SOCIETY OF ACTUARIES

RETIREMENT SECTION

Announcement of Essay Publication and Winners: Products, Tools, and Strategies That Address Retirement Risks

By Andrea Sellars and John Cutler

The Society of Actuaries' (SOA) Committee on Post-Retirement Needs and Risks issued its fifth annual call for essays in September 2019. Previous essay collections addressed a variety of issues including diverse risks encountered in retirement; developments in financial wellness; perspectives and potential solutions to the problem of ensuring retirement preparedness and innovations for securing future retirements; and the role that family structure can have on financial and retirement security. The collections can be found on the SOA website at: *https://www.soa.org/research/topics/research-post-retirement-needs-and-risks/#other.*

This fifth call for essays aimed to gather perspectives, opinions and data on how to advance the state of effective retirement planning tools, products, and strategies to assist individuals, financial advisors, employers and other stakeholders. The goal was to meet two objectives: (1) identify retirement risks, and (2) how to better plan for and maintain a secure retirement. Fourteen essays were submitted. John Cutler and Andrea Sellars chaired the project oversight group that developed the topic for the essays and overall goal. A panel of judges completed a blinded review of the essays for publication and awards. The judges selected three essays for awards with $3,500 awarded per essay. Consideration was given to creativity, originality and the extent to which an idea could contribute to the further development of solutions. The winning essays will be published in upcoming issues of the *Retirement Section News*.

The winning essays are the following:

- R. Evan Inglis, "A Risk-Based Framework for Making Retirement Income Decisions." This essay provides a framework for making retirement decisions as to how much one can spend in retirement, how much lifetime (annuity) income is needed, and how one should allocate their retirement assets. The approach described provides an integrated solution that includes the availability of a lifetime income in the decision about asset allocation, which often results in a more aggressive decumulation portfolio than other more conventional methods.

- Robert C. Merton, Arun S. Muralidhar and Paula H. Hogan, "SeLFIES: A-New(-ity) Look for Retirement." This essay poses a retirement planning challenge that looks to finance science to suggest what the authors regard as an elegantly simple solution to help individuals prepare for a financially secure retirement. Their concept is the creation of a simple new financial instrument that is a win-win-win for individuals, governments and the financial services industry. The authors propose that governments globally issue new long-term bonds, nicknamed SeLFIES—"Standard of Living Indexed, Forward-starting, Income-only Securities" that are a series of government-issued bonds, designed to mimic pension payments, that can be purchased directly by individuals (to create a type of "individual DB") or institutions from their respective governments. The essay covers the mechanics, uses and advantages of such an instrument to the individual, financial institutions and the government.

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PUBLISH YOUR IDEAS!

The Retirement Section's current calls for essays include COVID-19, Work and Journey to Retirement, and Redefining the Goals of Retirement Planning. For more information, please visit *https://www.soa.org/research/opportunities/call-for-papers-list/*

- Yael Hadass, Marion Laboure, Sally Shen and John Turner, "New Approaches to Communicating to Workers About Pensions." This essay presents the case that in a voluntary pension system, retirement communications need to address four components: 1) the information transmitted; 2) the way in which the information is presented; 3) the way the information is transmitted; and 4) the format in which the information is transmitted. The new approach would add elements of humor, gamification, artificial intelligence and personalization all designed to encourage action (e.g., such as participating in a plan).

Our congratulations go to those authors for their excellent, thought provoking submissions.

The 11 essays listed below also contain excellent ideas and other innovative solutions including:

- "Collective Defined Contribution: Time to Take Action" by Elizabeth Bauer describes plans that attempt to create a hybrid pension approach with characteristics of both Defined Benefit and Defined Contribution plans. Participants share risks collectively rather than bearing them individually as in DC plans; or having them protected by employers as in DB plans. It reviews the features of plans found in the Netherlands, Canada, and features found in Taft Hartley multiemployer plans as well as in Wisconsin Retirement System plans. It challenges the profession to use our skills to define and ultimately promote a new hybrid system.

- "Hedging Against Inflation Risk With Real Annuities" by Zvi Bodie and Dirk Cotton presents a case for insurers to offer—and annuitants to elect—a "real annuity" (often referred to as an inflation-indexed single-premium immediate annuity) that both insures against longevity risk and hedges against inflation by linking the benefit to the consumer price index. The essay presents pros and cons and financial illustrations of the cost/benefit of the approach versus a "nominal annuity" that ignores inflation.

- "The 100-Month Protection Plan: A Private Social Security Annuity" by John Cutler proposes adding a right to allow individuals to buy an additional annuity at age 62 through the Social Security system to enable the enrollee to defer his usual Social Security benefit until age 70—eight years or roughly 100 months—and thereby get more of an income stream for a delayed start. The essay covers details about how this annuity could be structured, and issues pertaining to this approach.

- "Tontine Savings Accounts" by Jonathan Barry Forman and Richard K. Fullmer presents a case for using open-ended "Tontine Saving Accounts" that would add a feature to regular savings accounts by sharing in mortality pooling. The pools envisioned would allow individual selection of investments and payout options but would function like annuities by not allowing early withdrawals. The financial arrangement would require investors to mutually and irrevocably agree to receive payouts while living; and forfeit the remaining portion of their accounts upon death to the surviving investors. Financial illustrations are provided and suggest investors could receive a valuable source of lifetime income from such a product.

- "A Danish Perspective on Investment-Based Retirement Income: Innovative DC Retirement Income Solutions From Denmark" by Per U.K. Linnemann gives a thorough review of the Danish investment-based retirement income solutions (iTDFs) and smoothed income annuities (SIAs), their design elements, optional features, functions and advantages over traditional income payment options.

- "Aromer: Solving the Catch-22 of the 401(k)" by Kalon McMahon describes a new retirement strategy/product dubbed AROMER that is a fully funded retirement investment account option whereby a third-party financier offers to contribute to a retirement plan account on behalf of a plan participant. This creates an additional retirement plan participant and converts a non-saver into a saver without requiring them to take any action or make any lifestyle changes. This product does not create a loan but, in exchange for funding the participant's retirement account, the financier is entitled to a majority split (60/40) of the retirement plan balance.

- "Take Ownership of Your Retirement Process: Oversight Tool to Understand Risks" by Max J. Rudolph shares a tool the author uses to build individual alternative retirement planning scenarios, allowing him to better understand which assumptions are the drivers of his own personal situation. He covers the tools assumptions, variables, and sample base and alternative scenarios and how they could be used by others.

- "Introducing the Total Benefit Account: A Single Source of Employer Funding for Employee Needs" by Doug Spencer and Greg Ward proposes that instead of employers sponsoring separate plans to pay separate benefits they allow

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employers to set up one "Total Benefit" account to pay all benefits on a pre-tax basis (excepting the employer retirement plan matching contributions). The essay discusses how this structure would benefit employees at different stages of life and under different circumstances; and employers in controlling and lowering costs.

- "Think Like an Actuary to Assess and Mitigate Retirement Risks" by Ken Steiner proposes that households should apply the traditional actuarial balance sheet approach and pension cost equations to personal financial planning. The author presents the balance sheet equation, the sources of income and expenditures to be considered, the elements of risks to be considered, and the characteristics of an effective tool that would incorporate the recommendation.
- "Strategies for Addressing Retirement Risks" by Anil Suri and Nevenka Vrdoljak presents steps people can take to help boost retirement finances by addressing key retirement risks. The essay describes four risks that retirees face: longevity, health care, sequence of returns, and inflation. It examines strategies that may help mitigate these risks and the financial implications of each: wisely deciding when to retire, carefully choosing when to claim Social Security, allocating assets to a lifetime income annuity, prudently drawing down assets from a balanced portfolio, and planning ahead for future possible long-term care needs.
- "Layered Liquidity Management in Retirement" by Gwen Yun Weng divides the liquidity needs in retirement into three layers based on the likelihood and predictability of the liquidity events and proposes a management framework and strategies to manage each layer. The essay proposes that a simple framework could help retirees understand and analyze their financial needs in a clear and systematic manner.

As in previous years, we hope the publication of these essays will further add to our knowledge base, stimulate discussion and promote future efforts in this area. Plans are underway for the next call for essays and thoughts for future topics are always welcome.

Finally, our appreciation and congratulations again go out to all of our authors who have contributed to another successful year, and our thanks go out to the members of the Project Oversight Group for their participation and contribution to this effort.

POG members are: John Cutler (co-chair), Andrea Sellars (co-chair), Anna Rappaport, Barb Hogg, Carol Bogosian, Cindy Levering, David Manuszak, David Rogofsky, Joel Sklar, Julie Stich, Kenn Tacchino, Robert Eaton, Sara Rix, Steve Newman, Suzanne Gelnett, Ted Goldman, Vickie Bajtelsmit. ■

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Review of Multiemployer Plans: An Interview with Cary Franklin

By Patrick Ring

Author's note: Cary Franklin is a consulting actuary with Horizon Actuarial Services, LLC, based in Los Angeles. Cary has been a consulting actuary for more than 40 years and his work is now almost exclusively focused on multiemployer pension plans

Over the last couple of years, multiemployer plans have been in the limelight because of their dire financial situation when compared to single employer plans. This situation has gotten the attention of Congress. This article explores aspects of multiemployer plans that differ from single employer plans and educates the reader on why some multiemployer plans are prone to being in a worse financial situation than are single employer plans, especially in this pandemic period.

I am pleased to interview Cary Franklin to shed light on the above mentioned topic.

Patrick Ring (PR): How did you get involved with multiemployer plans, and how has your work with them changed over time?

Cary Franklin (CF): My career began one year after the passage of ERISA, at a consulting firm with a large multiemployer pension plan practice, as well as a single employer plan practice. I worked with both multiemployer and single employer plans for many years but always preferred working with the multiemployer plans for several reasons. First, multiemployer plans are less static than single employer plans—benefit levels and designs are constantly being evaluated and changing. Second, the politics of multiemployer plans are always interesting, given that the plan sponsor is a board of trustees equally represented by management and labor so that the actuary must remain objective amidst diverse and frequently opposing viewpoints. Third, the pension plan is the client, rather than the plan being just one small aspect of a client's business. As such, the trustees and professional service providers are focused on the plan itself with minimal distractions.

Over time, the plans and the issues they face have become more numerous and complex—evolving benefit designs, frequent legislative changes, funding challenges as the plans have matured, and the fallout from the Great Recession. As a result, I've seen the actuary's role expand, with a much greater emphasis on consulting skills as opposed to purely technical skills, and a significantly increased reliance on projections (both deterministic and stochastic) as a problem-solving tool.

PR: To the casual observer, multiemployer plans look pretty much the same as single employer plans except that they cover workers from more than one employer. However, they actually work very differently. What makes them so different, and what does that mean?

CF: One key difference is that the contributions drive the benefit levels, rather than the other way around. For the vast majority of plans, contributions (which are typically based on units of work, such as hours) are set through collective bargaining, typically for periods of up to three years or longer. Since

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contributions cannot be easily adjusted from year to year, as they are in single employer plans, the actuary must determine, through annual valuations and multi-year projections, whether the anticipated contributions will support the plan's benefits. If not, something must be adjusted—either the benefits, which are typically controlled by the plan sponsor (the board of trustees), or the contributions, through the collective bargaining process. The actuary must constantly monitor the balance between anticipated contributions and promised benefits.

For most, but not all, multiemployer plans, benefits are not pay-related; instead they are based either on service or contributions. Plans with multiple contribution rates that vary by job category or by employer (common in the construction industry) will often define benefits as a percent of contributions, e.g., a monthly annuity benefit of 1 percent of annual contributions. This benefit design poses a challenge when funding problems occur, since if contribution rates are increased to address a funding shortfall, the benefit liability will also increase, unless the contribution increase is specified as non-benefit accruing.

Conventional wisdom says that the employer bears the investment risk in defined benefit plans and the participant bears the risk in defined contribution plans. But in multiemployer defined benefit plans the investment risk is effectively shared by both the employers and the participants. When adverse investment (or other) experience occurs, the funding correction might come from a negotiated increase in employer contributions, but it can just as easily come from a reduction in benefit levels or by the union allocating a portion of its negotiated wage package to increased contributions.

Another key difference between multiemployer and single employer plans is the shared governance between labor and management. Since the participating unions share the board of trustees' seats with the contributing employers, the plans' participants are represented in the operation of the plans in a way that doesn't occur in single employer plans.

Lastly, the funding rules for the two types of plans are very different. Prior to the Pension Protection Plan of 2006 (PPA), the funding rules were similar for multiemployer and single employer plans, but the PPA made significant changes. The biggest change is that the interest (discount) rate and mortality assumptions for single employer plans are now prescribed by law, with the interest assumption based on bond interest rates. For multiemployer plans the actuary selects all the assumptions, with the interest assumption still based on the expected long-term return on the plan's assets, as it was for single employer plans before the PPA. Multiemployer plan actuaries generally see this as a more rational approach to funding, where the measurement of the benefit liabilities is still connected to the anticipated investment earnings of the assets backing the benefit promise.

PR: I've heard that some multiemployer plans are in much worse financial condition than single employer plans. What is the reason for this?

CF: About 10 percent of the 1,300 or so U.S. multiemployer plans are in "critical and declining" status, meaning that they are projected to become insolvent within 20 years. The other 90 percent of the plans are either in good financial condition or they have taken steps to improve their funding. The difference between these two groups of plans, in most cases, is that the plans headed toward insolvency do not have the work levels, and thus the contribution income, necessary to make up the funding shortfalls before the plans become insolvent.

Our research has shown that the key driver of the critical and declining status is the deterioration in plan demographics, namely worsening ratios of inactive to active participants over time. Since contribution income is based on work performed by active participants, this ratio is a good indicator of a plan's ability to fund already accrued benefit obligations with future contributions. When plans incur significant losses, such as the massive investment losses during the Great Recession, plans with relatively smaller contribution bases have a much harder time recovering.

For all multiemployer plans, the median inactive to active ratio is roughly 3 to 2. For critical and declining plans, the median ratio is more than 6 to 1. With this much of a burden on the active participant contribution base, contribution rates cannot not be increased to the level needed to make up the underfunding without jeopardizing the financial stability of the plan's industry.

The critical and declining plans are concentrated in two industries: trucking and manufacturing. A combination of factors has led to the worsening demographics and projected insolvencies:

- Deregulation of the trucking industry (starting in the 1980s)
- Decline in U.S. manufacturing jobs
- Investment losses in the Great Recession
- Benefit levels that may have been stretched to unsupportable levels

PR: How has COVID-19 affected multiemployer plans? From what you've seen, what are the key drivers in how severely a plan has felt an impact?

CF: Of course, we're still in the middle of the pandemic, so we don't know what the ultimate impact may be. In March it looked like we might be headed for investment losses like those in 2008, but the investment markets have recovered reasonably well through August.

The other impact is the loss of contribution revenue due to decreased work levels. This impact has varied significantly by industry—work levels are stable or slightly higher in the retail

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food industry and stable to modestly lower in the construction industry (which accounts for about 60 percent of all multiemployer plans). At the other end, the hotel-restaurant and entertainment industries have seen drastic reductions in work levels and contributions. It's too soon to tell what the lasting impact of this crisis will be on these plans.

PR: At a high level, what kinds of potential federal law changes are in the works?

CF: There have been efforts for the last six or so years to address the pending insolvencies of the critical and declining plans, the largest of which will occur within five years. The "benefit suspensions" provided in the Multiemployer Pension Reform Act of 2014 (MPRA), where severely troubled plans can apply to the Treasury Department for approval to reduce current benefits, have been both controversial and largely ineffective as relatively few suspensions have been approved. In 2018 Congress convened the Joint Select Committee on the Solvency of Multiemployer Pension Plans to solve the critical and declining plan problem (as well as the projected insolvency of the PBGC's multiemployer plan insurance program, which would follow shortly after the large plan insolvency expected by 2025), but that Committee was unable to reach agreement on legislation.

The House Democrats' HEROES Act (proposed earlier this year) includes provisions to help the critical and declining plans by allowing them to transfer certain benefit liabilities to the PBGC (with corresponding government funding provided to the PBGC) so that the plans can remain solvent. The HEROES Act also includes funding relief provisions for all multiemployer plans like those enacted in the wake of the Great Recession. The prospects for passage of the HEROES Act are not good at this moment.

For all multiemployer plans, there have been several efforts (by opponents of multiemployer plans) to mandate lower assumed discount rates, as under the single employer plan rules. Such a change would be disastrous for most multiemployer plans, given the relationship between benefit levels and contribution rates that I mentioned earlier. So far, these efforts have been successfully thwarted, but the threat is still looming.

PR: In closing, is there anything else you would like to share with us regarding multiemployer plans?

CF: The multiemployer pension system has been a reliable system of retirement income for many decades. More than 10 million participants and their families benefit from the system, at a time when private sector defined benefit plans are in decline and the U.S. is at the beginning of a severe retirement income crisis. Roughly half of the U.S. private sector workforce has no access to workplace retirement benefits, not even a matched 401(k) plan, whereas the multiemployer system continues to provide benefits to newly hired workers. While the system faces various challenges, the significant majority of plans are financially sound and well managed—the participants of these plans are among the relatively few in this country who can count on lifetime retirement income from a defined benefit pension plan. ■

Patrick Ring, ASA, volunteers as a member of the SOA Retirement Section Council's Communications Team. In addition, he assists the SOA in fine-tuning and optimizing the Retirement Section's web page on SOA.org. He can be reached at *pringactuary@gmail.com*.

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Perspectives from Anna

Caregiving, Housing and Support, and the Influence of COVID-19

By Anna Rappaport

I have been writing this column for a number of years. The column has appeared several times a year in most years. Some of the columns discuss interesting meetings and issues, including those that may not be the first area of focus for retirement actuaries. Recently the lives of Americans have been affected by COVID-19, social distancing and stay-at-home decisions. The focus of this column is on the need for support, caregiving, the family, and the link to COVID-19. I focus on several related topics and efforts: Society of Actuaries research and education, the priorities of the American Savings Education Council, a new educational program on planning for late-in-life, the 2020 ERISA Advisory Council topic selection, and what this all implies for employers and benefit plan sponsors. This article provides insight into the widespread interest in these topics and examples of the groups who are working to address them.

WHY CAREGIVING, FAMILY AND LONG-TERM CARE ARE IMPORTANT TOPICS

Many households find that they spend considerable time helping their aging parents. Society of Actuaries research indicates that the majority of people over age 85 need help and family is often the first source of help. New retirees may find that the first few years of retirement are heavily occupied with family commitments such as helping a spouse or aging parents, and that this makes it much more difficult to realize their dreams. Many retirees have managed satisfactorily despite having fewer resources than models and advisors suggest they need, but their financial situation may fall apart if they have a major long-term care event. COVID-19 has changed the daily lives of Americans, and it has been devastating for many nursing homes and other senior living facilities that offer support and care. Families face a variety of challenges and helping seniors who need care has become more complex. COVID-19 has increased the interest in these important topics and it raises questions about what solutions are feasible and make the most sense.

SOCIETY OF ACTUARIES RESEARCH AND REPORTS

The Society of Actuaries has produced a considerable amount of work on retirement and COVID-19. Caregiving, housing and support, and family issues were relatively prominent in these efforts and conversations. COVID-19 has increased caregiving complexity and created some new challenges for retirees and those who support them. Some of the specific issues linked to COVID-19 are as follows:

- Communal living—Senior living facilities that include care or support such as nursing homes, assisted living and independent living include activities and common dining areas that bring together groups of people indoors. These facilities have had significant outbreaks of COVID-19 and many deaths. In some states, they have accounted for more than half of the deaths.

- A Range of COVID-19 Responses—Senior living facilities responded to COVID-19 in different ways. Some locked down for long periods, not allowing any visitors including family members and individuals who were playing supportive roles. Residents in some were required to stay in their

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rooms with all meals brought to them. The activities that normally offered social engagement stopped.

- Caregiver Spreaders—Seniors using caregivers had to decide whether to continue their services or not during the pandemic, and caregivers are believed to have contributed to the spread of the virus.

- Family Interaction—Families that cared for seniors needing help had to decide what contact made sense and how to protect the various family members. The challenges were particularly great in households where there was an essential worker and in multigenerational households without much space.

- Paradigm Shifting—It is very possible that individuals and families will change the way they evaluate options for care and that there will be new structures that emerge for such facilities.

The Society of Actuaries completed a series of reports on COVID-19 and retirement issues. Two of the reports, "Impact of COVID-19 on Senior Housing and Support Choices" and "Impact of COVID-19 on Family Dynamics in Retirement" are particularly relevant for this article. The SOA COVID-19 reports can be found on the Society of Actuaries COVID-19 Research page: *https://www.soa.org/resources/research-reports/2020/impact-coronavirus/*.

The Society of Actuaries previously has done research with people age 85 and over, and various studies and essays that included content on long-term care and caregiving. The research on age 85 and over includes six different parts and is summarized in the report, "Retirement Experiences of People Age 85 and Over." One of the components of the age 85 and over work is a special report on cognitive decline. Cognitive decline changes all aspects of retirement and creates major complexity for caregivers. The report, "A Conversation on Dementia and Cognitive Decline," offers insights about cognitive decline and dealing with it.

The Society of Actuaries also issued a call for essays on Retirement and COVID-19. Some of them are related to these topics. The essays most linked to these topics are: "Will Retirement Change Due to COVID-19?" and "Are CCRCs and Senior Housing Communities a Good Choice? COVID-19 and Risk in Arrangements for Senior Housing and Support."

The Society of Actuaries has several projects in process:

- The Stanford Center on Longevity and University of Minnesota are currently working with the Society of Actuaries and the AARP on the development and distribution of a Conversation Guide to help families have the appropriate conversations about late-in-life financial management. The Society of Actuaries has sponsored the research needed to develop such a guide. The research included focus groups, in-depth interviews with experts, and other information gathering. The research report is expected to be released in the near future.

- The Society of Actuaries is partnering with Financial Finesse on a resource guide about late-in-life decisions. These are decisions for people who are well into retirement, but who must decide how they will get needed support, what help they need and how they will do daily money management and manage their medical care. These are the issues that arise when people who think they have a good retirement plan in place find that when challenges arise, managing them may not be so easy. COVID-19 serves to complicate these decisions. This brief should be helpful to the seniors and the people helping them and is expected to be available in 2021.

- The Society of Actuaries is doing a literature search on fraud, financial exploitation and how it relates to retirement plans.

CAREGIVERS AND THE AMERICAN SAVINGS EDUCATION COUNCIL (ASEC)

ASEC[1] is a group of organizations, both public and private, that provide financial education. ASEC serves as a forum for its members to exchange information in order to serve the public and their other audiences more effectively. At its July 2020 meeting, there was a roundtable titled: "Caregiving and COVID-19—What Issues Should Financial Wellness Providers, Advisors and Caregivers Pay Attention To?" The participants in the panel were:

- Anna Rappaport, chair, Society of Actuaries Committee on Post-Retirement Needs and Risks
- Catherine Collinson, CEO and president, Transamerica Institute
- Cynthia Hutchins, director of Financial Gerontology, Bank of America Merrill
- Naomi Karp, consulting research scholar, Stanford Center on Longevity

Some of the highlights of the panel discussion include:

- Caregiving is a topic of great importance to employers, individuals and the advisors and financial services companies that support them. More than one in five American adults are caregivers to other adults. At the same time, many are balancing jobs, some are also taking care of children, and needing to attend to their own needs.

- This is an emerging area for financial education, financial wellness programs, employers and financial advisors.

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- Caregiving has many different aspects. Many caregivers are also financial caregivers and take care of the finances for the people they are helping. The Consumer Financial Protection Bureau (CFPB) has published guides to help individuals understand the responsibilities involved in financial caregiving. There is a series of guides on helping individuals manage someone else's money. The guides help the reader understand their role as a financial caregiver serving as a fiduciary. Each guide explains the helper's responsibilities as a fiduciary as well as how to spot financial exploitation and avoid scams. Each guide also includes a "Where to go for help" section with a list of relevant resources.

- There are many pitfalls for financial caregivers and there are legal responsibilities. Some of the pitfalls and challenges include not understanding the total picture and wishes of the person being helped, the possibility of the caregiver making poor decisions or misappropriating funds, failure to understand the role and requirements of being a fiduciary, and failure to put in place appropriate legal authorities to act on behalf of the person being helped. If arrangements to set up legal authority for financial support are not made on a timely basis, then it may be necessary to go to court and this can be very costly. This is a potential problem in the situation of cognitive decline and dementia. If the person who is offering support does not have appropriate legal paperwork in place, then banks, investment companies and others may not be willing to work with them.

- A Transamerica Institute employer survey found that fewer than one in five employers responding provide an employee assistance program that includes counseling and referral services or discounts or subsidies as backup for caregivers.

- This is an area when offering benefits to part-time employees would be particularly valuable, since many caregivers are working part-time.

- Many employers have added benefits helpful to caregivers to their financial wellness programs including flexible work hours, ability to work from home, subsidies for care providers, and care consultation programs. Many have made the benefits that have traditionally been available for new parents also available for caregivers.

- Another study[2] found that the majority of employees are unaware of the resources available to them and only about 33 percent of employees take advantage of the resources their employers offer.

- Financial advisors are increasingly recognizing the importance of weaving issues related to caregiving into their overall retirement and financial plans. There is an important business issue for advisors to decide how broadly they will discuss these issues and where they will get the expertise needed.

- The vast majority of working caregivers make some adjustments in their working schedule or need to take some time off. COVID-19 has increased the need for single parents to leave their jobs to care for their children if no other policy exists to support them. Some two-earner households are again becoming one-earner households because of childcare demands.

ASEC is developing a new website and it will include a set of resources related to caregiving to help support financial wellness providers and financial education organizations who wish to help their audiences with these issues.

THE 2020 ERISA ADVISORY COUNCIL AGENDA

Each year, the Department of Labor's (DOL) ERISA Advisory Council[3] studies issues of importance to the employee benefit system. One of the 2020 issues is "Considerations for recognizing and addressing participants with diminished capacity."[4] Each year the council selects topics for study and they identify and talk to a variety of expert witnesses who provide information about different aspects of the topic and perspectives. This helps the council develop recommendations for the DOL. The DOL provides education and information to help plan sponsors, service providers and participants manage their benefits well. This topic seems to be focused on understanding diminished capacity including cognitive decline and identifying how to provide information to work around such diminished capacity. I will be testifying and providing information about related SOA research to the council. Two members of the SOA are on the council's drafting group for this topic, namely Andrea Sellars is the chair and Julie Curtis is a member of the drafting group.

AN EDUCATIONAL PROGRAM TO HELP ADVISORS DEAL WITH IN LATE-IN-LIFE ISSUES

Salem State University is now offering an Elder Planning Specialist program. The program is designed to help financial advisors become more knowledgeable about late-in-life issues. The topics for the program modules are as follows:

Session #1: Understanding the Aging Process
Session #2: The Caregiver's Role, Research Old Old
Session #3: Legal Issues of Aging
Session #4: Long-Term Care and Long-Term Care Insurance
Session #5: Social Security and Medicare Planning
Session #6: Diminished Capacity, Elder Abuse, End-of-Life Plans
Session #7: Structuring and Conducting the Family Meeting
Session #8: Developing a Marketing Plan
Session #9: Building an Elder Planning Team, Conclusions
Society of Actuaries research on individuals age 85 and over and on caregiving will be part of the syllabus. The first iteration of

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this program is being held in September through November of 2020. The syllabus will offer useful information to people developing financial wellness programs, and the program may be useful for people working within wellness programs. For more information about the program, see *https://plan4lifenow.com.*

IMPLICATIONS FOR EMPLOYERS—A FOCUS ON THE CARE RECIPIENT AND RETIREE

Retirees, their caregivers and those who help them are concerned about paying for care when it is needed, building up the resources to pay for care, and finding suitable care when it is needed. Since housing can be related to care, housing choices are also an issue, as is location. Some of these matters should be dealt with long before care is needed, others when housing decisions are needed, and others when care is actually or anticipated to be needed. Planning early can help avoid emergency or emotional decisions, as well as moderate the cost. It is easier to buy insurance early because many people ultimately become uninsurable or the contingency becomes expensive to insure.

Employers can choose to play a number of roles:

- Remind people to consider these matters when planning for retirement.
- Provide information about and include long-term care related options in planning systems and software.
- Offer education and information about long-term care.
- Provide resources about long-term care financing and offer access to insurance products to help.
- Provide information on evaluating housing options through financial wellness programs.
- Help employees and/or retirees locate and evaluate options for living and/or care through an employee assistance program.
- Offer access to legal services through a prepaid legal plan.

Some of the topics that might be considered for the financial wellness offerings include helping employees understand:

- Long-term care and its impact on employees and their families.
- How to recognize and deal with diminished capacity and cognitive decline.
- How the potential need for long-term care affects retirement planning.
- How a potential caregiver should consider helping others and the needs of others in retirement planning.
- The options for financing long-term care.
- Where Medicaid fits in and how to obtain information about public benefits and services.
- How to improve one's chances of aging at home.
- How care is integrated with housing options.
- How to evaluate financial issues in making housing decisions integrated with care.
- Where to find local support groups, community and public sector activities and support services.
- Legal issues, resources to understand them and what types of documents are needed.

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IMPLICATIONS FOR EMPLOYERS— A FOCUS ON THE CAREGIVER

The same initiatives may also provide help to the caregivers. Caregivers may pay a heavy price in reduced health, lost wages and savings for retirement. They are faced with stress and employers may be faced with declines in productivity when the caregivers are stressed out. They may need to deal with emergencies and have major challenges when there is a change in location for care. Employers can also play these roles:

- Offering flexible work schedules and time off that works for the caregivers.
- Assisting caregivers to reduce stress through the company's benefit programs.
- Facilitating use of employee assistance programs to assist the caregiver in locating and evaluating suitable facilities for care.
- Helping employees understand the role of professional care managers and helping them locate them.

CONCLUSIONS

As Americans age, they need more help. COVID-19 has increased the need for help and made it more complex to provide that help. The older population is increasingly female and many older women are alone, meaning there is no spouse or partner to help them. Families are often impacted by older relatives needing help. These issues touch caregivers, and in turn, their employers, in a variety of ways. There are a number of strategies that different groups can use to help people deal more easily and efficiently with these challenges. This article has laid out some of the issues and provided insight into some resources and some of the different groups interested in addressing them. It has provided ideas for employers and it is hoped that this will, in turn, inspire employers to consider how to best assist their employees through this difficult time. ■

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ENDNOTES

1 ASEC is a program of the Employee Benefit Research Institute.

2 Bank of American 2019 Workplace Benefits Report (page 15)

3 For information on the ERISA Advisory Council, see *https://www.dol.gov/agencies/ebsa/about-ebsa/about-us/erisa-advisory-council*.

4 The issue statement can be found here: *https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/about-us/erisa-advisory-council/diminished-capacity-issue-scope-final-09012020.pdf*

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