Workforce management: Considerations for post-pandemic success

Seventy-eight percent of Americans surveyed said COVID-19 has changed their views about what is important in life as it relates to their finances, with 64% saying they place more value on being a resilient person who can deal with adversity.[1]

Layoffs, furloughs and salary freezes across healthcare and higher education—whether experienced or just looming in the background—forced many employees to acknowledge their lack of emergency savings and contributed to an overall desire to better weather financial adversity. The additional stresses of transitioning to remote work and learning, ongoing social and political turmoil, and market volatility have caused **employees to place greater value on a workplace that takes both their financial and emotional wellness into consideration.**

Now more than ever, your ability to recruit and retain in a challenging job market can be directly impacted by the benefits you offer and your organizational culture. In fact, respondents to a Limeade survey of 1,000 full-time U.S. workers who started a new job in 2021 reported that when searching for greener pastures, the ability to work remotely, better compensation and more employee care were top criteria for new roles.[3] A work environment that emphasizes both emotional and financial wellness is critical, and when done well, can serve as a competitive differentiator.

Following are some of the ways employers are rethinking their workforce management strategies to better position themselves for the future.

"We have changed. Work has changed. The way we think about time and space has changed. Workers now crave the flexibility given to them in the pandemic—which had previously been unattainable."[2]

Tsedal Neeley,
Remote Work Revolution: Succeeding From Anywhere

Offer a comprehensive wellness program

Of employers surveyed in late 2020, 48% placed employee health and welfare and emotional state as a top three concern.[4] Stress related to the virus was one thing, but employers also saw indications of financial stress, with employees borrowing against their retirement plans or reducing contributions even when their jobs had not been impacted.

A July 2021 Business.com article on stress and productivity states, "Stress in a company may lead to restless employees who have the desire to find a less stressful job. This ultimately creates problems with an increase in staff turnover."[5] Combine that with stress-related lack of energy, lack of focus and reduced creativity, and it's not surprising that employer interest in wellness programs increased in late 2020—both to help existing employees and with an eye toward attracting new ones.[6]

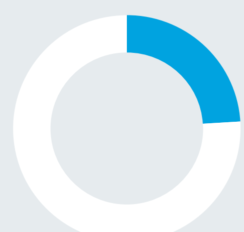
From a financial perspective, many employers are now trying to help employees recover and build or build back their financial confidence with programs that offer help with:

- **Budgeting, emergency savings and financial literacy–** Employees cannot be financially resilient without addressing the basics. In a survey on financial literacy, almost one-third of respondents said they probably or certainly could not come up with $2,000 if an emergency rose during the next month,[9] and the 2021 TIAA Institute-GFLEC Personal Finance Index showed that 18% of U.S. adults spend 10 hours or more per week on personal finance issues and problems.
- **Student and other debt–**In a late 4Q 2020 TIAA survey, two out of five plan sponsors said their institutions should be offering help with debt counseling and student debt[8] so that employees could improve their chances of saving for retirement. While the pandemic pause on student loan payments has given borrowers needed relief, debt is still a concern.
- **Retirement readiness–**Twenty-five percent of full-time faculty age 50 or older now expect to retire at an older age compared with their expectations prior to the onset of COVID-19, while 11% expect to retire at a younger age. These expectations may or may not be realistic as only 34% have received professional financial advice since the onset of COVID-19.[11]

Over half of 244 college and university presidents interviewed in a spring 2021 survey by the American Council on Education indicated that their budget to support the mental health of students, faculty and staff had increased for the upcoming academic year.[7]

TIAA 2021 Student Debt Survey[10]

57%
Still have $50K or more in student debt



24%
Of the 57% have over $100K in debt

Create a culture of inclusion

In a 2021 survey of college and university presidents, "racial equity issues" were among the top five most pressing concerns, with 85% indicating their institution is hosting discussions on racism and racial equity for students, faculty and staff.[12] The concern is also top of mind at healthcare institutions. The Journal of the American Medical Association reports that medical students who attend racially and ethnically diverse medical schools say they are better equipped to care for patients in a diverse society.[13]

However, a focus on diversity and equity does not guarantee an inclusive culture. A 2020 study by McKinsey conducted an analysis of inclusion-related indicators showed that **hiring diverse talent isn't enough—it's the workplace experience that shapes whether people remain and thrive.**[14]

Employers are taking action by:

- Providing manager and employee training to help ensure a culture of inclusion.
- Analyzing data to identify where they may benefit from additional workforce and supplier diversity.
- Establishing corporate social responsibility programs and employee social groups to help strengthen connections between employees and within their community, and to become an employer of choice.

Design nuanced benefits that satisfy a variety of employee needs and interests

Employers are using a variety of means to carry diversity, equity and inclusion into the benefits they offer. A one-size-fits-all approach to benefits and employee communication is giving way to a more nuanced approach that can account for varying needs of employees at different life stages and financial situations, who also may have been impacted by the pandemic in different ways.

In Q4 2020, 28% of employers surveyed said they would be reviewing benefits offered versus those used, and 20% said they would consider offering employees a wider range of ancillary services (e.g., health savings accounts and flexible spending accounts).[15]

Considerations include:

- **Providing cafeteria-style benefits** that allow employees to choose what best fits their needs
- **Simplifying retirement plan design and communications** so that employees who are ready to save can easily understand their options, make choices, enroll and remain engaged. This may mean reducing the number of providers offered, and even opting for just one that can offer a range of investment options along with personalized, relevant advice, recommendations and communications.
- **Reconsidering investment menu options** to cover basics while also addressing specific employee interests or needs. Employers are considering:
  - **A review of their default investment options** to help ensure employees who are not actively engaged have the opportunity to grow their retirement savings with the potential for a guaranteed stream of income. Of plan sponsors surveyed in late 2020, 30% selected revisiting their default as a post-pandemic priority.[15]
  - **Responsible investing (RI) choices** to appeal to an increasing percentage of investors who make this a priority in their portfolio choices.

A 2020 study by McKinsey[14] found:

52%

Felt positive about diversity overall

but only

29%

Felt positive about inclusion

While advisors report that performance is important to investors, there has been a noticeable jump in advisors' perceptions that clients are committed to social and environmental causes in their portfolio choices, rising from 44% in 2018 to 74% in 2019.[17]

2020 Nuveen responsible investing survey

- **Promotion of in-plan annuities that guarantee income in retirement.** Of plan sponsors surveyed in late 2020, 32% said that helping employees understand their retirement plan investment choices and the importance of having a guaranteed source of income in retirement is one of the three most important things retirement plan providers can do.[15]

Consider flexible work arrangements

COVID-19 forced an immediate transition to online learning and remote work. As the pandemic has lingered on, temporary solutions are becoming more permanent. In fact, 45% of presidents surveyed at private four-year institutions said they would revise policies related to remote work and flexible work arrangements,[7] but many seem to just be at the beginning of determining what their long-term strategies will be.

Challenges in structuring long-term policies include:

- **Cybersecurity concerns –** A report from email security firm Tessian looks at the state of data loss in organizations and reveals that nearly half of employees (48%) are less likely to follow safe data practices when working from home.[16] Personal data maintained by higher education and healthcare organizations makes them prime targets for ransomware attacks, and risks aren't removed when employees are in the office. So institutions are building cyber safety into their organizational cultures and stepping up on regular employee training.
- **Considerations for tax, employment law and payroll issues** related to having employees in multiple locations. Many are tackling this internally while others are hiring outside consultants to weigh in.
- **Right-sizing physical assets and increasing space utilization -** Many schools do not have the revenue needed for critical loan repayments and building maintenance. They can consider monetizing these assets to generate revenues, partnering with developers to repurpose space, and redesign space to accommodate work from home while maximizing the value of being in person.

Changes to remain post-pandemic[18]

36%
Changing how patients are served

34%
Implementing permanent work-from-home policies

30%
Changing how students are served

While both the higher education and healthcare industries have experienced significant financial losses during the pandemic, experts believe that consumer behavior will guide their reemergence. Organizations will need to be nimble and on the lookout for new opportunity.[17] In this environment of continuous change, employers should recognize that employees are revisiting how their work and personal lives intersect and have reprioritized what's most important to them. Looking out for their well-being, regardless of whether they're on-site or remote, can provide a much-needed sense of stability for them and a commitment to you as their employer.

For more information, or to have a conversation about how you can address the needs of your workforce, reach out to your TIAA contact, or the Administrator Telephone Center at **888-842-7782**, weekdays, 8 a.m. – 8 p.m. (ET).

1. The TIAA Retirement Insights Survey: A survey of employees and employers, 12/2020.
2. The Great Resignation, NPR, June 24, 2021.
3. Majority of Job-Changers in the Great Resignation Were Burned Out, Wanted to be Valued and Cared For, Limeade, September 2021.
4. TIAA plan sponsor listening tour (survey of 191 higher education, healthcare and other not-for-profit clients and non-clients).
5. Stress and productivity: What the Numbers Say, business.com, July 30, 2021.
6. 2020 TIAA Retirement Insights Survey.
7. College and University Presidents Respond to COVID-19: 2021 Spring Term Survey, Part II, American Council on Education, May 20, 2021.
8. TIAA 2020 plan sponsor listening tour (survey of 191 higher education, healthcare and other not-for-profit clients and non-clients).
9. Financial Literacy Reduces Money Stress, FINRA Study Finds, Rethinking65, May 4, 2021.
10. TIAA 2021 Nonprofit Student Debt Survey, November 2021.
11. Retirement readiness among the higher education workforce: Impact of COVID-19, TIAA Institute, March 2021.
12. College and University Presidents Respond to COVID-19: 2021 Spring Term Survey, Part II, American Council on Education, May 20, 2021.
13. The Importance of Diversity in Healthcare & How to Promote It, Provo College, June 2020.
14. Diversity wins: How inclusion matters, May 19, 2020 Report, **https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters**.
15. TIAA plan sponsor listening tour (survey of 191 higher education, healthcare and other not-for-profit clients and non-clients).
16. Research Shows Employees Are Less Likely To Follow Safe Data Practices At Home, Tessian, June 26, 2020.
17. 2020 Nuveen fifth annual responsible investing survey, June 12, 2020.
18. TIAA plan sponsor listening tour (survey of 191 higher education, healthcare and other not-for-profit clients and non-clients).