BENEFIT
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Employee Stress, Anxiety and Depression Levels Appear To Be Rising

The shares of employees who are reporting serious mental and emotional health concerns related to stress, anxiety, and depression have risen dramatically in recent years, according to the findings of an analysis of global Employee Assistance Program (EAP) data published by employee well-being services provider Workplace Options.

Drawing on a dataset covering a relatively stable population of more than 100,000 workers across Asia, Europe, Africa, North America, and South America employed at companies that offer EAP services, the firm's researchers examined trends in the use of these programs. The data represented all EAP inquiries made by these employees from 2012 through 2014. The aggregate EAP utilization rate for employees was found to be between 3% and 9%, depending on the region.

The analysis showed that around four out of every 10 cases over the three-year period studied were related to personal emotional health issues: 42% in 2012, 38% in 2013, and 42% in 2014. Researchers noted, however, that while the results indicated that the number of cases dealing with personal emotional health issues remained relatively constant across all three years, instances of employee stress, anxiety, and depression each rose at an alarming rate.

Between 2012 and 2014, the number of cases dealing with employee depression increased 58%, the number of cases related to employee anxiety rose 74%, and the number of cases dealing with employee stress increased 28%. Researchers observed that whereas employee depression, stress, and anxiety combined accounted for 55.2% of all emotional health cases in 2012, these three issues accounted for 82.6% of emotional health cases in 2014.

A regional breakdown of the results of the analysis of the prevalence of emotional health issues

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showed that in North America between 2012 and 2014 the number of cases dealing with anxiety rose 71.2%, the number of cases related to stress increased 32.7%, and the number of cases related to depression was up 25.6%.

The analysis further revealed that the number of employees seeking financial assistance from their EAP increased slightly over the three-year period: 6.1% of all cases in 2014 dealt with financial assistance, up from 4.1% in 2012. The number of employees seeking legal referrals also rose over the period, accounting for 14.8% of all cases in 2014, up from 10.4% in 2014.

Career Frameworks Help Organizations Build Talent From Within

As they assess their strategies for attracting and retaining top-performing employees, growing numbers of employers are developing career frameworks that enable them to build talent from within the organization, rather than recruiting outside talent, the results of a survey by human resources consultancy Mercer indicate.

The survey, which includes responses from 1,785 HR professionals from more than 100 countries across more than 19 industries, examined organizations' current practices and future plans around career frameworks. The results of the survey were released on December 21, 2015.

The findings indicated that 50% of organizations worldwide currently use a career framework, and that an additional 37% plan to implement a career framework. More than three-quarters (76%) of the respondents who reported that their organization has a career framework said that their company's framework delivered a positive return on investment, and 73% of these respondents said they are planning to continue with their current strategy of "building" talent from within their organization rather than "buying" talent from the external marketplace.

According to the survey, the top talent programs driven by the career framework are training and development (73%), performance management (62%), career pathing (61%), and succession planning (61%). The results also indicated that just 3% of the HR professionals surveyed plan to shift from their current approach of building talent to buying it in the upcoming year.

When asked to identify their main business challenges related to talent, more than half of the respondents cited increasing employee mobility, engagement, and retention (56%); benchmarking rewards and compensation (56%); and accelerating talent strategies to execute business objectives (53%).

Researchers noted that while these challenges are prevalent worldwide, the importance of each challenge varies by region based on career philosophy, talent needs, and the effective use of career toolkits and training.

For example, while most respondents in Europe reported that their organization either has a career framework in place or has plans to implement one, the respondents in this region were the least likely to say that the steps that employees need to take to progress within the organization are transparent. The analysis also showed that relatively few employers in Asia have a complete career framework, and that strategic workforce planning is one of the main uses for career frameworks in this region.

Meanwhile, in North America just 35% of the HR professionals surveyed reported that their organization has a career framework in place, and less than half of respondents said their company has defined the rate at which employees should advance within the organization.

401(k) Plan Costs Show Signs of Declining

Mutual fund fees and other costs associated with 401(k) plans appear to be declining, but large plans are still far more likely than small plans to have automatic enrollment features, a study of 401(k) plans by the Investment Company Institute (ICI) and financial information company BrightScope reported.

The study examined the prevalence of automatic enrollment, employer contributions, and participant loans in 401(k) plans in 2013. The findings are based on detailed investment data for 2013 from BrightScope's database on more 34,000 large 401(k) plans, each of which held at least $1 million in plan assets and generally had at least 100 participants; as well as on data from the U.S. Department of Labor on thousands of plans covering a range of plan sizes.

The results showed that around two-thirds of the large 401(k) plans (with 100+ participants and a minimum of $1 million in plan assets) analyzed had at least two out of three key plan features: automatic enrollment, employer contributions, and participant loans. While 18% of the 401(k) plans in the sample had all three plan features, the most prevalent combination of features was employer contributions and participant loans; observed in 43.5% of the 401(k) plans in the sample. Another 5.7% of the 401(k) plans studied combined automatic enrollment with employer contributions or automatic enrollment with participant loans, while 20.8% of the plans in the sample had employer contributions only, 8% had participant loans only, and 0.5% had automatic enrollment only. Researchers noted that larger plans were more likely than smaller plans to have had all three features.

The results further indicated that the availability of target date funds as an investment option in 401(k)s increased over time. The analysis showed that 73% of plans in the 2013 sample offered target date funds, up from 32% of the plans studied in 2006. Similarly, the analysis showed that the percentage of participants who were offered target date funds increased from 42% to 75% between 2006 and 2013, and that the percentage of assets invested in target date funds grew from 3% to 15% over this period.

In addition, the study found that around 90% of 401(k) plans in the 2013 sample offered index funds, with more than 95% of plans with assets of at least $50 million, and around 85% of 401(k) plans with assets of $1 million to $10 million, offering these funds in their plan menus. The research further showed that index funds made up a significant component of 401(k) plan assets in 2013, holding more than one-quarter of 401(k) plan assets.

The findings also revealed that mutual fund fees in 401(k) plans declined between 2009 and 2013. In line with other research, the analysis showed that fund expenses tend to be lower in larger than in smaller plans. For instance, the study found that the average asset-weighted expense ratio (i.e., total costs as a percentage of assets) for domestic equity mutual funds in 2013 was 0.81% for plans with $1 million to $10 million in plan assets, compared with 0.44% for plans holding more than $1 billion in plan assets.

The measure of 401(k) total plan costs used in the analysis included asset-based investment management fees, asset-based administrative and advice fees, and other fees reported by a wide cross-section of 401(k) plans. The results showed that, regardless of whether total plan costs were measured for the average 401(k) plan, the average participant, or the average dollar, these costs decreased over time. The analysis indicated that the total plan cost in the average 401(k) plan in the database declined from 1.02% of assets in 2009 to 0.89% of assets in 2013; and that the average participant was in a 401(k) plan with a total plan cost of 0.58% of assets in 2013, down from 0.65% in 2009.

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Millennials Show Less Interest in Conventional Benefits than Older Workers

Compared to their older cohorts, millennial workers are less knowledgeable about their workplace benefits, and are more interested in paid time off than retirement plans, according to a report recently published by the Employee Benefit Research Institute (EBRI) and Greenwald & Associates.

The study, "Worker Opinions About Employee Benefits: Differences Among Millennials, Baby Boomers, and Generation X Have Implications for Plan Sponsors," was written by Paul Fronstin of EBRI and Ruth Helman of Greenwald & Associates. The report's findings are based on a survey of 1,500 U.S. workers aged 21-64, conducted June 10-19, 2015. The report analyzed workers' attitudes broken down by demographic cohort: millennials, born in 1977 or later; Generation X, born between 1966 and 1976; and baby boomers, born between 1946 and 1965.

While health insurance was named as the leading employee benefit by all of the cohorts, smaller shares of millennials than of baby boomers and Gen Xers cited it as the most important benefit: 67% of baby boomers surveyed said they consider health insurance to be the most important benefit, compared with 63% of Gen Xers and 60% of millennials.

In addition, the millennials surveyed were less likely than the baby boomers or the Gen Xers to say that they consider a traditional pension or retirement savings plan to be the most important benefit; but the millennials were more likely to report that they rate life insurance and paid time off as the most important benefit. Around 12% of millennial respondents, but just 6% of baby boomer respondents, said they consider paid time off to be the most important benefit.

The findings also indicated that smaller shares of millennials (31%) than of baby boomers (41%) or Gen Xers (39%) see the benefits a potential employer offers as extremely important in their decision to accept or reject a job.

Fronstin and Helman observed that it is therefore not surprising that millennials tend to be more open than baby boomers and Gen Xers to nontraditional ways of obtaining benefits. A larger share of the millennial respondents (24%) than of the baby boomers (15%) and the Gen Xers (18%) surveyed reported that they would prefer to take the money spent on employee benefits other than health insurance; and a larger percentage of millennial respondents (19%) than of baby boomer (15%) respondents said they are open to taking the money spent on health insurance and deciding for themselves whether to purchase those benefits, and how much to purchase. The millennials surveyed (20%) were also more likely than the baby boomers (17%) and Gen Xers (17%) polled to say they are extremely likely to use an employer-provided, independent, third-party benefits provider, when provided at no cost.

Despite their relative youth and inexperience, slightly larger shares of millennial respondents (26%) than of baby boomer (23%) and Gen X (24%) respondents said they are extremely confident in their ability to make informed decisions about benefits. Moreover, millennial respondents (33%) were more likely than baby boomer (26%) or Gen X (24%) respondents to report being extremely or very confident that they have enough money saved to cover expenses if a significant illness or accident caused them to be out of work. However, millennials were more likely than baby boomers to report that being out of work would cause them great hardship.

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