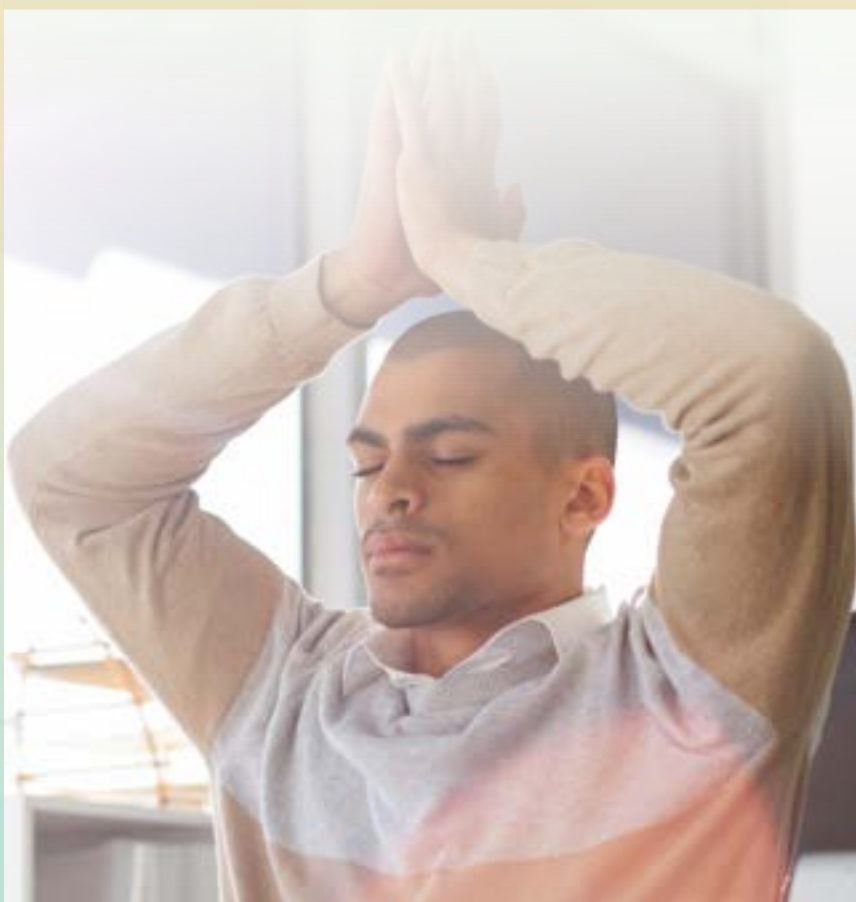


HEALTH WEALTH CAREER

HEALTHY, WEALTHY AND WORK-WISE

Health Is Vital to Wealth

How Companies Can Support the Health of an Aging Workforce



MAKE TOMORROW, TODAY



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01

INTRODUCTION: HEALTH IS VITAL TO WEALTH

With increasing life expectancies around the world, the customary retirement age is becoming a thing of the past. People are expecting to work well past traditional retirement ages — whether to cover living expenses or to maintain a sense of purpose and meaning in their later years. What's more, companies are going to need these older employees to meet talent shortages and to share their unique combination of knowledge, skills and experience. Since older workers will be a key part of the workforce in the decades to come, they must safeguard their most important asset — their health.

Mercer's recent research study, *Healthy, Wealthy and Work-Wise: The New Imperatives for Financial Security*, indicates that people view personal health as vital to their financial security. Employers should recognize that helping employees better manage their health and wealth is critical to any firm's value proposition.



02

WORKING LONGER TO
CONTINUE EARNING

Populations in many countries around the world are graying, due in large part to lower birth rates and longer lifespans brought on by medical advances. Since 1980, the number of people over the age of 60 has more than doubled and is expected to double again by 2050 to nearly 2.1 billion (one in five persons).^{1,2}

Globally, longer life expectancies, coupled with the recent extended period of low interest rates and rising medical costs, are fueling concerns that retirement savings may not be enough to support people throughout their longer lifetimes. In partnership with Mercer, the World Economic Forum examined data for retirement savings, including both government and company pensions as well as individual savings, from eight major economies and estimated that the shortfall in 2015 was \$70 trillion. If savings levels and conventional retirement ages remain unchanged, the gap is projected to expand dramatically to \$400 trillion by 2050.³

Among those surveyed by Mercer as part of the *Healthy, Wealthy and Work-Wise* study, only 30% say they

are confident that their savings, income or pension will be able to maintain their quality of life after retirement. Of those already past retirement age, 29% are confident they have enough money saved.

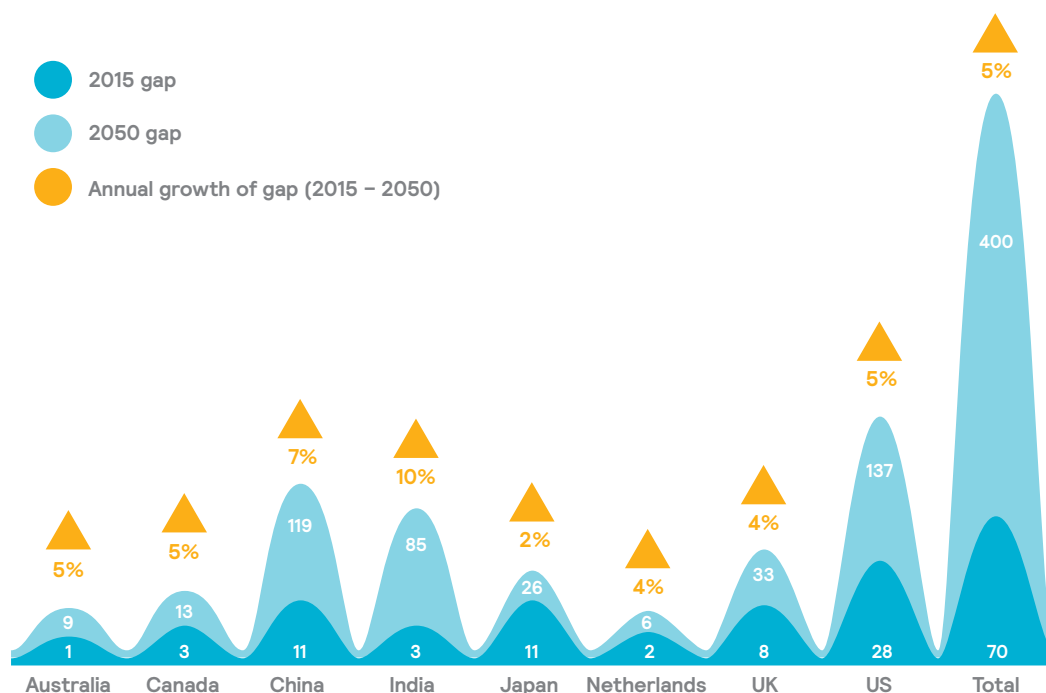
One solution for insufficient retirement funds is for people to work later into their lives. Policies that encourage early retirement are being curtailed, and required retirement ages are being raised or eliminated entirely. Many governments have taken steps to gradually increase the retirement age, and employers are following suit. In Japan, where the official retirement age is being raised from 62 to 65, a Reuters poll shows that about 60% of companies have raised the retirement age or are making plans to do so.

¹ United Nations. *World Population Ageing* (2017). Available at http://www.un.org/en/development/desa/population/publications/pdf/ageing/WPA2017_Highlights.pdf.

² World Health Organization. *Ageing and Health* (February 2018). Available at <http://www.who.int/news-room/fact-sheets/detail/ageing-and-health>.

³ World Economic Forum. *We'll Live to 100 – How Can We Afford It?* (May 2017). Available at http://www3.weforum.org/docs/WEF_White_Paper_We_Will_Live_to_100.pdf.

Figure 1: Size of the retirement savings gap (\$ trillions, 2015)



Source: Mercer analysis

Focus on the Research

Healthy, Wealthy and Work-Wise: The New Imperatives for Financial Security

In the *Healthy, Wealthy and Work-Wise* research, Mercer shines a light on beliefs and behaviors around financial security from both business and consumer perspectives. It aims to uncover insights into employer, employee and consumer behaviors, and the beliefs and perceptions of these groups around financial security across health, wealth and careers.

Researchers gathered input from business leaders and individual employees in both private and public sectors across six different age groups. A survey was administered to 7,000 adults in Chile, China, Ireland, Japan, the Nordics (Denmark, Norway, Finland and Sweden), the UK and the US, and interviews were conducted with 600 senior decision-makers in China, Japan, the Nordics, South America (Chile, Brazil and Mexico), the UK and the US.

Access the full report: <https://www.mercer.com/our-thinking/healthy-wealthy-and-work-wise.html>.

03

WORKING LONGER FOR A PURPOSE BEYOND A PAYCHECK

In addition to working for financial reasons, people are choosing to remain in the workforce longer because work provides them with a sense of purpose and meaning. A recent US study found that 44% of people who worked past their planned retirement age did so primarily because they enjoyed work or wanted to stay active.⁴ Many older individuals view their work as an important part of their identity, while others appreciate the routine of work because it gives them a reason to get out of bed in the morning.

Another way work can foster a sense of purpose for older workers is through opportunities to share knowledge, experience and wisdom with younger colleagues. Cross-generational mentoring relationships can help older adults experience more joy as they age, and the social connections can allay loneliness.⁵

There is no denying the health benefits that a sense of purpose can provide. Having a purpose in life is associated with better immune system functioning, quicker recovery rates from illness and injury, slower rates of cognitive decline, and delays in the onset and effects of Alzheimer's disease.⁶ Additionally, people with purpose may have more motivation to make better health decisions like eating healthy foods

and exercising. One study showed that working predicted higher levels of purpose for older adults with depression and cardiovascular diseases,⁷ and other research has shown that having a purpose reduces doctor visits and overnight hospitalizations.⁸ Relationships at work can help maintain good health in aging adults as well. Scientists have found that social isolation is sometimes associated with high blood pressure, inflammation and cognitive decline, and is a risk factor for other chronic diseases.

Continuing to work well into the 60s and 70s can be a good experience, but in order to gain the benefits it offers, people must be healthy enough to work.

⁴ Transamerica Center for Retirement Studies. *The Current State of Retirement: Pre-Retiree Expectations and Retiree Realities* (December 2015). Available at https://www.transamericacenter.org/docs/default-source/retirees-survey/retirees_survey_2015_report.pdf.

⁵ Milken Institute, Center for the Future of Aging. *The Power of Purposeful Aging: Culture Change and the New Demography* (2016). George Vaillant. *Aging Well: Surprising Guideposts to a Happier Life from the Landmark Study of Adult Development* (2002). Available at <http://aging.milkeninstitute.org/assets/Uploads/PAS-16.pdf>.

⁶ Milken, *Power of Purposeful Aging* (2016).

⁷ Boot, C. R., et al. "Factors Important for Work Participation Among Older Workers with Depression, Cardiovascular Disease, and Osteoarthritis: A Mixed Method Study," *Journal of Occupational Rehabilitation* Volume 26, Issue 2 (2016): pp. 160-172.

⁸ AARP. "Disrupting Healthcare: A Person-Centered Approach" (2017). Available at https://pro.signiausa.com/wp-content/uploads/sites/80/2017/01/1-Disrupting-Aging-Real-Possibilities_Charlotte-Yeh.pdf.

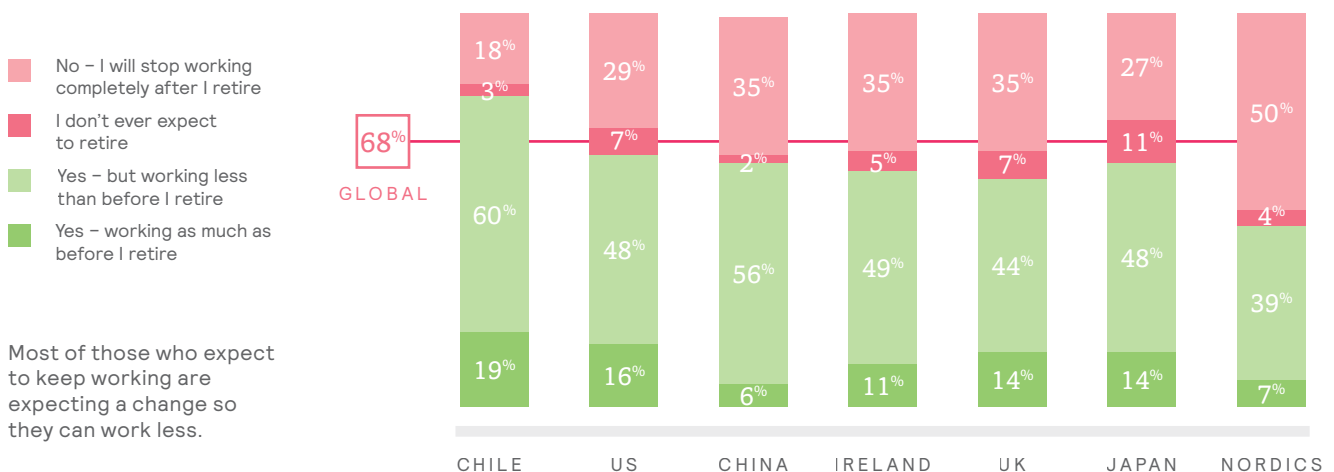


04

IT'S TIME TO RETIRE RETIREMENT AND CULTIVATE HEALTH

Mercer's *Healthy, Wealthy and Work-Wise* research shows that 68% of people don't expect to retire at all, or they expect to continue working in their later years. For these employees, personal health is a true asset that allows them to continue earning a paycheck, saving for retirement and contributing taxes for social programs, and/or experiencing the sense of purpose and meaning that work can provide.

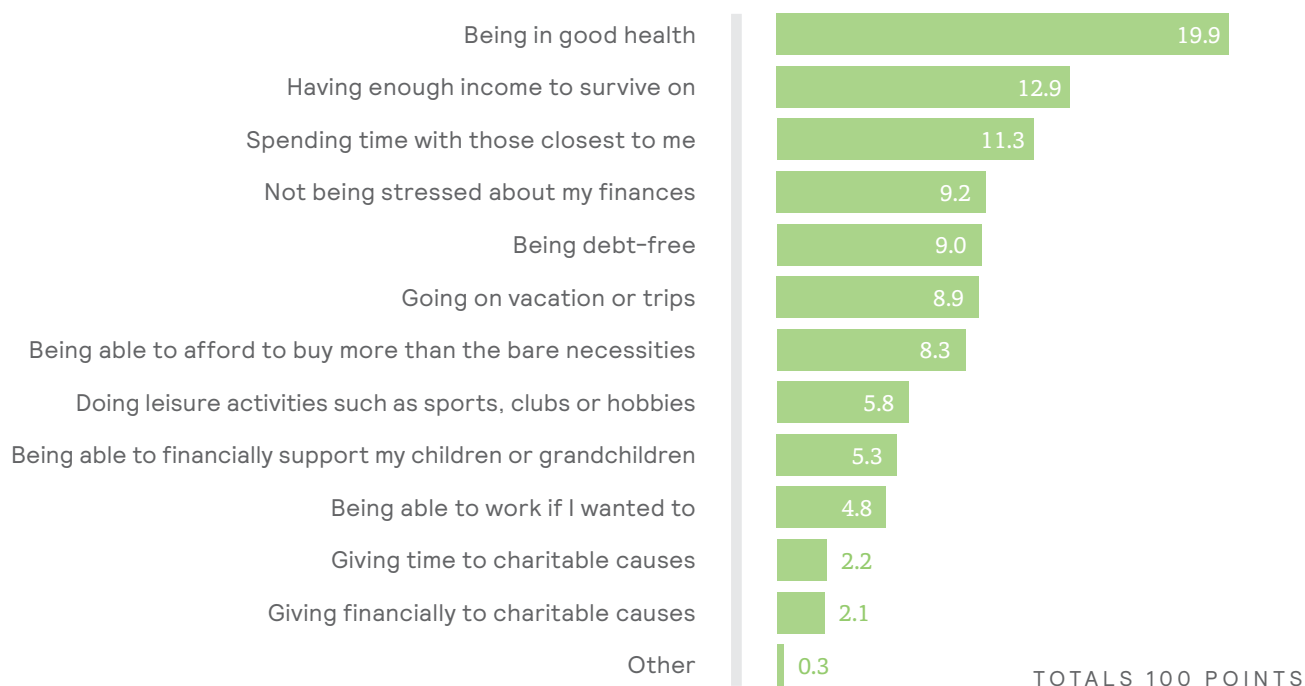
Figure 2: When you retire, do you expect to keep working?



Source: Mercer, *Healthy, Wealthy and Work-Wise: The New Imperatives for Financial Security*, 2017.

The survey revealed health is the most important priority when it comes to quality of life and financial security, now and in later years. When asked what causes them stress regarding their financial security, respondents cited their top two stressors, which were neck and neck: general economic conditions (41%) and personal health (40%). This differs from what business leaders think causes financial stress for their employees. Only 33% of leaders cite personal health, behind economic conditions (44%) and uncertainty around employment tenure (39%). Another significant difference between consumers' and employers' views is what is most important for a financially secure retirement. Half of business leaders rank personal savings as most important, with health coming in fifth. Individuals, however, pointed to health as the top priority.

Figure 3: What defines a good lifestyle after you stop working entirely?



People need to be healthy in order to live fulfilling lives for as long as possible — whether that means saving to help a grandchild pay for college, making new contributions in their profession, caring for a relative or pursuing new hobbies and travel. **Ultimately, health is critical for living well as we live longer.**

But even as people report that health is a major priority, they may be struggling to maintain their health or have concerns about it. Only 39% of Mercer's survey participants said their health is excellent or very good in terms of ability to do their jobs. Three-quarters of people reported that they are not confident they will be able to work as long as they want to. Companies need to help aging workers prepare for longer working lives — not only to benefit employees but also to unlock the potential value these workers can offer.

Figure 4: How would you rate your overall health in terms of your ability to work and earn today?



Source: Mercer, *Healthy, Wealthy and Work-Wise: The New Imperatives for Financial Security*, 2017.

05

WHY COMPANIES NEED HEALTHY OLDER WORKERS

New research shows that aging workers often bring important experience to the workplace that can't be easily replicated in younger workers. In addition to employees' collective knowledge and competencies, older workers receive high marks for being loyal, engaged and adept at problem-solving, as well as for their abilities as strong mentors and teachers.

Contributions From Seasoned Employees

1. Training and mentoring
2. Institutional workplace knowledge
3. Reliability
4. Problem-solving capabilities
5. Emotional intelligence

Research from the Stanford Longevity Center suggests that aging brains may improve in certain ways, such as an increased ability to use creativity in solving problems and stronger emotional skills.⁹ These types of competencies may prove more valuable as the workplace becomes increasingly automated. For example, Mercer's research shows that 45% of current jobs in the financial services sector can be automated, but only 10% of these positions are likely to be eliminated entirely. The remaining jobs will be refocused on new tasks that require more analytical, relational and problem-solving skills — the kinds of qualities exhibited by many older workers. In fact, older executives have been shown to outperform their younger counterparts in some verbal abilities, which are particularly relevant for more complex jobs.¹⁰

While older workers have a variety of solid skills to bring to the workplace, the true magic happens when they are part of an organization with

people of many different ages. Multigenerational teams tend to have higher productivity, less turnover and better capacity for complex decision-making than do teams whose members are in the same age bracket — in part due to the contributions of older workers.¹¹ These positive aspects may not receive the attention they should since more traditional performance measures focus on individual productivity.

Companies have long recognized that diversity and inclusion are crucial to supporting innovation, performance and employee engagement. While most companies have a diversity and inclusion strategy, very few have an age-related component. Keeping these older employees engaged and in the workplace will be essential in the coming years. Given that health is a top priority for this group, companies would do well to consider how they can best support the health of these workers.

⁹ Carstensen, L. "Our Aging Population — It May Just Save us All," in Irving, P.J. and Beamish, R. (eds): *The Upside of Aging: How Long Life Is Changing the World of Health, Work, Innovation, Policy, and Purpose* (Hoboken, NJ: Wiley, 2014), pp. 3–16. Available at https://media.wiley.com/product_data/excerpt/39/11186920/1118692039-28.pdf

¹⁰ Klein, R.M., et al., "Cognitive Predictors and Age-Based Adverse Impact Among Business Executives," *Journal of Applied Psychology* Volume 100, Number 5 (2015): pp. 1497–1510. Available at <https://www.apa.org/pubs/journals/releases/apl-a0038991.pdf>.

¹¹ AARP. *Disrupting Aging in the Workplace: Profiles in Intergenerational Diversity Leadership* (2017). Available at <https://www.aarp.org/content/dam/aarp/ppi/2017/08/disrupting-aging-in-the-workforce.pdf>.

06

FIVE WAYS TO KEEP OLDER EMPLOYEES HEALTHY AND ENGAGED

If the overall workforce is aging, and we need the knowledge and engagement that older workers bring to the table, how can companies support the health of these employees? From high-tech solutions to old-fashioned social connection, employers are finding ways to encourage and support better health for aging employees.

1. MEET THEM WHERE THEY ARE: ADDRESSING CURRENT HEALTH CONCERNS

By the time people reach their 60s, they are likely to face some ongoing health issues. Chronic conditions, including cardiovascular disease, asthma, diabetes, depression, cancer, hypertension, high cholesterol and obesity, are on the rise globally and account for 87% of the global burden of disease for people over the age of 60.¹² The chances for developing more than one chronic disease increase with age. In the US alone, 81% of adults over the age of 65 have multiple chronic conditions.¹³

Mercer research in the US indicates that the sickest 6% of employees account for nearly half of medical and pharmacy costs. Given the significant expenses related to chronic conditions, employers are paying more attention to programs that help manage these diseases.

Mercer Health Advantage, a care management program for employees with significant health challenges, has found that one nurse working directly with the patient, their family and their various care providers in an ongoing, personalized way can yield strong results — an aggregate return on investment of \$3.30 for every \$1 spent on the program, better health for participants and gains in employee engagement.

Helping older employees manage persistent health issues is the first step, but wellness programs can also provide preventive measures and lend a helping hand to workers with relatively mild chronic health issues before they grow worse. Many of these conditions can be improved with incremental behavioral changes by the patient, and new tools powered by technology are enabling employees to make these adjustments.

¹² World Health Organization. *Global Health and Aging* (2011). Available at http://www.who.int/ageing/publications/global_health.pdf.

¹³ Rand Corporation. *Multiple Chronic Conditions in the United States* (2017). Available at https://www.rand.org/content/dam/rand/pubs/tools/TL200/TL221/RAND_TL221.pdf.



2. TURNING TO TECHNOLOGY

Technology is transforming how companies empower employees to manage their health. Tech-enabled programs in the workplace run the gamut from health coaching for diabetes via text messaging to remote monitoring of heart patients to better identifying necessary interventions.

The next wave of technology is using data analytics to predict healthcare needs and to motivate employees to better manage their own healthcare. Predictive analytics can provide estimates of the costs related to a specific disease over a certain time period. In addition, these estimates may be highly personalized by a number of factors, including age, gender, genetic makeup and even behavioral preferences. Just as Netflix makes customized viewing recommendations, healthcare apps will deliver personalized healthcare suggestions and provide motivation — for example, how much a specific healthy behavior can generate in retirement savings or add to a lifespan.

Digital wearable devices are already tracking fitness metrics, sleep quality and heart rates, and they will continue to improve and support people in new ways. Some companies are now investing in blood sugar trackers that do not require a needle and would provide real-time information about how food affects individuals — whether they have diabetes, are at risk for the condition or just want to make healthier food choices.¹⁴

Tools like these offer new potential for employees to manage and protect their health as they age. We encourage employers to look at their medical plans to ensure they are keeping up with technology changes and workforce needs. Many multinational employers are instituting “minimum standards” to ensure individuals around the world have access to appropriate care.

3. STRETCHING WORKPLACE FLEXIBILITY

Creating work environments that fit with aging workers’ needs, strengths and preferences is another way to help keep them in good health. People of all age groups are asking for more flexibility in the workplace, including part-time hours, more scheduling options and extended leaves for personal life events. One study shows that more than 80% of employees signify flexible working as a preferred benefit when applying for a job, more than 50% say they would prefer flexible working to a 5% pay raise and more than 60% have turned down a position because it did not include flexible working options.¹⁵ In a Mercer survey of UK companies, 81% identified flexible working as an important age-friendly policy.¹⁶

Flexible working arrangements can bolster employee engagement, retention and productivity, but they can also support workers’ health since more flexibility can help reduce stress and other causes of illness and absenteeism.

¹⁴ Brodwin, E. “A Little-known Technology That Fitbit and Apple Are Exploring Could Be the Answer to Healthy Eating and Peak Performance,” *Business Insider* (February 2018). Available at <https://www.businessinsider.com/blood-sugar-tracking-device-diet-health-fitbit-sano-diabetes-weight-loss-2018-1>.

¹⁵ My Family Care and Hydrogen. *The Competitive Advantage of Flexible and Family Working* (2016).

¹⁶ Mercer. *Age-Friendly Employer Research* (October 2015).

4. CONSIDER CAREGIVING

Flexibility is becoming increasingly important for employees who are engaged in some aspect of caregiving, whether they are providing care directly or employing caregivers. Aging societies are spurring the need for more caregivers around the world. China is expected to need 9.3 million more caregivers by 2030, and Japan is currently experiencing a severe shortage in this area.^{17,18} In the US, 14% of adults served as an unpaid caregiver to an older adult in 2015; more than half of those caregivers are employed, and more than a third are 65 and older themselves.¹⁹

Caregiving does affect how employees work, with 76% of employees having to make changes regarding their jobs — from using time off to reducing responsibilities and even quitting or retiring.²⁰ The impact to caregivers' finances and retirement savings is staggering, with one study quoting \$324,000 in lost wages and benefits for women and \$284,000 for men.²¹ In addition, the toll on caregivers' physical health may drain their potential to work longer. More than half of caregivers report that they have been physically and emotionally exhausted from caregiving, and 17% say their overall health has worsened since they began caregiving.

Given demographic trends, employers need to consider how to provide flexibility and support for caregiving — whether that means providing more pathways to leave and return to work or reducing hours during difficult times. Some companies are easing the burden of their caregiver employees by sourcing providers that can help with driving to doctor appointments and providing in-home assistance. Employers may also consider providing access to new apps and other digital tools that help caregivers with scheduling appointments and documenting health issues.

In the coming years, these types of solutions are likely to become an important benefit for employees who need help at this stage in their lives. Employers will reap the benefits of healthier, engaged and grateful employees.

5. PUTTING MINDS AT EASE: PROMOTING WELL-BEING

Alleviating stressors and promoting overall well-being may be an overlooked approach for employers that want to support the health of older workers. In addition to supporting them through major events like health crises or caregiving, companies can help these employees build their resilience and optimism through mindfulness programs.

Initiatives that support volunteering are another way companies can inspire better health and well-being for older employees. UnitedHealthcare and VolunteerMatch collaborated on a recent study that found 75% of people who had volunteered in the last year said it made them feel physically healthier. Among those who volunteer through their employers, 75% said it made them feel better about their organization.²²

Finally, employers can provide older employees with assistance for things like estate planning, end-of-life decisions and financial planning. Mercer's *Inside Employees' Minds* financial wellness research found that employees spend an average of 13 hours per month worrying about money matters at work.²³ Programs that help older employees address some of these nagging issues may provide relief from these stressors and contribute to their overall health and well-being.

¹⁷ MMC. *Asia Pacific Risk Center: Advancing Into the Golden Years: Cost of Healthcare for Asia Pacific's Elderly* (2016).

¹⁸ Ross, Eleanor. "Aging Japan Faces Rising Dementia and Caregivers Shortage" *Newsweek* (June 6, 2017). Available at <https://www.newsweek.com/japan-ageing-dementia-caregivers-shortage-621431>.

¹⁹ AARP and National Alliance for Caregiving. *Caregiving in the U.S.* (2015). Available at https://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Executive-Summary-June-4_WEB.pdf.

²⁰ Transamerica Institute. *The Many Faces of Caregivers: A Close-Up Look at Caregiving and Its Impacts* (2017). Available at <https://www.transamericainstitute.org/docs/default-source/caregivers-research/the-many-faces-of-caregivers-research-report-2017.pdf>.

²¹ MetLife. *The MetLife Study of Caregiving Costs to Working Caregivers* (2011). Available at <https://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf>.

²² UnitedHealthcare. "UnitedHealthcare Study Finds Americans Who Volunteer Feel Healthier and Happier" (September 2017). Available at <https://newsroom.uhc.com/news-releases/volunteering-for-all.html>.

²³ Mercer. *Inside Employees' Minds™* (2016). Available at <https://www.mercer.com/content/dam/mercer/attachments/global/inside-employees-minds/gl-2017-inside-employees-minds-financial-wellness.pdf>.



07

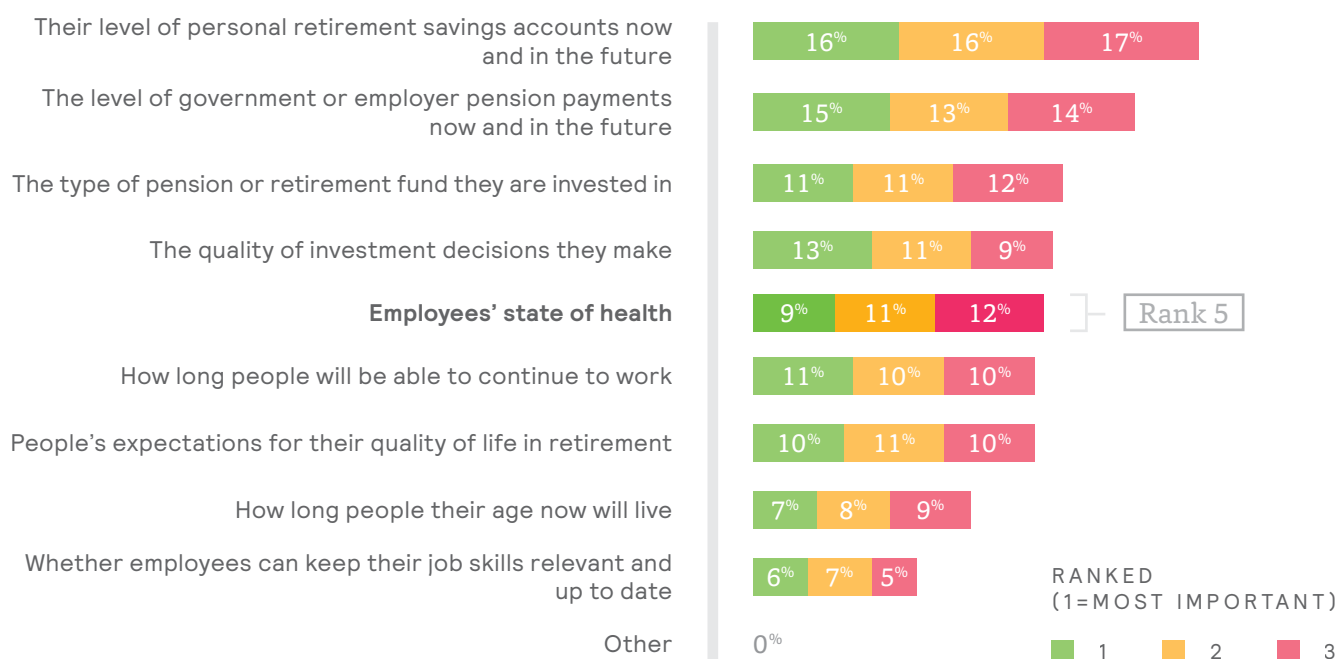
SUPPORTING HEALTH TODAY FOR A BETTER LIFE TOMORROW

*As the **Healthy, Wealthy and Work-Wise** research shows, employees understand their health is inextricably tied to their financial well-being. With aging societies, dwindling pensions and insufficient savings, governments and employees alike acknowledge that work lives will often extend past today's traditional retirement age. Many aging employees want to work longer either out of choice or necessity, and companies are going to need them in the workforce.*

Our research shows that business leaders underestimate the importance of health to employees. The companies that recognize health as a top priority for employees and then take action to support their health will be rewarded. The best employees will seek strong health and wellness programs with innovative offerings, from flexible work options that reduce stress to technology that delivers personalized illness prevention and management.

Focusing on better health helps everyone in the workplace. Older workers can earn a paycheck, save for a later retirement and stay in the best health possible, while younger employees have the opportunity to learn from and collaborate with more experienced colleagues. Organizations have the opportunity to develop a healthy multigenerational workforce that is engaged, loyal and productive to drive success in the future.

Figure 5: As a business leader, what do you think are the most important factors today affecting whether employees in your organization will be financially secure in retirement?



Source: Mercer, *Healthy, Wealthy and Work-Wise: The New Imperatives for Financial Security*, 2017.

CONTINUE THE CONVERSATION

Mercer brings a wealth of experience to helping companies understand how their employees can achieve better health — physically, emotionally and financially. Our team includes multidisciplinary health management consultants who can help you at the local, regional or global level to assess your current health and well-being programs, ensuring that they meet the needs of a diverse workforce and support the current and future well-being of your employees. For more information on how Mercer can help your organization, please contact your local Mercer office or visit our website at www.mercer.com.

To learn more about our *Healthy, Wealthy and Work-Wise* research, visit <http://www.mercer.com/our-thinking/healthy-wealthy-and-work-wise.html>.