



Employee Benefits Report



PomeroyGroup
INSURANCE BROKERS & CONSULTANTS

3134 N. 7th Street, Phoenix, Arizona 85014 | (602) 265-8900 Main (602) 230-0398 Fax | info@pomeroygroup.com

Volume 21 · Number 7

JULY 2023

New Benefits

Unlocking Employee Potential with Divorce Coaching Benefits

A divorce is a life event that is both common and challenging, and its impact on an employee's professional life can be profound. The most recent CDC data shows that over 34% of marriages end in divorce.

According to a 2022 Good Housekeeping and SupportPay study, about 70% of the workforce is touched by divorce at any given time. The psychological stress, time-consuming legal proceedings, and financial worries associated with divorce can significantly affect an employee's concentration, motivation, and overall work performance.

It's no wonder that research suggests an employee's productivity can decline up to 40 percent in the six months prior to and for up to five years after a divorce.

Health, Financial Strains, and Absenteeism: The Personal Costs of Divorce

Beyond lost productivity, divorce can take a

continued on next page - 2



This Just In ...

Mitigate Employee Recession Fears and Pandemic Effects by Boosting Employee Wellness

Even as the dust of the pandemic begins to settle, employers face an urgent challenge: enhancing employee wellness amid fears of recession and lingering effects of the pandemic.

The Current State of Employee Wellness

Data reveals a worrying trend with employee benefits satisfaction plunging to a decade low of 61% in 2023. Further complicating the scenario is the widening gap between employer perception and employee reality – escalating from 3% to 22% within five years.

This decline has its roots in several factors: inflation, recession anxieties, and residual pandemic stress. Consequently, employees' expectations have shifted, with research indicating an increase in "must-have" benefits from 6.6 in 2020 to 8.3 in 2023. New benefits like financial wellness tools, employee assistance programs, and stress management resources are rising in demand.

Proactive Measures and Strategies

To create a resilient workforce, employers should consider strategies that start with talking



toll on an employee's health and financial stability. Sixty-seven percent of divorced people experience health declines and strains on finances, data from the Good Housekeeping study suggests.

Even more struggle with work absenteeism and lost productivity for over a year. This disruption can be so overwhelming that it can lead to some employees to making the drastic decision to leave their job, with studies showing that about 10% of employees quit their job due to divorce.

For divorced parents, the challenges are even greater. The day-to-day operations of being a divorced working parent can wear down the most diligent employee and lead to burnout.

Managing childcare arrangements, attending court appointments, and dealing with the emotional fallout from divorce all add to the strain.

The Role of Divorce Coaching

In the face of these challenges, divorce coaching emerges as an innovative solution offering emotional and practical support.

Divorce coaches work with employees to help manage the demands of court appearances, navigate complicated custody arrangements, and assist with financial planning. By alleviating the burden of these tasks, employees can maintain their focus on work and continue contributing to the organization.

Benefits to Employers

Providing resources that help employees who are going through a divorce also benefits the organization by reducing productivity losses.

Divorce coaching can also help reduce turnover. Providing divorce coaching shows employees that the organization values and supports them, potentially preventing the 10% of job losses linked to divorce.

In addition, supporting an employee through a major life event such as divorce can foster increased loyalty and dedication. Employees that feel supported by their employer during tough times are more likely to be committed to the organization and its goals.

Integration into Employee Benefits Programs

Successfully integrating divorce coaching into existing employee benefits programs requires a team effort involving HR managers and company leaders. As the first point of contact for employees seeking help, HR managers play a pivotal role in providing divorce support.

By receiving training to understand the issues facing an employee going through a divorce, HR managers can help employees access the support and resources they need more quickly, thereby mitigating the negative impact on productivity.

Complementing Traditional Employee Assistance Programs

Divorce coaching is not meant to replace traditional Employee Assistance Programs (EAPs) but is designed to complement and enhance these existing services.

EAPs typically provide assistance in finding an attorney, mental health counselor, or other professional resources to help employees manage their stress. Access to financial wellness benefits like a financial advisor, emergency childcare benefits, and robust PTO policies are also necessary and much-appreciated.

Divorce coaching can fill in the gaps, offering a more personalized level of support. It can provide practical assistance with the legalities of divorce and custody arrangements and emotional support during a destabilizing time.

to employees to accurately understand how they assess their wellness and benefits needs.

A comprehensive and flexible benefits package is recommended, addressing traditional needs and emergent ones. For example, financial wellness tools can support employees grappling with economic uncertainties, while stress management resources can improve mental health resilience.

Creating a caring culture is another potent strategy. Research shows that feeling cared for at work significantly enhances employee wellness.

Once these strategies are deployed, their success must be measured and adjustments made. Ongoing wellness and benefits satisfaction measurements provide valuable insights that enable organizations to improve their efforts quickly and effectively.

The Payoffs of a Resilient Workforce

The payoffs for employers who successfully enhance employee wellness are considerable: increased loyalty, productivity, and a more satisfied, resilient workforce. Economic uncertainties and residual pandemic pressures offer employers an opportunity to make a substantial positive impact on their employees' lives, fostering a workforce capable of weathering any storm.

Creating a Culture of Empathy

By providing a safety net during one of life's most stressful periods, employers can help ensure that employees are able to bring their best selves to work, even amidst personal hardships.

The goal of implementing divorce coaching is not just about mitigating productivity losses. It's about creating a culture of empathy and support that extends to all areas of an employee's life. ■



The Silent Crisis: Rising Mental Health Problems at Work

An undercurrent of mental health issues is disrupting workplaces across the United States, leading to concerns about productivity, engagement, and retention. The Society for Human Resource Management (SHRM) recently released a report revealing a startling trend: an increasing number of U.S. employees are battling mental health issues, often directly resulting from their work environment.

According to the SHRM study, one in three U.S. employees admits that their job has negatively im-

pacted their mental health in the past six months. This invisible crisis has tangible consequences and employers should consider taking action before it's too late.

Employees Perceive a Lot of Room for Improvement in Current Employer Approach

In years past, employers may not have been expected to address mental health in the workplace directly. The tides, however, are rapidly changing.

According to the same SHRM research, almost

half of U.S. employees now expect a higher level of mental health support from their organizations than in previous years.

This evolution presents employers with an excellent opportunity to create a healthier, more supportive work environment that benefits both employees and the bottom line.

The Current Response: A Need for Improvement

Many organizations have already taken sig-





nificant steps to support the mental health of their employees, using Employee Assistance Programs (EAPs), mental health apps, and in other ways.

Yet, despite these well-meaning efforts, the SHRM study found that 59% of U.S. employees feel their organizations still offer too few mental health resources.

While employers are making greater efforts to support mental health, these figures show there's still much ground to cover. Employers should consider re-evaluating their mental health support strategies, assessing what's working and, crucially, what isn't.

A Proactive Approach: Steps Toward a Healthier Workplace

What strategies might help employers better meet their employees' mental health needs? To answer this question, start by listening to the workforce. SHRM's study shows that employees are asking for paid mental health days, mental health coverage in healthcare plans, and free or subsidized virtual mental health services.

Additionally, employers should consider options such as mindfulness classes, mental health support groups, and mandatory mental health training for managers and employees. Experts suggest that these efforts, paired with providing mental health accommodations like flexible scheduling and work breaks,

can create a more supportive workplace environment.

But it's not enough to introduce these measures and hope for the best. Employers should consider actively promoting the availability of these resources, ensuring every employee is aware of what's available to them.

The Benefits of Investing in Mental Health

Addressing mental health is not just an altruistic effort. It's a strategic one. If left unaddressed, mental health issues can lead to increased turnover and decreased productivity.

SHRM's study found that "employees who work for organizations that are not successful at creating a workplace that supports mental health are less likely to describe their mental health as good or excellent (46 percent), compared to those who work for organizations that are successful at creating a workplace that supports mental health (74 percent)."

Thus, an investment in mental health support can be viewed as an investment in workforce stability and productivity. Plus, employees who feel their mental health is being prioritized are less likely to quit. ■

The IRS Takes on Inflation: Major Changes in HSA and HDHP for 2024

High inflation continues to shape the economic narrative of the nation. Now the Internal Revenue Service (IRS) has responded by unveiling significant modifications to the health savings account (HSA) and high-deductible health plan (HDHP) limits for the year 2024.

A Closer Look at the 2024 Adjustments

The IRS's announcement detailed considerable increases in the annual HSA contribution limits. In 2024, those with self-only coverage will be able to contribute up to \$4,150 annually, marking a 7.8 percent rise from the 2023 limit of \$3,850. For those with family coverage, the HSA contribution limit will climb to \$8,300, a 7.1 percent increase from the 2023 limit of \$7,750.

Simultaneously, employers will need to note alterations in the parameters for high-deductible health plans. In 2024, an HDHP must feature a deductible of no less than \$1,600 for self-only coverage, an increase from the \$1,500 required in 2023. For family coverage, this figure rises to \$3,200, an increase from the previous \$3,000 limit.



Furthermore, the maximum employer contribution to an excepted-benefit health reimbursement arrangement (HRA) will increase to \$2,100, up from \$1,950 in the previous year.

Understanding the Impetus Behind the Changes

As to why these adjustments have been made, it's important to understand the role of inflation. The IRS has pegged the increases in HSA and HDHP limits to the Chained Consumer Price Index, a tool that helps to measure the impact of inflation. This move reflects efforts to adapt to the financial realities faced by employers and employees alike, offering an opportunity for more financial protection and flexibility.

Implications and Opportunities for Employers

For employers, these changes are about more than just numbers. Indeed, they represent important

financial thresholds that could influence the financial behaviors of employees and the advice they receive from their financial advisors.

The rise in HSA contribution limits could prompt a more significant discussion about healthcare spending and long-term savings. This offers a valuable platform for employers to engage with employees and to promote a culture of financial health and benefits utilization.

Insights from Industry Experts

Broadly speaking, industry experts have welcomed these changes, recognizing the potential to alleviate some of the financial pressures employees are grappling with. The new limits offer employees more room to handle medical costs while encouraging a proactive approach to healthcare spending and retirement savings.

Strategies to Leverage These Changes

In light of these significant adjustments to the

HSA and HDHP limits, employers should consider reassessing their current benefits and communication strategies. It's important to ensure employees are fully aware of these changes and the opportunities they represent is vital.

Making employees aware of these changes should encourage them to increase their HSA contributions. Framing these increases as an opportunity to save more for future medical costs can promote a healthier culture of financial well-being in the workplace.

Seizing Opportunities in a Changing Landscape

Advancing into 2024, employers are not simply adapting to IRS adjustments but leveraging them for a strategic employee benefits management approach. By aligning offerings like HSAs and HDHPs with broader business goals and worker well-being, businesses can balance financial sustainability and an enticing benefits portfolio.

The role of employers today transcends basic benefits administration, resonating more with the financial well-being of their workforce. These changes, while driven by inflation, open doors for bolstering benefits communication, enhancing employee engagement, and underlining the value of healthcare savings.

As the benefits climate continues to shift, staying informed, agile, and proactive is imperative. Employers that harness this flexibility and foresight will not only navigate the new terrain of 2024 effectively, but they'll also cultivate a resilient, future-ready workforce. ■





How to Compete in Today's Tight Labor Market

The 2023 labor market continues to tighten, creating challenges and opportunities for employers. Compensation is a key aspect of these dynamics. Mercer's latest data reveals that pay increases this year are the highest since the 2008 financial crisis.

Average annual merit increases reported by U.S. employers are at 3.8 percent, and total compensation, encompassing all pay raises, has increased by 4.1 percent. Although these figures suggest a general trend, the increases are not uniform across all industries. For example, the life sciences, energy, and services industries lead the pack with more significant raises.

The Rise of Pay Transparency and Corporate Adaptations

Pay transparency has emerged as a critical issue, with new laws prompting more companies to adjust their strategies. Some companies have set precedents with their open salary policies, demonstrating the potential benefits of pay transparency in a competitive labor market.

In response to these changes, many organizations are reshaping their compensation strategies. Rather than just raising salaries, they are aligning compensation with broader business goals, considering factors such as company size, industry benchmarks, and the skill levels of their workforce. This strategic approach aims to offer competitive wages while also ensuring the financial sustainability of the business.

Employee Expectations, Inflation Slowdown, and Future Projections

Understanding and managing employee expectations is another critical aspect of this scenario. For example, Mercer's research revealed that 83 percent of workers expect a raise in 2023. Companies must carefully evaluate employee expectations in the context of their talents and abilities and the overall economic climate.

The economic climate is an influential factor. The slowing inflation rate is causing fewer organizations to plan base pay raises this year. Payscale, a Seattle-based compensation software firm, found that only 80 percent of organizations plan to give raises in 2023, down from 92 percent in 2022.

Beyond just base pay, employers must also consider other forms of compensation. Health benefits, flexible work arrangements, and professional development opportunities play a substantial role in attracting and retaining talent.

Spotting Signs of a Slowdown and Looking Ahead

Despite these proactive strategies, signs of a potential slowdown are emerging. The average base pay change from October 2022 to March 2023 stood at only 3.4 percent, compared to 4.7 percent from January to September 2022. This suggests that compensation growth may be cooling down alongside the economy.

Looking ahead, the labor market in 2023 calls for a strategic approach to compensation decisions. It is crucial to balance increased employee expectations and business sustainability in an evolving economic climate. As the labor market changes, staying proactive, adaptable, and innovative are essential to maintaining a competitive edge. ■

