

The Navigator

The economic costs of obesity continue to rise

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The total annual economic cost of overweight and obesity in the United States continues to rise and has been linked to various medical health conditions, which include, but are not limited to, cardiovascular impairments, diabetes, hypertension, cancer, kidney disease, osteoarthritis and sleep apnea.

Based on BMI (body mass index) measurements, just over a third of the adult population is considered overweight and nearly another third is considered obese. These figures represent an increase of approximately 50% from the early 1960s as to the number of Americans who are overweight or obese.

As to the impact of overweight and obesity on U.S. businesses, the following data has emerged:

- At least 43% of all health care spending by U.S. businesses is associated with obesity. The impact varies considerably by disease, with obesity driving health care spending for diabetes the most.
- Annual workers' compensation claims for overweight employees are approximately 80% higher than employees with a BMI in the normal range. This increase jumps to 161% for obese employees, and continues to rise with BMI. *(cont. pg 2)*



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Keep the EAP front and center during times of economic turmoil

Financial worries are keeping Americans up at night, and most say they are stressed as a result of current economic conditions. This can be very disturbing news for employers, because stressed out employees are likely to be distracted, mistake-prone, and apt to indulge in unhealthy behaviors, such as overeating and drinking alcohol to excess.

These employees may also be agitated and irritable, causing difficulty with workers. All of this can potentially lead to absenteeism and overall lowered workplace productivity. However, many employers that offer an employee assistance program (EAP) often find these services help employees get through tough times which enable them to remain as productive as possible while on the job.

EAPs continue to experience an increase in usage from employees, as well as a heightened interest from employers who see the benefits these programs can provide. These programs are available to provide employees an outlet to talk about their worries, as well as provide a resource for financial counseling services and assistance if they have turned to alcohol or other substances as a way to relieve stress.

The message to employers should be clear—EAPs can and do make a difference in the lives of employees dealing with financial stress, and this difference can translate into improved *(cont. pg 3)*

Economic Cost of Obesity *(cont. from pg 1)*

- Several studies have looked at health care expenditures based solely on BMI. Not surprisingly, in all of the cases studied the annual per person health care expenditure rose with the BMI measurement. One of the studies, which examined data from 1989 to 2002, estimated increase in annual medical costs of \$1,458 for obese women and \$406 for obese men.
- Overweight and obesity increase disability rates, as well as the time needed to recover from disabling medical conditions.
- The total cost attributed to lost productivity from excess death and disability and work-related injuries as a direct result of overweight and obesity is approximately \$177 billion annually.

Statistics such as these strengthen the case for making efforts in the workplace to enable and motivate employees to get and stay fit. Such efforts do not necessarily have a big price tag. Fortunately, there are many inexpensive ways to fight obesity trends in your workplace:

- Encourage employees to choose the stairs instead of the elevator by making stairwells attractive or using them as a place to post employee photos, brief interesting news articles, or funny anecdotes and comics.
- Hold daily afternoon work breaks, and play 10 minutes of dance music with someone leading the moves, followed by a piece of fruit for everyone.
- Install bike racks in preferred parking positions or permit employees to store their bikes inside the building during the workday.
- Stock vending machines with water and healthy snacks.
- Sponsor a company softball or bowling team. *(cont.on pg 4)*

Five steps for retirement plan success

At a recent virtual PLANADVISER national conference, panelists identified five ways plan sponsors can refocus their goals for plan significance and success.

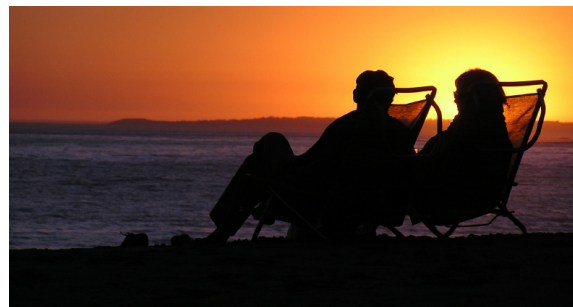
Participants need to be educated to the realities of retirement planning.

Market Your Plan. Plan sponsors are becoming more paternalistic, and therefore reaching out more to help participants make informed decisions concerning their retirement. Plan sponsors should ask themselves, “Is the plan currently being marketed to participants as a valuable component of the company’s employee benefits package? If not, how can we better promote the plan?”

Focus on Benefit Adequacy. Participants need to be educated to the realities of retirement planning. Oftentimes participants have expectations that are not entirely realistic, including the appropriate deferral percentage. Plan design can be a key element in dealing with this issue (e.g., automatic enrollment and automatic escalation features).

Understand Plan Costs. Plan costs should be readily available, transparent, and meaningful to both plan sponsors and plan participants. Pending final regulations are anticipated to play a major role in ensuring that this happens.

Evaluate Your Target Date Funds.* Consider risk levels, glide paths and equity/bond exposures before deciding on a target date fund series that best reflects the needs of your participant demographic. [*The target date is the date of expected withdrawals at retirement; the fund is not guaranteed at the target date or any other time.]



Maximize Plan Design. What is the goal of this plan? Is it maximizing financially sound retirement experiences for participants? If so, how can you pursue this goal? Whatever the goal, plan design may be a key ingredient in achieving success (e.g., increase your match, shorten the eligibility period or eliminate loan provisions).

We can assist you with all aspects of achieving plan success, from enhancing investment opportunities for participants to helping plan sponsors meet their fiduciary duties. Remember, your retirement plan can be a powerful recruiting tool and it is the one benefit that your employees will utilize throughout their lifetime.

EAP Front and Center (cont. from pg 2)

workplace productivity. Therefore, it’s essential that your EAPs remain front and center in times of economic turmoil. Check your EAPs to determine the types of services it offers that could be particularly useful to employees who are financially stressed. Obtain any new communication materials the EAP has that are relevant to your employees’ needs. Also remind managers of the EAP’s services and ask them to promote these to employees, especially during periods of layoffs, salary freezes or other economy-related workplace adjustments.

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Economic Cost of Obesity (cont. from pg 2)

- Organize employees to participate as a group in fundraising walks or runs that take place in your community.
- Check with local gyms or fitness facilities for the availability of group discounts for your employees.
- Become an active partner with your health benefits carrier in promoting wellness, nutrition and/or fitness programs to your employees, including information that is provided by or covered under your company's health care plan.

In addition to the potential of improved employee health, a side benefit of many of these ideas is that they can generate employee team building and goodwill. And, happier employees are likely to be healthier, too.

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