

## Business forum: 'Nudge' workers to manage wealth, health, career

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By Marty Giglio

Today's employers and work force are in a precarious position. Even with the worst of the 2008-2009 recession seemingly over, many of its changes are here to stay.

The employment landscape looks vastly different than it did before the recession. Along with work force cuts, pay and retirement savings have been reduced, while health care benefit costs have increased. Career advancement in many fields has stalled, and on-the-job dissatisfaction is growing.

These changes mean employers and employees must share responsibility for health care and financial benefits and career management.

With businesses forced to reduce benefit costs, employers must find creative ways to engage employees to take a more informed "hands-on" approach to managing their careers, health and wealth, while still attracting and retaining the work force.

Employers must create a work force of informed, engaged employee consumers who are empowered through information, incentives and infrastructure to assume increased responsibility for health, financial and career decisions.

Consider retirement benefits. It's no secret that most Americans are not saving enough. Based on the results of several recent studies, 30 percent of employees eligible for a 401(k) plan do not enroll, 49 percent do not know how to estimate their retirement savings needs, and less than 11 percent have rebalanced their portfolio.

Many employees lack the knowledge to change their behavior, or else possess the knowledge but lack the motivation to participate in retirement savings plans. By creating an environment in which it is easier to make the right retirement choices, but never eliminating choice altogether, employers can "nudge" employees to make the right financial decision by, for example, auto-enrolling employees in a professionally managed investment program.

In our experience with one such case, 67 percent of employees continued using the investment service -- taking more responsibility for their future financial well-being.

Providing affordable health care benefits is another of the challenges facing employers. To create better consumers and improve employees' health decisions and outcomes, companies must design benefit and wellness programs with the right mix of incentives, information and infrastructure to support and sustain new behaviors.

Consumerism also is critical in managing careers. As an example, creating online modeling tools helps enable employees to track their individual performance so they know how they will be rewarded if the company achieves its business goals. The employer provides the incentive for greater employee engagement in performance bonuses, the information employees need to understand the business goals and their

role in meeting them, and the infrastructure to track progress.

Today's changed employment arena offers businesses an opportunity to elevate their relationship with employees to benefit both. Employers that incorporate the right mix of information, incentives and infrastructure into health, wealth and career programs to increase shared responsibility for the programs will be well positioned to succeed as the economy recovers and demand for labor ultimately increases.

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