BEST PRACTICES THROUGH AN EMPLOYER LENS

A path to financial well-being for working caregivers

inclusioninvestmentinnovationintersection

BANK OF AMERICA

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Introduction

As the United States begins to emerge from the COVID-19 pandemic, it's critically important to reflect on the human and economic impact of the last few years and capitalize on lessons learned to accelerate system transformation. Many people are suffering from the loss of more than 1 million loved ones (as of June 2022) or are challenged to support the tens of millions living with the long-term effects of this disease.[1] Many sectors of the economy have been decimated, contributing to the loss of employment of 16.9 million individuals as of July 2020.[2] Approximately 3.5 million of these individuals were women who were forced to leave the workforce to care for children as schools and child care facilities shut down.[3] During the first year of the pandemic, U.S. female workforce participation dropped to its lowest level in over three decades. While employment has rebounded, the number of permanent job losses was 1.4 million in May 2022.[4] Additionally, a high number of individuals have not returned to the workforce or have quit their jobs, with many more predicted to leave their places of employment in the coming months.[4, 5, 6]

A segment of society especially hard hit throughout this tumultuous period has been *working caregivers*, full- or part-time employees who have attempted to maintain their employment while also caring for spouses, aging parents or children coping with serious health problems or disabilities.[7] Collectively, the devastating effects of this pandemic underscore inequities and illuminate long-standing vulnerabilities experienced by working caregivers, a rapidly growing segment of the workforce. A core source of their vulnerability is financial stress, an issue that is particularly challenging for diverse subgroups. One sector uniquely positioned to mitigate the financial stress of working caregivers is employers. This report offers a roadmap for employers to capitalize on lessons from the COVID-19 pandemic and, in doing so, to enhance the financial well-being of working caregivers while increasing employers' capacity to recruit and retain a talented and productive workforce.

To suggest a path forward, a review and analysis of available research related to both the sources of financial stress of working caregivers and potential solutions was conducted. Findings were augmented by perspectives elicited during interviews with leaders in the field. Then, an expanded group of experts was convened to comment on preliminary ideas. Their input is reflected in the report's final recommendations.

This report describes the current status of working caregivers in the U.S., highlighting common sources of financial stress and emphasizing the differential impact of this stressor on diverse subgroups. An overview of promising policies and practices that target the financial well-being of working caregivers is provided. This is followed by a description of challenges employers confront in providing such benefits and programs and in engaging working caregivers in optimizing their use. Finally, this report offers a roadmap to promote the financial well-being of all working caregivers, delineating immediate and longer-term recommendations and suggested strategies for implementation by diverse groups of employers.

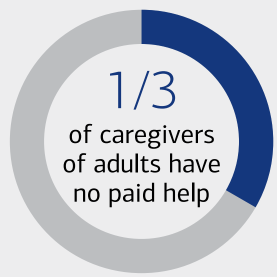
Current status of working caregivers in the U.S.

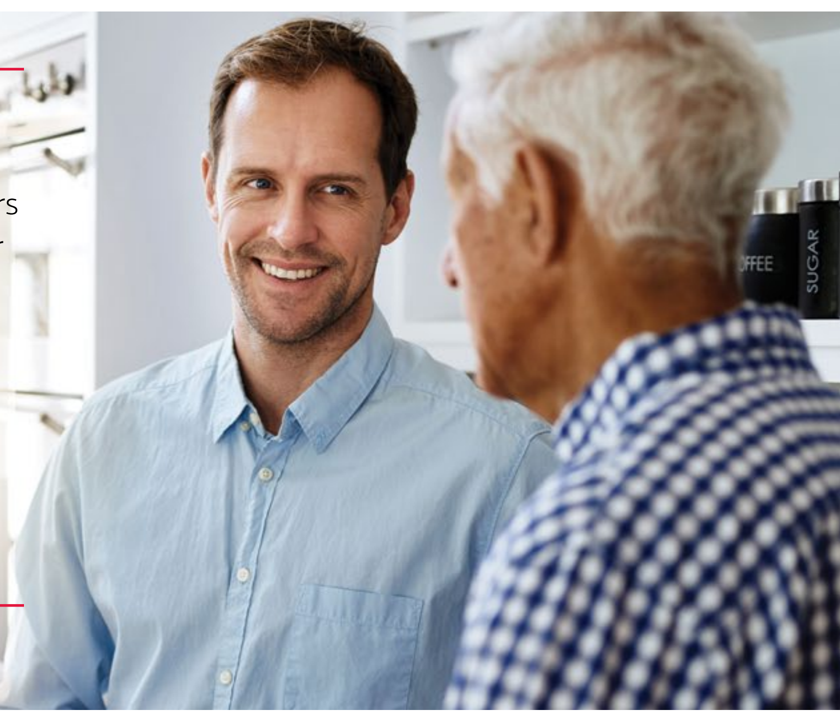
Current status of working caregivers in the U.S.

What is the profile of working caregivers?

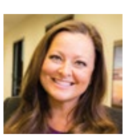
In 2020, 48 million individuals provided unpaid care to adults with serious health problems, and an additional 13.6 million supported children with special needs.[8] These statistics reflect a substantial increase in the number of people requiring caregiving support compared to the prior five-year period. Currently, six in 10 employees are caring for family members or friends with serious health problems or disabilities.[9] Sixty percent of this group is working full time.[9] Indeed, managing a paid job and caregiving responsibilities is the norm in the U.S. Employed caregivers are more likely to be female (58%); women, especially those who are African American, also devote substantially more hours per week to caregiving than men.[9] More than 80% of all caregivers are struggling both to raise children and care for aging parents; four in five of these “sandwiched caregivers” are employed, most of them full time.[10]

More than four in 10 are caring for adults 75 and older; women and African American employees are more likely to be caring for older adults with Alzheimer’s disease and related dementias.[8] Roughly one-third of caregivers of adults have no paid help; most cannot afford such support.[8] About 50% are the sole providers of support. The rate of caregiving is especially high among younger workers (18 to 49 years).[8] However, a substantial number of caregivers (35%) also are assuming caregiving responsibilities during peak earning periods (50 to 64 years).[8] While most caregivers are white, the growth in caregiving is up markedly among African American and Hispanic workers.[8]





“Aging is really one of the very few universal human experiences. Many of us may have watched our moms care for our grandmothers when we were growing up, or we’ve cared for our own parents or partners. All of us are going to have this experience, which means it’s something that’s so personal and so connecting across humanity.”



Jisella Dolan
Chief Global Advocacy Officer
Home Instead

What is the working caregiver experience?

About four in 10 employees (41%) become working caregivers of adults when a family member or friend has an unexpected acute illness or injury such as a heart attack or fall.[10] These episodes are stressful and disruptive, but are often of limited duration. The birth of a child with special needs, on the other hand, is an example of a situation that suddenly thrusts an employee into the role of long-term caregiver. For most, however, the caregiving role evolves over time as the physical, cognitive or mental health challenges of family members or friends (also referred to as care recipients) progress. Caregiving responsibilities typically range from assisting with activities of daily living, such as securing food or medications, to arranging for health and social services. Given that fragmentation is a distinguishing characteristic of the U.S. care system, it's not surprising that coordinating services has been identified by more than one-third of caregivers as an especially challenging task.[6] Beyond these common expectations, supporting basic needs such as bathing and dressing, managing pain and other challenging symptoms, and delivering medical services such as injections also may be necessary for the more compromised care recipients. The majority of working caregivers are providing caregiving support in their own homes or those of the care recipients. Notably, 11% are long-distance caregivers, attempting to coordinate services while living more than an hour from the recipient.[8] For full-time employees, the average week includes 35.7 hours at work and an additional 24 hours on caregiving activities. This total of almost 60 hours per week doesn't account for other family responsibilities. Approximately three in 10 employees devote five or more years to caregiving.[8]

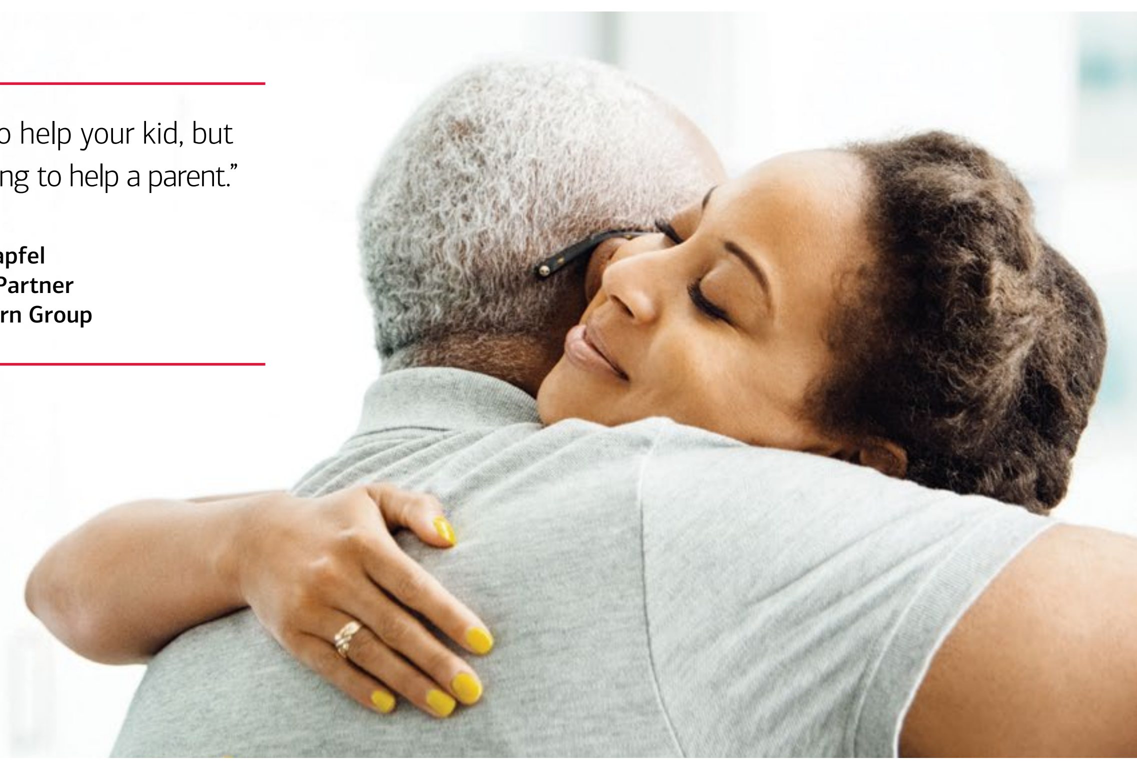
Average full-time worker's week

36 hrs employment
+ 24 hrs caregiving

60 hrs

"You drop everything to help your kid, but you can't drop everything to help a parent."

Drew Holzapfel
Managing Partner
High Lantern Group



What is the overall impact of caregiving on working caregivers?

For many employees, caregiving provides a sense of meaning and purpose. However, positive views typically co-exist with feelings of physical, emotional and financial stress.[9] Nearly four in 10 (38%) consider their caregiving role to be highly stressful. Stress is higher among those who feel that they had no choice in assuming the caregiving role.[8] For a significant portion of caregivers, there are personal health consequences. In the short term, stress may contribute to increased alcohol and tobacco use. Sustained stress in caregivers is associated with obesity, hypertension and tobacco use[11] as well as anxiety, depression and other mental health issues.[12] Despite growing personal health care needs, one in four find it difficult to take care of their own health, often citing a lack of time.[8] Thus, it's not surprising that a higher percentage of caregivers rate their own health as fair or poor compared to the general population (21% versus 12%).[8] Health consequences, however, aren't evenly distributed among age, racial and ethnic groups. Millennial caregivers, for example, are more likely to experience stress-related disorders such as hypertension. The health impact is much larger among African American and Hispanic caregivers than among white ones.[8]

> Consequences of sustained stress in caregivers: obesity, hypertension, anxiety, depression and other mental health issues.

4 in 10

employees consider caregiving highly stressful

What are the effects of working caregivers on employers?

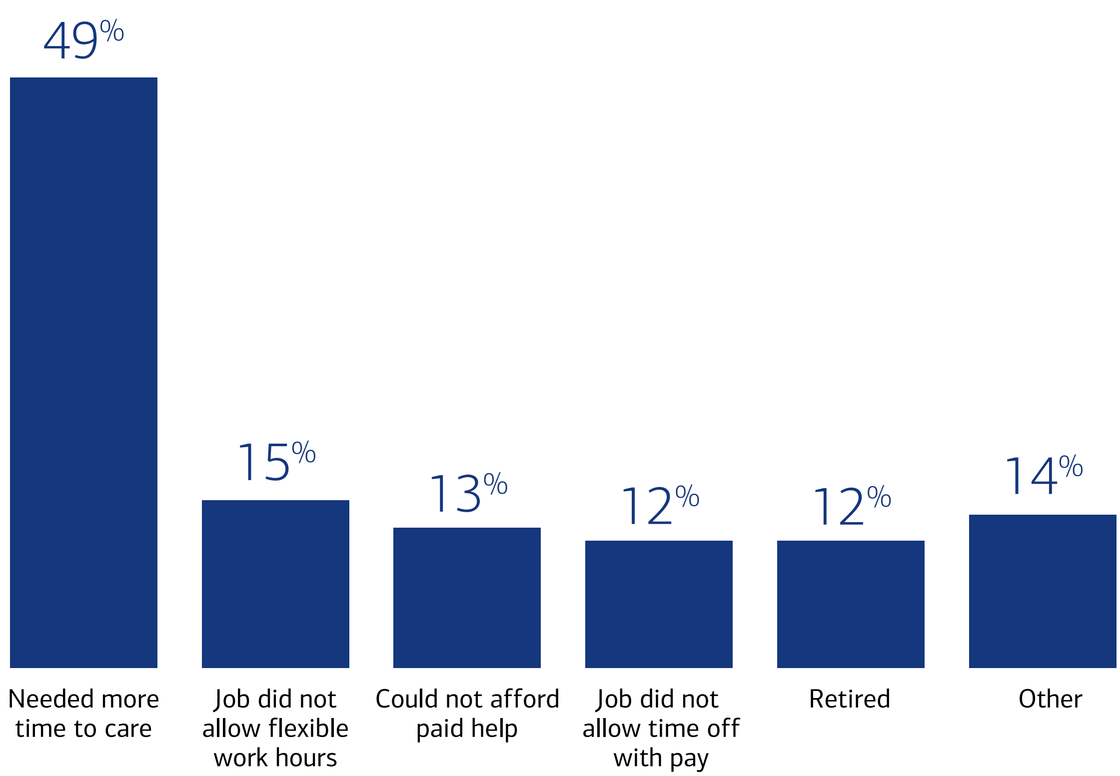
While recent reports have sounded the alarm about the threats caregiving poses to employers,[13, 14] a major barrier to a "call to action" has been gaps in information about this impact. Despite limited research, findings from multiple surveys completed by working caregivers reveal there is considerable cause for concern:

- Six in 10 found caregiving responsibilities disrupted their work, with over half reporting arriving late or leaving early, 15% reducing their work hours and 14% taking leaves of absence.[8]
- Three in 10 missed six or more days of work in one year due to caregiving.[15]
- Almost one in three left jobs at some point in their careers due to caregiving responsibilities.[14]
- Eight in 10 felt that caregiving negatively affected their ability to perform at their highest level.[14]
- Functioning on the job (performing physical or mental tasks) was disrupted 40% of the time in the prior month, affecting the quality, quantity and timeliness of work.[16]

In addition to the reported impact on productivity (absenteeism and presenteeism), caregiving while working may negatively affect organizations' morale and health care costs. Peers who don't know about or understand the responsibilities of working caregivers may feel that these employees aren't doing their part; they may resent having to take on additional responsibilities during especially challenging episodes of caregiving. Additionally, in the short term, employers have to manage workplace interruptions due to changes in caregivers' scheduling or their absenteeism. As noted earlier, managing both caregiving and job responsibilities has been associated with increased stress and anxiety, decreased self-care, earlier onset of chronic conditions, and delays in seeking medical care. Collectively, these health issues result in higher use of costly health services by working caregivers and increase employers' overall health care costs.[17]

Commonly, those who choose to leave the workforce or retire early are women or are among the more senior employees; their decisions result in a drain on talent and experience and the need for organizations to invest in the recruitment and training of their replacements.

Reasons caregivers stopped working



Source: AARP and the National Alliance for Caregiving (NAC), *Caregiving in the U.S., 2020 report.*
Note: Respondents could select more than one response; results add to greater than 100%.

How does financial stress complicate the lives of working caregivers?

Financial stress is influenced by many factors, including employment status, age, gender, ethnicity, sexual preference and discrimination.[8] A key issue reported by the vast majority of working caregivers is out-of-pocket costs incurred on behalf of care recipients.[18] Nine of 10 caregivers report they are contributing their own earnings or savings to support their care recipients ("financial contributors") and/or paying care recipients' bills, monitoring bank accounts and investments, and handling claims ("financial coordinators").[9]

Contributors. More than 75% of caregivers report substantial out-of-pocket costs associated with caregiving. Paying for care recipients' household expenses (rent/mortgage, food, home modifications) accounts for about half of these costs; providing support for medical costs (such as medications) accounts for an additional one-fifth.[18] While the average annual out-of-pocket cost born by caregivers is $7,242, there is significant variation in annual costs among certain subgroups. For example, caregivers providing support to older adults with Alzheimer's disease to adults between 50 and 64 years of age have substantially higher annual out-of-pocket costs (approximately $9,000 and $12,000, respectively).[18]

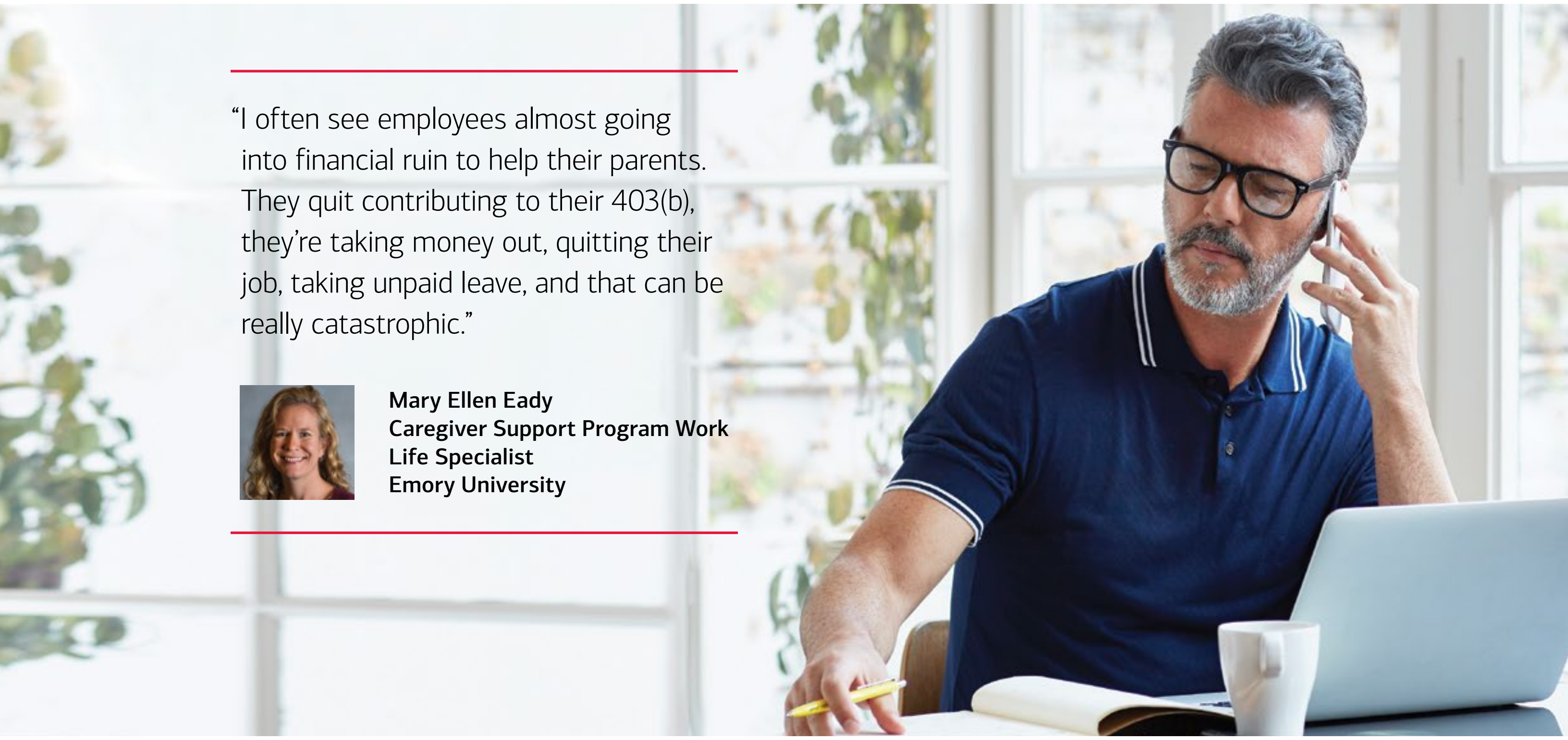
> $7,242
>
> Average annual out-of-pocket costs for caregivers

Coordinators. After two years of care, slightly more than half of caregivers (53%) report that their care recipients require full assistance with finances; only 12% of care recipients are independently managing these finances.[10] Many caregivers lack the legal authorization to access accounts and, even when they have it, struggle to fulfill their responsibilities. The vast majority have never discussed their financial role with their care recipients. The need for training and advice is especially noteworthy since the level of involvement in care recipients' financial affairs increases over time. Findings from Nadash and colleagues[19] reinforce that financial assistance and guidance is a critical unmet need among care recipients.

> "It's a rare client who's thinking ahead. Many don't want to talk about it until they're in crisis."

Cean Tan
Owner
CarePatrol of Greater Boston/ MetroWest

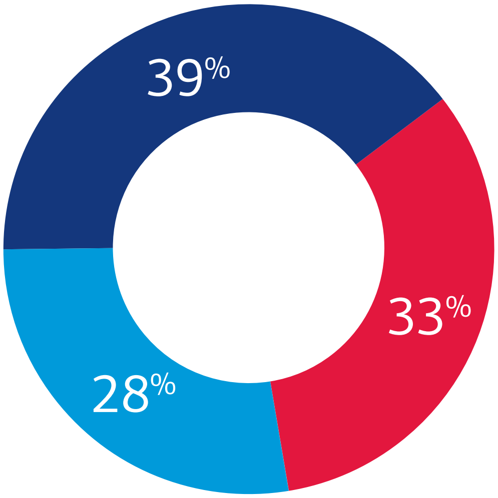
Impact. Unquestionably, caregiving is associated with financial consequences for all caregivers, with one in five reporting high financial strain. The degree of financial impact is associated with career decisions, including moving from full to part time, taking leaves of absence, giving up work entirely or retiring early.[8, 18] Most describe significant personal sacrifices throughout their caregiving journey, such as using paid and unpaid time off or skipping vacations to support care recipients. The majority note that making financial contributions to care recipients causes increased stress for them and their families. One in four have reported taking on debt and eroding short- or long-term savings intended for retirement or their children's education.[8]



"I often see employees almost going into financial ruin to help their parents. They quit contributing to their 403(b), they're taking money out, quitting their job, taking unpaid leave, and that can be really catastrophic."

Mary Ellen Eady
Caregiver Support Program Work Life Specialist
Emory University

Responders whose savings are affected as a result of caregiving, by caregiver age

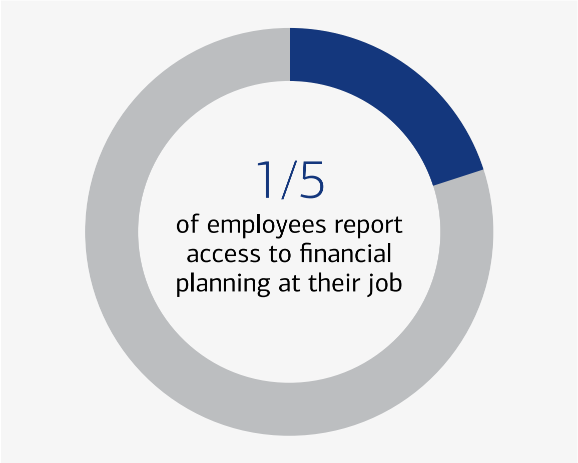


Source: AARP and the National Alliance for Caregiving (NAC), *Caregiving in the U.S., 2020 report.*

Not surprisingly, younger working caregivers (18 to 49 years) who haven't yet accumulated substantial savings report greater financial strain than those over 50. Additionally, higher financial strain is more common among hourly (as opposed to salaried) employees, women, and members of the Hispanic, African American and LBGTQ+ communities. Obviously, the impact is felt most acutely among lower-income employees, with those in the lowest income quartile spending, on average, three-quarters of earnings on caregiving.[18] Among higher-income earners, the most highly strained are those paying for their care recipients' residential care (nursing home or assisted living) or mental health services.[18] For those who leave the workforce or retire early because of caregiving, the long-term financial impact can be devastating. Women are three times more likely to be in this group than men.[20]

What benefits or programs are employers currently offering to address these issues?

Available data on the extent to which employers are offering benefits and programs to help mitigate the financial stressors on employees overall and working caregivers specifically are limited and dated. Moreover, evidence on their effectiveness is not available.[21] However, there are recent data suggesting a positive shift in employers' attitudes regarding the key role they can play in advancing employees' financial well-being. A recent assessment of workplace benefits[22] reveals that employers' engagement in financial wellness reached an all-time high in 2021, with more than half of employers surveyed (56%) reporting an "extreme sense of responsibility" for employees' financial wellness. The number of employers offering programs on a range of financial wellness topics, ranging from saving for college or retirement to planning for health care costs, grew, as did the percentage offering access to financial services and tools. About two in 10 employees (21%) reported having access to financial planning through their employers; the proportion offering such services is higher (38%) among larger employers with more than 500 employees.[23]



Importantly, employers' efforts are increasingly focused on diversity, equity and inclusion (DEI). While aforementioned programs and services are available to all employees, their potential to positively impact working caregivers is substantial.

There is some evidence that caregiving benefits are gaining momentum. For employers focused on DEI, mental health, and talent attraction and retention, caregiving benefits are recognized as an important tool to bring holistic support to employees and meet their business goals. Wellthy, a leading caregiver support benefit provider, offered the following examples of clients and partners empowering caregiving employees:

- **Meta**, already focused on new parents and young families, recently added a caregiving concierge to help with care for aging, complex, chronic and ongoing conditions.
- **BestBuy** expanded its caregiver pay benefit, which includes four weeks of paid leave for those who need to care for immediate family members, to include two weeks of paid leave to care for siblings, in-laws, grandchildren, grandparents and adult children.
- **Cisco**, ranked as Fortune's #1 Best Company to Work For, was recognized in part for its focus on caregivers throughout the pandemic.
- **Bank of America** employees have access to industry-leading leave for new parents, and back-up child and adult care is available when regular arrangements aren't available.

Caregivers report that workplace benefits such as paid or unpaid family leave, paid sick leave, flexible work hours, employee assistance programs and telecommuting have positively affected their lives.[24] However, the limited available data suggest that the number of employers offering such options varies widely. For example, only 14% of employees report access to flexible schedules and 23% to paid family leave, while 51% report availability of employee assistance programs.[24] Access to these benefits is more limited for hourly paid and lower-wage workers as well as those at smaller employers. This variability persists despite data indicating that such benefits are worth employers' investment. For example, a smaller percentage of caregivers with paid leave and paid sick days leave the workforce than those without (6% versus 11%).[8] In general, available but limited data suggest benefits and programs that target working caregivers enhance recruitment, engagement, productivity and loyalty while decreasing health care costs.[25] However, key questions remain regarding both the menu of benefits and programs that will best meet the needs of working caregivers and the standards that should be used to ensure that these investments yield high-quality support for employees and a good return on investment for employers.

"A large employer can start doing things this afternoon. But they have to be educated, and they have to also know that it's not something just to be done out of the goodness of their heart, but that it's really in their self- interest and will boost productivity."

Michael Hodin
Chief Executive Officer
Global Coalition on Aging

What are the challenges from both the working caregivers' and employers' perspectives in maximizing available programs and opportunities?

1/3

of working caregivers report employers are unaware of their caregiving responsibilities

One in three working caregivers report their employers are unaware of their caregiving responsibilities; another 13% are unsure whether their employers understand their situation.[8] A key challenge is that some employees don't identify themselves as caregivers; they perceive that the support they provide — willingly or unwillingly — is a part of a family member's responsibilities.

Others in this group don't want to draw attention to themselves in the workplace for fear that they'll be isolated or perceived as less productive.[26] This may especially be the case for Generation X employees and those caring for individuals with mental or cognitive health issues.

Many employers report difficulty identifying employees who have caregiving responsibilities. Even when they're identified, engaging these employees in the use of services and benefits is a multidimensional challenge. Primary among them is getting caregivers to trust that employers, especially their managers, understand what they're experiencing and are committed to supporting them. Related to this is the employers' role in ensuring that managers are prepared, and supported in their efforts, to address the needs of a diverse group of working caregivers in the context of established productivity expectations.

Frequent communication about benefits and programs that could support working caregivers is another key challenge. About one in 10 employers, for example, reports communicating about benefits only when an employee joins the company or not at all.[22] Finally, accessing and ensuring high-quality services from the many vendors who support working caregivers is difficult.

While employers play a key role, supporting working caregivers is a multisector responsibility. The public sector, for example, needs to ensure that state and federal policies optimally position caregivers to be able to remain in the workforce, while enabling their family and friends to receive the support essential for leading fulfilling lives. Overall, a relatively small proportion of public sector policies are designed to support working caregivers, and very few of these policies focus specifically on their financial stressors. For example, Washington state established a trust fund in 2019 to pay for long-term care services financed by a payroll tax; support for long-term care helps to alleviate major costs for certain caregiver expenses. On a federal level, the RAISE Family Caregivers Act of 2018 established an advisory council to provide recommendations for a national caregiving strategy. Enhancing education related to caregivers' financial concerns and providing caregiver-specific financial planning tools are among the key issues this advisory council will tackle.[27] Given available evidence that paid family leave has had a positive impact on caregiving,[28] a priority opportunity is to expand this benefit for caregivers of both adults and children with health challenges. A key lesson from the pandemic is that policies need to address the disproportionate burden of caregiving on women as well as minority and low-income communities. Employers must strongly advocate for needed policy changes that advance equity and simultaneously position employees to be able to access available public benefits.

What are future trends that will affect existing and future working caregivers and their employers?

The following are key trends likely to affect working caregivers and employers:

- The demand for caregiving support and the intensity of services required are rapidly growing. For the foreseeable future, the aging of the baby boomers will increase both the number of older adults requiring care and, because many are living longer, the complexity of their needs. Notably, a high proportion will suffer from Alzheimer's disease and related dementias.
- This growth in demand for services is occurring at the same time the caregiving workforce is shrinking. For example, there were approximately 3.5 working-age adults for every older adult in 2020; this ratio is projected to decrease to 2.5 in 2060.[29]
- The "Care at Home" movement is likely to increase caregiving responsibilities. Driven by the growth in the aging population, increased availability of home monitoring technologies, the need to reduce health care spending, and, to some extent, people's preferences, health care services, including those commonly delivered in hospitals, are shifting to the home. A likely consequence of this movement will be to increase the demands and responsibilities of working caregivers.
- Increased availability of technology will both positively and negatively affect the role of unpaid caregivers. Currently, the investment in new technologies to support unpaid caregivers is at an all-time high. On the one hand, new technologies could dramatically increase the capacities of employers to address the individualized needs of caregivers and employees to support their care recipients at home. As noted above, however, these technologies also may increase the expectations and stress placed on working caregivers.
- Major disruptions in the paid caregiving space will have a ripple effect on unpaid caregivers.[30] As a result of a massive shortage of direct-care providers such as home health or personal care aides, over 800,000 people have been on waiting lists for these services, some for up to three years.[31] The growing crisis in paid caregivers will add substantially to the burden of working caregivers, especially as the needs of recipients exceed the capacity of caregivers to support them.

Roadmap from financial stress to financial well-being

Roadmap from financial stress to financial well-being

The findings of this report offer a compelling case that the substantial and growing proportion of the workforce who also have caregiving responsibilities both pose a threat and create an opportunity for employers. The capacity to successfully compete for and retain talent today and for the foreseeable future will, to a large extent, be dependent on an organization's being seen as a caregiver-friendly environment. An organization's ability to be recognized as one that embraces DEI will, in part, be associated with that employer's willingness to help address the unique needs of diverse groups of working caregivers. Finally, the bottom lines of employers will be influenced by their efforts to enhance the productivity of working caregivers. Mitigating the financial stress of working caregivers and its devastating consequences is a key area where employers can make a positive difference in the lives of working caregivers and create a competitive advantage to attract and retain talent. In this section, a roadmap to accelerate employers' ability to capitalize on these opportunities and advance employees' financial well-being is suggested.

The Consumer Financial Protection Bureau defines financial well-being as "a state…wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life".[32] Guided by an understanding of their needs and challenges, the following are recommended foundational elements of a roadmap designed to accelerate the financial well-being of all working caregivers:

Inclusion: Ensuring solutions are centered on the challenges of an increasingly diverse group of working caregivers and designed to promote their trust.

Investment: Prioritizing meaningful engagement of working caregivers in designing and implementing solutions aligned with their needs.

Innovation: Promoting the testing of novel solutions and widespread sharing of findings.

Intersection: Maximizing critical partnerships to foster alignment between needs of working caregivers and solutions offered by other sectors.

This section of the report describes the final recommendations of the authors, reinforced by thought leaders, for mitigating the enormous financial stressors experienced by the rapidly growing segment of workers who also are caregivers. A comprehensive framework composed of four key elements — inclusion, investment, innovation and intersection — guides the delineation of both immediate and longer-term recommendations, each amplified by suggested strategies. Action on all elements by diverse groups of employers is essential to advancing the financial well-being of all working caregivers.

inclusion

Inclusion

Ensuring solutions are centered on the challenges of an increasingly diverse group of working caregivers and designed to promote their trust

The COVID-19 pandemic has underscored the fundamental issue of a lack of trust among vulnerable populations. Working caregivers and especially subgroups within this segment of the workforce, notably women, representatives from minority and LGBTQ+ communities, low-income, and hourly paid employees, are at especially high risk for experiencing financial strain and its negative consequences. Building or restoring their trust is critical to achieving meaningful progress toward their financial well-being. Attainment of this goal will require intentional execution of both immediate and longer-term strategies supported by organizational leaders

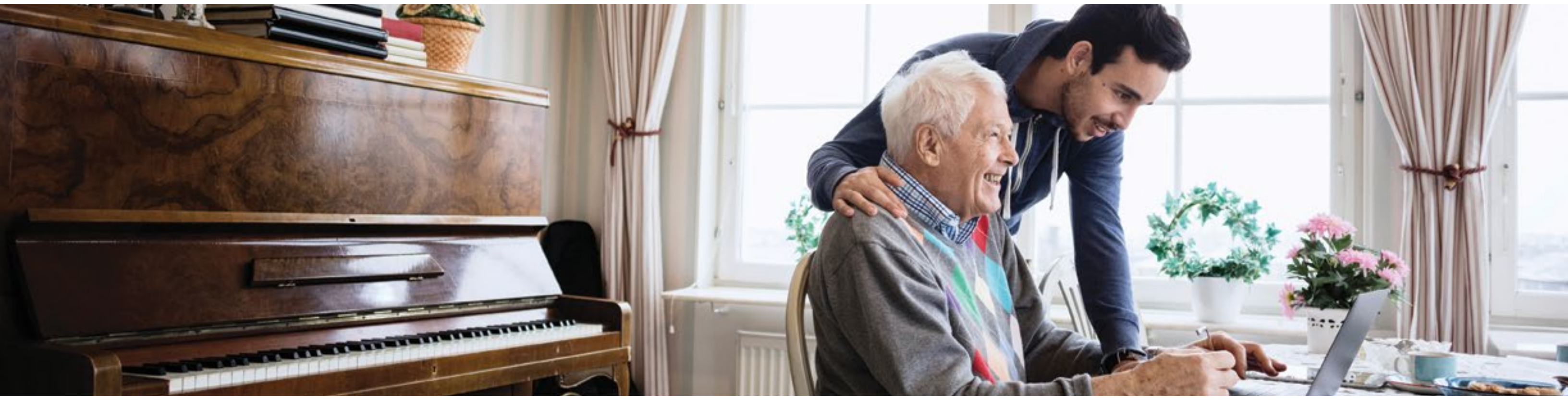
In the short term, implementation of a communication strategy designed to build community-wide awareness that most employees are or, at some future time, will be caregivers will help to normalize these dual roles. An effective strategy should communicate leadership's recognition of and support for the contributions of diverse groups of working caregivers.

Consistent messages will need to be delivered in multiple venues and, whenever possible, by trusted messengers. The desired impact of such a strategy is to advance trust and a sense of inclusiveness among diverse members of this group.

In addition to organizational leaders, managers play a key role in promoting inclusion. Thus, a second proposed strategy is to increase managers' understanding of the financial challenges common among all working caregivers and the unique issues confronting specific subgroups. Optimally, this strategy would include advancing managers' skills in creating a work environment conducive to helping employees identify their role as caregivers and mitigating their perceptions that the caregiving role reduces opportunities for career advancement.

A third proposed strategy is for employers to devote space and commit the time and resources essential for working caregiver support groups. The value of peers in sharing information and providing emotional support is well established. Optimally, these groups would be welcoming of diverse subgroups, including employees who are single mothers, African American, Hispanic and LGBTQ+, among others. Training in establishing and sustaining effective peer support would help these groups achieve desired outcomes.

In the longer term, clearly defined organizational goals and action plans specific to promoting financial well-being of all employees, including working caregivers, and routine reviews of organizational performance relevant to these goals are suggested. Parallel to this strategy is the recommendation that policies and standards designed to address discriminatory behavior and foster inclusion be established or refined, with specific attention to working caregivers.



investment

Investment

Prioritizing support of meaningful engagement of working caregivers in designing and implementing solutions aligned with their needs

The COVID-19 pandemic has emphasized that the challenges and needs of especially vulnerable groups are not well understood. Achieving substantive changes related to financial well-being of working caregivers is dependent on a robust understanding of the barriers to financial security experienced by this group. “Meaningful” engagement suggests that this is more than rubber-stamping decisions made by others. Rather, those affected by decisions should be directly involved in co-designing solutions. This level of engagement can be catalytic in reshaping policies, programs and benefits focused on working caregivers’ financial well-being and achieving substantive positive outcomes for this group and their employers. However, such an effort will likely require establishing new relationships between employers and working caregivers, prioritizing employers’ investments in this group, and mobilizing or redistributing resources.

In the short term, an assessment of the financial needs and challenges experienced by individual working caregivers is recommended. If leadership recognizes working caregivers as a core segment of the overall workforce, such an effort is more likely to yield actionable data. Assessment findings should position employers to design meaningful solutions targeting the unique financial challenges experienced by diverse subgroups of working caregivers.

Informed by these findings, those affected should be engaged in developing solutions with particular emphasis on involving employees with diverse perspectives. Thus, multiple avenues of engagement should be considered. In addition to including trusted representatives in decision-making groups, outreach via town halls or anonymous surveys will facilitate more widespread input in decision-making.

"If your employees have choice and say, 'This is what we need, you need to support us as family caregivers because caring extends through our whole life cycle, not just when we have children,' employers will respond to that. Employers want to be employers of choice by and large, and they have to recognize and meet this need if they want to keep employees working for them.

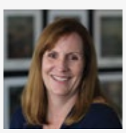
Right now, with the way workforce is, you've got to be an employer of choice, and one of the criteria is, you have to empower family caregivers. I think people are starting to demand that."

Jisella Dolan
Chief Global Advocacy Officer
Home Instead

The evidence summarized in this report suggests that the following categories of financial issues should be prioritized to maximize the engagement of working caregivers and ensure that solutions align with their needs:

Financial planning. Consistent findings reveal the substantial out-of-pocket costs borne by working caregivers that negatively affect their financial well-being, overall health and quality of life in both the immediate and longer term. Thus, consideration of the costs of future caregiving should be fostered by advisors and incorporated in financial planning tools for all employees. Priority attention should be paid to assisting current working caregivers with financial planning resources. While investment in high-quality financial planning that considers costs of current and future caregiving makes intuitive sense, many questions remain about how to effectively achieve this goal. What will motivate employees to incorporate caregiving costs in their planning? What training is needed for financial advisors? What financial resources will work best: One-on-one consultations with advisors? Tools that account for personal contributions made by working caregivers on behalf of care recipients? Or a combination of these?

"It doesn't matter whether people are emerging investors or are very high-net-worth. When we meet with them, what's important to them is their health and their family. Those are the two most important things."



Mary Mullin
Managing Director, Wealth Management Advisor
Merrill Wealth Management

Preparation for role as financial coordinators. Managing care recipients' finances is a challenging and time-consuming responsibility, yet available evidence reveals that very few working caregivers are prepared for this highly stressful role. Employers are uniquely positioned to offer on-site programs themselves, promote access to resources or engage qualified financial advisors to provide such services. Similar to financial planning, little is known about how best to prepare working caregivers for their role as financial coordinators. What are the biggest challenges this group has encountered? How can working caregivers engage care recipients to get a sense of their goals, obtain needed authorizations, assemble documents and handle other tasks? What training, tools and resources would be most helpful?

Assessment of benefits. A number of benefits available to the entire workforce, such as paid sick leave, telecommuting, and flex time, are of value to all employees.

Other benefits, such as access to geriatric care management services and emergency backup care, are particularly helpful to this segment of the workforce. As noted in the report, however, access to such benefits varies considerably across employers (for example, large versus small) and among different subgroups (such as salaried versus hourly workers). A key opportunity is to engage working caregivers in assessing the match between challenges to caregivers' financial well-being and the organization's current benefits.

Which are most helpful to working caregivers? What are priorities for refinement (for example, conversion from discrete buckets such as vacation and sick leave to paid time off)? Where might benefits need to be tweaked for certain subgroups (such as LGBTQ+ employees' access to health or legal services sensitive to their needs)? Which expanded benefits would be most helpful — paid family leave, increased flex time and/or a cash reserve for financial emergencies?

In the longer term, a robust infrastructure will be needed to ensure ongoing engagement of working caregivers in the design of solutions, to assess the extent to which this segment is capitalizing on them, and to measure their impact on the financial well-being of working caregivers and return on employers' investment. Infrastructure components related to these goals might include:

- Accessible organizational goals related to employees' financial well-being with a routinely updated dashboard on performance
- A communication plan to ensure working caregivers understand benefits and programs focused on their financial well-being; messages will need to be shared in multiple formats (email, newsletter, and others) and venues (including department, support group, letters delivered to homes)
- Use of technology to tailor messages to individual working caregivers regarding services or resources that will be of value to them
- Routine collection and reporting of standardized data regarding the use of and satisfaction with programs and benefits (working caregivers' perspectives); the quality of these programs; total costs of programs and benefits; and ROI in terms of things like recruitment, productivity (absenteeism, presenteeism) and retention (employers' perspective)

Innovation

Promoting the testing of innovative solutions and widespread sharing of findings

Employers' decisions related to adopting solutions designed to enhance the financial well-being of working caregivers should be informed by evidence of their impact in achieving desired goals for employees and employers as well as their costs. Thus, the creation of a hub of innovation where solutions can be piloted and refined to guide such decisions is recommended. Over the past several years, many employers have joined forces to share information regarding best practices and the likely impact of future trends. For example, the Global Coalition on Aging, with 20 or more members, has devoted considerable attention to the effect that the aging of baby boomers has had on working caregivers and has recommended policies and practices to minimize caregiver burden. Additionally, employers have forged relationships with academic and other research partners to suggest solutions to major societal challenges affecting employers.

Bank of America, for example, is currently collaborating with scholars at leading research institutions to explore multiple dimensions of the effects of longevity and caregiving and their implications. Thus, the opportunity exists to build upon this foundation to include the design and rigorous testing of innovative programs and benefits. Widespread dissemination of findings would be of great value to all employers, but especially to small and midsized organizations with more limited resources.

"We've studied caregiving in general, but what we haven't studied is working caregivers, because working caregivers have different stressors and strains."

Kevin Crain
Managing Director, Retirement Research & Insights
Bank of America

Intersection

Maximizing critical intersections to foster alignment of solutions between working caregivers and other sectors

Addressing the complex issues working caregivers confront is a multisector responsibility. The United Nations recently declared 2021 through 2030 to be the U.N. Decade of Healthy Ageing, highlighting the need for private-public partnerships to address the challenges associated with the global aging population.[33] Above, we've cited the value of collaborations between the private and academic sectors. Federal and state policymaking bodies also are crucial players in advancing the financial health of working caregivers. However, equitable policy solutions are attainable only if employers and working caregivers have a strong role in their design. Employers can advance the engagement of working caregivers, inclusive of the diverse subgroups, by positioning them with the knowledge and skills essential to influence policy outcomes. Coalitions of employers also can advocate for policies on working caregivers' behalf. Examples of policy options that would benefit from strong advocacy are expanded coverage under the federal Family and Medical Leave Act, increased coverage of paid family and medical leave by states, and expansion of Health Savings Accounts (HSAs) to cover caregiving costs. In addition to their advocacy for policy changes, employers can play a critical role in linking employees to currently available public benefits and community services that help to address their needs.

Beyond providing a compendium of locally available resources, employers can provide working caregivers with employee assistance resources and tools that facilitate access to needed health, social and financial services.

"People don't realize how localized care is. You really need curated local resources, and a lot of these tools or employee assistance programs or technologies or efforts are just generally pointing in a direction but aren't specific enough to actually deliver value on the ground."

Drew Holzapfel
Managing Partner
High Lantern Group

Conclusion

Conclusion

This report represents a “call to action” for employers to begin now to mitigate the threat posed by the rapidly growing group of employees who will be substantially challenged by increasing caregiver responsibilities for the foreseeable future. Employers are uniquely positioned to play a leading role in addressing a core vulnerability confronting this group — financial stress and its devastating consequences. Building on lessons learned during the past few years, employers have the opportunity to leverage their benefits and programs as well as partnerships with other sectors to accelerate the financial well-being of all employees, especially the richly diverse group of working caregivers. Acting on this opportunity is not just the right thing to do for employees; it is a business imperative.

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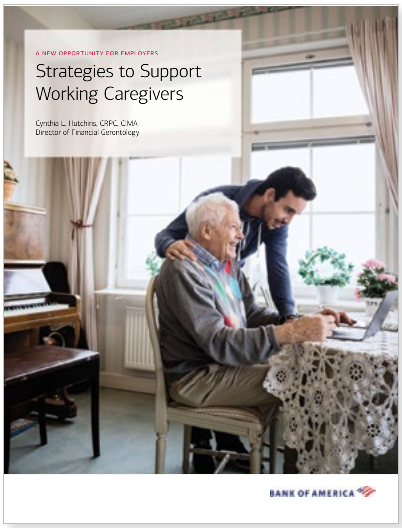
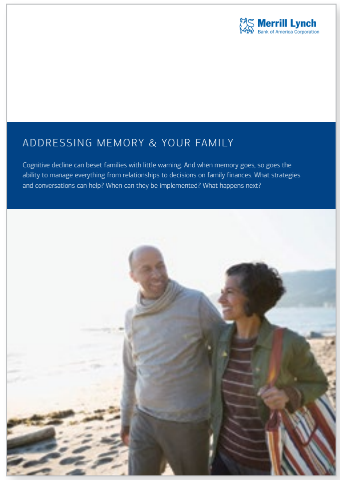
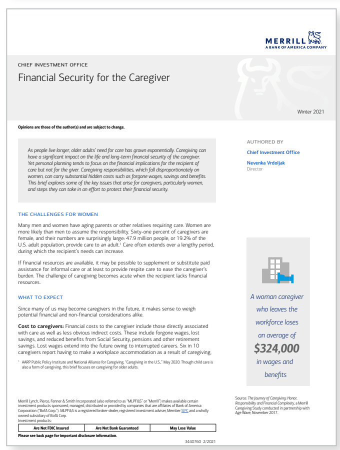
Additional caregiving resources



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CHIEF INVESTMENT OFFICE

Financial Security for the Caregiver

Winter 2021

Opinions are those of the author(s) and are subject to change.

As people live longer, older adults' need for care has grown exponentially. Caregiving can have a significant impact on the life and long-term financial security of the caregiver. Yet personal planning tends to focus on the financial implications for the recipient of care but not for the giver. Caregiving responsibilities, which fall disproportionately on women, can carry substantial hidden costs such as forgone wages, savings and benefits. This brief explores some of the key issues that arise for caregivers, particularly women, and steps they can take in an effort to protect their financial security.

AUTHORED BY
Chief Investment Office
Nevenka Vrdoljak
Director

THE CHALLENGES FOR WOMEN

Many men and women have aging parents or other relatives requiring care. Women are more likely than men to assume the responsibility. Sixty-one percent of caregivers are female, and their numbers are surprisingly large: 47.9 million people, or 19.2% of the U.S. adult population, provide care to an adult.[1] Care often extends over a lengthy period, during which the recipient's needs can increase.

If financial resources are available, it may be possible to supplement or substitute paid assistance for informal care or at least to provide respite care to ease the caregiver's burden. The challenge of caregiving becomes acute when the recipient lacks financial resources.

WHAT TO EXPECT

Since many of us may become caregivers in the future, it makes sense to weigh potential financial and non-financial considerations alike.

Cost to caregivers: Financial costs to the caregiver include those directly associated with care as well as less obvious indirect costs. These include forgone wages, lost savings, and reduced benefits from Social Security, pensions and other retirement savings. Lost wages extend into the future owing to interrupted careers. Six in 10 caregivers report having to make a workplace accommodation as a result of caregiving,

A woman caregiver who leaves the workforce loses an average of ***$324,000*** *in wages and benefits*

Source: *The Journey of Caregiving: Honor, Responsibility and Financial Complexity*, a Merrill Caregiving Study conducted in partnership with Age Wave, November 2017.

[1] AARP Public Policy Institute and National Alliance for Caregiving, "Caregiving in the U.S.," May 2020. Though child care is also a form of caregiving, this brief focuses on caregiving for older adults.

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