

The Guardian
Workplace
Benefits StudySM
4th Annual

Guardian[®]

in
sync

Market
Insights

Mind, Body, and Wallet

Financial Stress Impacts the Emotional and Physical Well-Being
of Working Americans



Source for all statistics cited is The Guardian Workplace Benefits StudySM: Fourth Annual, 2016
The Guardian Life Insurance Company of America[®], (Guardian) 7 Hanover Square, New York, NY 10004.
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Introduction

A happy and healthy workforce is a more productive workforce. So goes the conventional wisdom, because when workers are not stressed about their physical health or financial situation, they are better able to focus on their job responsibilities and can perform at their best.

To determine how working Americans feel about their overall well-being, Guardian created the Workforce Well-Being Index™ (WWBI), which measures consumer attitudes about their financial, physical, and emotional wellness. The research shows that concerns about financial security have the greatest impact on feelings of overall well-being. Unfortunately, many working Americans believe their ability to achieve important financial goals has worsened in the past two years. And anxiety over personal finances is contributing to emotional stress, with “worries about money” cited as the leading cause of stress.

When it comes to physical wellness, living a healthy lifestyle is important to most workers, yet many admit they are not feeling particularly healthy and are struggling to make it a priority. Most say they are not eating healthy or getting sufficient exercise.

The good news is more workplaces are attempting to help improve their employees’ well-being through a variety of initiatives, such as: health and wellness activities, employee

assistance programs, work-life balance policies, and financial education. The bad news is awareness of and participation in these programs tends to be low — often due to lack of promotion and/or ineffective communication. For example, few working Americans have ever used an employee assistance program despite the fact many have access to such programs via their employer.

Traditionally, wellness has been most associated with physical health but Guardian’s Workforce Well-Being Index suggests it’s time for employers to take a more holistic approach — one that effectively addresses the financial and emotional, as well as physical well-being of working Americans.



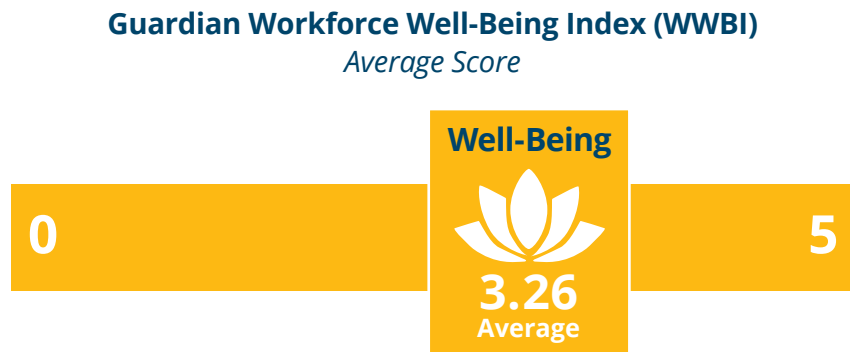
Many working Americans are faced with considerable financial and health challenges

As part of Guardian’s 4th Annual Workplace Benefits Study, an index was developed to help gauge the overall well-being of working Americans. The inaugural Guardian Workforce Well-Being Index score is derived from workers’ self-assessments of their financial, physical, and emotional health.

The survey polled working Americans on a variety of topics related to their personal finances, from household income and debt to ownership of different forms of insurance and retirement savings.

Survey respondents also were asked about their personal health behaviors, including nutrition, exercise, and regularity of doctor visits/medical care.

And several questions aimed to determine levels of anxiety and perceptions about the leading causes of stress in the lives of working Americans.



The results paint a less than favorable picture of the current state of well-being for the average worker. The weighted average index score is 3.26 out of a possible 5.0 — suggesting that all is not so well for many working Americans.

Looking more closely at the three pillars of well-being shows workers feel less positive about their financial wellness (3.19 self-evaluation rating) than they do about their physical (3.26) or emotional wellness (3.45). More seem to be faced with mounting financial pressures when compared to results of our 2014 study.

Well-Being Self-Assessment Ratings *Average Scores*



Average scores based on a 5-point scale

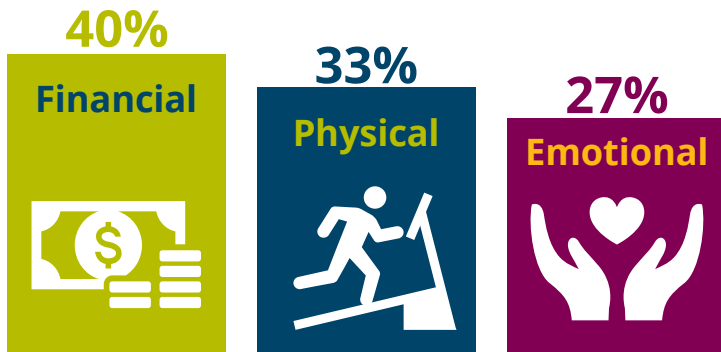
Notably, some of the lowest index scores are among workers who do not receive medical benefits through their employer (3.08) and those who receive no employer-sponsored retirement plan and limited non-medical insurance benefits (3.16).

Financial security contributes most to working Americans' overall well-being

Do these three pillars of workforce well-being — financial, physical, and emotional wellness — have equal weight or is one more likely to influence the others?

The Workforce Well-Being Index identified financial wellness as the most significant driver of working Americans' overall well-being, constituting 40% of the average index score. Furthermore, money is cited as the No. 1 source of stress for a majority of workers — followed by job security and physical health.

Pillars of Workforce Well-Being
Relative Impact on Overall Well-Being



Progress on a variety of personal financial goals appears to have taken a negative turn in the past two years. Notably, more workers indicate they are struggling to meet their goals related to saving for retirement and college, managing debt, and protecting their family in the event of premature death or being out of work for an extended period due to a serious illness/injury.

Progress Towards Financial Goals

Saving for college education



Income replacement if seriously ill or injured



Saving enough for retirement



Adequate life insurance to protect family



Paying off or reducing household debt



- Debt can be a serious drag on well-being — 3 in 4 working Americans carry some form of debt: auto loan (40%), mortgage (32%), education (17%), home repairs/improvement (12%)
- Non-mortgage debt — particularly auto and education loans — contributes to lower financial wellness; those carrying the most total debt, including mortgages and rent, report considerably lower overall well-being (only 22% have a top-quartile WWBI score vs. 34% of those with little to no debt)

Financial wellness — rolling the dice: More working Americans are underinsured for today and undersaved for tomorrow

When we examine levels of insurance coverage and retirement savings, it's no wonder workers feel worried and stressed about finances.

Life Insurance

- 1 in 4 working Americans (24%) have no life insurance at all, and of those with life insurance, a majority (57%) rely exclusively on their workplace coverage
- But life insurance coverage paid for by employers generally is not enough to adequately protect most families
- Among working Americans with life insurance, 1 in 4 say they have coverage equal to or less than their annual household income; that is not surprising given nearly 3 in 5 employers provide life insurance equal to one times an employee's salary or less than \$50,000
- Even workers with some life insurance coverage believe they need more (42%), especially those with financial dependents (i.e., more than half of parents)



1 in 4 Have No Life Insurance

1 in 5 Married Parents Have No Life Insurance
1 in 4 Single Parents Have No Life Insurance

Disability Insurance

- Fewer working Americans own disability insurance in 2016 (57% vs. 63% in 2014); unfortunately, 3 in 5 say they could not live off of their savings for more than six months if they became ill or injured and unable to work
- As pointed out in Chapter 2 (“Closing the Gap”), many workers have a limited understanding of how disability income insurance works, which contributes to low ownership levels (including half of all millennials with no disability coverage)



1 in 3 Have No Disability Insurance

1 in 2 Millennials Have No Disability Insurance

Retirement Savings

- 1 in 5 working Americans have no retirement plan (21%) — and millennials and single parents are even less likely to be saving for retirement
- Just 41% of workers feel they are making good progress toward their retirement goals — down from 60% in 2014
- Only 22% say they have access to college savings or tuition benefits through their place of work



1 in 5 Have No Retirement Savings Plan

1 in 3 Millennials and Single Parents Have No Retirement Plan

Best of intentions for physical wellness: Many working Americans find it difficult to maintain the healthy lifestyle they desire

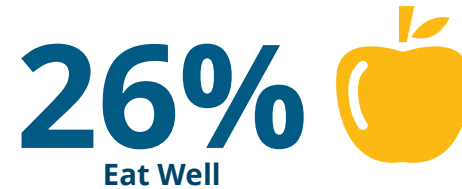
3 in 4 workers say maintaining a healthy lifestyle is important to them (75%). Still, just 39% rate their health as excellent or very good. Perhaps that's because only about a quarter feel they do a good job of eating healthy, exercising, or maintaining a healthy weight.



Millennials, as might be expected, are most likely to say they are in excellent health (14% vs. 7% of baby boomers). They rate their fitness level more positively than older workers and feel better about their weight. Millennials also are more likely to participate in high deductible health plans, likely because they don't expect to need heavy use of healthcare services. Consequently, they are not as good at keeping up with routine doctors' appointments compared to baby boomers.

In addition, millennials are much more likely than older workers to say they wish their employer did more to address healthy living. Nearly half (47%) of millennials want more wellness-related benefits made available at the workplace, compared to 36% of those who are older.

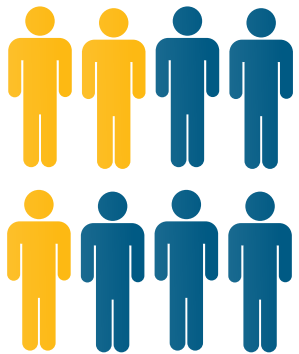
Percent of Working Americans Who Say They...



Missed opportunity: Wellness programs could be beneficial but are underutilized, even by health-conscious millennials

2 in 4 working Americans say they have access to wellness programs through their employer (52%), and those with wellness programs available tend to report higher overall well-being (3.35 vs. 3.22). Workers with access to wellness programs feel better about their fitness level and say they do a better job keeping up with routine health checks.

Still, only half of those who have a wellness program available actually participate in any of the activities offered. And despite their interest in healthy living and more wellness activities through their workplace, millennials are no more likely to participate than older workers.



2 in 4 Have Access to Wellness Programs BUT...

Only 1 in 4 Have Participated in Wellness Program Activities

The most commonly used wellness activities include health risk assessments, biometric screenings, and health plan premium discounts. These are also viewed as the most effective activities for engagement and for improving health behaviors — especially when linked to contests and monetary incentives.

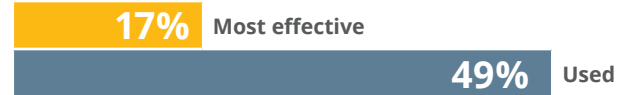
About 3 in 10 workers have participated in walking challenges or used pedometers or Fitbits to track their efforts, but these are considered less effective than other activities at positively influencing health and wellness.

High-Utilization Wellness Activities

Health risk assessments



Biometric screenings



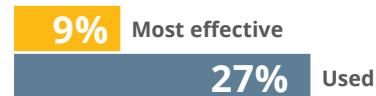
Premium discounts



Walking challenges

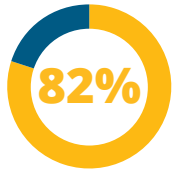


Pedometers, wearables, Fitbits

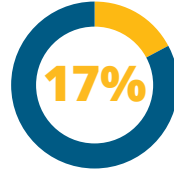


Emotional wellness — high anxiety: Many working Americans are stressed about money, jobs, and health

Most working Americans (82%) say improving their emotional wellness is important to them, but 17% feel their emotional health (including stress, mental health, and work-life balance) is currently fair or poor.



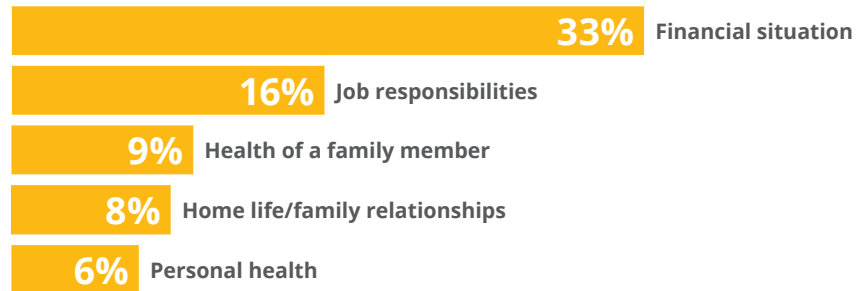
Say Reducing Stress Is Important to Them AND...



Say Their Emotional Health Is Fair or Poor

By a wide margin, workers stress the most about money.

Top Causes of Stress for American Workers



Worries about the health of a loved one are especially salient for early boomers, while millennials stress more about money, housing costs, and their social life.

About half (53%) of all working Americans believe they have access to an employee assistance program (EAP) at work, but of those, only 1 in 10 report ever having used it. Those who have used EAPs do so mainly for relationship or mental health counseling (55%) and for help with stress reduction (30%). Fewer are aware of the tax and legal guidance, will preparation, and budgeting tools also included in many EAPs.



Only 1 in 10 Have Ever Used an Employee Assistance Program

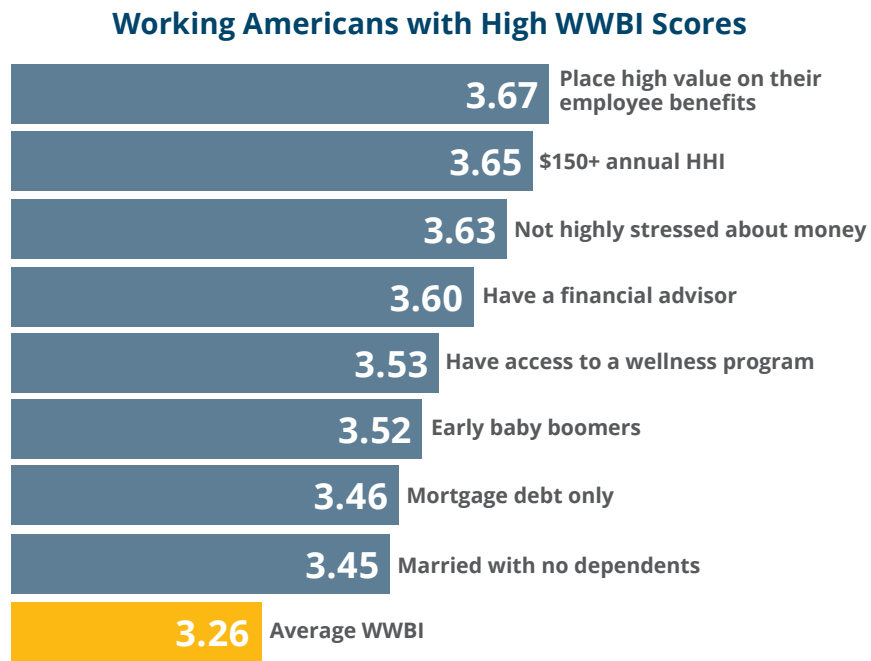
And few have access to programs at work to help manage their work-life balance. Nearly half (46%) of working Americans say they wish their employer would do more to help address this, especially single parents. Only 1 in 3 workers say their employer offers flexible scheduling (34%) or telecommuting options (32%); however, when available, these programs are utilized by a majority of those eligible.

High well-being yields happier, more productive workers who value their benefits and their jobs

Feelings of well-being are closely linked to a number of demographic and attitudinal factors:

- Household income and debt
- Anxiety about money and job security
- Life stage and generation
- Breadth of workplace benefits (mainly medical)

Those with the highest WWBI scores share some common characteristics.



And the advantages of high well-being go beyond having a healthier and more productive workforce. Working Americans who self-report high levels of financial, emotional, and physical wellness also appear to experience greater job satisfaction, have a more positive view of their employee benefits — and have a more favorable view of their employer.

Impact of Well-Being for Working Americans



Specifically, those with the highest overall well-being scores:

- Have the most positive perceptions about the value of their employee benefits (7.5 BVI score vs. 5.4 among those with low overall well-being scores)
- Are the most satisfied with their jobs (83% vs. 45%)
- Are less likely to want to leave their current employer; 23% with low well-being scores want to leave their company within the year vs. only 7% of those with high well-being scores

All's not so well: Generation X and single parents are struggling financially, which puts their overall well-being at risk

Generation X (ages 35 to 54) and single parents are feeling particularly strapped. They have some of the lowest well-being scores, driven mainly by personal financial concerns, including paying bills, reducing debt, and absorbing higher out-of-pocket costs for medical care.



Labeled “the forgotten generation” because of the media’s obsession with millennials and baby boomers, Generation X has been largely ignored the past 10 years. Yet, Gen X (which accounts for nearly 30% of working Americans) was, in many ways, the hardest hit by the Great Recession of 2008 — from rising unemployment and college tuition costs to plunging retirement account balances and real estate prices. And nearly a decade later, it appears many are still struggling to recover.



Single Parents

More than 1 in 10 working Americans surveyed are single parents with a dependent, which represents about 12 million mothers and 8 million fathers. Nearly half of all single parents are millennials and most have household incomes of less than \$75,000 (or 74% vs. 37% of those married with dependent children).

Given their age and life stage, Gen X and single parents are sandwiched between their own home life, careers, and caring for loved ones. 4 in 10 express concern about having to take time off work to care for a child or aging parent.

Home life is a cause of stress especially for single parents, though both groups are concerned more than others about their mortgages and housing costs.

Gen X and single parents share other similar financial concerns:

- They are having more difficulty making ends meet — 3 in 5 feel they are keeping up with basic bills and expenses
- Only half feel they are successfully managing their debt
- 1 in 4 feel on track saving for their children’s college education
- Few feel they are saving enough to live comfortably in retirement
- Many would have great difficulty paying for a \$3,000 medical bill

Well-Being By Generation

% “Excellent”/ “Very Good”	Millennials	Gen X	Baby Boomers
Financial wellness	37%	28%	46%
Physical wellness	45%	29%	41%
Emotional wellness	48%	39%	59%

Financial Concerns by Life Stage

“Good Progress” (7-10 on a 10-point scale)	Married No Kids	Married w/Kids	Single No Kids	Single w/Kids
Making ends meet	74%	84%	72%	65%
Paying \$3k medical bill	48%	54%	39%	31%
Saving for retirement	43%	48%	39%	32%

Caring for the workforce: Making well-being a higher priority in 2017

Employers increasingly are seeking ways to improve workforce health and productivity, which often begins with a strong financial foundation. Taking a more holistic approach to managing workforce well-being — one that addresses not only physical and emotional health but also employee financial security — will produce better results for employers looking to reduce medical benefits costs, improve absenteeism/presenteeism, and increase employee productivity and engagement.

A broader well-being strategy also better serves the needs of working Americans, many of whom are struggling in one or more wellness areas. In particular, groups like Generation X and single parents are facing financial challenges and life-stage situations that are more daunting compared to other segments of the population.

A majority of workers continue to rely heavily on their employers for access to health and wellness programs, insurance benefits, and retirement savings plans. Therefore, making workforce well-being a priority is critical but requires more than just offering valuable products and services. It also requires a commitment to effective communication and user-experience strategies to ensure optimal workforce utilization and value.

Opportunities to Address Workforce Well-Being



MIND: Supporting Emotional Wellness

Employee assistance programs (EAPs): Counseling services for depression, mental health, relationship issues, substance abuse

Work-life balance benefits: Telecommuting, flexible schedules, paid parental/family leave



BODY: Supporting Physical Wellness

Incentive programs for fitness, nutrition, annual checkups

Onsite medical centers

Return-to-work accommodations/ Vocational rehabilitation



WALLET: Supporting Financial Wellness

Insurance coverage: Life, disability, and supplemental health (employer-paid, employee-paid, individual policies)

College tuition savings plans, loan repayment benefits

EAPs/Financial education: Guidance on tax planning, budgeting, will preparation, estate planning

Enrollment-support tools: Learning about selecting and using insurance and retirement benefits, Health Savings Accounts

Appendix

METHODOLOGY AND SAMPLE CHARACTERISTICS

The 4th Annual Guardian Workplace Benefits Study was fielded in the Spring of 2016 and consisted of two online surveys: One among benefits decision-makers (employers) and another among working Americans (employees), allowing us to examine benefits issues from both perspectives.

The study was conducted for Guardian by Greenwald & Associates, an independent market research firm located in Washington, D.C.



Employer Survey Overview

Employer results are based on a national online survey of 1,204 employee benefits decision-makers. Respondents include business executives, business owners, human resource professionals, and financial management professionals. The survey covers all industries and is nationally representative of U.S. businesses with at least five full-time employees.

Data shown in this report are weighted to reflect the actual proportion of U.S. businesses by company size, industry, and region based on data from the U.S. Census Bureau. The margin of error at the 95% confidence level is +/- 2.9%.



Employee Survey Overview

Employee results are based on a survey conducted among 1,439 employees age 22 or older, who work full time for a company with at least five employees.

This year's survey included a sample of 277 part-time permanent employees and contract, non-permanent workers. Results for part-time/contract workers are reported separately from the full-time employee data and are not reflected in the total 2016 results when comparing 2016 to prior years, unless otherwise noted.

The survey sample is nationally representative of U.S. workers at companies of at least five full-time employees. Data shown are weighted to reflect the actual proportion of U.S. workers by gender, region, race, ethnicity, education level, household income, age, and employer size based on data from the Bureau of Labor Statistics and the Census Bureau. The margin of error is +/- 2.4 at the 95% confidence level.