

Financial Strain on Workforce Leads to Increased Need for Disability Benefits, Related Services

The average net worth for an American employee has fallen significantly in the last 10 years. This decrease is contributing to

changing workplace demographics and an increased need for group disability insurance and related services, such as absence management, according to recent industry analysis by The Standard Insurance Company.

“The recession, along with higher healthcare costs and a multigenerational workforce, is creating a unique situation for employers,” said Alex Dumont, assistant vice president, product marketing at The Standard. “Lower employee net worth has made it necessary for baby boomers to have a longer employment tenure to recoup money lost during the Great Recession. This is affecting the upward trajectory of Generation X and millennials and will shift the current cost structure under which employers are operating.”

As many baby boomers are forced to delay retirement, they are inadvertently creating a workplace with higher likelihood of serious illness or injury. This can strain employer health care costs. Research shows that the cost of healthcare claims increases every 10 years for men beginning at age 45 and for women beginning at age 35.

To keep baby boomers productive and reduce the likelihood of a disability leave, it is increasingly important to have return-to-work, stay-at-work and wellness programs available.

Younger age groups are facing their own financial challenges, often doing more with less. Their personal wealth is suffering for many reasons, including slowed upward movement and increased family responsibilities—such as caring for children and aging parents.

“We’ve seen the cost of caring for children and aging parents rise over the last 10 years, placing a significant financial burden on Generation X and millennials,” Dumont said. “These generations—sometimes referred to as the ‘sandwich generation’—are more likely to use family and medical leave benefits to care for family members. They are not afraid to use these benefits, especially since they can’t always afford to pay for family care services.”

To help employers manage costs associated with family medical leave, The Standard suggests providing workers with more flexibility, including options for where and when they complete their work. In addition, a comprehensive absence management program available through an employer’s disability provider is helpful for tracking utilization of family medical leave to ensure the leaves are managed correctly, reducing the burden on HR staff.

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