

BENEFIT

Plan Trends



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Work-Life Balance For Men And Women

Despite the popular assumption that women care more about work-life balance than men, according to a global study by management consulting firms, WFD Consulting and WorldatWork, both genders are more alike than different when it comes to prioritizing career and family.

The findings of the Global Study on Men and Work-Life Integration were based on a November/December 2010 survey of 2,312 men and women working in organizations with 500 or more employees in the United States, United Kingdom, and Germany; as well as from emerging countries, such as Brazil, China, and India. The goal of the study was to find out how companies can remove the stereotypes and barriers that prevent men from taking advantage of flexible work-life options, and what factors prevent executives and

managers from supporting male employees' use of these benefits.

When asked to identify leading work-life challenges, spending time with their family (25%) topped the list for men, followed by financial stress (23%), finding time for personal

interests and self-development (23%), and for exercise (19%). For women, financial stress (24%) was cited as the leading challenge, followed by finding time for exercise (21%), time to spend with family (19%), and for personal interests and self-development (19%).

Results indicated that both men and women found similar solutions to these challenges: Just over one-third of both men (34%) and women (35%) said they are requesting flexible work schedules, 22% of both genders reported sometimes taking time off at short notice for personal or family matters, 15% of men and 14% of women indicated they have a compressed workweek, and 14% of men and 15% of women said they engage in telework.

The study did not support the gender stereotypes of men deriving their identities largely from work, and

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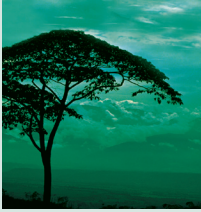
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women largely from family and relationships. For the most part, men and women reported comparable work identity and personal or family identity.

The survey also asked men and women whether they had experienced, or anticipate experiencing, repercussions at work for using flexible time and other work-life benefits. The results showed relatively few differences between men and women, however, employees in emerging countries appear to be far more concerned about negative consequences than workers in developed countries. For example, 35% in developed countries said they worry about retribution if they use flexible work options, compared with 68% in emerging countries.

While executives, managers, and supervisors in developed countries are more open to both men and women requesting greater flexibility, those in emerging countries lag behind. For example, 25% of the managers and executives surveyed in developed countries, but 54% in emerging countries, agreed that men who are highly committed to their personal or family lives cannot be equally committed to their work. Similarly, 54% of companies in the developed world, but 71% in emerging countries, said the ideal employee is available to meet business needs regardless of business hours.

However, executives in both developing and emerging countries did not differ greatly regarding the evaluation process for a flexible work arrangement request. The top organizational concerns cited by both groups are: The employee will not be accessible to meet an immediate need; work will fall on others in the department; customer service will be negatively affected; and management personnel will not know whether the employee is doing his or her job.

The study concluded that while many business leaders, especially those in emerging countries, continue to be skeptical of work-life balance programs, it is important for them to understand that flexibility in the workplace is not just a “woman’s issue.”

“Instead of tailoring work-life messaging and programming to men, it seems time for organizations to recognize the very real interests and needs of workers—men and women alike—and implement policies and practices that allow employees the flexibility to manage both of these spheres effectively,” researchers said.

Retirement Planning Strategies For Increased Longevity

According to “The Problem With Living Too Long,” an article published in May 2011 by employee benefits law firm, Drinker Biddle, Americans are living longer, and relying more on 401(k) and other defined contribution plans to finance their retirement. Therefore, both plan sponsors and plan participants need to develop strategies to ensure that retirement savings can provide participants with sufficient income for decades of retirement. The authors, Fred Reish, Pat Byrnes, and Bruce Ashton, pointed out that while previous generations could rely on a monthly income for life from a defined benefit pension plan, most employees retiring today will receive lump-sum distributions from a 401(k) plan, roll them over to IRAs, and then have to stretch the money to live on during their retirement. “This effectively forces a retiree to turn his or her 401(k) account balance into a stream of monthly payments, taking into account life expectancy, withdrawal rates, investment returns and volatility, and inflation,” the authors said.

Citing recent actuarial calculations for 65-year-olds retiring in 2013, 50% of men can expect to survive to age 85.99, and 25% can anticipate reaching age 90.78. Meanwhile, half of women can expect to live to age 87.97, and an estimated 25% will live to age 93.17. Further, couples retiring in 2013 are projected to have an even longer joint life expectancy, with a 50% chance that one of the partners will

live to be at least age 91.07, and a 25% chance that one spouse will survive to age 95.07. Thus, the majority of men and women who retire at age 65 will have to make their retirement savings last at least two decades, and a significant percentage will need their savings to cover three decades or more. The authors warned that retirees could run the risk of outliving their savings if they do not plan for the possibility of living beyond these advanced ages.

The article examines three main strategies retirees who expect to rely heavily on 401(k) savings for their retirement can use to manage this longevity risk. The first is to purchase an annuity with the account balance. While this addresses the problem of longevity, the retiree faces the prospect of a diminished lifestyle if there is inflation, unless the retiree buys an inflation-adjusted annuity, which is usually more expensive.

A second strategy is to hold the assets in an IRA, invest the funds appropriately, and take distributions at a rate intended for the funds to last for a lifetime; typically around 4% annually. The risks associated with this approach are that the retiree will draw down funds too slowly, forgoing a higher standard of living, or will withdraw money too fast and run out of funds.

Yet another option is to purchase a guaranteed minimum withdrawal benefit (GMWB) from an insurance company. Generally, a GMWB guarantees the retiree a lifetime annual withdrawal rate of 5% of the benefit base. In exchange for a fee, the insurance company then agrees to continue the payments for life if the investments are exhausted.

The authors further noted that, in addition to the above strategies, many people will have to work beyond age 65 to adequately finance their retirement, which could present practical issues for employers and policy challenges for the government. They also called upon financial services companies to create retirement investment products for 401(k) participants that can guarantee that their savings will last throughout retirement.

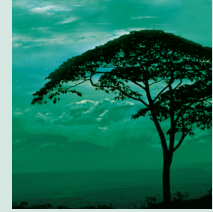
Improving Employee Health Behavior

Simple communication strategies, such as interactive messaging, can “nudge” employees to change their health behaviors, and reduce health care costs for insurance plan sponsors, as reported in a study published in the June 2011 issue of the *Proceedings of the National Academy of Sciences*.

According to the author, Katherine L. Milkman, assistant professor at the University of Pennsylvania, and researchers at Stanford, Yale, and Harvard, in conjunction with health communication solutions provider, Evive Health, simple planning prompts sent to employees reminding them to write down the specific date and time they intend to engage in a health-related activity can significantly increase the likelihood that they will follow through.

The study presented the results of a field experiment designed to measure the effect of prompts on realized behavioral outcomes. At a large Midwestern utility company, 3,272 employees who were considered at risk of flu-related complications due to age or chronic health conditions were randomly assigned to receive one of three mailings about the company’s on-site flu vaccination clinics.

All employees eligible for study participation received reminders listing the times and locations of vaccination clinics, but some employees also received prompts to write down either the date they planned to be vaccinated, or the date and time they planned to be vaccinated. Results showed that vaccination rates increased when these implementation intention prompts were sent: While the vaccination rate among control condition employees was 33.1%, employees prompted to write down just a date had a vaccination rate that was 1.5% higher than the control group, and those specifically prompted to write down both a date and a time had a vaccination rate that was 4.2% higher.



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The findings further indicated that the planning prompt was most effective among employees offered on-site flu shots on one specific day only. Researchers speculated that the prompt worked better for this group because there was only one opportunity offered to get a flu shot.

“Our research found that prompting people to simply write down the specific date and time when they plan to engage in a health activity—in this case, getting a flu shot—is a highly effective and zero cost method for improving behavior,” said Milkman. “We anticipate that similar prompts could be used to increase employee engagement in many other healthy behaviors that people intend to follow through on but often overlook due to competing demands on their time.”

Investing In Talent And Performance Management Technology

As U.S. employers look forward to increased recruitment activity over the next year, HR professionals report that talent and performance management technology systems will be of critical importance as companies make greater investments in HR technology, according to an annual survey by professional services consultant firm, Towers Watson, conducted in June 2011.

The survey asked 441 HR and HR Information Technology executives about their service delivery trends and practices. Results indicated that 41% see talent and performance systems as one of their top three HR service delivery issues for 2011. Streamlining HR processes (27%) and greater involvement in strategic business-driven issues (25%) were also cited as among their leading priorities.

The findings further revealed that companies are spending more on HR technology: 34% are planning to increase their investments in HR technology this year, with one in eight expecting that increase to exceed 20% over last year. By contrast, only 16% said they plan to reduce their spending on HR technology in 2011.

“As the economy continues to improve, the need for robust talent and performance management programs and enabling technologies has never been greater,” said Tom Keebler, global leader of Towers Watson’s HR service delivery and technology practices. “Companies view talent and performance management technologies as a critical component of their workforce attraction and retention initiatives, and also as a way to enhance HR’s role in helping the business to meet its strategic goals.”

Keebler also observed that this increase in HR technology investment has not been reported in the annual survey since before the economic downturn began. “The fact that technology spending is up this year is a clear indication of the high level of return that companies are seeing when it comes to technology as a means for improving both HR efficiency and effectiveness,” he said.

When asked to identify the top HR initiatives they are currently undertaking or planning for 2011, 62% of respondents said re-engineering key HR processes, 43% identified refocusing the role of their HR business partners, while 37% said implementing or leveraging self-service technologies. Of those who reported having recently completed these initiatives, 84% indicated the process of re-engineering had met or exceeded expectations, and 81% said that their recent self-service initiatives have met or exceeded expectations.



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