

# Workers' financial woes

## The insurance landscape has changed, but workers' financial woes remain the same

Changes to the way health insurance is delivered and purchased mean more Americans than ever have access to the critical financial protection provided by major medical coverage. That's good news – and it's even better news when it's paired with evidence of a resurgent economy. Unfortunately, the financial upswing hasn't yet trickled down to U.S. workers' bank accounts: The 2015 Aflac WorkForces Report reveals that people throughout the nation are struggling with money issues, and it's not an exaggeration to state that many are just one injury or illness from financial disaster.

### Living on the edge

The improving economy may mean better raises and bonuses down the road for U.S. employees, but years of reduced or eliminated raises and bonuses have left some workers in financial turmoil. In many cases, their health care costs – including premiums, deductibles and out-of-pocket expenses – have gobbled up their raises and more. The backslide in take-home pay has left many walking financial tightropes, and even seemingly minor medical expenses threaten to send them tumbling. Consider these employee facts:

	Percent of responses
Agree they wouldn't be able to adjust to the large financial costs associated with a serious injury or illness.*	67%
Agree they regularly underestimate the total costs of an injury or illness, including medical, household and out-of-pocket expenses.*	68%
Agree their families are financially prepared for an unexpected emergency.*	68%
Are currently dealing with high medical bills.	12%
Have less than \$1,000 on hand to pay unexpected out-of-pocket medical expenses.	52%
Have less than \$500 on hand to pay out-of-pocket medical expenses.	28%

\*Agree = Completely, strongly or somewhat agrees

### The credit conundrum

While credit is useful in a pinch, building up a large amount of debt is a financial misstep. Many Americans whose budgets are stretched to the max are forced to use credit to cover medical

bills, and the 2015 Aflac WorkForces Report reveals there are often serious consequences. Employees say medical costs are affecting their credit scores, keeping them from paying other bills and thwarting their efforts to save for rainy days or retirement.

Employees say...	Percent of responses
Medical bills have greatly hindered their ability to save.*	42%
They'd have to use a credit card and/or borrow from their 401(k) or other retirement account to pay out-of-pocket costs associated with an unexpected serious illness or accident.	44%
They've been contacted by collection agencies about outstanding medical bills and/or their credit scores were negatively affected by high medical costs.	17%
They've missed car, credit card and/or rent or mortgage payments due to high medical costs.	9%
They've had to make cuts or sacrifices to save money.*	74%

\*Includes survey participants who completely, strongly or somewhat agree

## Are Americans financially literate?

The WorkForces Report reveals that many Americans aren't making the connection between the monetary decisions they make today and the repercussions those decisions will have far in the future. Financial literacy is low, with the majority of workers neglecting not only to save for tomorrow but for eventual retirement. In fact, employees reported that they:

	Percent of responses
Do not have financial plans in place.	45%
Are currently coping with financial challenges.	34%
Are concerned about reducing debt.	39%
Are not very or at all confident about their financial futures.	22%
Will be older than they expected when they retire.	40%
Agree that financial unpreparedness is their reason for delaying retirement* (Among those who agree their retirement age will be older than anticipated).	82%
Agree their goals and dreams are financially protected.*	66%

\*Agree = Completely, strongly or somewhat agrees

Financial unpreparedness has many Americans tossing and turning: Just 43 percent of those surveyed completely or strongly agree that, given their financial situations, they have peace of mind that allows them to sleep at night.

## Employers feel the sting of workers' financial concerns

Why should employers be concerned about their workers' financial stress? Because those concerns follow employees to work and can result in decreased productivity, workers are distracted. Here are just a few reasons employers should put together strong benefits packages and market those packages to employees with clear, concise and relevant communications.

	Percent of responses
Percentage of workers who named personal financial issues as the top nonwork-related issue that distracts them on the job.	20%
Percentage of workers who are extremely satisfied with their benefits packages.	13%
Percentage of workers who say an overall benefits package is influential in their decision to leave a current employer.*	76%
Percentage of workers likely to take a job with slightly lower pay but more robust benefits.**	59%
Percentage of workers who are likely to look for a new job in the next 12 months.**	49%
Percentage of workers likely to look for new jobs in the next 12 months who say improving their benefits package is one way their employer could keep them in their current job.**	45%

\*Influential = extremely, very and somewhat influential

\*\*Likely = extremely, very and somewhat likely

## Location, location, location...

Apparently, location matters in issues other than real estate, because the Aflac WorkForces Report reveals that top health care concerns and related financial issues vary by region. Here's a look at how things shape up in the Midwest, Northeast, South and West:<sup>1</sup>



**Midwestern** employees are more likely than those of any other region to have been contacted by a collection agency about unpaid medical bills.



Employees in the **Northeast** are slightly more likely than those of all other regions to consider voluntary benefits an important part of a comprehensive benefits plan.



**Southern** workers are less likely than those in all other regions to prefer face-to-face meetings for communications about their employee benefits options.



Employees in **Western** states are more likely than those in any other region to say they'd need to borrow from a 401(k) and/or use a credit card to cover unexpected medical costs.

## About the study

The 2015 Aflac WorkForces Report is the fifth annual Aflac employee benefits study examining benefit trends and attitudes. The study, conducted in Jan. 2015 by Research Now, captured responses from 1,977 benefits decision-makers and 5,337 employees from across the United States. To learn more about the Aflac WorkForces Report, visit [AflacWorkForcesReport.com](http://AflacWorkForcesReport.com).

<sup>1</sup> For the purposes of the Aflac WorkForces Report, Midwestern states include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. Northeastern states include Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont. Southern states include Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia. Western states include Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

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