SageView Advisory Group

VIEWPOINT

March 2024

Caregivers in the workplace: balancing work, life, finances, and caregiving responsibilities

The Employee Benefit Research Institute recently released its 2023 Workplace Wellness Survey, which included an oversample of caregiving workers to better understand their opinions about their employer and how they value their workplace-sponsored benefits, as well as the challenges they face.

Both caregivers and non-caregivers agree about the role of employers:

Caregivers and non-caregivers alike broadly agree that their employer has a responsibility to help employees with their mental, physical, and financial wellbeing.

Caregiving workers are not Particularly burdened by debt:

Caregivers are only several percentage points more likely to respond that debt is a problem for their household, although this difference is not statistically significant. However, caregivers were actually less likely than non-caregivers to flag certain types of debt, such as student loan debt or payday loan debt, as problematic for their household.

Demographic and socioeconomic differences:

Caregivers are more likely to be of Hispanic, Spanish, or Latino descent compared with non-caregivers. They are also more likely to be slightly older, and they are less likely to be single than workers without caregiving responsibilities. Caregivers are more likely to work part time than non-caregivers — perhaps owing to their caregiving responsibilities — although the two groups have similar household incomes and asset levels.

Mental health and workplace wellbeing challenges in common:

Overall, caregivers are remarkably similar to non-caregivers in their self-rated estimations of their own mental health and workplace wellbeing. However, the two groups differ in two key areas. Caregivers are less likely than non-caregivers to rate their own personal health as excellent, and they are more likely to give a lower rating of their household's financial wellbeing.

Still, caregivers — and their finances — are stressed:

Caregivers are less likely to indicate that their financial wellbeing is good or excellent. Similarly, caregivers report being less prepared than non-caregivers to weather a $5,000 emergency expense, and they are particularly apt to flag prescription drugs and medical expenses as financial issues that cause them stress. Lastly, three-quarters of caregivers feel it is challenging to juggle their work and caregiving responsibilities.

Continued on page 2

Continued from page 1

Not all caregivers are alike:

Caregivers are not a monolithic employee population. For many measures in the 2023 Workplace Wellness Survey, there are differences among caregivers when disaggregating by household income. Lower-income caregivers are, for instance, less likely to have access to and participate in core employee benefits, less likely to be satisfied with their employee benefits package, and more likely to report lower self-rated physical, mental, and financial wellbeing.

Source: EBRI

How new SECURE 2.0 provisions will affect younger generations

The SECURE 2.0 Act of 2022 may end up having a larger impact on younger workers, while producing modest benefits to those approaching retirement. This is according to preliminary research from the Employee Benefit Research Institute's (EBRI) director of wealth benefits research, Craig Copeland, as presented during the 2024 Retirement Symposium hosted by EBRI and the Milken Institute, and reported by PlanSponsor.

In particular, Copeland discussed two provisions:

1. Starting in 2025, SECURE 2.0 requires all plans started after December 29, 2022 to automatically enroll participants at a savings rate of between 3 percent and 10 percent of pay, unless they opt out or elect a different contribution.

2. Starting in 2027, savers with an income below $20,500 or $41,000 for married couples qualify for a 50 percent match to their individual retirement account or an eligible workplace plan from the federal government up to a maximum match of $1,000. The income thresholds will adjust for inflation beginning in 2027. The match is cut gradually until an individual has income of $35,500 or $71,000 for married couples to prevent a sudden loss of the match. The saver's match replaces the saver's credit.

Copeland noted that the EBRI research shows these two provisions will have a notable impact on retirement security by encouraging participation by lower-income workers. Additionally, because "the benefits of the legislation need time to compound" younger workers are more likely to reap the benefits.

The EBRI research found that the average savings deficit for workers between ages 35 to 39 would decline by 14.4 percent, but only 0.3 percent for those age 55 to 59.

*Source: EBRI and PlanSponsor

Gen Z retirement savings outpace other generations

The Investment Company Institute (ICI) released data in early 2024 that revealed a significant shift in retirement savings patterns between Generation Z and Generation X households. Notably, more than three times the percentage of Generation Z households have DC plan accounts compared to their counterparts in Generation X back in 1989.

Despite facing higher rates of student loan debt and inflation, the long-term financial outlook for the youngest generation in today's workforce appears promising, as per the ICI findings. In 2022, Gen Z households boasted two-and-a-half times more assets in their DC plans, adjusted for inflation, compared to what Gen X workers had at the same age in 1989. Similar positive trends were observed for Millennial households when compared to their counterparts from 1989.

Examining specific age groups, employees aged 18 to 25 in 2022 held a median of $5,000 in DC plan assets, a significant increase from the adjusted median of $1,729 for the same age group in 1989. For those aged 26 to 41 in 2022, the median assets averaged $26,000, up substantially from the adjusted median assets of $11,528 for the same age group in 1989.

Continued on page 3

Continued from page 2

The rise in DC retirement account ownership is attributed, in part, to automatic enrollment practices. More than half of DC account holder households under the age of 35 in 2023 reported being automatically enrolled in their plans. The prevalence of automatic features in DC plans gained traction after the Pension Protection Act of 2006, contributing to the notable increase in balances compared to 1989. In 2022, 24 percent of households aged 18 to 25 had a DC plan, in contrast to the mere 7 percent within the same age group in 1989. Additionally, seven in 10 mutual fund account-holder households under the age of 35 in 2023 reported purchasing their first mutual fund through their employer-sponsored retirement plan, showcasing the evolving landscape of financial planning and investment strategies among younger generations.

2024 National Webinars

Throughout the year, SageView holds financial wellness workshops centered around four themes: Healthy Habits, Investment Insights, Retirement Readiness and Financial Fitness, as well as topic-specific webinars for various age groups and demographics.

All of the webinars are recorded for those who register and are unable to attend live.

Financial Wellness Workshops

Join us for live financial wellness workshops hosted by our financial experts. Each quarter's 60-minute workshop consists of three 20-minute sessions on different topics, and is offered three times throughout the quarter.

Download the flyer

MARCH 6 | Savvy Women, Smart Investors

A women-focused and women-led webinar where we'll evaluate key financial priorities for women at every life stage.

Download the flyer

MAY 8 and 15 | Pre-Retirement Bootcamp

Whether retirement is 10-15 years away, or just a few years, the Pre-Retirement Bootcamp will cover essential topics to understand when planning for retirement, including Social Security, Medicare, taxes, investments, financial planning and budgeting.

Download the flyer

SEPTEMBER 12 | F.I.R.E. – Financial Independence, Retire Early

Defined by the goal of creating freedom and flexibility through financial independence, FIRE movement followers focus on drastically reducing expenses, saving aggressively, investing strategically and looking for additional ways to increase income to save 25 times their yearly expenses. Join us for a live webinar as our financial advisors dive into this movement growing in popularity among Millennial and Gen Z populations who want to retire much earlier than normal.

Download the flyer

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