

Insurance is Not Enough to Protect Employees

By Robert L. Heston, Jr.



What Causes Employee Financial Illness? Do All Financial Wellness Programs Offer the Solutions Employees Need?

Financial Wellness Programs are the hot topic for HR and Benefits Managers right now. Companies are scrambling to add tools, resources, coaching, and programs to help employees understand Financial Wellness and strategies to achieve Financial security. Companies have realized that more resources can help employees spend less time worried, anxious, frustrated and depressed over what may appear as endless debt or the inability to make enough money to obtain the things they need in life. A second realization is that productivity suffers when employees are not concentrating and turnover results, when employees cannot get the help they need.

In analyzing the Financial tools, resources, coaching and programs available, HR and Benefits Managers are seriously engaged in searches to find the help employees need to improve their financial well-being. Financial Wellness means employee well-being, and the leading U.S. Companies are keenly interested in their employees' well-being.

But, what if, right in the middle of this vigorous awareness of the need for Financial Wellness, the intensive search for the programs that can create employee well-being is not focused on one integral component of employee financial problems? Can some of the best of American HR and Benefits resources be missing an essential ingredient in their enthusiasm to implement some type of helpful financial program for their employees?

Headlines like these have recently occupied much online news space:

- Medical Insurance may not be enough to protect employees against medical debt
- Even with insurance, out-of-pocket costs are overwhelming for millions
- Medical debt significantly adds to employees' total debt burden, and many people with health insurance still go into debt over high medical bills
- Employees' children abusing opioids at record levels causing massive financial problems for employees
- Contested Divorces are creating a debt-laden financial future for single moms
- Domestic abuse at employee homes is at record levels
- Foreclosures still abound years after the Recession
- Bullying among children causing increased employee absenteeism to handle school discipline
- Employees face monumental nursing home decisions for their parents
- Children under 10 increasingly facing sexual abuse charges, drawing employee parents into school administrative proceedings
- College children drinking proliferates causing campus police departments to arrest students at record levels
- Grandparent adoptions skyrocket where employee drug issues mandate child custody changes
- Family fraud wiping out bank accounts at record levels for employees

Clearly, employee Financial well-being is not okay in many quarters. And just as clearly, the new focus on Financial Wellness programs is missing at least one key component in understanding the Financial problems employees suffer – *causation*.

What is *causing* employee financial issues? What is happening to employees that is landing them deep in debt with almost no hope of climbing out of the hole? Is it just credit card overspending? The primary focus of many Financial Wellness programs today is that employees spend too much and do not save enough. But, does that focus bring to bear the actual *causes* of seriously significant debt? Is every employee with debt issues just spending too much and not saving enough? Or is there more to this epidemic of employee Financial problems?

Clearly, not one of the problems on the previous page is related to the problem that employees are spending too much each month and not saving enough. Without diving into the cause of the problem in each of these and hundreds more similar situations, one could easily jump to the conclusion that employees spent too much money they did not have. But, is that really what *caused* the financial problem in each of those examples? Would counseling about having a family budget and sticking to it have solved any one of these problems we cited?

- Medical Insurance may not be enough to protect employees against medical debt
- Even with insurance, out-of-pocket costs are overwhelming for millions
- Medical debt significantly adds to employees' total debt burden, and many people with health insurance still go into debt over high medical bills
- Employees' children abusing opioids at record levels causing massive financial problems for employees
- Contested Divorces are creating debt-laden financial future for single moms
- Domestic abuse at home among employees is at record levels
- Foreclosures still abound years after the Recession
- Bullying among children causing employees absenteeism to handle school discipline
- Employees face monumental nursing home decisions for their parents

Absolutely not.

Each of these problems has one common thread – each problem listed is unexpected, catastrophic, and legal-related in nature. Counseling about credit card debt would not have helped to anticipate or to solve any of these problems.


Let's look at some of these problems to see exactly how they arise for employees and how large they can become, without warning, in many cases.

Medical Insurance may not be enough to protect employees against medical debt.

Nearly 6 in 10 Americans say they have suffered financial hardship due to health care costs a new study finds. Researchers from the American Cancer Society looked at three different types of problems: difficulty paying medical bills, worrying about bills, and delaying or doing without care.

"With increasing prevalence of multiple chronic conditions, higher patient cost-sharing, and higher costs of health care, the risk of hardship will likely increase in the future," wrote researchers led by senior scientific director Robin Yabroff.¹

In the study, they analyzed data from the 2015-2017 National Health Interview Survey by the U.S. Centers for Disease Control and Prevention and found that 56 percent of adults (more than 137 million) reported at least one of the three types of medical financial hardship.



Compared with those 65 and older, adults aged 18 to 64 were more likely to say they had difficulty paying medical bills (29 percent vs. 15 percent), worried about paying bills (47 percent vs. 28 percent) and delayed or went without care (21 percent vs. 13 percent).

Among adults aged 18 to 64, those with more health problems and lower levels of education were more likely to have greater levels of hardship.

Multiple types of hardship were more likely to be reported by women than men, and by uninsured people (53 percent) than those with some public (26.5 percent) and private insurance (23 percent).

The study was published online May 2 in the Journal of General Internal Medicine.

Unless steps are taken to address the problem, it's likely to get worse, the researchers noted in a cancer society news release.

The group said that high out-of-pocket spending for medical care is an increasingly pressing issue among U.S. patients because they might have to go into debt, face the potential loss of assets, and have to cope with distress and worry.

In another study, a similar finding was made².

Having health insurance is not enough to protect employees from going into debt over medical bills, according to a recent survey of more than 10,000 US employees by [Salary Finance](#), the leading global provider of financial education and salary-linked savings and loans for employees.

Notable survey insights include:

- **Even with insurance, out-of-pocket costs are overwhelming for millions.** For one in 10 employees with insurance, out-of-pocket medical bills cost more than \$10,000 annually, comprising north of 20 percent of the average worker's salary.
- **Medical debt significantly adds to employees' total debt burden, and many people with health insurance still go into debt over high medical bills.** According to the survey, 33 percent of people who have insurance carry medical debt month to month. This is in line with data indicating 35 percent of employees who took out salary-linked loans with Salary Finance in the last 30 days have unpaid medical bills.
- **Medical debt drastically impacts employees' financial fitness.** Employees who have health insurance but still carry medical debt are nine percent less happy and 42 percent less financially fit than those without debt.³

"Health insurance reform is one of the defining topics of this election season, as having health insurance has a profound impact on people's lives," said Dan Macklin, US CEO, Salary Finance. "However, having health insurance is not enough to protect against crippling out-of-pocket medical bills. The financial stress these bills create in turn leads to severe mental health issues that impact America's businesses and economy."

According to the survey, workers with money worries are over three times more likely to suffer from anxiety and panic attacks, eight times more likely to have sleepless nights and four times more likely to suffer from depression and suicidal thoughts. Women are more impacted than men; the majority of working women (56 percent) suffer from financial stress and 63 percent feel they do not earn enough to save.⁴

Stress from medical debt also impacts employee productivity at work; survey results indicate 24 percent of employees with money worries have troubled relationships with coworkers and 22 percent cannot finish daily tasks. This lost productivity costs businesses 11-14 percent of payroll expenses, creating a strong business need to address employees' financial stress.

Legal Problems are the Cause of Many of the Debt Issues

Like medical debts caused by huge out-of-pocket medical costs, there are other problems listed above that arise unexpected and wreak havoc with an employee's finances. These problems cause huge financial costs that can devastate an employees, or their family's, financial health, and include other unexpected high dollar costs that arise without warning, including a number of different kinds of legal problems:⁵

Being involved in an accident regardless of one's fault takes time away from work and adds expenses to negotiate and fix the damage. Injuries add to these expenses especially, if one party that caused the accident does not have the right level of insurance [underinsured or uninsured motorists' coverage] and if the medical bills are higher than any applicable policy limits. Additionally, a newly purchased vehicle involved in an accident is sometimes worth less damaged than the lease or purchase costs that still have to be paid.

- Getting served unexpectedly with divorce papers by a spouse who is vehement about retaining an active role in their children's lives and who may be seeking more than their share of custody, visitation and child support. Divorces, when contested, can be in excess of \$50,000 – \$75,000 or more in legal fees if the battle is raging.
- Many legal problems can rise to the very serious level and thousands of employees suffer through these each year:
 - o Domestic abuse arrest
 - o CPS allegations about very good mother-employee – child taken away
 - o Elder domestic abuse arrest
 - o Wealthy-appearing, seemingly successful employee facing home foreclosure when interest rates rise
 - o Bankruptcy
 - o Employee with son abusing drugs – stole everything from their bank accounts
 - o Employee with parent in abusive nursing home
 - o Employee [VP] who gets a note at work from spouse of other employee he/she is having affair with disclosure imminent
 - o Single father's alleged abuse of son or daughter made up by mother's family – mom in prison for drug issues
 - o Employee's 10-year old child accused of sexual abuse
 - o 12-year old employee expelled from school for bullying

In each case, some type of tangle with the legal system is involved. And any time the legal system is involved it means huge legal fees and a substantial potential for court-ordered losses.

Legal problems are occurring in every facet of life today. Legal issues can affect American employees in both widespread frequency and in severity of the underlying legal problem. There is an American Bar Association Study that highlights how legal and financial problems are being suffered by more than 70% of Americans.⁶

Many legal problems are private, frustrating, emotionally upsetting and oftentimes embarrassing. Picture the employee that misses work after being arrested, or the manager whose son was arrested for the fourth time for drug possession or the employee whose spouse was jailed for a felony gun possession. Employees are involved in all types of legal issues, many of which are not their fault. Regardless, almost all legal problems bring with them an enormous amount of embarrassment or humiliation. And these problems are almost always financially threatening to a family's savings.

Many legal problems also threaten an employee's job security. Company drivers cannot suffer through repeated driving violations in a year if their policy manual provides for termination after two violations; employees on work probation cannot miss a day of work to go to court for any legal matter; or former spouses fighting over the kids' carpool can create repetitive employee tardiness issues. The list of effects of legal problems is endless, and most of these legal problems are embarrassing and job threatening.

Figure 1 provides more samples of legal problems that threaten employees and their families on a daily basis.

Figure 1

- Probate Expenses if a Parent/Spouse Dies unexpectedly
- Arrest/Jail Threat if College kids get in trouble
- Bankruptcy wipes out everything you have accumulated
- Repairs/Remedial Actions may cost thousands or tens of thousands of dollars
- Entire family is rocked by divorce filing
- Unexpected Appearance of "lost" child with a claim for past support/college payments
- Foreclosure is not delayed any longer and both the legal bill and the loss of the home occurs
- Repossession of car piles on credit card debt and collection agencies causing loss of car and loss of job
- Ten-year old legal adoption is overturned by court on appeal
- IRS files back tax lien totaling \$68,000 from ex-spouse with no formal divorce in place
- Savings Bank Account frozen by undetected Identity Theft of social security number with over \$100,000 of fraudulent liens placed on almost paid home⁷

Many employee financial problems are extraordinarily real and devastating:

With so many difficult issues, each with a financial impact, comes so much stress in the employee or individual's life. The search for solutions is endless and the need for emergency funds to fight these unexpected problems is huge.

It is also clear from understanding the nature of these legal problems is a fact that pervades this discussion – ***these problems are not likely to be publicized. Employees who suffer through them are likely to be embarrassed, upset and certainly engaged in every effort to keep them as private as possible.*** It is completely unlikely that HR will ever know their employees are suffering through these seriously embarrassing legal problems. And this makes understanding the scope of the problem very difficult and impossible in many situations.

The Current Problem – a Causational Misunderstanding that Leads to a “Everything’s Okay” Mindset

The way employees encounter the legal world is something that needs more consideration. Traditional legal retainers, the hiring of lawyers tends to be prescriptive—addressing legal needs only once the individual has an acute legal problem. Legal problems can create massive stress issues and huge disruptions in employees' lives. Absences, fear, frustration, emotional upset, anger and a range of emotions can be experienced by employees when a legal problem arises.

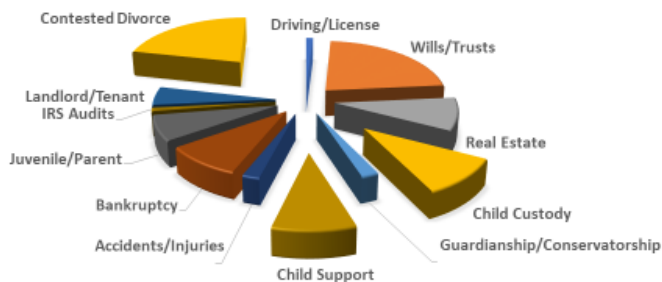
But do employees have legal concerns that HR Managers may not know about? Or is the extent of their employees' legal problems fully appreciated at the HR level? The problem is that because these legal encounters may not occur in a predictable manner for most people, there isn't an overwhelming feeling that a legal problem might arise. That often leads employees to a lack of focus or planning for legal problems, leading many employees to believe that they will not need legal help to protect their families. In fact, when polled many employees say that “I do not have a legal problem,” or “I don't need that legal help program.”

But legal system statistics tell a different story. Typical usage on a legal insurance plan shows that in excess of 80% usage is normal for employees and the use of the legal plan for at least one legal matter is very likely each year: ⁸

Top 10 legal issues

- ✓ Divorce
- ✓ Child custody battles
- ✓ Child support order modifications
- ✓ Will and trust drafting
- ✓ Real Estate
- ✓ Vehicle-related issues
- ✓ Juvenile and school Issues
- ✓ Guardianship
- ✓ Bankruptcy
- ✓ Landlord and Tenant Disputes

LEGAL MATTER SAMPLE USAGE 2018



The net result of all of these financial-impact legal problems for employees is a large component of the Financial Wellness equation that is not served by Financial Wellness programs. The reason - the causation analysis underlying major financial issues is simply not understood in HR and Benefits Manager circles. And if it is understood, the magnitude of the problem for a Company's employees is not understood.

Younger Generations are Impacted Worse Financially from the Causes of these Issues

It is worse for younger Americans. In fact, recent studies show that younger employees are seriously concerned with financial issues. An alarming new trend is surfacing.

According to consultancy PricewaterhouseCoopers' 2016 Employee Financial Wellness Survey: ⁹

- 45 percent of employees identify financial matters as the most stressful issue they face.
- 40 percent of employees have difficulty meeting their household expenses each month.
- 24 percent have withdrawn money from their retirement plans to pay for unrelated expenses.


Meanwhile, the firm's Millennials and Financial Literacy study reports that over the last five years:

- 42 percent of Generation Y workers have used services like payday loans, pawnshops or tax-refund advances to make ends meet.

The anxiety workers feel won't surprise HR. According to a 2010 study by the Federal Reserve, every year financial stress costs businesses \$5,000 in lost productivity per employee.

How Employers Can Help – By Understanding the Causes of Employee Financial Issues

To relieve at least some of the tension, many employers are implementing programs centered on "financial wellness," an approach that encourages workers to make better choices in both their general financial planning and specific financial decisions. *Causes* of Financial issues are being considered by new programs, as HR and Benefits Managers realize that not all financial problems or hardships are because employees are spending too much money each month.



As the workforce becomes younger and its financial needs are changing, more organizations are taking a broader approach to helping employees face short-term money issues that range from crushing student debt to saving for a house or assisting aging parents.

Employees are receptive to employer assistance; the survey found more than two-thirds of workers (68 percent) feel their employer cares about them and their wellness, and 79 percent of employees trust their employers with their financial information. According to a recent [Harvard study](#), offering financial wellness benefits reduces employee turnover and increases loyalty.¹⁰

Employers cannot afford to continue to turn a blind eye to their employees' financial wellness. Although historically, employers have considered personal finances to be none of their concern, the connection between financial wellness and workplace productivity is now too important to ignore. Employers have been able to leverage their scale to lower the cost of insurance and other benefits for their staff. Similarly, now, through salary-linked loans, employers can help their employees avoid high cost debt and/or get out of debt and improve their credit scores. These conversations must be brought to the forefront to improve the lives of millions of employees currently suffering.

Action over Education

"In the past, companies may have overemphasized [financial] education," said Betsy Dill, Los Angeles-based senior partner and U.S. financial wellness leader at the consulting firm Mercer. "But that may not be moving the needle in terms of people taking action."

Instead, Dill said, employees need help making the right decision without sitting through "hundreds of hours of education." A simple example is defaulting employees into the company's 401(k) program. However, many financial-wellness professionals say that truly effective solutions need to be a lot more involved than that.

For example, Kent Allison, a partner and national leader of PricewaterhouseCoopers's personal financial education and wellness practice in Florham Park, N.J., noted that education should be delivered in the context of employees' needs at that moment. "Teach them about the impact of loans from their 401(k) when they're about to take one," he said. "Educate them at the right time and at the inflection point, at the moment when they have to make a choice."

A key to doing this right is understanding that people at different stages of life have different priorities. Jeff Tulloch, vice president of MetLife's PlanSmart financial education program in Danbury, Conn., put it another way: "Money's very personal and everyone has different needs."¹¹

Engage at All Levels

This transformation from financial education to financial wellness requires the active involvement of HR in order to succeed. "You have to be persistent and make it a priority," said Sean Furlong, the director of finance at the Gilman School in Baltimore. "We're very active with our vendors. We meet on a regular basis to discuss plans, what we are doing, how our population is doing financially and are they participating."¹²

But the real key is for the employer to visibly examine the causes of how employees get into financial difficulty. Not only does this demonstrate that the company is taking its workers' financial issues seriously, but it makes the effort more effective by choosing vendors that can provide the right resources for employee and reach the right people with the right solutions.

"HR needs to work with companies that [understand the causes of financial wellness] to reach the people who need help the most," said Sarah Newcomb, a behavioral economist at Morningstar and HelloWallet in Washington, D.C. HR has focused on identifying the people most at risk and holding sessions that show employees how the program works and how it will make their lives easier.¹³ But sessions are not always enough if you have the targeted employees incorrectly identified. "Basically, HR needs to understand how different programs can work together to solve or prevent Financial Wellness," says Robert Heston, LegalEASE's Chief Executive Officer.

Linda Robertson, director of planner operations for the financial wellness services provider Financial Finesse in El Segundo, Calif., agreed. "If the organization wants to move the needle, it needs to come from within," she said. HR—as well as the CEO, division heads and other leaders—have to say, "This is important."¹⁴

Successful financial wellness programs have ongoing communications campaigns behind them, Robertson added - campaigns that are embedded in HR's own messaging. Otherwise, employees may look on vendor-produced materials as "just marketing."

Make It Personal

HR also should look at personal financial issues from the employees' point of view, said Allison.¹⁵ And, here again, one size doesn't fit all. Workers' needs don't vary only by generation, he noted, but by region, educational level and other factors.

While most large employers pride themselves on the variety of benefits they offer, they can overwhelm employees if they don't package their offerings properly, Dill observed. For instance, employers may not understand how voluntary benefits such as supplemental life insurance might work with retirement savings to provide for beneficiaries under a worst-case scenario, or how health savings accounts can help with high deductibles in consumer-directed health plans.

"Employers need to look at how they integrate these solutions into a more employee-first experience," Dill said.

Finally, Allison noted the importance of asking yourself whether employees are really using your organization's financial wellness programs, and which ones are having the most impact. "Making sure benefits are actually working is one area where HR can improve," he said. "It needs to be more proactive. This is a hot topic because it's actionable and measurable."¹⁶

Focus More on the Causes of Financial Problems for Employees

In the last study the American Bar Association did, they found that "70% of employees will have a legal problem in the coming 12 months."¹⁷ The result is that legal problems are far more prevalent than many believe.

What happens is that while HR Managers are wondering if their employees actually have a financial problem, perhaps these Managers should be thinking about whether different events in their employees' lives may have legal consequences. All employees face big events. With our ever-complicated society, come more and more complicated social issues, like financial issues, child issues, health issues, housing issues, support issues, family issues, education issues, neighbor issues and all kinds of similar problems that may have direct, or indirect legal consequences.

Life Events

One way to approach this re-thinking is to think in terms of life events. Most of the events discussed above can be classified as life events. When an employee decides to purchase a home, or have a child, or put a parent in a nursing home, or declare bankruptcy, there are so many preemptive legal solutions that can make things easier for them in the long run. Not only is access to preemptive solutions beneficial for the overall legal health of employees, but it can also ease the burden of financial issues the stress associated with drawn out legal issues. In turn, employees feel more prepared and confident that they are taken care of when those things that are actually happening in their lives.


What are Life Events?

Life events are those events that happen to each one of us at different times in our lives that impact the way we change our lives as we move through the years of life. Nothing in any life event is necessarily connected to a legal issue or problem, and often, as we unpack one of these events, we are not at all engaging the legal consequences that could be related to these life issues.

Everyday Problems Arise During Life Events

					
Getting Married <ul style="list-style-type: none"> • Name Change • Financial Advisor 	Expecting <ul style="list-style-type: none"> • Adoptions • Will • Refinancing of primary residence • Small claims court • Complex will • Guardianship 	Parents of Teens <ul style="list-style-type: none"> • Juvenile Court Proceedings • Small claims court • License suspensions • Misdemeanor defense • Serious traffic matters • Consumer dispute 	Kids in College <ul style="list-style-type: none"> • Tenant dispute • Tenant security deposit dispute • Debt collection defense • Identity theft assistance 	Elder Parents <ul style="list-style-type: none"> • Living will • Will or codicil • Health Care Power of Attorney • Foreclosure • Tax Audit 	Retirement and Grandkids <ul style="list-style-type: none"> • Wills • Probate of small estate • Conservatorship

Looking at these sample life events, we can see why it is unlikely that these issues will give rise to any concern about a legal issue. Who in the world thinks of calling a lawyer when one is having a child? Only a very small part



of the American population ever thinks of calling an attorney as they are going to get married. For example, for parents of children heading off to college, lawyers and legal issues are the furthest things from the college planning mindset.

These events that happen to employees are those everyday occurrences we all experience, like getting married, or having a baby, or adopting a child, or moving a parent into a nursing home. Many of these events often happen with much less fanfare, such as having a birthday, celebrating a child's graduation, or moving.

But, without realizing it, most of these life actions can produce legal issues, either in real time or in a delayed manner. Often, there is no apparent or immediate "legal" description of the issue or problem. Instead, these life event actions are what we might call "problems of 'everyday life.'"


Indeed, many employees will admit to facing these kinds of problems almost every year. What often keeps employees from realizing the magnitude of these issues and some of the legal consequences, is that they may not realize the close association between these problems and a major bout with the American Legal System. What we may not be spending enough time on is determining how widespread these problems of life are among employees and how impactful these issues can be on the finances of employees.

For example, life events related to housing can include how to find money to make a serious water damage repair, or how to get a landlord to make repairs, or how to keep a landlord from retaining a security deposit after one terminates a lease, or how to resolve a serious roommate rift, or how to get a guest to leave one's apartment when they have overstayed their invitation to stay with the employee who invited them.

Life events arise when employees are facing domestic issues, such as when to initiate adoption proceedings, what agency to use, a child's bullying at school problem, or how to help resolve a friend group conflict, or high school issues, such as a charge for drug possession when a student carried drugs for another, or vehicle issues, when a "friend" demands an employee's child take them to a corner drug dealer, or when a classmate demands an employee's child post pictures with them on Facebook, or when a teacher has a real bias toward one's child.

Life events include problems related to money issues, such as the bank not being able to find the paycheck an employee just deposited, or where the bank places a hold on a check from a relative for \$5,000 an employee deposited and then wrote checks to cover back rent, or those issues about not being able to access one's funds, or when an employee is trying to recover money owed by a boyfriend that has suddenly disappeared, or when one is trying to remove a lien from their property title after they paid the contractor for the shoddy work, or if an employee is dealing with a contractor that will not return to the job in the middle of disconnecting the employee's bedroom toilet.

Life also forces employees to deal with Elder Parents, including their issues of medical bills that they cannot pay, or their medications they are confused about taking, or when the nursing home seems to be hiding the real condition of an Elder Parent and will not release their records, or the lack of security for an Elder Parent in their deteriorating housing, or when an employee's Dad will not move out of his house even though he keeps falling, or when an Elder Parent announces they have just married a new spouse – after their spouse of 45 years dies unexpected, and this new spouse is 40 years younger than the living parent, or finding out that a girlfriend of an employee's Dad has a Power of Attorney over his healthcare and financial affairs, instead of the employee.



All these problems can become serious financial problems. And all of these problems have at their heart, a legal component. Indeed, what employees may not realize are two things: (1) how these life events almost never start out as legal problems that one thinks they need to immediately run out and get a lawyer to help with; or (2) how fast these problems can morph into serious legal problems.

What employees may really need is to re-think everyday life problems and how it might help to have access to better advice earlier so that when, or if, these problems become more serious employees can be more engaged, more ready, and more prepared. More importantly, we might be able to see how to gain understanding that enables employees to take actions early that might actually prevent some of these everyday problems from escalating to acute issues. This type of support might be more proactive, accessible, and thus, engaging and effective. If employees could actively focus on saving money, knowing they had help for unexpected legal problems, their Financial Wellness might improve dramatically.

How can HR Managers do this? By changing the way employees understand the effects of everyday problems on their lives in a long-term manner. And, by equipping employees with the right tools to support them when they better understand legal and legal related scenarios in their daily lives.

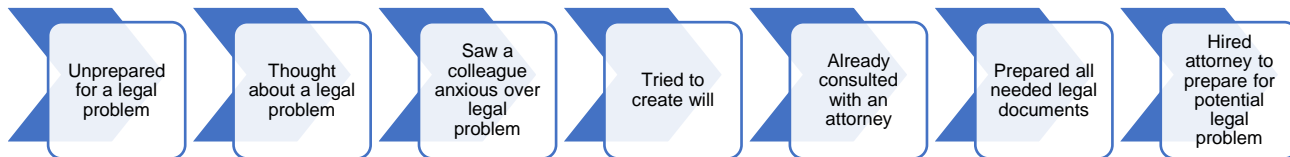
Our life events diagram above confirms some of the legal issues that are related to these ‘innocuous’ life events. We begin to see that there are legal problems and issues that are related to each life event. We begin to see that buying a house could have neighbor problems, noise problems, drainage problems, pricing problems, defects in construction issues, title issues, mortgage payment disputes, tax assessments, property assessments, joint repair bills and maintenance, foreclosure, homeowner rules and fees, boundary rights, flooding problems, insurance claims from roof leaks, and all kinds of other problems that do not come to mind automatically when an employee announces, “I am buying a home.”

We also see that in the excitement of having a child at college, we did not think of drug and alcohol arrests, MIPs, court hearings, suspension for violating codes of conduct, alleged sexual assault, education bias, professor discrimination, housing evictions or back rent demands, security deposits not returned, car repossessions, student loans and debt demands, academic dishonesty, bullying, Greek hazing, gang assaults, traffic violations, and grade disputes.

In expecting a child, one of the most joyous times of a couple’s life, they are not thinking about guardians, financial difficulties, lengthy medical treatments, difficult childbirth, genetic defects, significant medical bills, insurance coverage disputes, life insurance beneficiaries, wills and trusts needed, Powers of Attorney, trustees and executors, bank accounts, student payment 527 accounts, faulty daycare centers, hospitalizations, babysitter liability, and a host of other more serious issues.

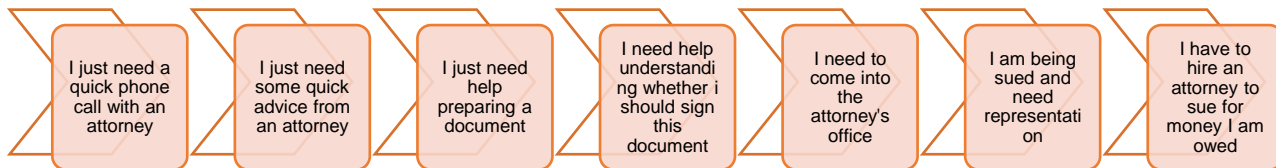
We simply do not think of these issues when we think of life events. But, what if we did? What if we changed our thinking and did want to face these issues? What do we need? What would we do differently? Would everyone want the same tools? Would every employee take the same action?

In truth, no two employees in any company will take the same actions – life events, life crises, and the legal consequences will affect each employee differently. The sense of preparedness for legal issues runs on a continuum for employees:



Some employees have a handle on the legal aspects of these events, but most employees do not have any idea (1) that a legal issue may be involved; or (2) what to do if a legal issue arose.

When asked, employees react to the arrival of legal issue in many different ways also. However, few employees have an idea about how they would access legal help, if a legal problem arises.



New Thinking about Life Events could be the Key to Helping Employees Handle Financial Crises.

What seems clear is that almost all employees who encounter life events in the course of each year, could use advice, consultation and information on all the legal consequences inherent in each of the likely life events that may arise. This means changing the thinking of employees on how they look at life events. While it may be counter-productive to treat every life event as a serious legal problem, it could be that employees might have trusted advisors available who could easily be called or emailed just to talk, without any pressure or agenda, about the life event and what an objective trusted advisor could see about potential legal consequences. The change in thinking might be to ask – to have access to resources that an employee could just bounce their situation off of to get a trusted professional opinion about how to think about the life event in a different way.

This new thinking might also be to take the advice and consultation even a bit further and to design services and help that would be designed to engage more employees in preventative services. As we have seen, many employees who encounter life events, almost never think about these life events having serious legal consequences. Because employees are not thinking about life events as legal problems, many employees take no action, only to find out their life event came with a host of legal issues. At that point, it would be too late to take the needed preventative actions that could have helped that employee completely avoid serious legal issues.

But what if there are easy to use solutions to help employees better understand and predict the effects of these life events and their corresponding legal issues? What if an employer could offer a set of tools that had more components than a traditional legal plan? What if the new kind of legal plan had two major components instead of one? First, the legal plan would still have all the traditional paid-for insured legal benefits and coverages that the traditional legal plans have had for 15 years.

But what if it had this unique, cutting edge second component? These tools that for many employees who do not have a legal need at the moment, could still have expanded services or solutions to offer fast, immediate, access to trusted advisors whenever a question arises or if any employee undergoes a life event, such as marriage, birth of a child, death of a parent, divorce or any such change of life event. All these life events require changes in the business part of our lives, changes in beneficiaries, wills, trusts, powers of attorney with all kinds of legal implications.

How much can legal problems cost employees?

We can calculate the employee cost of the legal matters by looking at several statistical figures:



Thus, when confronted by one of these legal problems, the employee's immediate concern is the lack of resources – financial resources to pay the legal fees. Money at the outset, as well as throughout the case, becomes a substantial problem. The larger the dispute, the more costly the legal bills are in most cases. And the American Legal System seems to have endless delays, interruptions and wasted time – all paid by the participants. Indeed, how many employees have a large unused, uncommitted amount of money stashed away in the event a legal problem arises? The answer is that most do not. Today, the problem is compounded because employees are not saving enough money that is the entire impetus of the financial wellness movement.

Lawsuit costs average \$ 32,000 per disputed litigation matter in the United States, with many more lawsuits reaching the \$65,000 - \$90,000+ mark. In today's world, an average hourly rate for legal services is found to be \$381/hr. If we look at the number of legal problems per 100 employees, we can calculate the cost of the lawsuits to employees by using the average total lawsuit figure [\$32,000] per lawsuit.

One Study found there are 19 actual litigation matters per 100 employees that are protracted and require substantial expenditures for attorney fees – assuming each employee will follow advice and retain an attorney in each case.²¹

Number of Lawsuits [per 100 employees]	Average Cost per Lawsuit	Total Cost of Lawsuits for Employees [per 100 employees]
19	\$32,000	\$ 608,000 / year

Thus, the employee cost in hard attorney’s fees costs can be estimated at \$32,000 per lawsuit on average multiplied by 19 or some \$ 608,000 for the 19 employees who will have one of the seven (7) common protracted litigation problems in the course of the year. ²²

The result is that the financial cost of legal problems from the employee angle are not only measurable but breath-takingly substantial for any employee family hit with this unexpected lawsuit.

One Solution Provides a Substantial Amount of Help When Financial Problems Arise – But These Programs are Not Directly Related to Traditional Financial Wellness Programs

These programs are called Legal Insurance Plans. Now, with these fully insured legal plans, there are two (2) substantial reasons to understand how legal plans can help employees overcome or at least minimize Financial catastrophe in dramatic fashion. (1) Fully insured legal plans enable an employee to obtain a legal plan that provides complete protection – meaning all the legal expenses are paid by insurance - if and when a legal problem arises – so that no family savings or retirement income need be tapped if a legal problem arises; and (2) Legal Plans have the potential to help Members who do not know which attorney to use to find the right Attorney to help them get through the complicated Legal System in a positive manner.







1. Financial Help through Paid-in-Full Legal Help

Now, a Legal Insurance Plan purchase by an employee takes on a new meaning with a new approach – for \$15-\$25 per month, one can have all the protection needed, not only to protect themselves, but to protect families, children, college children and one’s Elder Parents from unexpected legal disasters. And all without ever touching the family savings or retirement funds. Now, the legal insurance plan sale is much like the life and disability sale – full protection of the family in case an unexpected legal problem arises – from any area of the family – Elder Parent nursing home or age issues, college children suffering through a DUI/DWI, apartment lease dispute or a Minor in Possession of alcohol offense, all of which can severely impair a college student’s employment or graduate education admissions.

The need for employees is exactly the same – more than 52% of the employee base of any company cannot pull together \$10,000 right now.² That means that if a lawsuit strikes that employee family, 52% will not have money to defend the lawsuit or retain the lawyer.

Employers that are interested in meeting the employee need for financial services today can take solace that in providing a legal insurance plan, their employees will not have to tap assets that they have put aside for retirement benefits. The new Legal Insurance Plan will have fully paid benefits available for those who enroll in these new plans. Employees pay a ridiculously low monthly fee of around \$19 and may get the legal insurance plan to cover as much as \$50,000 of legal defense costs.

Most fully insured legal plans have coverage similar to that in the following chart:


 <p>Home & Residential Purchase, Sale, Refinancing of Primary Residence; Tenant dispute^{1,2}; Foreclosure^{1,2}</p>	 <p>Auto & Traffic Traffic defense, License Suspension (Administrative Proceeding), Misdemeanor defense¹</p>
 <p>Financial & Consumer Document preparation, Consumer dispute, Small claims court representation¹, Debt collection defense: Pre-litigation activities & trial defense^{1,2}, Tax audits^{1,2}, Bankruptcy (Chapter 7 or 13)^{1,2}</p>	 <p>Family Separation¹, Divorce^{1,2}, Name change, Guardianship/Conservatorship¹, Adoptions¹, Juvenile court proceedings</p>
 <p>Estate Planning & Wills Simple will or codicil, Complex will¹, Living will, Health Care Power of Attorney, Living Trust Document, Probate of small estate¹</p>	 <p>General Civil litigation defense^{1,2}, Life Insurance Claims^{1,2}</p>

¹Sometimes, limitations may apply on some plans.
²Plan choices are available

One of the most revealing examples that employees face more than any other legal problem is divorce litigation, especially when child custody challenges are involved. Spouses are abusive, inconsiderate, and even mean when divorce is an issue. Much of this litigation can be contentious, vindictive, and upsetting to parties who end up being at each other's throats. Often one spouse has the expectation that one's spouse is the "clear bad actor" and that everyone in the legal proceeding should "just be able to see this" and grant the employee with this expectation the relief or resolution they want. When one's attorney or the judge may not agree with the employee, they begin to feel alienated and angry. The feeling that one's attorney is not there to get them quick help can create a serious rift with the employee and their attorney. These feelings can make employees feel there is no help anywhere.

As frustration builds, so does the stress. This becomes a long-term problem — a problem that ultimately produces a devastating increase in anger, frustration, and stress that is costly to the employee and their work productivity. As an example, an employee may be in court for a prolonged divorce proceeding with a spouse ordered to vacate the house they once owned jointly, or an employee may be suffering through delay after delay in court modification hearings of child visitation orders, or one alcoholic spouse is unbelievably ordered to retain custody of the children. Employees in these situations cannot help their lack of concentration and distraction in their workplace and this condition and their stress is directly related to this legal problem.

Of course, dealing with the emotional aspects of divorce is easier said than done. With the build-up of many years of anger, resentment, neglect, or jealousy, as well as demands for justice and vengeance, these emotions can often drag cases through years of litigation.



Research indicates that single mothers experience excessive stress and that the stress is a result of the need to provide financially for the family concurrently with caring for the home in ways traditionally handled by both men and women, acquiring new skills, and parenting. Single working mothers juggle many responsibilities including financial provision, housekeeping, and parenting.⁸ In addition, they lack a supportive spouse to turn to for counsel, cooperation, and comfort. The stress in the mother's life and the way she deals with it also impacts her children. Current research suggests that professional help is sought for mental health reasons by single-parent mothers two to three times more often.²³

Single mothers have a dual responsibility in their households. "You're a working mom and you're tired beyond belief. You rush to get to work on time, race to pick up the kids at day care, and juggle an endless list of household chores before falling into bed at midnight."²⁴ This is life for many women today in the United States. "Compared to two-parent households, lone parents have not only reduced money but also half the adult time resources available."²⁵

Stress may also result from various sources. One major stress point is conflict with the child's father. Not having a supportive husband is an ongoing reality for many single mothers. Studies suggest that depressive symptoms of single mothers are associated with mother/nonresident-father relationship. Sometimes, the father does not acknowledge his offspring, and they go to court; many are freshly divorced and have a hostile relationship; yet others constantly fight over child support. Even seeking a new relationship can be a challenge for single mothers. Ex-spouses can make the search for a new relationship difficult, challenging and disheartening, especially where the ex-spouse still harbors certain feelings, or where there is substance abuse issue in the marriage as part of the reason for a divorce in the first place.

Constant pressure to take the ex-spouse back to court to seek court-ordered support payments can create a financial hardship for the working mother. Not only are they not receiving the agreed upon support and/or alimony payments from the ex-spouse, but they have to find legal fees to drag the ex-spouse back to court to enforce the child support order. The need for legal help is acute, particularly a legal plan that pays for the legal fees to enforce the court order.²⁶

Beyond our example of single mothers is the fact that all employees have a need for legal plan benefits to solve the potentially devastating legal problems that can strike them. Employee preferences for benefits and coverages often turn into employee necessities when they are dealing with significant personal legal problems.

The net effect of a lack of extra funds can force the settling or abandoning of a lawsuit or legal dispute before the case is won since most employees do not have a rainy-day lawyer fund and may be forced to use their savings, take out a loan, or even borrow money from a 401k retirement account. In addition, most employees are not sure how much money might be involved in resolving disputes.

The fully paid divorce and divorce-related coverage in a legal plan produces obvious results in terms of a financial solution. Paid-in-full divorce coverage, or at least some paid-for hours of coverage can relieve massive financial deficits that would otherwise be incurred in hiring a lawyer in a divorce.

Do benefits that have a high usage have more value to employees?

Taking one of the most utilized benefits [Divorce] that employees will need, we can ask – *“Does the amount of coverage [the Number of Hours of Divorce and Divorce-Related Coverage in the legal plan] create more real value for employees?”*

Let’s analyze: First, different Legal Insurance Plans offer different levels of divorce coverage.

One plan, LegalEASE has offered divorce in its legal plans for over 45 years and has monitored all usage. Thus, the utilization figure is a reliable indicator of how much employees will need divorce coverage relative to other legal benefits. Second, we can analyze the amount of divorce coverage [measured by hours paid for by the legal plan] an employee might need when facing a divorce. Given the socioeconomic income level of LegalEASE’s typical employee legal plan members, those with an income range of \$30,000 to \$129,000 in combined household income, LegalEASE’s 25 years of usage statistics indicate that the average contested divorce will take 27 hours or less for completion. That means that in 25 years, LegalEASE’s usage statistics show that 99.8% of all employee divorces [and divorce-related] matters are handled without any cost to employees in 27 hours or less of paid-for attorney time.²⁷

The next step of analysis is to examine whether there is any value to employees in having more divorce coverage in their legal plan. The chart on the next page suggests the calculations that will help to answer that question. We define value here as whether, for a similar cost, one Legal Plan will pay for the legal fees in full compared to another legal plan that will only partially pay for the benefit requiring the employee to pay out-of-pocket costs for the legal fees not covered by the Legal Plan.

As an example, one would assume that if 25% of the employees who enrolled in the legal plan were going to have to use one of the benefits, then the legal plan that created the least additional out-of-pocket costs for those 25% of all employees would create the most value.

Naturally, one employee might get value if their little-needed legal matter is needed by them and saves them an out-of-pocket cost. But, the analysis for HR in most cases is which legal plan is best for all/most of their employees.

Using divorce as a covered benefit and employing that analysis, we can see that in our example below, Plan 1 creates the most value because it has the least amount of out-of-pocket costs for the most employees likely to use the legal plan. If all the other benefits in the legal plan are the same, Plan 1 would have the most employee value since it has (1) the most legal plan coverage for divorce of any legal plan; and (2) more employees in the employee population will use the divorce benefit than any other legal plan benefit in the plan.

Divorce Usage

How are these amounts calculated?

Assumptions/Calculations ^{1/}	Legal Plan 1 28 hours covered	Legal Plan 2 15 hours covered	Legal Plan 3 No coverage
	37%	37%	37%
Divorce/Family Law Hours Covered Under Plan	28.5	15	None.
Average Maximum Time in Court/Litigation Battles in Each Divorce/Family Law Case	27 Hours	27 hours	27 hours
Total Number of Employees with Divorce/Family Law, Child Custody and Support Issues [per 100 employees]	37	37	37
Average Hourly Cost for Divorce Attorney – National Average	\$ 207.00/hr.	\$ 207.00/hr.	\$ 207.00/hr.
Total Employee Out-of-Pocket Cost of Divorce/Family Law Matter for Employee Base [per 100 employees]	\$ 0.00	\$103,396.50	\$206,793.00

^{1/} Legal plan usage models tell us that on a three (3) year contract the divorce usage will be 37%. Using a sample enrolled membership of 900 employees enrolled in the legal plan means that 333 (37%) employees will utilize the divorce and family law matters benefit. This means that under Legal Plan 2, 333 employees will have 15 hours of paid-in-full coverage, but under the LegalEASE Plan, these same 333 employees would have coverage of 28.5 hours or an extra benefit of paid-in-full coverage of 13.5 hours compared to Legal Plan 2. This means that once the 15 hours run out under Legal Plan 2 333 employees will pay **additional legal fees out of their own pocket** – that they do not have to pay under Legal Plan 1 – of \$ [\$207/hour times 13.5 hours = \$ 2,794.50 per employee or a total employee out of pocket fees of \$930,568.50 that they would not have to pay under Legal Plan 1. There is no Divorce coverage under Plan 3, so that means the same 333 employees will pay **additional legal fees out of their own pocket** – that they do not have to pay under Legal Plan 1 – of \$ [\$207/hour times 27 hours = \$ 5,589.00 per employee or a total employee out of pocket fees of \$1,861,137.00 that they would not have to pay under Legal Plan 1.

When some Legal Plans have more coverage for the more widely utilized benefits will those Legal Plans have a higher value to employees?

Staying with our Divorce example above, depending on the coverage offered in the Legal Plan, employees can end up paying thousands of dollars out of their own pockets. Right now, in the U.S. market the three top legal plans each offer a different level of coverage in their standard legal plan coverage for the most commonly utilized benefit category – divorce: 1) Paid up to 28.5 hours, 2) Paid up to 15 hours, and 3) no Divorce Coverage.

The total amount employees will be forced to pay out-of-pocket for their Divorce/Family Law matter will depend on how important the Legal Plan chosen by HR values the higher used benefits that have higher coverages.

The following chart shows the tremendous employee out-of-pocket cost for divorce and child custody/support matters over a three-year period using three different plan coverage levels: 1) Paid up to 28.5 hours, 2) Paid up to 15 hours, and 3) no Divorce Coverage.

Out-of-Pocket Expenses based on Divorce Coverage

Number of Employees Enrolled in Legal Plan	LegalEASE Plan 1 28.5 hours covered	Legal Plan 2 15 hours covered	Legal Plan 3 No Coverage
20	\$0	\$20,679	\$41,359
50	\$0	\$51,698	\$103,396
100	\$0	\$103,396	\$206,793
500	\$0	\$516,847	\$1,033,965
1,000	\$0	\$1,033,695	\$2,067,930
2,500	\$0	\$2,584,238	\$5,169,825
4,000	\$0	\$4,135,860	\$8,271,720

This analysis leads to the following results: Do these differences in legal plans make a difference to employees? What is the effect of these differences?

Plan 1

Under Plan 1 – in virtually every case, no Plan members pay any out-of-pocket cost when they have a divorce or divorce-related legal matter.

Plan 2

This means that once the 15 hours run out under Legal Plan 2, using an enrollment figure of 333 employees will pay additional legal fees out of their own pocket – that they do not have to pay under Legal Plan 1 – of \$ [\$207/hour times 13.5 hours = \$ 2,794.50 per employee or a total employee out of pocket fees of \$930,568.50 that they would not have to pay under Legal Plan 1.

Plan 3

There is no Divorce coverage under Plan 3, so that means the same 333 employees will pay additional legal fees out of their own pocket – that they do not have to pay under Legal Plan 1 – of \$ [\$207/hour times 27 hours = \$ 5,589.00 per employee or a total employee out of pocket fees of \$1,861,137.00 that they would not have to pay under Legal Plan 1.

Using this analysis, in this case will employees feel more value from having no out-of-pocket on their divorce matters or will they like to have the additional 20-line item coverages, even though only one or two employees may use any of the 20-line items?

Can This So-called “Invisible” Employee Financial Area be Measured as to its Cost on the Company as Well as the Employee?

Until now, there was no comprehensive study of the effect of legal problems on employees in the workforce – those problems that are personal to the employee and brought by the employee – usually unintentionally – into the workplace by the sheer magnitude of the problem. Because of the personal nature of the employee legal issues – perhaps – this problem has not risen to the level of concern or program-needed status in American Companies. In some respects, they remain “invisible” in the employer dialogue and in the financial wellness dialogue.

Why? We may not know for sure. Certainly, the private and confidential nature of legal problems, and their potentially embarrassing nature, may be one of the biggest reasons. Few employees are excited to report to their employers an arrest for a DUI/DWI or for domestic violence, child abuse, or that they are filing for bankruptcy or their house was foreclosed upon, or they are receiving collection calls about massive debts and many other legal issues. The confidential and private nature of these problems – and the potentially devastating effect on employment – easily explains this “invisibility.”


Let’s examine the breadth of this problem in our Companies today to see if there are answers that can help employees.

An analysis can start with the impact of stress on employees – stress caused by these problems – and for that we can turn to the recent LegalEASE Study on the Financial Impact of Stress and Legal Problems.²⁸ This Study produces some startling analysis. Wellness is impacted on several fronts: (1) there is an enormous but measurable stress produced by these legal problems; and (2) there is an equally enormous and debilitating financial wellness component. Taken together, this means a substantial financial illness.



The Study examined seven (7) of the most common legal problems that employees face today. All of these are personal and include: divorce, civil litigation, probating an elder parent’s estate, juvenile/criminal matter, warranty/small claims matter, DUI/DWI, and a traffic ticket. The Study looked at the cost of these and learned that they produced an enormous amount of employee stress and upset. However, measuring this stress can be tricky as there are no exact measurements for the effects of problems like presenteeism.

The Study determined that it would focus only on the effects of problems that can be accurately measured. The Study determined that it would utilize three effective measures of stress, absenteeism, increase in prescription drugs, and an increase in



physician/psychologist visits (including psychiatrists visits): Because employees used prescription drugs [like Xanax] in increased amounts during stressful times, and because they visited physicians or psychologists to obtain prescriptions and to treat the stress – these two (2) measures are reliable indicators of the cost of stress.

In addition, without help and without money to handle the lawsuit, the stress increased amongst employees. Each day without help or money increased the stress in many cases. Adding to the problem was the fact that to find resources to help with the lawsuit (e.g., attorneys) or to find money to handle the legal fees, employees had to take off of work thereby increasing absenteeism costs. They also had to take time off of work to visit their physician or psychologist for the treatment, thus the absenteeism.

Each of these were also selected because they are measurable, unlike presenteeism or other stress indicators, and taken together they could produce an accurate picture of how much employee stress was being caused by the legal problem and how much this stress costs.

How big is this problem and how much is it costing employers?

The twenty-year study concluded this problem was indeed measurable. While companies understood some employees suffered legal problems, the magnitude of suffering and the number of employees affected was shocking for many companies. The widespread nature of the costs to both employers and employees produced substantial concern among companies that began to examine this problem.

Employer Costs:

The study concluded that for the seven common types of legal problems employees frequently bring into the workplace the costs are staggering. Using only the three metrics, increased prescription drug costs, increased physician/psychologist visit costs and absenteeism costs, these seven legal problems cost an American company in excess of \$263,000 per 100 employees per year.²⁹

Total Cost to Employer due to Employee Missed Time & Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor for Stress Related to Legal Matters	ALL 7 Common Legal Matters
Employer Cost due to Missed Time: "Court-Filed" Divorce Legal Proceedings	\$22,974
Employer Cost due to Missed Time: "Non Court-Filed" Legal Proceedings	\$47,514
Employer Cost due to Missed Time: Initial Attorney Search	\$85,127
Employer Cost due to Missed Time: Visits to Doctor &/or Mental Health Counselor	\$33,491
Summary Employer Cost due to Employee Missed Time: All Factors	\$189,105
Cost of Employee Visits to Doctor &/or Mental Health Counselor	\$36,270
Cost of Employees Using Prescription Drugs for Stress Related Issues	\$18,899
Summary Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor	\$74,069
Total of All 7 Common Legal Matters	\$245,074

If we drill down further, we can see the staggering costs of some of the legal matters that make up the seven categories of common legal problems:³⁰

Divorce:³¹

Total Cost to Employer due to Employee Missed Time & Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor for Stress Related to Legal Matters	DIVORCE
Employer Cost due to Missed Time: "Court-Filed" Divorce Legal Proceedings	\$6,263
Employer Cost due to Missed Time: "Non Court-Filed" Legal Proceedings	\$12,466
Employer Cost due to Missed Time: Initial Attorney Search	\$24,714
Employer Cost due to Missed Time: Visits to Doctor &/or Mental Health Counselor	\$9,723
Summary Employer Cost due to Employee Missed Time: All Factors	\$53,166
Cost of Employee Visits to Doctor &/or Mental Health Counselor	\$10,530
Cost of Employees Using Prescription Drugs for Stress Related Issues	\$10,974
Summary Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor	\$21,504
Grand Total	\$74,670

An Elder Parent's Death: ³²

Total Cost to Employer due to Employee Missed Time & Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor for Stress Related to Legal Matters	PROBATE AN ELDER'S ESTATE
Employer Cost due to Missed Time: "Court-Filed" Divorce Legal Proceedings	\$5,600
Employer Cost due to Missed Time: "Non Court-Filed" Legal Proceedings	\$20,595
Employer Cost due to Missed Time: Initial Attorney Search	\$18,307
Employer Cost due to Missed Time: Visits to Doctor &/or Mental Health Counselor	\$7,202
Summary Employer Cost due to Employee Missed Time: All Factors	\$51,705
Cost of Employee Visits to Doctor &/or Mental Health Counselor	\$7,800
Cost of Employees Using Prescription Drugs for Stress Related Issues	\$8,129
Summary Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor	\$15,929
Grand Total	\$67,634

A Common Civil Litigation Lawsuit:³³

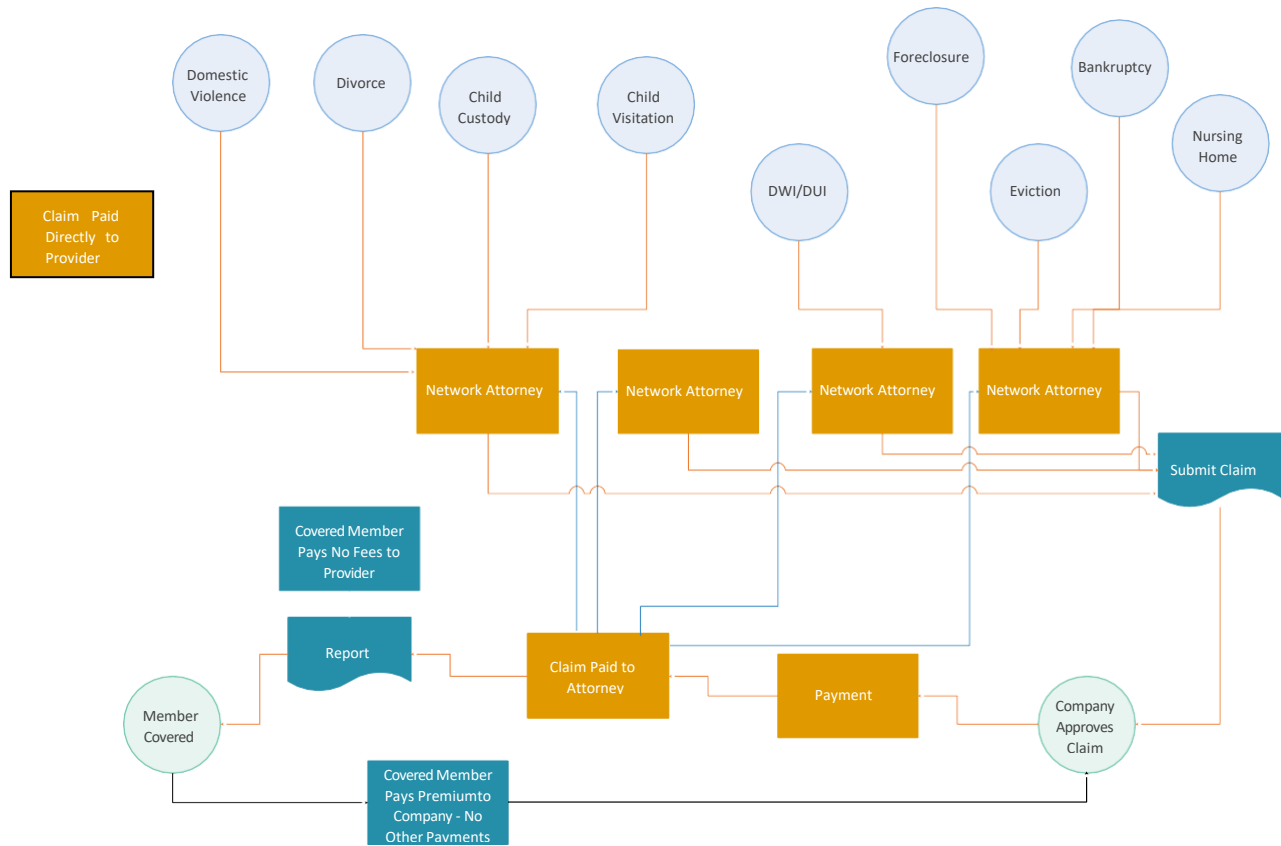
Total Cost to Employer due to Employee Missed Time & Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor for Stress Related to Legal Matters	CIVIL LITIGATION DISPUTE
Employer Cost due to Missed Time: "Court-Filed" Divorce Legal Proceedings	\$3,493
Employer Cost due to Missed Time: "Non Court-Filed" Legal Proceedings	\$6,504
Employer Cost due to Missed Time: Initial Attorney Search	\$10,069
Employer Cost due to Missed Time: Visits to Doctor &/or Mental Health Counselor	\$3,961
Summary Employer Cost due to Employee Missed Time: All Factors	\$24,027
Cost of Employee Visits to Doctor &/or Mental Health Counselor	\$4,290
Cost of Employees Using Prescription Drugs for Stress Related Issues	\$4,471
Summary Cost Prescription Drugs & Visits to Doctor &/or Mental Health Counselor	\$8,761
Grand Total	\$32,787

Is there a fix, cure, solution or program that can resolve this problem?

Yes. And the solution is not as complicated as many HR managers might suspect. Indeed, in many cases it is a solution that is right in front of them. Ironically, many HR managers may already have the solution in place at their companies but may not realize the impact or the curative effects it would have on the financial illness being suffered by their employees. Bringing the solution to the forefront may be all that is needed to eliminate all or some of this financial illness.

What is the solution? A legal insurance plan. The emphasis is on insurance. And that is why the EAP legal plan may not be near enough in most cases. Providing attorney referrals, free initial consultations and a discounted hourly rate when hiring an attorney may be very helpful but cannot help the problem of finding a source of money to pay legal fees. The financial illness is caused more by the lack of money to hire the right attorney than from the source of the legal problem itself. Finding money, as we have seen, creates a maximum amount of stress and the pressure of deadlines exacerbates this stress. "Very few employees have a legal fund stashed away to fund a lawsuit start to finish."³⁴

The Results



Savings for Employers

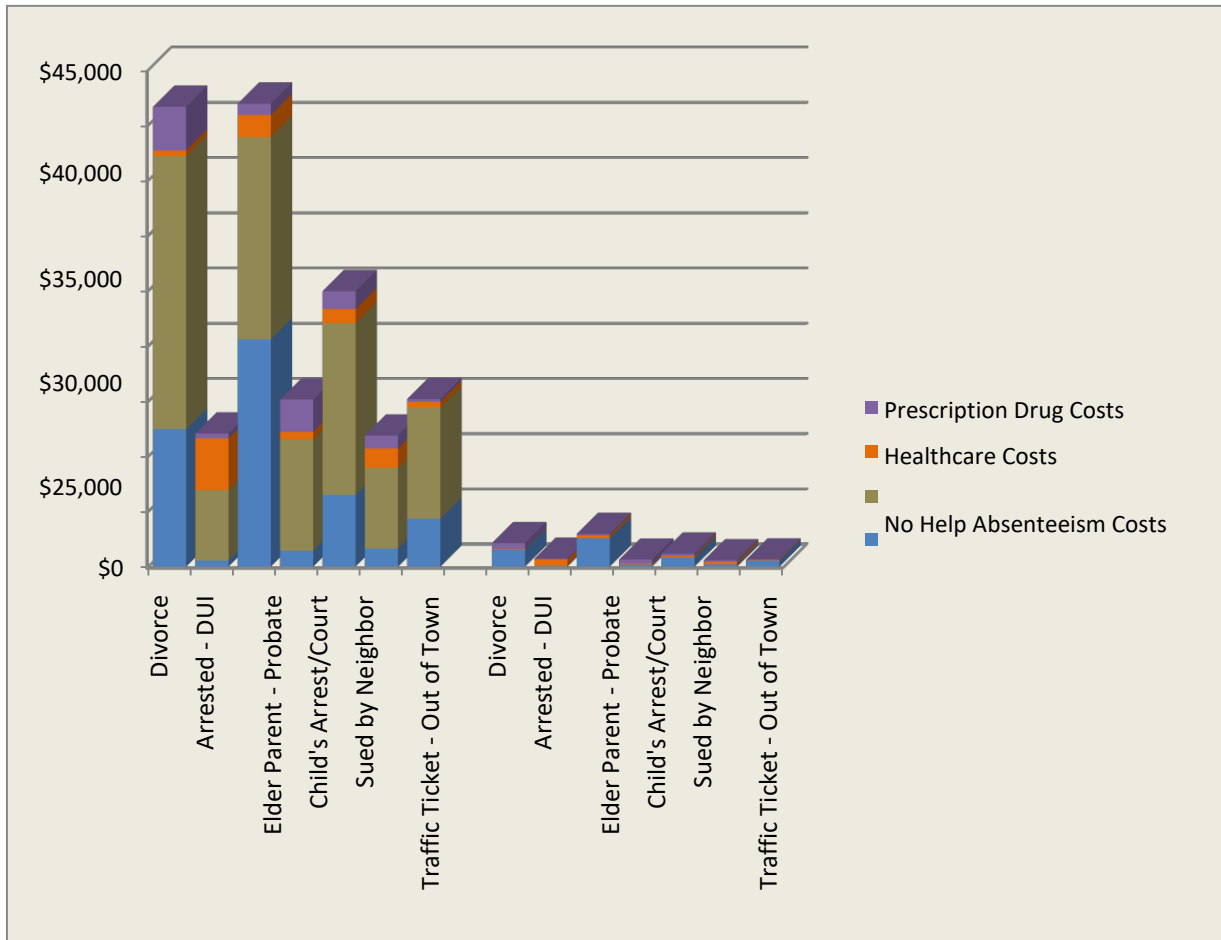
By paying all of the fees, legal insurance plans can undoubtedly save employees the entire cost of many if not all of their personal legal fees. And because these plans save employees from the very unexpected need to find thousands of dollars, they do not have these legal plans save employers hundreds of thousands of dollars in stress-related costs. According to the LegalEASE study, some \$245,000.

How much is saved? The savings to employers is massive. This study carefully analyzed every part of the legal problem that is handled by the insurance legal plan. Finding an attorney quicker means less stress builds and having coverage in the form of insurance to pay the attorney means that stress from finding money is substantially lessened. We can see from Figure 15, the difference in costs to the employer when a legal insurance plan is and is not in place. Indeed, lessening stress lessens all of the costs of our metrics.

Figure 15³⁵

Costs to Company Without a Legal Plan for Employees

Costs to Company With a Legal Plan for Employees



Is a program worth the cost to fix the employee problem?

Interestingly, most insured legal plans are voluntary, and their monthly fees are paid by employees who elect to have the coverage.

Because these problems can be the invisible financial elephant in the room, and because the solution is so all encompassing and so curative in many cases, should HR managers look at these plans with more heightened emphasis? At so many companies, less than 10% of their employees opted for legal insurance coverage, despite the low monthly premium – under \$20 including family coverage.

Perhaps calling attention to this problem or considering an employer-paid option or portion of the premium might help employees value this benefit. It will certainly help the company bottom line.

Either way, this area of financial wellness may be one of the most solvable financial components for HR. By analyzing and adding a fully insured legal plan, HR managers can achieve measurable and massive savings for their companies and help their employees handle legal problems without incurring huge financial burden. While this solution may not eliminate all of the stress of a legal problem, it can expose and virtually eliminate the financial aspect of the issue.

“There is one avenue today where HR managers can provide almost a complete solution – without costing the company anything – almost sounds too good to be true – but it is exactly a reality in today’s hands-on HR help world.” Legal insurance plans cost the employer virtually nothing but deliver over \$120,000 per year in savings in missed work, prescription drug costs and physician/psychologist visits.

\$120,000+ in savings and virtually no cost to the employer...

...that is real financial wellness

End Notes

- 1/ https://www.upi.com/Health_News/2019/05/02/Medical-bills-cause-financial-hardship-for-most-Americans-study-says/5481556803175/
- 2/ <https://www.hrdiver.com/spons/new-survey-finds-health-insurance-not-enough-to-protect-employees-against-m/560254/>
- 3-4/ Id.
- 5/ LegalEASE Employee Health; Legal & Financial Stress Impact Study, 2018
- 6/ "Public Perceptions of Lawyers Consumer Research Findings," American Bar Association Study, 2002.
- 7/ LegalEASE Employee Health; Legal & Financial Stress Impact Study, 2018
- 8/ Legal Access Plans, L.L.C., 2019 Internal Study
- 9/ "Employee Financial Wellness Survey," Pricewaterhouse Cooper, 2016
- 10/ <https://www.hrdiver.com/spons/new-survey-finds-health-insurance-not-enough-to-protect-employees-against-m/560254/>
- 11/ "Employee Financial Wellness Survey," Pricewaterhouse Cooper, 2016
- 12/ "Fintech Company Offers Free Financial Coaching to Workers," Caroline Hronich, August 7, 2019
- 13/ "Pol: Americans Fear Crippling Medical Bills More Than Getting Sick," Health Day News, March 29, 2019, www.upi.com/Health_News
- 14/ Id.
- 15/ "Employee Financial Wellness Survey," Pricewaterhouse Cooper, 2016
- 16/ "Financial Wellness Success Requires Proactive HR - Workers' Needs Vary by Generation Education and Other Factors," Mark Feffer, 2016
- 17/ "Public Perceptions of Lawyers Consumer Research Findings," American Bar Association Study, 2002.
- 18/ Source: LexisNexis, 2018
- 19/ Source: Legalzoom.com 2018
- 20/ Source: American Bar Association
- 21/ "LegalEASE Employee Health; Legal & Financial Stress Impact Study, 2018," Robert L. Heston, Jr., 2018
- 22/ Id.
- 23/ "LegalEASE Employee Health; Legal & Financial Stress Impact Study, 2018," Robert L. Heston, Jr., 2018
- 24/ Id.
- 25/ Id.
- 26/ Id.
- 27/ Legal Access Plans, L.L.C., 2019 Internal Study.
- 28/ "LegalEASE Employee Health; Legal & Financial Stress Impact Study, 2018," Robert L. Heston, Jr., 2018
- 29-33 Id.
- 34/ legal Insurance White paper by RLH
- 35/ "LegalEASE Employee Health; Legal & Financial Stress Impact Study, 2018," Robert L. Heston, Jr., 2018

