



..... APRIL 2005 .....

### Overwork in America

#### Effective Workplaces Make Work 'Work'

**T**HERE IS NO question that work demands are continuing to escalate and many Americans have **too much work to do**, according to The Families and Work Institute's recent study, *Overwork in America: When the Way We Work Becomes Too Much*.



Our fast-paced, global 24/7 economy, the pressures of competition, and technology have blurred the traditional boundaries between **work life** and

**home life**. The way we work today appears to have a **negative impact** on our health and effectiveness at work. According to the study, approximately **one-third** of all U.S. employees are chronically overworked.

The study found that the very skills that are **fundamental** to succeeding in this global economy—specifically, moving quickly from task to task with little time for recovery in between, facing many interruptions, and working outside normal work hours, including vacations—can be useful but also can **become detrimental**.

According to the study, overworked employees are more likely to make mistakes at work; feel **angry** at their employers for expecting them to do so much; and resent coworkers who don't work as hard as they do. Personally, overworked employees are more apt to have higher levels *(Continued on Page 2)*

### Saving While There's Time

#### Employers Nudge 401(k)-Wary Workers; Provide Features to Encourage Saving



**SURVEY AFTER SURVEY** reveals that employees just aren't saving enough to **retire**—and often-times don't even know **how much** they actually need to retire. According to the Employee Benefit Research Institute, **50%** of all workers and **34%** of workers ages 55 and older say their total savings, excluding the value of their homes, are **less than \$50,000**.

Nonetheless, it is estimated that employees need to replace **80%** to **100%** of their income in retirement to retain a comfortable lifestyle.

Meanwhile, Lori Lucas, director of participant research at Hewitt Associates, says that only **45%** of employees in their **20s** participate in retirement programs, while **71%** in their **40s**, and **72%** in their **50s**, **contribute to 401(k)** accounts. Since no employer wants to be left holding the 'retirement bag', and to ensure that American workers can safely retire when they want or should, it behooves employers to provide **more incentives now**.

Getting employees to sign up for 401(k) plans isn't always easy. Regardless of the investment tool, "the three challenges that employers have with respect to 401(k) plans are getting employees to enroll, getting them to save enough money, and getting *(Continued on Page 2)*

### 2005 Health Care Trend Survey

#### Medical Costs to Increase 8.7% to 14.9%



**MEDICAL CARE** cost increases are expected to be between **8.7%** and **14.9%** in 2005 depending on the type of coverage, according to Mellon's semi-annual *National Health Care Trend Study*. The plans with the highest expected increases are **Indemnity** plans (14.9%), followed by **high deductible** consumer-driven plans (14.2%); **PPOs** (13.4%); **POs** (13.3%); **HMOs** (12.1%); and **Medicare Supplement** with Rx (11.5%) and **without Rx** (8.7%).

Medical care cost **trends** continue to be **high** due to increased utilization of health services, medical inflation, increases in the intensity of services, and continued government mandates, according to Mellon.

Likewise, stand-alone Rx drug plans are expected to increase **14.7%** in 2005, with Pharmacy Benefits Managers at **14.25%** and health insurers at **15.9%**. Increases of **6.6%** are expected for dental PPOs; **4.6%** for dental HMOs; and **3%** for vision care. ■

## Effective Workplaces . . .

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of **stress**, experience more symptoms of clinical **depression**, be in poorer **health**, and neglect caring for **themselves**.

A significant aspect of the study involves examining the relationship between **overwork and vacations**. Employees who take a higher percentage of vacation days just to relax and enjoy themselves, even when they feel overworked on the job, are significantly **less** likely to return to work feeling overwhelmed by all they have to do after taking a long vacation (more than 7 days). Consequently, this finding may have implications on how employers structure their **paid time-off** programs.



As baby boomers retire and the competition to attract and retain talent heats up, companies are looking more closely at the powerful **retention benefits** of extended time off, according to Rose Stanley, practice leader of compensation and benefits for World at Work, an association for compensation professionals. One such strategy is the sabbatical. Stanley says that employers find that "employees are more engaged, more productive, and more **loyal** when they return from sabbaticals." Whether they last for a month or a year, sabbaticals have a **restorative** emphasis.

Instituting a sabbatical policy is not without challenges. However, if employees and employers work together to avoid the **pitfalls**, a little 'time off' may be the best way to keep employees **healthy** and on the job. ■

## Encourage Saving . . .

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them to make the proper asset allocation," says Bill Carey, president of Fidelity Institutional Retirement Services Company.

To increase employee **participation** and the quality of participation, employers of varying sizes are introducing automatic programs designed to **motivate** employee enrollment and raise deferrals in their 401(k) plans. "Once in, they tend to **stay in**," says Martha Terry, Towers Perrin retirement consultant.

Even though some employers are sticking with more **conservative** routes, they have vastly **improved** their retirement plans by raising the company match, eliminating the waiting period, and vesting employees immediately to encourage saving for retirement. ■

## Bulletin Briefs . . . . .

### ◆ Security Rules Effective April 20 for Large Group Health Plans



Business Associate (BA) agreements must be amended by April 20, 2005 in order to reflect a BA's compliance with the HIPAA Security Rule. Consequently, BAs must be required by covered entities to implement safeguards that reasonably and appropriately **protect** the confidentiality, integrity, and availability of the electronic protected health information (ePHI) they create, receive, maintain, or transmit on behalf of the **covered entity**. BAs must also require any agent or subcontractor that the BA engages to have **reasonable** and **appropriate safeguards** in place.

Additionally, BAs must be **required** by covered entities **to report** any **security incident** to the covered entity and to make its policies and procedures available to the Secretary of Health and Human Services for **review**.

### ◆ EAPs Are Most Commonly Outsourced Function

With **62%** of respondents identifying it as the most popular **HR function to outsource**, employee assistance programs led background screening (54%), payroll processing (50%), benefits administration (49%), and payroll tax filing (42%), according to a Genesys Human Capital Management poll. The most **popular benefit**: freeing up internal staff (51%), streamlining operations (46%), accuracy and predictability in monthly costs (40%), and a focus on core business (39%). **Leading priorities** in human capital management for the coming year: talent acquisition and retention (57%), performance management (54%), streamlining processing (52%), and talent and leadership development (50%). ■

The *HRinsider*<sup>SM</sup> *bulletin* is brought to you each month courtesy of **Coordinated Benefits Company, LLC**, a UBA member. For more information, contact Nicole T. Geu at [info@cbcco.com](mailto:info@cbcco.com) or 847.605.8560 x12.



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