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Workers need incentives to change poor health, wealth behaviors

By Paula Aven Gladych

The health and wealth industries continue to collide with each other as rising health care costs continue to impede workers' ability to save for retirement.

A new Manning & Napier white paper looks at the convergence of the two hefty expenses and attempts to come up with solutions. According to the study, it's very difficult for people to estimate how much money they will need for health care costs in retirement, and people who don't have a lot of wealth can have major health issues.

Financial stress can cause everything from migraines and severe depression to insomnia, anxiety, high blood pressure, heart and digestive problems. In addition to increased medical expenses, these employees also cost employers in terms of missed work and lost productivity due to worrying about financial issues and spending time at work dealing with personal financial matters.

The aging workforce also has an impact because many people are unable to retire due to a lack of savings or because they can't afford to move away from employer-provided health care insurance. So how can employers help employees navigate these issues?

According to Manning & Napier, they can change their benefit plan designs to facilitate behavior changes, do a better job of communicating the importance of savings and offering planning tools and resources to help participants be wise consumers of health care and diligent savers.

A study by The Centers for Disease Control and Prevention estimated that 50 percent to 80 percent of health care costs can be attributed to an individual's lifestyle, so the key is to help change people's detrimental behaviors by creating incentives to encourage the appropriate use of high-value services that ultimately lead to better health and reduced catastrophic claim costs.

Employers also can implement health promotion programs that can help employees change unhealthy behaviors that lead to higher medical costs, including wellness and disease management programs that stress the importance of proper preventative care.

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Retirement plans are already changing their plan designs to help change employee behavior when it comes to saving. Programs like auto enrollment and auto escalation have helped boost employee participation rates, especially among younger workers.

Manning & Napier encourage employers to consider revisiting their employer match policy to encourage increased savings rates for participants. An employer with a 50 percent matching contribution on up to 4 percent could adjust their match to 25 percent match on up to 8 percent to provide participants with an incentive to contribute more to their retirement savings, the report stated.

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