



## Disruptive Demographics

# Home alone: How employers can help single employees manage life and finances

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The traditional image of the home—two parents with two children all living under one roof happily—is ingrained in the American psyche. But as we all know the reality is much more varied, with different combinations of families and friends constantly forming and disbanding households. Nevertheless, it may come as a surprise to learn that one of the most prevalent living arrangements in modern America is living alone.

This is a relatively new phenomenon. In 1950, four million people in this country lived alone. Today, there are eight times as many, almost 33 million. As a result, about a third of all U.S. households have just one resident, and in some cities the numbers are even higher. Roughly four out of ten households are single-person homes in cities like Seattle (42%), San Francisco (39.7%), Denver (40.4%), and Cleveland (39.9%). In Manhattan, almost 50% of households have one person.<sup>1</sup>

Several factors are driving the formation of single-person households. Most significant are that people are waiting longer to marry and divorce rates remain high. For employers, this overall increase in single-person households has profound implications for both workplace productivity and for the message they need to communicate to employees about planning for retirement.

## Daily and long-term concerns

First of all, it's important to remember that living alone is not the same thing as being lonely. Certainly many single people would like to live with a partner, but many others live alone by choice. Either way, people living alone face challenges that others do not. Everything falls on the shoulders of one person: all the little things, from getting on a ladder to changing a light bulb to being at home to meet the cable repairman, and all the big things, like buying a new car or paying the mortgage. There's no one to divide up chores and share expenses.

And these are just the day-to-day concerns of someone living alone. They must also think differently about their long-term plans. Besides saving for retirement to guarantee an acceptable standard of living, they must also plan for retirement expenses that someone in a multi-person household may not face since other members of the household can pitch in and help (such as hiring a handyman for chores or a home health aide in the event of an illness).



Financial Services

<sup>1</sup> *The New Yorker*, April 16, 2012; Live Alone, You're Not alone, CBS May 20, 2012; NYU sociologist Eric Klinenberg

## Helping single employees manage life and finances

In other words, living alone is hard work. It's time consuming and expensive. It takes lots of resources and planning. What's more, some people living by themselves might also be responsible for helping an elderly parent—nearby or far away—manage their own home.

Until recently, many employers shied away from involving themselves in this private sphere. But living conditions at home are fundamental to how well employees perform at work. A person living alone, stretched thin by responsibilities, could be absent more often, be more distracted when at work (a.k.a. “presenteeism”) and be generally less productive.

Helping employees manage their personal lives more efficiently by giving them access to tools and expertise is not being intrusive and it's not just being nice. It makes good business sense. Here are three ways employers can offer assistance specifically geared toward those who live alone.

### Be flexible and upfront

Offering flex time to employees who live alone—and encouraging them to take advantage of this option without fear of workplace repercussions—is enormously helpful and can boost productivity since it allows the employee to plan ahead and not be forced to take unplanned sick days or use valuable vacation days.

Remember these people are often, quite literally, expected to be at two places at once: at work and at home. It could be meeting the elusive cable guy, or dropping the car off at the garage for an emission inspection, or getting contractor bids to fix the upstairs bathroom, or any of a thousand tasks that have to occur during normal working hours.

To make these tasks easier, employers could expand telecommuting options and focus more on productivity and less on face time with employees. Remember, not all work gets done within the traditional work day. People get up early, and they work late. Sometimes they work on a Saturday so they can take off on a Wednesday. What's critical is that employees understand clearly what they need to accomplish while working from home—in other words, how their productivity will be measured—and that the job gets done to the employer's satisfaction.

### Provide information and networks

People living alone need to develop networks to accomplish many household tasks that the multi-person household can literally handle “in-house.” For people who are newly divorced, developing these networks can seem especially daunting. Most haven't built up networks of service providers because they've relied on the former spouse to take care of certain responsibilities.

Finding someone to perform even mundane chores, such as a handyman to install an air conditioner, or a plumber to fix a leaky faucet, is surprisingly time consuming. It's also a work distraction since the employee will almost certainly spend some time during the work day searching for whatever service provider they happen to need or dealing with service issues if they have hired someone unreliable.

Employers can help employees by creating a Web portal that offers information and access to providers of various services, from healthcare to lawn care to car care. The company might vet the providers on the site or not. But by simply giving employees a place they can find this information quickly, employers can cut down on absenteeism and presenteeism, thus maintaining productivity.

### Educate about financial risks

Employers should speak forthrightly to this group about the specific, long-term financial risks that they face as single people living alone; these risks put added urgency on careful retirement planning. As noted, employees who live alone can't share expenses in retirement, and if they reside far from family they may have a very limited network of free support. This means they must be able to pay for a range of services in retirement—chores they might have managed on their own when they were younger, such as mowing the lawn.

Then, of course, there is healthcare. People in multi-person households rely heavily on each other during times of illness. But for someone living alone, an illness that requires in-home care can decimate finances. Avoiding this scary scenario requires careful financial planning by, for instance, purchasing long-term care insurance or contributing to a retirement healthcare savings account.

It's easy to understand why current employees, who in their 50s and 60s may still be quite vigorous, might not focus on home maintenance and healthcare expenses when planning for retirement. And this is precisely why employers need to speak coherently to them about the financial issues and risks they will face in retirement, and encourage them to plan accordingly.

### Lend a helping hand

As noted earlier, some employers might have qualms about getting so deeply involved in helping employees manage their personal lives. But the fact is that employers are already pushing into this realm. Many companies strongly encourage exercise by advertising the health benefits and providing facilities on site or subsidizing membership in gyms. More recently, there's been a push for healthier eating. Both policies aim to influence personal behavior to make a person more fit, happier and, ultimately, more productive at work.

In this light, giving people the information, tools and flexibility to manage their personal lives in a less stressful, more efficient manner is a logical next step. This is especially true as many employees' job responsibilities push them beyond the traditional eight-hour work day. If employers hope to maintain productivity in such a demanding business environment, it's critical they help employees manage their personal lives more easily.

