# Revamping Retirement Episode 61

Hello, and welcome to revamping retirement, a podcast brought to you by CAPTRUST, where we explore the opportunities and challenges facing today's retirement plan sponsors and fiduciaries. Our hosts lead the employer-sponsored retirement plan practice at CAPTRUST, one of the largest registered investment advisors in the U.S. and a thought leader in the retirement plan, advisory, and consulting space. We hope you enjoy Revamping Retirement.

**Matt:** Hello, and welcome to Revamping Retirement. I am Matt Patrick and I'm cohosting today with Dawn McPherson. Dawn, how are you?

**Dawn:** I'm doing great, Matt. It's been a little chilly and gloomy here in Kansas City, but I mean, it is winter.

**Matt:** She says chilly and gloomy, but also Dawn is levitating from the Chiefs' uh. So, another word.

**Dawn:** Go Chiefs! That might get me some haters, Matt.

**Matt:** Well, today we have the pleasure of welcoming on Lisa Greenwald, who is the CEO of Greenwald Research. And Lisa and her team recently released a study on caregivers, which is not a group that we've highlighted specifically on this show before. So we're really excited to learn more about that. Lisa, welcome to the show.

**Lisa:** Thank you very much for having me.

**Matt:** To start off, you know, we gave you a very brief intro there, but if you wouldn't mind maybe introducing yourself and giving us some of your background and background on Greenwald Research and what you all do.

**Lisa:** Greenwald Research is an independent market research company and consulting firm. We specialize in research related to retirement, workplace benefits, and health insurance exclusively. So anything that touches health and wealth and caregivers really occupy a space at the intersection of those two.

**Matt:** What made you all choose to focus on caregivers and release a study specific on that topic?

**Lisa:** Most of Greenwald's clients are retirement plan providers or investment providers. They are employee benefits providers. So many of the companies that your sponsors are working with are our clients. And I think they choose to focus on caregivers because of caregivings.

CAPTRUST has pretty tremendous impact on the financial, emotional, and physical well-being of employees. These are employees who can't participate in the benefits our clients provide to the same extent as others. And so that's an issue for the benefits providers and for employers alike. And as much as the average American worker may struggle to balance financial priorities and save for retirement, the caregiver struggles more and has unique challenges that are often not addressed by employers and benefits.

**Dawn:** That's great, Lisa. Two things: For starters, can you step back and define a caregiver for the purpose of this study?

**Lisa:** So, the definitions used for those studies are incredibly similar. We use the National Alliance for Caregiving's definition of caregiver. These are people helping someone with activities of daily living (ADLs) or instrumental activities of daily living. They're doing it in a non-institutional setting, and they're doing it unpaid.

So we've done a number of studies with caregivers or caregiving as the focus. The ones that I'm going to be talking about today and referencing the most are the National Alliance for Caregiving’s Caregiving in the U.S. study and two studies that Greenwald conducts in partnership with the Employee Benefit Research Institute through the annual Retirement Confidence Survey and Workplace Wellness Survey.

And odds are there are caregiving employees. In everyone's population, one in five Americans meets this criteria, has been a caregiver in the past 12 months. So if we do the math, that's 53 million adults in the United States.

**Dawn:** It jumped out to me that you said caregivers aren't able to participate in benefit offerings to the same level that others are. Do you want to dive into that a little bit?

**Lisa:** So every challenge you can think of that the average worker is experiencing, caregivers are facing it in greater numbers more often and or more intensely. One is work patterns. Caregivers are far more likely to be part-time than full-time. That doesn't mean it's a majority, but they're more likely than non-caregivers. A third of caregivers say they've taken time off of work for caregiving. A quarter reduced their work hours in order to be a caregiver.

Nineteen percent took a different job with more flexibility because of caregiving. Another 5 [percent] specifically took a job with more PTO. I'm going to hopefully talk a little bit more about that. So that has big impacts. It impacts salaries, Social Security benefits, intermittent retirement plan access, contributions, and all in all we do see a higher percentage of caregivers saying that it is hard to participate in the retirement plan specifically, but as other benefits as well, because they're stretched thin financially.

**Matt:** So I think it's easy to draw the connection there to see why they're not able to participate in the same way, and I'm sure we can guess in terms of what that does to their broader financial picture or their comfort with their ability to plan for retirement and actually save for retirement. But do the numbers bear out that way, looking at the confidence survey? Do you see differences in those numbers for caregivers?

**Lisa:** Yeah, absolutely. In 2023, the Retirement Confidence Survey, which has been around for over 30 years measuring Americans' retirement confidence, certainly showed that retirement confidence was down for all Americans compared to 2022, but it still shows. Which is a little counterintuitive. I think, in our world, that Americans are fairly confident about retirement, but they're not very confident about retirement.

So if we look at workers overall, it was 73 percent who felt very or somewhat confident they'd have enough money to live a comfortable retirement. In 2023, that 73 had dropped to 64 percent, but only 18 percent of all workers were very confident.

So what was 18 percent for Americans overall, very confident is 14 percent for caregivers. So the numbers sound small, but it is a statistically significant difference. Caregivers are less confident about their retirement. And it's because of all of the financial challenges they face to free up room to prioritize it.

**Dawn:** I think we can make some assumptions on this as well, but I'm wondering if you have any specific stats that speak to how often the caregivers are actually also providing that financial support for the ones that are in their care.

**Lisa:** There's a good number of them [who], in addition to providing some of these helpful activities and support, are providing very real, very tangible financial support to their care recipients. Our Retirement Confidence Survey would suggest that about 55 percent of caregiving workers are providing real financial support, and it's fairly significant. It's about, I want to say, just shy of four in 10 who are providing somewhere between 1,000 and 5,000 dollars a year to their care recipient, and another 35 percent say it's been in the 5,000 to 15,000 dollar range.

**Matt:** So just to redefine those numbers, because they are pretty striking: 55 percent of caregivers are providing financial support. And then four out of 10 of those are providing a significant sum of money.

**Lisa:** That's correct.

**Matt:** So, I guess, how does that extend further to their ongoing financial picture?

**Lisa:** Not well, unfortunately. We know debt is a problem for American workers. Sixty-two percent of all workers say that non-mortgage debt is a major or minor problem for their household, and 24 percent overall call it a major problem. among caregivers, So for caregivers, it's a quarter who say debt is a major problem. Non-caregivers, that number is just 17 percent.

**Dawn:** Our focus is on helping plan sponsors and helping employees with their retirement outcomes and retirement readiness. So, given the specific challenges for caregivers, feel free to, based on your survey research, take this broader. How do plan sponsors help their workforce with these challenges? What can they do?

**Lisa:** I think sponsors really need to stay focused on work-life balance. And if that's an organizational value, you have to keep the emphasis there, especially so that your caregiving employees hear that. One of the things we learned, for example, is that caregivers rate their employers lower about on efforts to communicate about mental health and work-life balance.

Right, so they're not hearing that message, and it's not time, even though we think COVID's over, and maybe we don't have to talk about work-life balance as much, it's not time to take the foot off the pedal there. Caregivers need that flexibility, and they need to know what's there for them.

**Matt:** When you talk about work-life balance in this context, is there a type of flexibility that's more impactful? Like, is that more remote work, if that's possible, or is it just more flexible time, flexible schedule. What does that look like and what's the most impact?

**Lisa:** So, interestingly enough, what we captured—and this isn't among caregivers specifically, but overall—is it's about the number of hours worked every week but also the flexibility of schedule. And that actually rose to the top, above flexibility of location. It goes hand in hand, I think, with the next thing I think employers need to keep in mind for caregivers specifically, but also for everyone. And sometimes it surprises people that our research has found that paid time off contributes to feelings of financial security. So you have to connect a few dots to get from PTO to financial security.

But this is a benefit—more so for caregivers than non—that contributes a lot to feelings of financial security. So, you’ve got to think about developing paid time off benefits and policies and think about how that impacts caregivers, plus the ties to absence management and state leave laws and things like that.

**Matt:** As plan sponsors are thinking about structuring those benefits, is there a way to prioritize those effectively so that they know what to weighmore heavily caregivers as opposed to others,

**Lisa:** Caregivers, given the balancing acts that they do in their day-to-day life, seem to value flexibility. And that does translate. Aside from wanting higher compensation, which most employees say is at the top of their list, flexibility really is important to all workers, our research would suggest, but even more so to caregivers.

**Matt:** So far we've focused a lot on the expanding benefit offering for caregivers or around caregivers. What other trends are you seeing—or are you seeing other trends?—in the overall expanding benefit offering?

**Lisa:** We're seeing, from plan providers and solutions providers, a lot of interest in overall employee well-being, both mental health and financial health. And that's a bit of a chicken and egg. It's a hard cycle to break, because we know that financial concerns and worry is the leading cause of stress, which is a mental health issue. But we also know that people who are not emotionally and mentally well don't make good financial decisions. So round and round it goes. The problem really has to be tackled at both ends. And with financial well-being, we do see a heavy focus on student loan debt. And maybe in large part because of SECURE 2.0, but we do see heavy focus on student loan debt.

As I sit—from the researcher standpoint, unable to implement as a sponsor or as a benefits provider—one thing that frustrates me is seeing time and time again, credit card debt is the debt type causing most workers the biggest problem. It is the more universal problem compared to student loan debt, and it impacts segments of the population that financial wellness programs and DEI programs are designed to help. And I don't really hear a lot of companies or players in my space. It's talking a lot or focusing on credit card debt.

**Matt:** I wonder why that is. I wonder if it just feels, is it so big of a problem? Like it feels like too much to bite off and try and handle. Do you think that's why?

**Lisa:** I think it might be because it's hard to know what caused that credit card debt, whereas we can rally around, "Education is good; we're going to help people with their education debt." Credit card debt's a lot trickier to untangle. Is that someone's poor shopping habits, or is that a caregiving need, or high prescription drug costs?

We don't really know. But we do know it's the more universal problem, and it is, in this case, impacting caregivers more so than others.

**Dawn:** Well, it's interesting too, because I think because of that—maybe not specifically around credit card debt, but just all of these things we're talking about—prevent people from putting more away for their retirement savings. And so I think that employers are looking a lot more heavily at education opportunities, some tools and resources they can add to their benefit offering or give employees across the board that will help educate them and mitigate some of these. What are you seeing in that space? It's this growing number of caregivers, quite frankly, doesn't have time for education. fair.

**Lisa:** I think that's something that we really have to think about. They don't have time for education, and I think there's some things that maybe aren't that, that could help. And I also think the EAP is the most forgotten about benefit, but it usually includes a lot of things that would benefit caregivers. So that's another one I would remind people about

**Matt:** For those that don't know that, can you explain EAP?

**Lisa:** Employee assistance program.

**Matt:** So one of the things we were discussing before we jumped on the recording, Lisa, you had mentioned that you all had done a study around, asking individuals to, giving them a budget of dollars and asking them to pick how much they would apply to each certain type of benefit.

And so I think where you were going a few moments ago with, “We've got SECURE 2. 0 provisions coming,” some of them are optional and plan sponsors are going to have to look and wait. What do we want to make live? What do we want to make available for our employees around emergency savings and student loan debt and maybe certain other benefits in the future? And I think that study is, was really insightful in terms of what people actually value.

**Lisa:** It's one of my favorite questions to ask because it asks employees to put money where their mouths are. It's easy to say everything's important, but what we did with this particular question was we said, “Imagine you have 600 [dollars] a month and you can put it into one of six benefits. Where would you put the 600?”

And their choices were the retirement plan, an emergency savings account, an HSA, buying more PTO, a college savings account for themselves or a child, and student debt paydown. Those were the six options they had. I think—good news overall—the largest dollar amount at 192 [dollars], on average, goes to the retirement account. It's very closely followed by 171 [dollars] that goes to an emergency savings account. So there's that tie to SECURE 2.0. American workers need help building an emergency savings account long term. I believe that'll benefit the retirement account even though it may split the money initially. Eighty-nine dollars, on average, went to the HSA.

We talked about the importance of paid time off. Sixty [dollars] a month went to buying more paid time off. Forty-seven [dollars] went to a college savings account for yourself or your child. Forty-two [dollars] a month, on average, went to student debt, and 70 percent put nothing into that student debt paydown plan.

**Matt:** That's fascinating. So I think alluding to your statement earlier around, it's something that gets a lot of headlines and it's talked about a lot, but maybe the majority of people aren't dealing with that particular struggle. I agree with you on the structure of that is interesting because I think the weights really help you see what on average is most important and interesting to even think about how would I fill that question out? If you ask that to me, like, what would I put in each of those buckets?

**Dawn:** And it brings me back to what you were saying earlier around the amount of caregivers that are also providing financial support to those that they're providing care for. So even magnifying the challenge around emergency savings. Lisa, I guess as you, so we have that definition for what is a caregiver, would you mind providing some details around who, on average, is falling into those classifications?

Lisa: A level set with averages can be deceiving. What's the saying? My feet can be in an ice bucket. My hair could be on fire. The average would tell you I'm fine. So they can be deceiving. So let's start with age. Because I think it’s really common to think that this is a problem among older workers, among aging workers, and in fact, the average age of a caregiver is 49. But to be clear, one quarter of caregivers are ages 18 to 34. Twenty-three percent—nearly as many—are ages 35 to 49. So this is, I think, well stated by the National Alliance for Caregiving in their report. This is an activity—and I'm going to quote it because it's good—an activity that occurs among all generations, racial/ethnic groups, income or educational levels, family types, gender identities, and sexual orientations.

Dawn: That's interesting because it definitely speaks back to the beginning of our conversation where you may, at the face of hearing this topic, think, “Ooh, I'm not impacted by this,” but those statistics say otherwise there. It is a broad stroke across an employee population.

Lisa: Interesting leanings, right? And we also tend to think of caregiving as a women's issue, and historically it was. The Retirement Confidence Survey, for example, found that caregivers do tend to be women. Sixty percent of caregivers are women, so that is a majority. But that still leaves you 40 percent of caregivers who identify as male. We know that caregivers are a little less likely to be married. So you might be looking at single-income households to support all of these activities a little bit more often, and we know overall that caregiver workers are lower income and lower savings. So about six in 10 caregivers are under 100K [dollars].

**Dawn:** Now those are interesting statistics, and it's just a good perspective on something that maybe we haven't given tons of thought or consideration to in the broader picture of retirement readiness, or just overall savings and financial well-being. So thank you for sharing that very impressive work that your firm is doing on these various components.

If you've listened to our podcast, we always end by asking our guest the money question here. What does retirement look like for you personally? You spend all your time researching these things. What does your retirement look like, Lisa?

**Lisa:** So I'll start by saying I have a terrible role model. My father—the founder of Greenwald Research—is still working in his late 70s and has zero desire to retire. And that's fine by me But it's not for me. I actually want to retire. I don't want to work forever, even though I love my work. I guess that makes my retirement vision fairly traditional, maybe even dated.

**Dawn:** I don't know. Because I also dream about moving someplace warmer, like the Virgin Islands. Dated or not, that sounds dreamy, right?

**Matt:** A great plan, yeah.

**Lisa:** That sounds great. Disconnecting in the Virgin Islands—I don't think you can go wrong with that plan. So, I hope that happens one day.

**Matt:** Well, this has been great. Thanks so much, Lisa, for coming on. Tons of great takeaways from our end. And again, I think talking about groups that we don't highlight that often. It's a big portion of the population and not a group that gets enough time in the limelight. So thanks so much for highlighting that. And we appreciate having you on the show.

That was a lot to digest in there. Anything that surprised you in some of the stuff that you ran through?

**Dawn:** I think I was a little surprised at the broad sweep of ages that caregiving impacts. I mean, if you really try to parse it out and think about the definition of the caregiver and who typically falls into that, I guess you might come up with some of that. People caring for little ones and then people caring for their parents later. But man, I was surprised. I think the first group—and I could be getting these slightly off, but their broad ranges—like 18 to 34 and then 35 to 49. That's a lot of people.

And then the other thing I think about that I don't think we talk as much about, but I used to do when I would sit down and do employee education meetings—I would tell employees, you can't think of your, I think sometimes we think about savings. And we're going to start somewhere, and it's just going to be like this upward trajectory of what we're doing. But I think you should really think of it more as like the cycle of a market. Your life changes. There are times when you have the opportunity to put more in savings. And then there are times where you're paying child care costs or you're taking care of a loved one. And I mean, 55 percent of people are not only caregiving, but financially committed to that.

It seemed pretty evenly distributed across ages, which I was surprised by. I think something she kept mentioning is you have this vision of what a caregiver is. And, at least for me, I'm anchoring on the first person that comes to mind, where I'm like, "Oh, I saw my parents take care of their parents when they were aging."

**Matt:** And that's the first thing that pops in your mind, but you don't think about. Someone caring for maybe a child who needs additional health, and they're at an earlier stage in life. And I do think the widespread nature of it was pretty interesting.

Great stuff. Well, Dawn, I really enjoyed getting to chat about caregivers with you. I hope you have a good rest of the day, and that's going to wrap up this part of our conversation.

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**Matt:** With that, we are going to hand it off to our Minute with Mike segment, where Mike is going to cover plan fees and how to address plan fee issues. Thanks so much.

**Mike Webb:** This month, we will discuss why staying on top of plan fees is so important for retirement plan sponsors and the steps they can take to address fee issues. The litigation environment for retirement plan fees has reached an unprecedented level, and regulation of such fees is on the rise. The primary reason for all this legal and regulatory scrutiny is that it is rare for plan sponsors to pay all such fees.

Instead, most, if not all, plan costs are borne directly by plan participants, either through direct deductions from their account balances, or including such fees in the plan's investment offering, a practice known as revenue sharing. To address the latter issue, which has been a frequent source of litigation, client sponsors can choose investment lineups with little or no revenue sharing.

Fees would still be paid by participants but are generally more transparent. To address the former issue, this can be done by benchmarking information to obtain fee concessions, either through the Request for Proposal or RFP process, or direct negotiation with recordkeepers and other service providers.

Other action steps that can be taken by plan sponsors include establishing a process to evaluate plan fees, identifying the specific services included in the fees, and continuously reviewing and monitoring plan expenses. By taking these action steps, plan sponsors can ensure that they have a best-in-class retirement plan fee structure now and in the future.

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