Employee Benefits & Workers' Comp News

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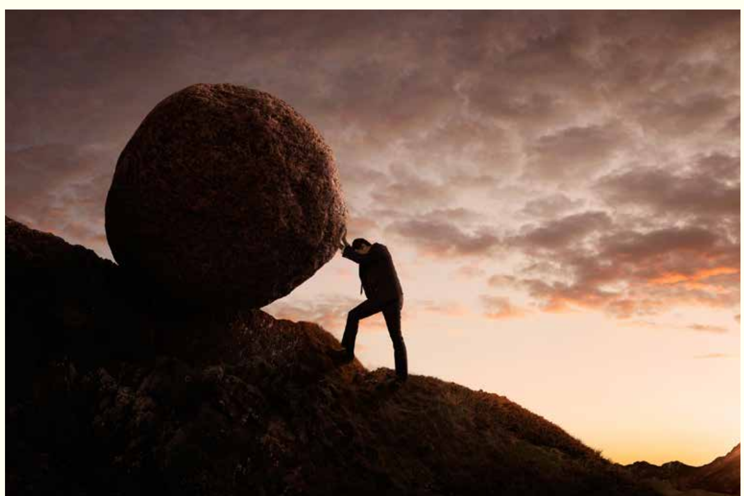
How to Improve Mental Health in The Workplace

Studies show accident prone workers often suffer from physical or emotional problems that are usually temporary conditions.

The pandemic has made some managers focus greater attention on mental health in the workplace, according to panelists attending the virtual 2021 National Safety Council Safety Congress & Expo. Some mental health issues may be specific to the pandemic currently, but the issue is not going away after the pandemic.

"One of the things that's really concerned me lately is mental health and the relation-



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Pandemic Fears Are Changing Employee Benefit Preferences

The COVID-19 pandemic has not only changed the way people socialize and do business, but it's also influenced what workers want in employee benefits during 2021.

A Global Benefits Attitudes Survey by advisory company Willis Towers Watson found that what 53 percent of the respondents wanted most from their employers was help saving for retirement. The four most popular retirement savings options were:

- **A guaranteed retirement benefit**
- **More generous retirement**

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ship between incidents and accidents in the workplace," said Laurence Pearlman, Raleigh, North Carolina-based senior vice president at Marsh Risk Consulting.

According to Mr. Pearlman, studies have found that 3% of workers account for about 22% of workplace accidents, and of those accident-prone workers 50% of them are more likely to suffer from a serious accident. Even though employers may consider simply terminating such workers, studies have shown that being accident prone is typically a temporary condition, usually lasting only six to 12 months and caused by serious problems at work or home, he said.

These issues may include physical or emotional conditions, a social or financial crisis, or distractions caused by pressures such as the pandemic, he said.

"We need to recognize the stresses our employees are under and how we're going to manage it," he said. "Having a mental health strategy is critical. There are a lot of … mental health conditions that are driving some outcomes at work that aren't good for the employee, and not good for the company either."

Here are some things you can do to improve mental health in your workplace:

- Make sure the workspace has good natural light. Make sure there are plenty of windows or skylights; focus on spaces that offer these features when searching for or building a new workplace.
- Encourage employees to take walk breaks. For many workers, walking at work may be their primary activity during the day, making it even more important. These daily steps can have a significant impact on morale.
- If possible, add plants to the workspace. Having greenery around can make a space seem more inviting and comforting, even if it's subtle.
- Offer opportunities to be social but make them optional.
- Give employees enough autonomy with their work so they feel trusted.
- Train managers not to micromanage.
- Cultivate a culture that values respect for others.
- Discipline employees who cause problems before the problems become worse.
- Take complaints seriously and investigate them appropriately.
- Implement an employee wellness program to help improve overall wellness levels for everyone.
- Host seminars or workshops that address depression and stress management techniques, like mindfulness, breathing exercises, and meditation, to help employees reduce anxiety and stress and improve focus and motivation.
- Provide other benefits that can improve mental health, like free gym memberships. (Physical activity can improve mental health, too.)
- Include mental health benefits along with other healthcare benefits and let workers know.
- Talk openly about mental health to help reduce the stigma associated with it. Just the simple idea of making it OK to talk about mental health can allow employees to feel more comfortable coming to management when they need help. This can go a long way toward helping employees get what they need to improve their mental health daily.
- Ensure employees have options to keep a good work/life balance. This might mean allowing appointments to be taken in the

benefits in exchange for other benefits and less pay

- **Retiree medical benefits**
- **Access to multiple savings and investment products**

A 2020 survey conducted by MetLife found that 76 percent of employees were worried about how the pandemic is affecting their financial and psychological well-being.

Specifically, the survey found that even though employees rely on employers as a social safety net, as many as four in 10 felt their employers were not providing enough benefits. These employees wanted more, such as financial assistance, enhanced sick leave, flexible work schedules, and childcare assistance.

The challenge is keeping benefit costs low while offering more options. The Global Survey indicated that more than a third of respondents cited reducing benefit costs as their top benefits priority, followed by receiving greater benefits security from employers.

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middle of the workday or providing flexibility in working hours, for example. It could even be as simple as not requiring too much overtime or taking active steps to ensure employees take their allotted vacation time (and offering an appropriate amount of paid vacation time in the first place).

- Avoid employee burnout by routinely assessing employee workload and taking steps to keep it in balance.
- Provide managers with training to help them recognize the signs and symptoms of stress and depression in team members and encourage them to seek help from qualified mental health professionals.
- Consider offering an employee assistance program (EAP) if you don't already have one. If you do have one, ensure it's communicated clearly, and employees are aware of their options.
- Pay employees a fair amount to reduce the likelihood of financial stressors.
- Consider offering financial wellness services to help address financial stressors.
- Encourage employees to take their breaks throughout the day.
- Offer healthy snack alternatives whenever food is offered. Staying physically healthy can impact mental health.
- Recognize employees' hard work; and show them they're appreciated.

[*adapted from a list by HR Daily Advisor*]

COVID-19 Impact on Workers' Comp Less Detrimental Than Expected

Your employees can use their 401(k) savings to help with the costs of a qualified birth or adoption.

Most employers around the country (93 percent) who participated in a March 2020 survey by the law firm Litler Mendelsohn Ltd., said that they are concerned about ensuring that workplace conditions and policies comply with applicable safety and health regulations.

"The vast majority are taking practical steps to keep their employees safe, including communicating on hygiene practices and prevention measures (98 percent) and deep cleaning workplaces (62 percent)," according to the report.

Even as the Trump administration was just starting to recommend stricter social distancing measures and states were beginning to institute stay-at-home orders, respondents were already restricting travel (83 percent), canceling meetings (78 percent), imposing quarantines for potentially affected employees (62 percent) and encouraging remote work (59 percent) — and many others were at least considering taking these actions.

Job Loss and Recession

Indeed, there has been tremendous concern about the effects of COVID-19 on workers and these precautions have undoubtedly helped mitigate infections. But the principal impact of COVID-19 on workers has been job loss and the recession, especially in hospitality, retail, and travel services, as well as education and healthcare.

The US Census Household Pulse Survey for Dec 9–Dec 21 has estimated that 50% of the US adult population experienced loss of household employment income (regarding either themselves or a household member) since March 13, 2020.

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Workers' Compensation Claims

There was initial concern that workers' compensation claims resulting from the pandemic could be significant. Even though the pandemic has contributed to more than 500,000 deaths in the US, "the workers' compensation system has not been overwhelmed by claims to date," according to Bill Donnell, president and chief executive officer of the National Council on Compensation Insurance (NCCI), which prepares insurance rate and loss cost recommendations for most of the workers' compensation industry.

In California, for example, about one in six workers' comp claims was attributed to COVID-19 in 2020, but just a small proportion of those claims required significant medical treatment or hospitalization, according to Alex Swedlow, president of Oakland, California-based California Workers' Compensation Institute (CWCI).

"At the beginning of the pandemic, the hypothetical scenarios and projections related to direct cost impact were quite grim," wrote Kim Haugaard, senior vice president of policyholder services at Austin-based Texas Mutual Insurance Co., in an email to Business Insurance. "The current impact has not been as bad as we anticipated that it could have been."

COVID-19 claims represented only about 2% of all workers' comp claims paid out by Texas Mutual by the end of the year, Mr. Haugaard said.

Total Claims Offset by Fewer Non-Covid Claims

According to data collection by the National Association of Insurance Commissioners from states throughout the country, total incurred losses through third quarter 2020 have dropped approximately 7.5% compared with the same period in 2019. While this is early data and more people will likely suffer work-related COVID-19 illnesses, insurance companies have generally suggested that during 2020, decreases in non-COVID-19 losses have more than offset increases directly attributable to the pandemic.

"For example," notes Donnell, "significantly reduced mileage has resulted in fewer work-related motor vehicle accidents and more remote work has limited the incidence of typical workplace slips and falls."

While workers with COVID-19 have generated some claim activity, so far these losses are predominantly lost time from work. Medical can range from testing costs to intensive care hospital costs. According to a recent NCCI analysis of medical payments in the first half of 2020, the top 5% of the COVID-19 medical claims are driving approximately 70% of the medical COVID-19 related payments.

"This early data validates that serious claims exist, but they are few relative to the total. Among other issues, we are closely monitoring the impact of co-morbidities and are considering the possibility of long-term COVID-19-related health concerns. So, we still have a long way to go to fully understand the claims story from this pandemic," said Donnell.

Related, see our article, "Long Term Problems with COVID-19 Workers' Comp Claims."

Federal Government Allows 401(k) Distributions for Birth or Adoption

Your employees can use their 401(k) savings to help with the costs of a qualified birth or adoption.

The 2019 Setting Every Community Up for Retirement Enhancement (SECURE) Act gives employers the option of allowing employees to take money out of their 401(k) retirement account to help with the costs of the birth or adoption of a child.

The act's Qualified Birth Or Adoption Distribution (QBOAD) took effect Jan. 1, 2020, and the Internal Revenue Service issued guidance for employers in September 2020, which many employers were waiting on before determining whether to allow the benefit. The Q&A can be found at www.irs.gov/pub/irs-drop/n-20-68.pdf.

QBOAD gives employees the option to take up to $5,000 per parent per child from a 401(k) or other eligible retirement plan without paying the 10 percent ear-

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ly distribution penalty for withdrawing funds before age 59½. To qualify, the distribution must be taken during the 1-year following the date when the child is born or the date when the legal adoption is finalized.

The employees must report the amount of the distribution in their gross income for the year and pay income taxes on it. Depending on an individual's income tax bracket, that amount could mean significant federal and state taxes.

An employee who takes the distribution can pay it back. No time frame has yet been set by the Treasury Department for the repayment, but employees need to realize that they could be missing out on investment gains if they delay replacing the money. If they change jobs after they take a QBOAD, they may make their recontribution into a personal IRA.

Your Responsibilities as an Employer

It's optional for employers to allow the QBOAD in their 401(k) plans. But if it's decided to allow it, the plan must be amended by the last day of the 2022 plan year; if QBOADs are added after 2022, the plan must be amended by the last day of the plan year in which the QBOAD is implemented.

Employers who decide to allow a QBOAD, will need to have their retirement plan administrators update their systems and plan documents.

Other issues to consider, which are covered in the IRS Q&A, include how to handle participation by long-term and part-time employees in 401(k) plans; the expansion of qualified birth or adoption distributions; and the timing of related plan amendments.

Employee Options

For employers who decide not to offer this option, employees still have other ways to get a penalty-free distribution. An eligible employee can treat the distribution as a qualified birth or adoption distribution on their federal income tax return. The same rules, about including the distribution in their gross income and the waiver of the 10 percent early distribution fee, still apply.

An employee also can apply for a loan if their employer's 401(k) allows it. They generally can borrow up to 50 percent of their vested account balance to a maximum of $50,000. There is no credit check or qualification process. Interest rates are generally reasonable and both the principal and the interest must be paid within five years back into their own 401(k) account.

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401(k) Withdrawal Penalties Suspended Again

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act allowed people affected by the coronavirus to withdraw or borrow up to $100,000 from their 401(k), Individual Retirement Arrangement (IRA) or similar account without a 10 percent penalty until the end of 2020. The exception was only for those who were diagnosed with COVID-19, had a spouse diagnosed with COVID-19 or had adverse financial consequences due to the disease.

In December 2020, Congress passed the Consolidated Appropriations Act of 2021. As part of the overall appropriations bill, lawmakers approved the COVID-Related Tax Relief Act of 2020. Part of that bill was the Coronavirus Related Distribution (CRD) Exception. The CRD gives employees and individuals the ability to withdraw or take a loan from their retirement accounts up to $100,000. However, to qualify they must show they live in an area where a major disaster was declared. Areas that only have been affected by the COVID-19 pandemic are not included.

The CARES Act exception was popular. According to a national poll conducted by Kiplinger's Personal Finance and digital wealth management company Personal Capital, nearly 60 percent of Americans withdrew or borrowed money from an IRA or 401(k) during the pandemic, and nearly two-thirds used those retirement funds for basic living expenses.

While the penalty-free exception may sound like a good deal, financial planners say that taking funds out of your retirement account should be a last resort. For instance, if you took out $100,000 from your account in March 2020, you would have missed the 66.88 percent stock market gain.

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