and employers.

One of the biggest technology trends these days is gamification. Not too long ago, Fujifilm brought in HR technology company Airbo's employee communication platform to better engage its employees. Today, about 80% of employees use the technology each quarter, according to the company.

The system was initially rolled out to a plant location outside of Boston, and Fujifilm reported that right off the bat nearly 70% of employees participated, even those who are less tech-savvy or spoke little-to-no English, according to the company.

Gordon improved health assessment rates by leveraging a tiles game in Airbo, created in collaboration with HR consulting firm Willis Towers Watson.

Through a series of pictures with questions, Gordon can program the tiles to inform employees about any topic, such as preventative care or nutrition.

By asking a series of questions — When was your last visit? Do you know you have $100 in incentives to put toward health costs? — Fujifilm's 5,000 employees can "play" the game to win a prize at the end of the quarter.

"Middle-aged women in their late forties, early fifties actually play the game more than some of the younger people," says Gordon. "We're still trying to figure out the segmenting and what works."

And the gaming strategy seems to be a real winner.

For example, during Fujifilm's most recent open enrollment, where the company transitioned its PPO to a high deductible health plan, 99.6% of 5,000 employees selected or waived benefits by the end of the two-week deadline through Airbo, says Gordon.

"We try to use Airbo to link back to whatever kind of communication we're doing so people can engage that way as well," Gordon says. "It's been a great tool because it also embeds all the other broader communications or things that we're trying to do."

Using online gaming strategies, Gordon says she was able to improve companywide health assessment completion rates from 17% to 54%, which helped the company save more than $5 million of its $565 million medical budget.

Since Fujifilm changed the way it communicates with employees about their benefits, 91% of workers who responded to a survey said they have a greater appreciation for their benefits, according to the company.

"It's not just about open enrollment," Gordon says. "It's about all the things that lead up to it." ■

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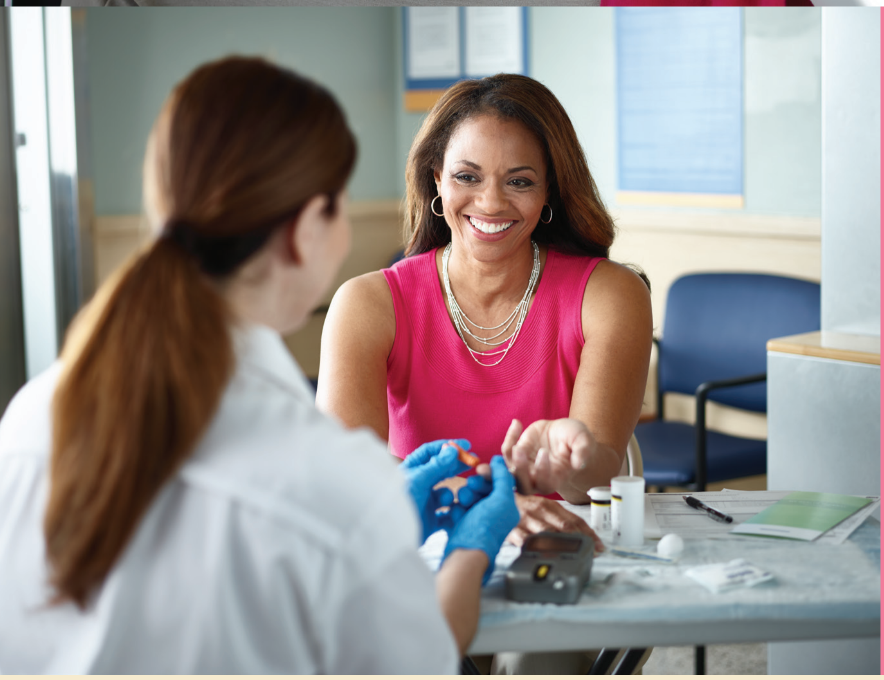

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Focus on Fertility

Workers trying to conceive can experience as much stress as cancer patients. That's why smart employers are offering benefits to help these employees – and seeing productivity and loyalty soar as a result.

BY **SHERYL SMOLKIN**

Heather Huhman knows firsthand the challenges of dealing with infertility while working in a busy office. Over the span of five years, Huhman went through IVF seven times, suffered four miscarriages and gave birth to stillborn twins before having her daughter Aurora in January 2016.

"While battling infertility for five years, it defined me," says Huhman, the founder and president of Come Recommended, a PR firm for job search and human resources technologies. "I let it run my life. I stopped taking time off from work outside of appointments and treatments. I stopped hobbies I enjoyed. I did, however, dive deeper into work to keep my mind off my struggles. My situation is a bit unique in that I run my own business, so I choose the people around me. But had I been working for someone else and not felt supported at work, I'd likely be among the statistic of people who leave their jobs for a better environment."

Huhman is not alone. One in eight U.S. couples experience infertility — and deal with exorbitant amounts of stress in their journey. Research has shown the stress levels of women diagnosed with infertility are equivalent to those of people with cancer, AIDS or heart disease. Yet many struggle silently, especially at work.

Image from Adobe Stock

Because of these dire statistics, more and more employees are looking for benefits that address fertility. In fact, employees who are struggling to have a baby value workplace support during their infertility journey more than they value work-life balance, higher compensation and other perks like free lunches, according to a new study conducted by Come Recommended.

"Anecdotally, we've heard countless times how miserable people were at work because they felt unsupported during their infertility journey," Huhman says. "So we set out to discover the true state of infertility in the workplace and exactly how companies could create an enviable employee experience for these individuals."

Of the 1,000 people surveyed who have experienced fertility issues, more than half of the respondents (53%) were open about their infertility at work; the other 47% were not. Given the gamut of emotions experienced by infertile couples — ranging from sadness and anger to shame and envy — it is not surprising that so many people are reluctant to talk about their experience to co-workers and supervisors. But as a result, it is this group who feels less supported overall on the job.

The International Foundation of Employee Benefit Plans reports that a quarter of employers with more than 500 employees offer fertility services as part of their healthcare benefits. Nineteen percent cover in vitro fertilization (IVF) treatments, 12% cover fertility medications and 9% cover non-IVF fertility treatments. Smaller numbers cover visits with counselors (genetics, surrogacy etc.) at 6%, or egg harvesting/freezing services at 4%. Only 4% of employers with fewer than 50 employees offer fertility services.

"Fertility services are a highly valued benefit for employees, often with a low cost impact for employers," explains Julie Stich, IFEBP's director of research. "Employees who have access to fertility benefits can actually have overall lower healthcare costs because they are making decisions with their doctors based on medical best practice, not on personal financial concerns."

Only 15 states have laws currently requiring insurance coverage for fertility treatments. While the Americans with Disabilities Act requires employers to provide reasonable accommodations to employees with disabilities — and infertility meets the definition — the Spiggle Law Firm concludes in a company publication that employers who refuse to provide infertility insurance coverage to their employees have not violated the ADA as long as the failure to provide that coverage is non-discriminatory. In other words, all of their employees have the same coverage.

But there is more that employers can do to support their workforce besides offering health insurance that covers infertility treatments, Huhman says. "Educational resources about infertility, flex-time and employee assistance plans are valuable," she notes. "But the infertility community also wants paid medical leave, free or discounted services — such as acupuncture or yoga — and the option to telecommute from home."

"Fertility services are a highly valued benefit for employees, often with a low cost impact for employers."

Fertility services as a benefit

One tech company that marries robust fertility benefits with workplace flexibility to produce a superior employee experience is Zynga, the creator of global social games including Words With Friends and FarmVille.

"In our global pregnancy and parental leave package, we offer our U.S.-based employees a $20,000 lifetime benefit for infertility services such as intrauterine insemination, IVF and egg-freezing to assist them in their family planning journey," says Renee Jackson, Zynga's vice president of HR. "In addition to 72 hours of annual paid sick leave for full-time employees and leave-of-absence options, we have a flexible vacation policy to allow our team members to rest and take the time they need."

Erin Smith-Cheng, director of communications at Zynga, is in ongoing treatment for infertility and has been able to take advantage of Zynga's generous benefits. After 14 years together, in 2015 she and her husband decided to start a family.

"When it was determined that we'd need help in our journey to have a family, we had to take on an intense schedule of testing, doctor's appointments and treatments," she says. "As anyone who has ever gone through fertility can attest to, having to see numerous specialists becomes all-consuming. It really almost becomes a second job."

While the financial assistance from Zynga was greatly appreciated, Smith-Cheng says the overwhelming support of her team and other Zynga employees across the country have been paramount. "There was no problem when I needed to work from home, join a meeting via video conferencing or take some time off, particularly during the more aggressive portions of my treatment," she explains.

Building loyalty

Rackspace, a company that manages dedicated and cloud computing services, also provides infertile employees with time and money to help manage their condition. Technical account manager Jackie Campbell has been the beneficiary of both in the four and a half years she has been with the organization.

At age 28, she was told that she and her husband had only a 3% chance of conceiving. She had surgery for endometriosis, four IUIs and two rounds of IVF before she became pregnant with her son, who is now 5 months old. Rackspace covered the cost of medication and the IUI procedures, plus $10,000 toward IVF treatments.

"Rackspace was absolutely incredible," she says. "My schedule was very flexible, and when I had two miscarriages, they never pushed me to come back to work before I was ready. I have a lot of friends who had to keep their infertility experience private because they are afraid if they talk about it they will hurt their careers."

Huhman says employers need to be aware of the potential downside if they do not encourage an open dialogue about infertility and fail to support employees who require workplace flexibility and job security to pursue their dream of having children.

Of those individuals who did not feel supported, the Come Recommended survey results reveal:

- 30% have quit a job in the past in part because their employer did not allow them to easily get the care they required.
- 27% are actively looking for new job opportunities due to lack of company support. Lack of direct supervisor support (29%) and lack of co-worker support (20%) also influenced their decision to seek other work.
- 32% stay at a job, even though they are unhappy, in order to take advantage of fertility benefits.

"The question becomes, if an employee is not open about their infertility at work, how can an employer offer them support?" Huhman says. "The answer lies in creating an employee experience that assumes their workplace is no exception. That means adopting programs to support all employees, including the one in eight who are struggling with infertility." ■

What services are being covered?

25% of employers with more than 500 employees offer fertility services

19% cover in vitro fertilization (IVF) treatments

12% cover fertility medications

9% cover non-IVF fertility treatments

6% cover visits with counselors (genetics, surrogacy)

4% cover egg harvesting/freezing services

Source: International Foundation of Employee Benefit Plans


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MAKING WEARABLES WORK

As the gadgets become more popular, employers should incorporate them into holistic wellness programs.

By **BRUCE SHUTAN**

America's obsession with gadgets continues to make its way into the workplace wellness arena, but whether wearable technology actually improves health outcomes and saves employers money in the long run is still a matter of debate. Some skeptics even dismiss the technology as a waste of money.

There's a lot employers should consider when looking to integrate wearables into their wellness programs.

Image from Adobe Stock

Strong consumer demand is driving workplaces to incorporate the latest gadgets into their wellness programs, says Springbuk founder Phil Daniels. His company — an Indianapolis health analytics firm that serves mid- to large-size employers — recently released the Employer Guide to Wearables 2.0, a three-part study that reviews key preferences, features and implementation considerations of employers for wearables in corporate wellness programs.

The study found that more and more, employers are turning to the incorporation of wearable technology in wellness programs for employees. Use of such devices is up 10% from 2015 findings, with 35% of employers now using wearables in their workplace wellness programs, Springbuk found. Meanwhile, nearly half of employers say they're considering purchasing such devices over the next 12 months. At least one in six U.S. consumers use wearables in the form of either a smartwatch or a fitness band.

And for some employers, wearables are having a positive impact on both employees' health and their own costs.

A recent Wearables in Wellness Case Study Report from the nonprofit Health Enhancement Research Organization (HERO) spotlighted companies like global energy firm BP, which started incorporating wearables in 2013. Today, more than 75% of eligible participants enroll in the company's annual "Million Step Challenge," and 79% reach their goal.

BP has modified the program over the years to add goals beyond one million steps, as well as smaller goals for less active participants who are unable to achieve the million-step goal. As a result, the program has been consistently popular with participants, HERO says.

Despite such successes, the HERO report makes clear, wearables are most effective when employers understand their role in a larger wellness initiative.

"We see a lot of promise in the use of wearables as a component of a comprehensive workplace wellness program," says Jessica Grossmeier, vice president of research for HERO. "Early research supports that a device, on its own, will not change health behaviors over the long term."

Dave Hoinville, director of business development at myInertia, a health consultant, agrees, noting that other critical components must be incorporated into a wellness program for it to sustain success. These include everything from financial incentives and a culture of health to social connections and great customer service.

"What we're seeing is that if you can get people to the 4,000, 5,000, 6,000 steps per day average, then you will actually start to see a difference in their health outcomes."

Is the price right?

There are many considerations for employers to review when shopping for the right wellness tools. The starting point is usually price, which Daniels says can range anywhere from about $30 or $40 to several hundred dollars per device. "The math adds up quickly if you're spending that kind of money on 1,000 employees," he notes.

Another critical factor is peer-to-peer connectivity — the social aspect of walking challenges and other activities that he says can "incentivize" the workforce to break its sedentary desk lifestyle.

Daniels is encouraged that among slightly more than half of the subjects his company studied, improving the health of members was cited as the primary reason for using wearable devices. Another hopeful sign? Nearly 42% said the use of wearables was to drive behavioral change, Springbuk found. "Less important to employers was the coolness factor of wearables," he adds.

Springbuk's research includes responses from employers, benefit consultants and wellness vendors who participated in an award program involving more than 8,000 employers nationally. It includes a second survey of more than 820 employers who assessed the features, preferences and integration of wearables.

The ROI debate

The potential return on investment for employers that make wearables a centerpiece of their wellness program is significant, according to Daniels.

In a study of activity-tracking devices, Springbuk found that healthcare costs for employees with access to a Fitbit averaged $1,242 less after two years than those in a control group. After two years, employees who opted into the program had healthcare costs that were on average 24.5% less than that of a control group.

In recent years, however, the wellness industry has been under fire for staking ROI claims that critics say are exceedingly difficult — if not impossible — to prove.

Two such skeptics are Al Lewis and Vik Khanna, co-founders of a company called Quizzify, which emphasizes the need for employers to use healthcare literacy to move the needle on cost and outcomes. Khanna, who also is a healthcare entrepreneur, even co-authored an article titled "It might be time to throw your fitness wearable in the trash."

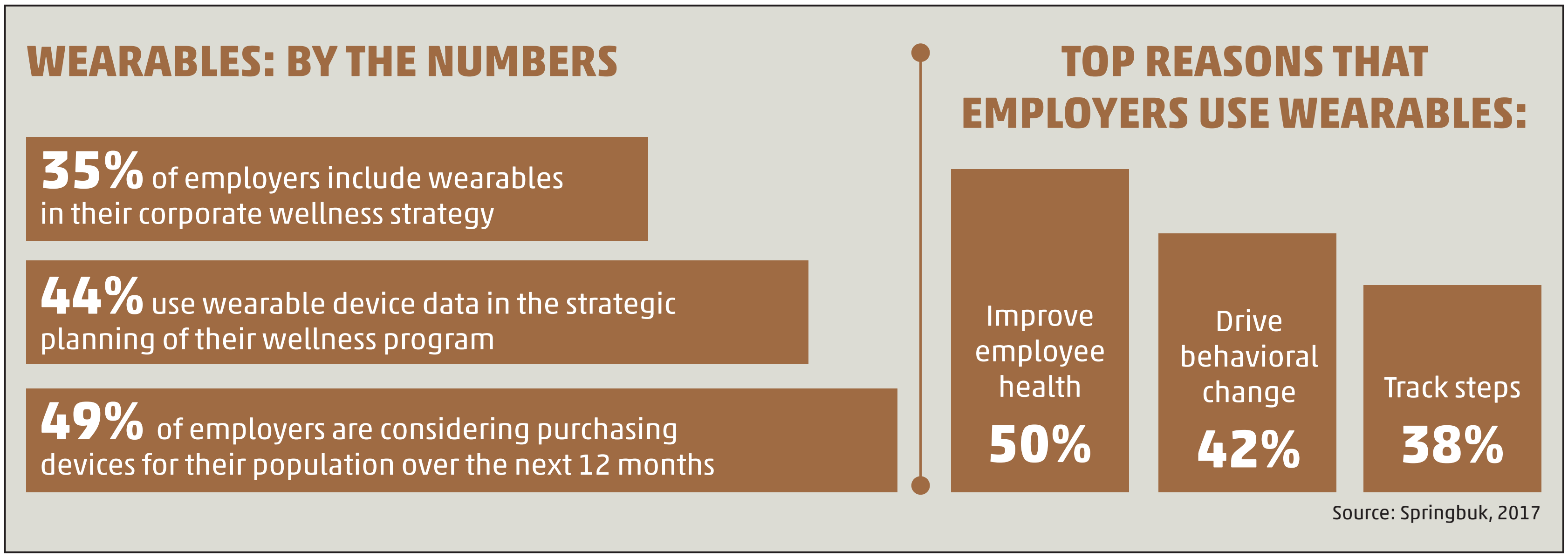
Khanna says there's no evidence that wearable products actually work. "It's one of the great flaws with the scientific process in this country as it applies to the dissemination of good data," he explains. Another issue is that the wearable industry is "playing to people's needs, interests, desires [and] fascination with everything app- and gizmo-related," he says.

Despite the never-ending push for more bells and whistles in wearables, Hoinville believes simplicity

10 ways to promote wearable wellness devices

It's possible for employers to create an affordable strategy around wearables that will help promote healthy employee behaviors, says Dave Hoinville. Here are his recommendations.

1. Let employees who already own a device, or who use a smartphone app, continue using them as part of the program.
2. Provide an affordable and user-friendly device to those who don't already have their own.
3. To keep employer costs down and get employees to put some skin in the game, consider asking them to pay a portion of the device's cost.
4. Collect all the data from all the devices into a central repository that all employees can access. This allows them to interact socially through challenges, leaderboards and communities.
5. Make sure that the wearables the employer distributes collect data that is easily managed, as well as accurate, consistent and relevant to employees.
6. Establish an incentive program to keep employees accountable and motivated.
7. Tie the incentives to an established metric that correlates to population health risk: for instance, the CDC physical activity guideline of 150 minutes of light to moderate exercise per week.
8. To keep the program budget neutral, evaluate benefit designs that can absorb the cost of the incentives.
9. To promote desired behaviors and a health-oriented culture, plan an annual calendar of events and challenges. These should all make use of the wearable device.
10. Ensure that group data is accessible in real-time on a community site. This encourages interest and makes the program easier to oversee and evaluate.



is what resonates with most people. That means not having to worry about recharging devices every few days or wondering whether a Fitbit is waterproof. The most effective way for companies to better manage their overall medical care costs is to help employees understand and navigate a marketplace "filled with confusing, contradictory, non-evidence-based information," Khanna suggests. "That's what health literacy is all about."

"What we're seeing is that if you can get people to the 4,000, 5,000, 6,000 steps per day average, then you will actually start to see a difference in their health outcomes," he says, noting that most people are in the 1,500 to 2,500 range.

Daniels predicts devices will be added to the wearables category that do more than track heart rate and sleep or sitting time. As more data is generated, he believes, the industry will become more intelligent about the way it's applied. For example, various recommendations could be made to workplace wellness programs based on the unique needs or challenges of each employee population.

Additionally, Daniels says, combining data from wearables with numbers from biometric screenings, medical claims, pharmacy usage, absenteeism, productivity and so on can have a powerful impact on individual and collective employee health.

"That data will become available on more true health factors, which is exciting for us," he says, referencing the recent inclusion of artificial intelligence in his company's software platform. "From a predictive standpoint, we're actually using existing data to predict future health costs and disease states in at-risk members with 99% accuracy." ■

Bruce Shutan is a Los Angeles freelance writer.

The goal should be to equip employees with "honest, credible, verifiable, evidence-based information so that they can both make healthier choices for themselves on a day-to-day basis," he says, "but also, when it comes to using their medical care benefits, [to] do so in a manner that is safer, smarter and more cost-effective. And there is no wearable that gets them to either of those destinations."

A predictive perspective

A corporate wellness program built around only an online health-risk assessment, annual checkup and several brown-bag lunch events will not influence employee behavior or ROI, Hoinsville agrees. But he's certain that wearables have a positive impact, though it could take up to four or five years of sustained behavior change to actually lower medical claims.

COMMENTARY

In this section:
>Benefits tech

BENEFITS TECH

What HR leaders need to do before adopting health apps

Prior to rolling out wellness technologies to employees, benefits executives should try products to test effectiveness

BY **STEVE BLUMENFIELD**

More and more, health-related smartphone apps and wearables are becoming a part of employer efforts to help employees achieve optimal health and well-being.

According to Willis Towers Watson, 59% of employers now communicate and educate employees about health and wellness through apps and portals. Usage is expected to increase to 93% by 2018. Meanwhile, employees surveyed said technologies including wearable devices to monitor fitness activity, online forums on health issues and apps to track diet, sleep or a health condition were important to managing their health.

However, before employers ask their employees to adopt technologies to manage their health, it's vital that HR leaders make sure that the apps and wearables they're providing work as advertised. If not, employees might use them for a short period of time and then abandon them. Or, they might not use them at all. Worst of all, a bad experience may keep employees from using the next one that can help them.

The first challenge is deciding which products to evaluate. This isn't as easy as it sounds: According to reports, in 2016 there were more than 165,000 health-related apps that run on Apple's iOS and Google's Android operating systems. Add to that some 40 categories of wearable devices, each with multiple vendors and products. While a large majority of these products are marketed primarily to consumers, vendors are increasingly targeting employers because they represent long-term, high-volume sales, and because employers are looking for more consumer-grade solutions in hopes of engaging employees in their health.

The second challenge is to thoroughly and rigorously test products before they are deployed widely to employees. The importance of comprehensive testing cannot be overestimated. The stories our employer-clients tell us about their experiences evaluating apps or wearables tend to fall into one of two categories: 1) a vendor has either delighted them with a "wow" experience or 2) disappointed them with a miserable experience. In addition, they tell us that choosing brand-name products from proven market leaders — including their health plans and PBMs — is not necessarily a guarantee of quality, reliability or an engaging user experience.

Even when a product lives up to its hype, it might not meet the needs of your organization or integrate well with your wellness program goals or incentives. This is why HR professionals should be included in on the testing process so they can experience firsthand what they are asking of employees. In other words, when it comes to apps and wearables, HR pros should not only "talk the talk," but "walk the walk." Experiencing products firsthand before wide deployment might make the difference between wasting time and money on short-term tech toys versus making justifiable investments in long-term, valuable technologies.

Despite the precautions, remember that there are a wide-ranging number of apps that employers can use to positively influence employees to change and monitor their behavior. The technology is rapidly advancing so it's up to you to investigate the myriad options thoroughly before buying. At the end of the day, you'll want to be sure the ones you select work as advertised and are a good match with your organization and your employees. ■

Steve Blumenfield is senior consultant and director, strategic opportunities and alliances, at Willis Towers Watson.

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RE:INVENT | RETIREMENT

Q&A

How lifetime income encourages retirement savings

BY RICHARD STOLZ

PRUDENTIAL RETIREMENT, A UNIT OF PRUDENTIAL FINANCIAL, serves more than 4 million retirement plan participants and annuitants, representing $375 billion in assets. *EBN* recently spoke to Jamie Kalamarides, leader of Prudential Retirement's Full Service Solutions business, about issues in meeting the needs of plan participants and the role of guaranteed income products. Edited highlights of that conversation follow.

***Employee Benefit News:* What's foremost on your plan sponsor clients' minds today?**

Kalamarides: Employers are trying to make sense of the fiduciary role and their obligations underneath it. They're also thinking about the financial wellness of their employees, and how to help employees achieve it.

***EBN:* Prudential's message to plan sponsors and others is that you are "changing the way Americans save for retirement." What does that mean?**

Kalamarides: It begins with the understanding that in order to save for retirement, you need to have control over day-to-day expenses, understand the tradeoffs between how you spend money today versus what you'll have tomorrow. It means having the tools you need in order to save. And you need to be able to influence your behaviors around saving for tomorrow. So it's the focus on financial wellness that is a key part of what we are trying to do to help people save for retirement.

We can help people on the retirement accumulation side, but we're also positioned to help people manage risks around disability and [premature death]. Also, we can help people know their retirement income will last with guaran-

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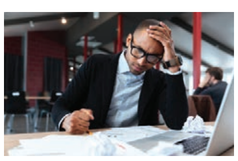

EMPLOYEES FLUNK RETIREMENT QUIZ

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teed lifetime income products like IncomeFlex.

***EBN*: Can you give an update on the evolution of IncomeFlex?**

Kalamarides: When we originally rolled it out it in 2007, it was called IncomeFlex Select, and that product is no longer offered for new sales. More recently we have rolled out IncomeFlex Target, a guaranteed lifetime withdrawal benefit, GLWB, around target date funds.

If an employer had that target date fund as a QDIA, they could simply put this onto the plan as well and it would still remain a QDIA. The most interesting development that's happened is the ability of a plan sponsor to move the investments to another recordkeeper if for some reason they want to make a change.

***EBN*: How do you help employees really grasp the tradeoffs involved in retirement savings decisions?**

Kalamarides: We help individuals to understand why their brain may be to blame for some of their behaviors, and help reframe issues and problems so that they can overcome the inertia, hindrances or risk aversion that is inside all of us, and how to use that to one's advantage.

***EBN*: If plan participants know they'll have a lifetime income guarantee at retirement, will they save more aggressively?**

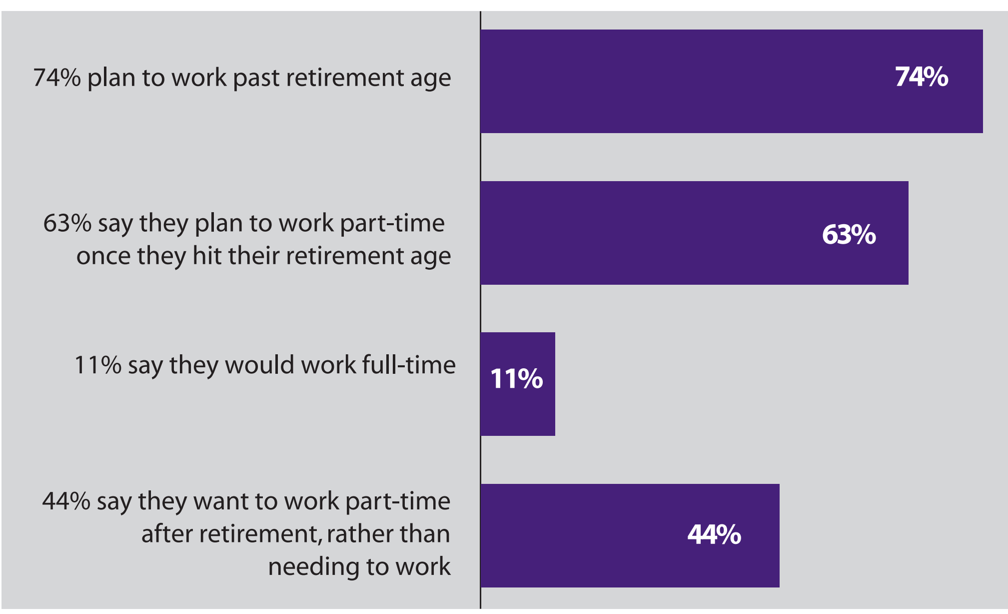
Kalamarides: Yes. Across both Aon Hewitt's and our own research, when a lifetime income solution like IncomeFlex is available in the plan, individuals contribute 10.1% of their savings versus 7.3% if it's not available. Not only that, they're happier with the plan, and behave rationally and stay the course on their diversified investments during volatile times.

***EBN*: Many plan sponsors have been concerned about the duration of their liability when they incorporate a lifetime income product into their 401(k)s. Any relief in sight?**

Kalamarides: We think that will be addressed by the Retirement Enhancement and Savings Act, which cleared some hurdles in the last Congress. It has a fiduciary safe harbor for the selection of a lifetime income provider, and provides that if a plan sponsor decides not to offer a guarantee product for some reason, that the individual can roll it out of the plan as a qualified distribution and maintain their guarantee. We think these things are going to remove the sort of barriers that have prevented plan sponsors from adopting lifetime income solutions. ■

WILLING TO WORK

While most employees plan to continue to work past their retirement age, according to a new survey from Gallup, many say they will do so because of a desire to work, not because of a need to earn money.



Source: Gallup

HEALTHY RETIREMENT

Employees flunk retirement quiz

BY BRUCE SHUTAN

Working Americans of all ages are plagued by widespread misconceptions and procrastination that could undermine their retirement readiness — unless they devote enough time to learning basic concepts, Fidelity Investments' first-ever Retirement IQ Survey finds.

Most notably, as many as two-thirds of the respondents underestimated what they will need to save for retirement.

While noting that progress has been made to move the needle on retirement readiness, Ken Hevert, SVP of retirement at Fidelity Investments, says the survey's knowledge gaps point to the need for better education from employers.

"We recognize how important it is for employers to engage with their plan participants as early as possible because it's often in the workplace where people first learn about what they need to do to prepare for retirement," he says.

The survey identified procrastination as a serious concern. More than half of respondents confessed to putting off an important financial decision such as creating a budget, paying bills on time or saving for retirement.

Many people surveyed, including those age 55 and older, gave wrong answers to questions in nearly every category, even though it was a multiple-choice format, according to Hevert. He says the average grade was 30% (the equivalent of an F), no one answered all 14 questions correctly and 1% got all of the questions wrong. Fewer than 0.5% of respondents received a 79% (C+), which was the highest grade.

The question most people answered correctly concerned the age of Medicare eligibility (77% got it right).

Despite these poor test results, Hevert emphasizes that by spending just a few hours on the subject, employees can boost their Retirement IQ scores dramatically and develop a good grasp of the essentials needed to make smarter decisions that can put them on the path to a secure retirement. Employers also can help workers think about the goals they want to achieve and develop a plan to get there. ■

CASE STUDY

How United Technologies revamped its retirement plan

BY PAULA AVEN GLADYCH

United Technologies Corporation was ahead of its time when it came to employee retirement benefits.

The Fortune 500 company — the parent to Otis, Pratt & Whitney, UTC Aerospace Systems and UTC Climate, Controls & Security — made a point of offering its employees an in-plan guarantee of retirement income well before the topic of lifetime guarantees in 401(k) plans took center stage in the national discussion.

Five years ago, the company decided to revamp its retirement plan, and worked with Prudential Retirement to offer an in-plan retirement income solution to its employees. Though at the time, Kevin Hanney, United Technologies' senior director, pension investments, says he was happy with the retirement plan the company had, he was interested in ideas that would help develop the "retirement plan of tomorrow."

Prudential came back later that year with an idea that would "take the best elements of the pension plan of the 20th century and combine it with the 401(k) and savings plans that were available at the time to offer the pension for the 21st century," Hanney says. "That's ultimately where we landed. If you think about how traditional pensions work, it's pretty much on auto-pilot. Virtually everything is done for the employee who is in a traditional pension, apart from getting the job and coming to work every day."

In the modern day 401(k) plan, almost every action is on the shoulders of the employee. The Pension Protection Act, which was passed in 2006, allowed companies like UTC to start incorporating some automatic features into its 401(k) plan, like automatic enrollment and automatic escalation, to try and encourage employees to save more for their retirement without them having to do anything about it.

"They don't have to make a decision about whether they should participate," Hanney says. "We also enroll them at a 6% contribution rate that maximizes the company matching contributions we put into the plan on their behalf as well."

As long as employees don't opt out, the company's automatic escalation provision will increase an employee's contribution rate from 6% to 10% over a four-year period.

"We give the employee every opportunity to opt out of our automatic features but we also signal to them that this probably makes sense so they don't have to take a lot of actions on their own," he says.

The company matches 60% of the first 6% of employee contributions, which works out to 3.6% for eligible employees who contribute 6% or more to their retirement savings plan. In addition to matching contributions, UTC offers automatic contributions for most employees based on their age. Those under 30 would receive an additional 3% in automatic contributions and those over age 50 receive an additional 5.5% in automatic contributions.

What makes the Prudential lifetime income option work so well is that it "takes the mortality risk away from individuals and, because there are guarantees, they can take on even more equity exposure to help fight off inflation or keep pace with inflation," says Srinivas Reddy, senior vice president, full service investments for Prudential Retirement. ■

FINANCIAL WELLNESS

Workers selling shares

BY PAULA AVEN GLADYCH

FAVORABLE STOCK MARKET conditions encouraged 50% of employees who have access to an employee stock purchase program at work to sell all of their shares over a three-year period ending in 2016, according to research by Fidelity Investments.

The number of employees who held all of their shares dropped to 43%.

"Company stock plans are increasingly viewed as a top employee benefit and can play an important role in an employee's overall financial health," says Mark Haggerty, head of stock plan services at Fidelity Investments. "Employees often use these plans as a savings vehicle alongside their 401(k), but money from an ESPP can be used to address short-term expenses and financial needs and help workers avoid the need to tap their 401(k)."

Fidelity analyzed 365,000 workers over a three-year period to see how they managed their stock purchased through an ESPP. It found that those under the age of 40 or who receive a significant discount on their stock purchases are more likely to sell off their shares. Older employees were more likely to hold onto their shares, but Fidelity noticed an upward trend of those between the ages of 50 and 60 who sold all their stock during that three-year time frame.

What are employees using that money for? According to Fidelity: 34% of them were using it to pay down debt; 17% were using it to make home improvements or purchase real estate; and 11% used it to establish an emergency fund. Nearly 20% of those surveyed reinvested their proceeds from the ESPP into a mutual fund or their retirement savings account. ■

LAWS & REGULATIONS

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>Compensation

COMPENSATION

NYC bans salary history inquiries

Supporters say the law is a step toward gender pay equality

BY **MARC ZIMMERMAN**

Image from Adobe Stock

For New York City employers, it's time to rework those standard interview questions. On May 4, New York City Mayor Bill de Blasio signed a bill into law prohibiting employers from inquiring about, or relying on, a prospective employee's salary history.

Let's take a closer look at what it means for hiring organizations.

Specifically, the law makes it an "unlawful discriminatory practice" for employers to inquire — in writing or otherwise — about the salary history of a job applicant, or to rely upon a job applicant's salary history unless the applicant voluntarily discloses the information to a prospective employer.

The salary history ban is being touted as a step toward eliminating gender pay inequality. It's intended to focus salary decisions in hiring upon an applicant's skill and ability, and market compensation for the role without considering the applicant's prior salary, which potentially was deflated due to discriminatory, gender-based considerations.

Supporters of the law believe it will stop perpetuating the discriminatory gender-based salary gap for similarly-situated job applicants. Opponents contend employers should not face blanket prohibitions on salary history inquiries, and wage disparities generally, which may be based upon legitimate, non-gender based factors such as prior job performance.

The NYC ban contains two main prohibitions:

First, it is an unlawful discriminatory practice for employers to inquire about a job applicant's salary history (which includes not only a current or prior wage, but benefits and all other forms of compensation): (a) from an applicant; (b) from the applicant's current or prior employer; (c) from a current employee, former employee or agent of the applicant's current or prior employer; or (d) by searching publicly available records or reports for information on the job applicant's salary history.

However, an employer is permitted to discuss with an applicant her or his objective measures of productivity (e.g., sales or revenue generated), to discuss the applicant's expectations as to salary, benefits and other compensation and to inform the applicant about proposed or anticipated salary or salary range.

Second, it is an unlawful discriminatory practice for an employer to rely on a job applicant's salary history in determining the applicant's compensation at any stage of the employment process unless the applicant, unprompted, willingly disclosed her or his salary history.

The NYC ban contains limited exceptions in circumstances where applicable law authorizes the disclosure or verification of salary history for employment purposes, and also does not preclude employers from verifying an applicant's non-salary information and conducting background checks so long as any accompanying disclosure of salary history is not relied upon for purposes of determining salary, benefits or other compensation during the hiring process. Additionally, the law is limited to job applicants, and does not facially apply to existing employees transferred or promoted to new internal positions.

New York City is among the first jurisdictions to enact legislation on salary history inquiries. Philadelphia and Massachusetts have introduced similar bans, and it is widely expected that a host of other cities and states will follow suit.

Speaking of suits, the Philadelphia law has recently been challenged by Philadelphia's Chamber of Commerce, alleging a salary history ban violates businesses' First Amendment (free speech) rights without demonstrating those employer inquiries actually perpetuate gender-based wage discrimination.

Although none of the NYC, Philadelphia or Massachusetts measures have taken effect yet, and despite the possible legal challenges ahead (many of which undoubtedly will focus on the tug of war between combatting gender-based discrimination and preserving an employer's free speech rights), businesses are forewarned to prepare for the ripple effect of this wave.

Like other prohibited employer inquiries that have garnered local and national attention — remember the "ban the box" movement to eliminate inquiries about an individual's criminal history? — the salary history ban is gaining momentum.

New York City employers should immediately review and revise their form applications, interview processes (including training of those conducting interviews) and reference and background/credit check procedures to ensure the questions and topics covered do not implicate disclosure of an applicant's salary history.

Non-NYC employers also should carefully follow this trend to make sure they are not caught flat-footed in the event a similar ban is imposed in their jurisdiction.

Additionally, employers must coordinate with engaged outside recruiters and placement firms to make sure they do not receive unauthorized disclosure of prohibited applicant information. ■

Marc Zimmerman chairs the labor and employment law practice at Phillips Nizer LLP.

BY THE NUMB3RS: A financial focus in wellness

As more employers recognize the impact of financial wellness on employee health, a growing percentage of companies are expanding their well-being programs to include employee financial security, according to the 8th annual survey on corporate health and well-being from Fidelity Investments and the National Business Group on Health.

84% of companies now have financial security programs in their well-being strategies, an increase from **76%** last year.

Financial security programs are the third most-popular wellness offering, following

95% **physical well-being programs**

and

87% **emotional health programs**

THE MOST POPULAR FINANCIAL SECURITY PROGRAMS

Seminars and "lunch-n-learn" programs, with **82%** of employers expected to offer these programs in 2017.

Tools to support key financial decisions including mortgages, wills and income protection, with **74%** of organizations expected to offer these devices this year.

Tools and resources to support **emergency savings**, **debt management** and **budgeting** , with **71%** of employers expected to offer them.

Student loan counseling or repayment assistance, with **25%** of organizations expected to offer these services.

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