



## Disruptive Demographics

# Caring for the caregiver: How employers can help employees caught in the middle

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Being forced to juggle conflicting demands is always an unpleasant, exhausting experience. Today, there is an entire generation of American workers who find themselves in precisely this position. Known as the sandwich generation, these people — approximately 40 to 60 years old — are caught between caring for their aging parents, who increasingly need their help with day-to-day activities, and their children, whether young children who are still at home or adult children who have suffered during the lackluster economy and need financial support and/or a place to live.

As it happens, members of the sandwich generation are in their peak earning years, when they are most critical to their employers, and when they should be saving aggressively for their own retirement. These employees want to perform well at work and advance their careers. But it's hardly surprising that a sick elderly parent and a needy child at home will create emotional and financial duress.

Inevitably, workplace productivity suffers. One recent study found that caregiving reduces work productivity by 18.5%,<sup>1</sup> and another study conducted by the National Alliance for Caregiving estimates that lost productivity costs employers \$30-\$50 billion per year.<sup>2</sup> In other words, whether employers know it or not, they have a vested interest in creating programs and offering resources to help employees cope with these emotional and financial issues.

## The scope of the problem

The first thing employers need to understand is the scope of the problem. According to the Gallup-Healthways Well-Being Index, nearly one in four American families provide some form of caregiving.<sup>3</sup> On average, these caregivers — defined as unpaid support provided by a family member or close friend with everyday tasks — spend about 20 hours a week on elder care. It's difficult to pinpoint how much these caregivers spend, but one MIT study based on assumptions contained in an AARP survey estimates that those making \$38,000 per year may spend nearly \$200 per month on eldercare, such as medicine, transportation and groceries.<sup>4</sup> These kinds of outlays drain resources that employees might otherwise use to shore up their own finances and save for retirement.

<sup>1</sup> Giovannetti ER, Wolff JL, Frick KD, Boulton C. Construct validity of the Work Productivity and Activity Impairment questionnaire across informal caregivers of chronically ill older patients. *Value Health*. Sep 2009;12(6):1011-1017.

<sup>2</sup> National Alliance for Caregiving in collaboration with AARP & the MetLife Foundation. *Caregiving in the U.S. 2009*.

<sup>3</sup> Gallup-Healthways Well-Being Index. (2010). *The U.S. Well-Being Index*.

<sup>4</sup> Lynn Feinberg, Susan C. Reinhard, Ari Houser, Rita Choula, "Valuing the Invaluable: 2011 Update—The Growing Contributions and Costs of Family Caregiving," AARP Public Policy Institute.



Financial Services

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As the sandwich generation's parents become more frail, their children's needs are increasing — even those children who are over 21. Given the escalating cost of college, some children are turning to their parents for more cash and loans. Unfortunately, a college degree does not guarantee employment in today's tough job market, forcing many unemployed children back home. A 2012 study from the Pew Research Center found that 29% of 25 to 34 year olds are either currently living with their parents or moved back home temporarily at some point recently.<sup>5</sup> In a related finding, the number of Americans living in multi-generation family households (21.6% in 2010) is the highest it's been since the 1950s, having increased significantly since 2000 when it was 15.8%.<sup>6</sup> The breadwinner in these multigenerational homes is usually the sandwich generation.

### Finding a solution

With this in mind, what can employers do to help employees manage these emotional and financial issues while remaining productive in the workplace? In broad terms, programs should be accessible to all employees, respect their privacy, and, in the case of specific interventions, be provided by competent, qualified and trained professionals. More specifically, employers should incorporate the four “Fs” into any plan design: Facts, Flexibility, Finance and Friendship.

**Facts:** Employees are starved for information. They want to know what services are available in the marketplace to help care for their parents or help their children. Many sandwich generation employees don't want to outsource the care of their parents and children, but they do crave information and ideas. Referral services, webcasts and seminars are all helpful. Employers should keep in mind that this is the first time that so many people have been caught in the middle this way: There is no historical data and no lessons from mom and dad about how to handle the stress. Employers can help fill this critical gap.

**Flexibility:** People may need more flexible schedules to manage their responsibilities at home. Maybe they need to take a parent to a weekly doctor appointment, or perhaps watch their baby grandchild while their adult daughter goes on a job interview. Allowing employees to work three days a week, or 40 hours during a four-day week, allows them to juggle responsibilities and yet stay in control of their schedules. It's also good for the employer, since flex time reduces unplanned and unproductive absenteeism by giving employees a way to notify employers of their schedule.

**Finance:** Being sandwiched puts new demands on finances. Employers, as retirement plan sponsors, need to help employees stay focused on their own financial well-being. Keeping up retirement contributions and saving for their own goals is not being selfish. The financial stability of the sandwich generation is vital if they are to be safe havens for parents and children. Also, employers can help employees make smart decisions about how they spend money on their parents and children. For instance, it might be better for a child to take out a loan that the employee can help pay off in the future, rather than depleting cash flow and savings today. Finally, employers can help employees quantify the effects of spending, and how draining savings and income today will affect how long they must stay in the workforce to achieve their own savings goals. Targeted education for this audience can help them meet their goals and increase their loyalty to the employers who have helped them through a difficult time, while personalized advice from a retirement plan sponsor can create tangible results: More than 80% of TIAA-CREF clients who received one-on-one advice reported that they felt more confident that they were on track to meet their retirement goals as a result of the session they had, with two-thirds or more indicating that they were extremely or very confident that they were on track to meet their retirement goals.

<sup>5</sup> Pew Research Center survey of 2,048 adults nationwide conducted Dec. 6-19, 2011.

<sup>6</sup> Pew Research Center analysis of U.S., Decennial Census data, 1940-2000 and 2010 American Community Survey (IPUMS).

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**Friendship:** Studies show that employed caregivers have a greater sense of well-being than unemployed caregivers.<sup>7</sup> Work itself serves as a respite from the intense responsibilities at home, but the office is also a place to socialize and commiserate. To help create a supportive atmosphere, employers can organize seminars and host formal or informal group discussions. These workplace sessions allow employees to share common experiences, coping strategies and the general challenges of balancing the physical and financial demands of supporting parents, children and themselves. In one recent study, several respondents reported how important the corporate culture was to the success of such programs.<sup>8</sup> In some companies, a corporate leader initiated the program and made sure that the culture recognized the importance of supporting caregiving employees. In other companies, the managers and supervisors clearly valued the program and made sure that employees were aware of resources available.

### Beyond the caregivers

The emotional and financial issues the sandwich generation faces are deeply personal, but they have profound public implications. Until recently, these people were mostly expected to balance competing interests on their own or suffer in private. But their problems are not going away. As the U.S. population ages — and as many people's life spans outlast their wealth spans — the sandwich generation is sure to grow. It's critical that employers help employees navigate these challenging circumstances, not only for better business performance, but also for the emotional and financial well-being of their employees.



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<sup>7</sup> Coughlin J. Estimating the Impact of Caregiving and Employment on Well-Being, Healthways Center for Health Research, May 2010.

<sup>8</sup> The National Alliance for Caregiving by ReACT, Best Practices in Workplace Eldercare, March 2012.

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