BENEFIT Plan Trends

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Working Parents Want More Support from Employers

Most working parents report that struggling to balance work and family responsibilities is causing them to feel burned out, but many believe that having more support from their employer would help them manage these competing demands more effectively, the results of a survey commissioned by daycare provider Bright Horizons Family Solutions indicated.

The online survey of 1,016 workers with children under age 18 and of 524 managers was conducted May 29-June 10, 2015. The aim of the survey was to explore the challenges working parents face in managing their work and family responsibilities, and the impact these challenges have on employers.

Nearly all (98%) of the working parents surveyed reported they have experienced burnout, and 77% said burnout has caused them to become depressed or anxious, or to get sick more often. Nearly half (48%) of the working parents reported that they are stressed about managing their health, up from 41% of those surveyed in 2014. When asked how they would tackle the problem of burnout, 79% of the working parents and 77% of the managers surveyed agreed that a change needs to be made at the office, not at home, to curb burnout.

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In many cases, this feeling of burnout among working parents appears to translate into negative views about their job and their employer: 56% of the working parents surveyed said they are not happy at their current job, 62% said they believe their employer simply does not care about them, and 64% said they feel their employer is not attentive to the needs of working parents.

Currently, however, most working parents report that they are reluctant to share their concerns with their employer. Three-quarters (75%) of the working parents polled said they are unlikely to speak up about their employer being insensitive to their needs as caregivers, 77% said they would avoid airing a grievance about not having work-life balance, and 61% said they do not feel supported by their employer when it comes to attending a child's event, like a performance or game.

But this pattern of suffering in silence may be one reason why managers appear to be largely unaware

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Benefit Review Services inc.

Employee Benefit Solutions

43370 Mound Road
Sterling Heights, MI 48314
Toll Free: (586) 558-0540
Phone: (586) 997-1700
Secure Fax: (586) 997-9968
www.brsibenefits.com

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of the work-life challenges faced by their employees. Just 34% of the managers polled said they have concerns that working parents struggle to balance work and life, and only 30% said they worry about whether the working parents they supervise feel their company does not care about them.

Yet the survey results also suggest that working parents are optimistic about finding a work situation that will help them achieve work-life balance, as majorities of the working parents surveyed said they feel it is extremely important to work for a company that supports the needs of working parents (62%) and has a culture that addresses their family responsibilities (53%).

Expansion of Flexible Work Programs Shows Signs of Slowing

Even though advances in technology are making it increasingly easy for employees to work from anywhere, the rates of adoption of flexible staff schedules are flat, in part because executives at many companies are skeptical of teleworking, according to a report released by nonprofit human resources research organization WorldatWork.

The report summarizes the results of an annual survey on trends in workplace flexibility of 379 WorldatWork members conducted May 20-June 19, 2015. The survey found that while workplace flexibility practices continue to vary significantly within organizations, the prevalence of flexible work programs has remained steady since 2013, when a similar survey was conducted.

Most of the HR professionals surveyed in 2015 said their organization offers ad-hoc telework (85%), flex time (82%), and part-time schedules (82%); while just over half said their company offers phased return from work (56%) and telework on a monthly, but not full-time basis (56%). Slightly smaller shares of respondents reported that their organization provides employees with the option of a compressed workweek (48%) or flexible shifts (48%), while just over one-third (34%) indicated their company offers workers the opportunity to telework on a full-time basis.

When the respondents were asked to identify the main obstacles to the adoption of flexible work programs in their organization, resistance from management and the perception that some jobs are not conducive to flexible arrangements were most frequently cited. The results also showed that executive-level managers are more resistant to flexible work than middle managers, and especially to telework programs. By contrast, the HR professionals polled were far less likely to cite a lack of expressed interest from employees as an obstacle to the implementation of flexible work arrangements.

The survey also found that in addition to offering formal flexible working programs, some employers grant managers discretion in offering flexible arrangements to individual employees, with 67% of respondents reporting that managers are either encouraged or at least permitted to find mutually beneficial solutions. However, 21% of respondents said managers at their organization are not allowed to make informal flexible work arrangements.

Although the prevalence of flexible work has remained flat, researchers observed that a growing share of HR managers believe that employees who work remotely are just as productive as those who come into the office: of the managers surveyed in 2015, 48% reported that they believe their remote workers are just as efficient, up from 36% in 2013. The respondents in the 2015 survey also appear to have increasing confidence that they can measure the productivity of remote workers, with just 39% saying they find it difficult to estimate the productivity of teleworking employees, down from 53% in 2013.

Health Plan Premium Growth Remains Moderate in 2015

Premiums for employer-sponsored health insurance rose an average of 4% in 2015, continuing a decade-long period of moderate growth, according to the findings of a survey conducted by the Kaiser Family Foundation and the Health Research & Educational Trust.

The survey of 1,997 non-federal public and private firms was conducted between January and June of 2015. Taken annually, the survey examines the trends in employer-sponsored health insurance, costs and coverage, including employers' responses to provisions of the Affordable Care Act (ACA).

The results showed that, on average, the annual premium for single coverage in 2015 is $6,251, with workers contributing $1,071 of the total; while the average family premium is $17,545, with workers contributing an average of $4,955. The survey also found that 81% of covered workers are in plans with a general annual deductible, and that the average deductible amount is $1,318. However, the findings indicated that covered workers in smaller firms (three to 199 workers) have an average deductible of $1,836, an amount that is 66% higher than the $1,105 average deductible of covered workers at large firms (at least 200 workers).

The survey found that 57% of employers offer health benefits to at least some of their workers in 2015, a share that is statistically unchanged from 55% last year. Offer rates were, however, shown to vary by firm size, with 98% of large firms offering coverage, compared to less than half (47%) of the smallest firms.

Researchers observed that health insurance premiums have grown an average of 5% each year between 2005 and 2015, compared to 11% annually between 1999 and 2005. They also pointed out, however, that since 2010 both the share of workers with deductibles and the size of those deductibles have increased sharply, with these two trends together resulting in a 67% increase in deductibles between 2010 and 2015.

In addition, researchers noted that under the ACA employers with at least 100 full-time equivalent employees (FTEs) have been required since the start of 2015 to offer to their full-time workers health benefits that meet minimum standards for value and affordability or pay a penalty, and that this requirement also applies to employers with 50 or more FTEs beginning in 2016.

Of the survey respondents with at least 100 FTEs, 5% reported that they offered more comprehensive benefits this year to some workers who previously were only offered a limited benefit plan, and 21% said they extended eligibility to groups of workers who were not previously eligible. Among respondents with 50 or more FTEs, 4% reported that they had changed some job classifications from full-time to part-time so employees would not be eligible for health benefits, 10% said they had changed some job classifications to enable workers to obtain coverage, and 4% said they had reduced the number of full-time employees they planned to hire because of the cost of health benefits.

The survey also looked at employers' response to the ACA's excise tax on high-cost health plans, sometimes called the "Cadillac tax," which goes into effect in 2018. A majority (53%) of the large employers that offer health benefits said they had conducted an analysis to determine if any of their plans would exceed the Cadillac tax thresholds. Of this group, 19% said they found that their plan with the largest enrollment will exceed the threshold amounts, 13% indicated they have made changes to their plans to avoid reaching the thresholds, and 8% said they had switched to a lower cost health plan.

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401(k) Plan Sponsors Urged to Focus on Costs Rather Than Diversification

The primary investment challenge facing 401(k) plan participants is not loss due to lack of diversification, but loss due to excessive fees, as certain 401(k) plan designs may result in less sophisticated participants selecting high-cost funds that could significantly reduce their retirement savings over the long term, a recently published paper has argued.

"Beyond Diversification: The Pervasive Problem of Excessive Fees and 'Dominated Funds' in 401(k) Plans," by Ian Ayres of Yale Law School and Quinn Curtis of the University of Virginia School of Law, appeared in the March 2015 issue of the Yale Law Journal. The data for the study came from a large proprietary database that includes plan-level information on more than 3,500 401(k) plans with more than $120 billion in assets as of the beginning of 2010, and mutual fund data from 2003 through 2013.

According to the authors, 401(k) investors tend to make predictable mistakes in allocating their retirement portfolios that can greatly affect the performance of a retirement account, including selecting high-cost funds from the menu. Their analysis showed that, on average, 401(k) menus provide investors with sufficient options to diversify, but investors in many plans bear costs well in excess of retail index funds, and these costs are unlikely to be fully mitigated by returns.

The study found that more than half of the plans offered at least one "dominated fund," defined as a fund that makes no substantial contribution to menu diversity but charge fees more than 50 basis points higher than those of comparable funds in the marketplace. Overall, the analysis showed that investors in an average plan suffer a cost that is 78 basis points higher than the costs associated with retail index funds. The authors also estimated that in 16% of analyzed plans, fees are so high that they consume the tax benefits of investing in a 401(k) for a young employee.

To help tackle the problem of high costs, Ayres and Quinn recommended that the jurisprudence of 401(k) fiduciary duties be adjusted to challenge plans that imprudently include high-cost or dominated options, even if other options are available in the plan menu. To create an additional incentive for plan administrators to offer high-quality menus, they suggested that the current Qualified Default Investment Alternative (QDIA) regulations, which permit plans to default investors into diversified funds, be modified to ensure that the default funds are low cost, and that at least one low-cost default fund is made a universal feature of plans.

The authors also recommended that current law be changed to allow investors in high-cost plans to roll over their investments on an ongoing basis to a lower cost individual retirement account (IRA) without incurring tax penalties. Finally, they proposed that investors who wish to opt out of funds that meet the low-cost default standard be required to act under the advice of a financial professional or demonstrate financial competence by passing a financial literacy test.

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