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Employers Adjust To Religious Diversity In The Workplace

Growing numbers of employers are taking steps to accommodate diverse religious practices among employees, granting workers time off to celebrate religious holidays or allowing flexible schedules that make it easier for employees to engage in prayer or other rituals, according to a survey conducted by the Society for Human Resource Management (SHRM).

The survey of human resource professionals at nearly 550 organizations showed that most companies employ people with different religious traditions, with just 12% reporting no religious or spiritual diversity among their workforce. Of those employing members of more than one religious group, 98% told researchers that employees work together cooperatively.

According to the survey, the top three accommodations made by employers over the past 12 months were

taking different religious beliefs of employees into account when planning holiday-related events, permitting religious decoration of individual workspaces, and offering flexible scheduling to allow for religious practices, such as prayer and meditation, at work.

“Religious diversity in the workplace has been a rising trend for several years, driven by such powerful factors as immigration and global-

ization,” said China M. Gorman, SHRM’s chief operating officer. “HR professionals recognize that cultures that respect and value religious views benefit from higher employee performance and loyalty to the organization.”

Researchers pointed out that, under Title VII of the Civil Rights Act of 1964, employers are required to reasonably accommodate employees’ religious beliefs unless doing so would create an undue business hardship. The survey results suggested that, having made reasonable accommodations, companies have not been hit by a wave of requests for individual arrangements: 94% of respondents reported no increase in the number of formal requests for special arrangements related to religious practices over the last 12 months.

The survey also showed, however, that only a little more than half (51%)

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of the employers surveyed have a written policy on religious diversity, and just 56% offer paid or unpaid leave for holidays not included in the company's holiday schedule.

"The U.S. is becoming more diverse and employers can leverage this diversity to reach business goals," said Shirley Davis, director of diversity initiatives for SHRM. "Employees who see cultural and religious diversity being respected in the workplace feel more aligned with their organization, and that has a positive impact on the bottom line. So companies need to see this as far more than a legal requirement."

Will More Workers Delay Retirement?

Amid turmoil in the financial markets, many Americans who are currently working are considering delaying retirement, according to a survey by the International Foundation of Employee Benefit Plans (IFEFP). Yet, a study of retirement ages and disability rates among older men conducted at the Center for Retirement Research at Boston College suggests that postponing retirement may not be an option for all categories of workers.

In a survey of 1,089 sponsors of both defined contribution and defined benefit retirement plans conducted by the IFEFP, nearly half (46%) reported that their plan participants are considering delaying retirement, and 38% said their employees are concerned about not saving enough for retirement. The findings also indicated that the trend toward postponing retirement may have already begun, with one-quarter of respondents reporting an increase in the number of eligible workers delaying retirement.

Nearly one-third (30%) of the defined contribution plan sponsors said their plan participants have decreased their overall retirement plan contributions, and more than one-third (34%) told researchers they believe plan participants have reduced

their exposure to equities, choosing instead lower-risk investment alternatives.

Moreover, 28% of the defined contribution plan sponsors said they have noticed an increase over the past six months in the number of plan participants taking loans from their retirement accounts. When asked for their views on why hardship withdrawals have risen, 29% cited current economic conditions. Just under one-third (31%) of sponsors of defined contribution plans said they believe their plan participants see the long-term impact of the financial crisis as severe, while only 19% of defined benefit plan sponsors described their participants as very worried about their long-term financial prospects.

When asked if they have altered the design of their plans in response to recent market volatility, one-fifth (20%) of defined benefit plan sponsors indicated they have made changes to their strategic asset allocation with the goal of reducing risk and protecting assets. Meanwhile, just 7% of defined contribution plan sponsors reported making changes to their investment product offerings, though 22% said they are considering making changes in the future.

"The current economic and financial situation has caused both participants and plan sponsors to evaluate their retirement plans," said Sally Natchek, senior director of research at the IFEFP.

In response to rising concerns about their retirement prospects, both defined benefit and defined contribution sponsors are making additional efforts to communicate with participants about the impact of the financial crisis on their retirement savings. Nearly half (47%) of all plan sponsors said they have addressed the economic situation in a special communication, while 46% said they are addressing the issue in a regular newsletter.

"It appears that plan sponsors and participants are forming supportive partnerships and working together to ensure long-term success," said Natchek.

While economic uncertainties have led many workers to consider postponing retirement, a study published by the

Center for Retirement Research at Boston College questions whether large groups of workers will be fit enough to continue earning past normal retirement age.

The study, “Are Older Men Healthy Enough to Work?” was written by Alicia H. Munnell, Mauricio Soto, and Alex Golub-Sass. The authors noted that, since the mid-1960s, the median retirement age for men has fallen from 66 to 63. However, if men continue to retire at age 63, many may run the risk of income shortfalls, especially at older ages. “This risk is even greater for those currently nearing retirement who have recently seen a large portion of their nest egg evaporate,” the authors said.

Despite steady increases in life expectancy, the authors observed, disparities in health and mortality outcomes have widened between particular groups, and the improvement in health outcomes for the population as a whole may have slowed or even reversed.

Noting that many non-fatal conditions make it difficult for people to remain in the labor force, researchers asserted that, rather than life expectancy, a better indicator for the prospect of retirement postponement is the length of time a worker lives free of disability. Citing data on disability from the National Health Interview Survey, which has been conducted annually by the U.S. National Center for Health Statistics since 1959, the study found that, while life expectancy at age 50 rose 4.2 years between 1970 and 2000, disability-free life expectancy increased by just 2.7 years over the same period.

The study’s authors also cautioned that, while men, on average, can now expect more disability-free years than in the 1960s, health status and life expectancy can vary significantly by socio-economic status. For example, between 1979 and 1989, male life expectancy at age 50 was found to vary from 28.7 years for college-educated white males to 20.7 years for black males with less than a high school education. When measuring the percentage of the population with activity limitations by education and race, the study found that, with the ex-

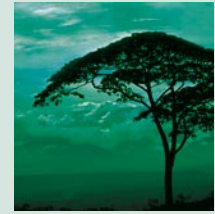
ception of white, college-educated men, the prevalence of disability increased between 1970 and 2000 among men aged 50–64.

As a final step in their analysis, the authors estimated the years of disability-free life for each group of male workers. Again, with the exception of college-educated whites, the number of years the average man at age 50 could expect to remain free of disability was roughly unchanged between 1970 and 2000.

Researchers attributed the improvement among all men in the number of disability-free years seen over the period to increasing levels of educational attainment. Yet, given the huge disparities in the number of disability-free years enjoyed by members of higher and lower socio-economic groups, the authors said, the ability of individuals to continue working at older ages can be expected to vary enormously.

Based on current trends, the study also assessed how disability-free life expectancy is likely to change over time. The authors cited several recent studies that indicate improvements in the health of the older working-age population may not continue. The reduction in risk factors that have contributed to the decline in mortality and improvements in health over the past 30 years, such as reductions in smoking and high blood pressure, may be offset in the future by the increase in obesity. Moreover, they noted, those born between 1936 and 1953 are much more likely than previous generations to suffer from pain, chronic diseases, psychiatric problems, and alcohol issues.

These findings, the authors concluded, “have implications for policymakers who may be seeking ways to encourage longer work lives, particularly in light of the current financial crisis.” While observing that physical limitations should not inhibit most older Americans from working until at least their mid-sixties, researchers warned that at least a quarter of the population may find continued employment extremely difficult. Finally, they added, given the leveling off of educational achievement



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and the growing incidence of obesity, the employment prospects of this group of older workers are unlikely to improve.

Employers Must Convey The Value Of Rewards Programs

At most companies, rewards programs are central to recruitment and retention; however, in order for these programs to be effective, employers must better communicate to employees the value of the benefits provided, according to a study conducted by human resources consultancy the Hay Group, WorldatWork, and Loyola University Chicago.

A survey of close to 400 human resources and compensation professionals found that only one-third (33%) of respondents believe the rewards philosophy and strategy of their organization are being communicated effectively. At the same time, however, 80% also said they believe reward communication has a noticeable impact on the organization's performance, employee satisfaction, retention, and engagement.

"When times are tough economically, it is more important than ever for companies to clearly communicate their commitment to employees," said Rich Sperling, a senior consultant with Hay Group. "Employers can leverage a variety of financial and non-financial rewards to engage employees during tough times when budgets are tight, but communicating and reinforcing those messages through a variety of channels is critical."

Sperling added that rewards programs are one of the largest controllable expenses for most companies, but many

employers devote little time or resources to evaluating program effectiveness or reinforcing the value of these benefits with employees.

The study found that 39% of the employers surveyed conduct no evaluation of the effectiveness of their rewards communications, and just 10% test their programs before implementation. Results also showed, however, that respondents who indicated that their programs are tested were more likely to rate the programs as effective.

In addition, just one-quarter (25%) of the HR professionals surveyed said they target communication to specific employee groups. Yet, of this group, nearly three-quarters (74%) agreed that targeting is an effective strategy.

Nearly half of survey respondents reported that employees receive training in managing their benefits, including investing for retirement. While 79% of this group reported that training has proven successful, the survey indicated that only 29% of employees with access to training sessions actually participate.

When asked to identify the most effective methods for communicating practical information about benefits, as well as the philosophy and strategy behind rewards programs, survey respondents were most likely to cite total rewards statements. But total rewards statements were also found to be the least prevalent method for communicating with employees about both benefits and strategy.

"While total reward statements are becoming more common, they are often not used to their full potential," said Sperling. "These statements provide an excellent communications opportunity for employers to clearly explain their programs and strategies, instead of simply offering raw facts."



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