Employee Benefits Report

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Taking Away the Barriers in the Workforce to Improved Mental Health

Mental illness is a growing problem in this country and treatment options are sparse. Fortunately, as an employer, you can take steps to make it easier for your employees to seek help.

The Problem

The National Institute of Mental Health estimates that one in five American adults has suffered from mental illness at some time.

According to the National Alliance on Mental Illness, serious mental illness can lead to chronic medical conditions and costs the United States $193.2 billion annually in lost earnings. The alliance also estimates that adults living with serious mental illness

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Possible Changes Ahead for Employers and 401(k) Plans

President Donald Trump issued an executive order directing the departments of Labor and Treasury to consider:

- **Raising the age when people with traditional Individual Retirement Accounts (IRAs) and 401(k)s must start making Required Minimum Distributions (RMD). Trump also proposed reducing the amount retirees are required to take out. Retirees currently must begin withdrawing savings and paying taxes on those withdrawals at age 70 and a half. Proponents like the idea of delaying the RMD since the average life**

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on average die 25 years earlier than others, even when many of the conditions are treatable. In addition, those who don't seek treatment often choose to self-medicate, using alcohol or drugs. Poor mental health also can lead to poor productivity; low employee morale; and legal risks to the company when an employee can no longer cope.

Even if you offer your employees access to a group health plan, that doesn't mean the treatment of depression, emotional issues or relationship problems will be addressed with counseling or medications.

As an employer, you have the ability to offer services and to send a message that it's OK to seek treatment. Here are a few steps you can take to ensure your employees have options to safeguard or increase their mental health.

Accommodations

Required by law

Title I of the Americans with Disabilities Act Amendments Act of 2008 (ADAAA) requires employers to make "reasonable accommodations" to help people with mental health conditions do their jobs. The ADAAA does not list which conditions must be given accommodations, but instead gives a general definition of who should receive accommodations. The accommodations are necessary because someone with a mental health condition might not be able to focus, process information, think clearly, remember details, organize thoughts or stop and start an action.

Accommodations can range from supplying headphones to block out distracting noises to adjusting a work schedule. Sometimes an employee can feel less stressed if they are allowed to bring their service animal to work.

Services

Employee Assistance Program (EAP)

Employee Assistance Programs (EAPs) give employees free telephone access to a counselor, nurse or health provider to discuss marital and financial issues and substance abuse and mental health problems. EAPs also can provide assistance with other concerns, including finding childcare; providing legal assistance; and negotiating medical bills. For serious conditions, the counselor or nurse can provide referrals for long-term counseling or specialized care.

It's important that a third-party administrator provide these benefits so employees will feel comfortable discussing their problems and knowing that the information will not be shared with their employer.

Group Health Plan

If you provide your employees with a health insurance plan or are considering offering one, check to see if it includes mental health coverage. Mental health services should include outpatient and inpatient treatment, telemedicine, medication and counseling.

It's critical that the behavioral health plan offers quicker pre-certification and claims handling than standard health care insurance. The plan should have access to medications that treat problems ranging from depression to substance abuse.

span is age 78 and delaying distribution means that retirement savings have a longer time to accrue interest.

- **Finding ways to reduce paperwork and administrative requirements making it easier for small businesses to offer retirement plans to employees. Currently, only 53 percent of employees working for small companies are offered retirement plans.**
- **Streamlining the procedure to create pooled Multiple Employer Plans, which allows two or more unrelated businesses to offer 401(k) plans. The idea is that it will significantly reduce the cost and complexity of starting and maintaining a 401(k).**

The executive order is not law at this time. If the changes are enacted, it could take months or years to go into effect.

Telemedicine

As mentioned, telemedicine is a valuable tool to address mental health concerns so employees can simply call and receive advice. The service differs from an EAP in that the online telemedicine physician has access to their medical files and often can prescribe medication over the phone or by computer.

There still is a feeling of anonymity, so patients can get care in the privacy of their home.

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Training

Leadership Training

An employee who is suffering from a mental illness may not be comfortable seeking help, but their symptoms could manifest at work. You should train your managers to spot mental illness; to address the issue with the employee; and know where to refer the employee for assistance.

Financial Literacy and Stress Education

Stress can lead to anxiety and depression, as can financial hardship. Educational seminars on financial literacy can give employees the skills they need to manage resources effectively. Resiliency training and stress management can focus on preventative care.

For help on how to address mental health issues with your employee benefits plan, please contact us.

Employee Student Loan Assistance Enters the Retirement Arena

Your employees' student loan debt doesn't have to get in their way if they're saving for retirement.

A new groundbreaking ruling by the Internal Revenue Service (IRS) clears the way for employers to allow employees with student loan payments to qualify and receive an employer-funded 401(k) match — even if they aren't saving for retirement.

Student debt is becoming a big problem. According to the Federal Reserve Bank of St. Louis, more than 44 million Americans hold nearly $1.5 trillion in student debt, meaning that about one in four American adults is paying off student loans. How much are those loans? *The Wall Street Journal* reports that the average student loan borrower has $37,172 in student loans when they graduate.

The result is that many employees are reluctant or unable to save for retirement when they're still trying to pay down their debt. Employers, wanting to attract young, talented employees, have been looking for ways to help employees manage debt by offering signing bonuses; additional compensation based on current debt payments; and direct payments on outstanding loans. Now there is another option.

Background of the IRS Decision

Abbott currently offers a 401(k) plan and provides matching contributions if employees each contribute at least two percent of their wages into the plan. The company wanted to establish a new Student Loan Repayment program (SLR) that extended matching contributions to employees who are making student loan repayments. Abbott asked the IRS if it could offer the student loan repayment program as a component of their 401(k) plan.

The IRS issued their response in a Private Letter Ruling (PLR 201833012). The IRS ruling allows employees to receive the equivalent of matching contributions

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without electing to make their own contributions. The ruling opens the door for other companies to also introduce tax-advantaged student loan benefit programs.

Abbott's SLR program makes a non-elective employer contribution to the 401(k) if an employee makes a student loan repayment equal to at least 2 percent of compensation and no more than five percent. And, while the employer makes a retirement plan contribution for the employee regardless of whether the employee contributed to the 401(k) plan, the employee must enroll before the end of the plan year to participate. They can also opt out of the program. To qualify, employees must meet 401(k) eligibility and vesting rules, and they cannot receive both regular and SLR matching contributions.

Contributions under SLR are tax-deferred for the employee and tax deductible for the employer.

What This Means for Employers

The Private Letter ruling on the SLR Program is a good first step, but attorneys say the IRS needs to offer guidance before employers can offer similar programs without having to ask for a Private Letter Review (which can take up to year or more to get).

For instance, some obstacles that need to be overcome before implementing the plan include determining:

- Whether your program is legal if your SLR design differs from the provisions approved by the IRS.
- How to track and verify employees' student loan payments and confirm payments were made.
- How the payroll system will know when a matching payment should be stopped.
- Whether rules governing safe harbor plans could limit an employer's ability to offer this feature. For a 401(k) plan to be considered a Safe Harbor plan, employers must satisfy certain contribution, vesting and notice requirements.
- How to track non-elective contributions.
- What kind of student loans will be eligible for their programs. For instance, should personal and family loans be included as well as government and bank loans?
- What the costs of this type of program will be, particularly since employers don't know the full amount of employees' student loans.

We'll try to keep you up to date on developments in this area. If you need more information, please contact us.

Optional No More – The Growing Popularity of Voluntary Benefits

Is your benefits package enough to keep and attract employees?

If you offer your employees a core benefit package — such as health insurance and a 401(k) retirement account — you might think that's enough to attract and keep talented employees. However, a recent survey shows that to stay competitive many employers believe that they must offer a wide variety of voluntary benefits.

The "2018 Emerging Trends: Voluntary Benefits and Services Survey" conducted by Willis Towers Watson found that employers are expanding their choices of voluntary benefits to address workers' financial needs and overall well-being. More than 69 percent of employers surveyed said voluntary benefits will be a more important part of their employee benefits package in the next three to five years.

Voluntary benefits are supplementary insurance products you can offer your employees at no or low cost to you. You choose which products to offer and whether the company will pay a portion or all of the costs; employees choose the products that best fit their needs and then pay their portion of the costs through payroll deduction.

Also called supplemental insurance or employee-paid benefits, traditional voluntary benefits include life, vision, dental, disability, cancer, critical illness and accident insurance. Nontraditional benefits, such as financial planning, are gaining in popularity as employee needs change.

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Why Employers Like Voluntary Benefits

Benefitfocus, a benefits management software company, released a report this year on “The State of Employee Benefits.” The report reveals that attractive benefits can make the difference whether a prospective employee accepts a job offer.

Part of the reason employers are considering adding voluntary benefits is because they are looking to address the needs of a changing and diverse workforce.

For example, many employees want to improve their financial situation, and 42 percent of the employers surveyed said they offered at least one of three voluntary income protection benefits (accident, critical illness or hospital indemnity plans) to their employees in 2018. Eighteen percent of the employers offered all three. In addition, participation in identity protection and legal insurance plans increased the last few years by 17 percent and 13 percent, respectively.

Another important reason for the increasing popularity of voluntary benefits is that employers are looking for ways to reduce costs and manage the impact of the Affordable Care Act’s cost increases. Some employers are dropping benefits such as life insurance to cover costs. Voluntary benefits let employers shift benefit costs to employees – while employees can purchase these benefits at a lower group rate.

Why Employees Like Voluntary Benefits

As mentioned, employees can purchase voluntary benefits at group rates, making a wide variety of benefits available. The ability to customize benefits that fit their lifestyle is particularly important in today’s culture, where advances in technology make it easy to personalize everything from smartphone apps to television schedules. Additionally, many plans are offered on a guaranteed or simplified basis, so employees with health conditions can still get coverage.

Popular Choices

According to a McKinsey & Company’s survey, benefits that improve quality of life have grown fastest, with sales of vision insurance up 24 percent and critical illness insurance up 19 percent.

The Center for Financial Services Innovation released a report showing that 85 percent of Americans are anxious about their financial situation. That stress can lead to productivity losses; increased absenteeism and healthcare claims; and reduced turnover of employees of retirement age since they feel they cannot afford to retire.

Some financial worries include:

- Student loan debts
- Parents saving for their children’s college expenses
- Identity theft protection

According to the Willis Towers Watson survey, eight percent of employers currently offer student loan consolidation programs, which could increase to 34 percent by 2021. Similarly, 10 percent of employers offer student loan refinancing arrangements, which could increase to 35 percent by 2021. More than half of all respondents offer some form of financial planning and counseling services, which could increase another 10% by 2021.

Other popular voluntary benefits expected to double in popularity by 2021 include pet insurance; long-term and critical-illness coverage; and hospital indemnity insurance.

For ideas about how to include voluntary benefits in your employee benefits program, please contact us. ■

Newest Benefit Offerings Focus on Pets and Health

Employers who want to attract the best talent are going beyond traditional benefits and looking at employee needs.

With millennials accounting for half of the worldwide pet owners and their growing interest in health concerns, it may not be surprising that two new benefits are “pawternity” leave and stem cell storage.

Pawternity

Pawternity allows employees to spend time taking care of their new pets to help them adjust to new surroundings. Time off can range from paid leave to the opportunity to work from home.

Some companies also allow employees to bring their pets to work.

Before adopting any of these benefits, ensure you get legal advice and talk to your human resource department. For example, should you grant paid or unpaid time off, for which events and for what pets?

Another option: you could adopt a “bucket leave” policy which includes all paid time off so that the employee can use it for any situation, even the adoption or death of a pet.

Also, check with your insurance broker concerning liability if you decide to allow pets at work. Pets can cause injuries or allergies.

Stem Cell Storage

The tech industry is an early adopter of providing stem cell storage. The idea behind stem cell storage is to keep healthy stem cells to

treat certain diseases such as Parkinson’s and Alzheimer’s. The catch is that science hasn’t yet found a way to use the cells to treat these diseases. Scientists still are researching the use of stem cells. And for diseases that are treated using stem cells, such as blood cancers, most people don’t need to use their own.

The stem cells are gathered through a bone marrow collection procedure. Employers who offer this benefit must pay the storage fee until the employee quits or gets fired.