EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE
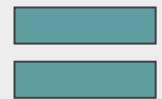
88TH PUBLIC POLICY FORUM
DECEMBER 7, 2020
ELECTION RESULTS: WHAT THEY MEAN FOR
EMPLOYERS AND THE BENEFITS LANDSCAPE

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= **A POLICY FORUM LIKE NO OTHER**

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POLICY + RESEARCH = A POLICY FORUM LIKE NO OTHER

Monday, December 7 — **Election Results: What They Mean for Employers and the Benefits Landscape**

Tuesday, December 8 — **The Full Picture: Retirement, Financial Wellness, and Health Benefit Considerations of Minorities in the U.S.**

Thursday, December 10 — **The Stand: Employer Approaches to Health Benefits Post-COVID-19**

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THANK YOU POLICY FORUM DEVELOPMENT TASK FORCE!

Vice Chair, PPAC,
Liz Varley, Ameriprise Financial

Task Force:

Nevin Adams, ARA

Chris Byrd, Wex Health

Jeanne de Cervens

Michael Doshier, T Rowe Price

Bob Doyle, Prudential

Kris Haltmeyer, Blue Cross Blue Shield Association

Joe Healy, PIMCO

Tom Johnson, Retirement Clearinghouse

Melissa Kahn, State Street Global Advisors

Gary Koenig, AARP

Chantel Sheaks, U.S. Chamber of Commerce

Mike Skinner, T Rowe Price

Michael Sowa, LGIMA

Jana Steele, Callan

Aron Szapiro, Morningstar

For information about joining, contact Betsy Jaffe at
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LILLYWHITE AWARD WINNER HOWARD FLUHR OF THE SEGAL GROUP

Tami Simon, Senior Vice President, Segal

Howard Fluhr, Chairman Emeritus, Segal

ELECTION RESULTS: WHAT THEY MEAN FOR EMPLOYERS AND THE BENEFITS LANDSCAPE

Norm Ornstein,
Resident Scholar,
American Enterprise
Institute

Bill McInturff, Partner,
Public Opinion
Strategies

Jim Klein, President,
American Benefits
Council

Moderated by:
Chantel Sheaks,
Executive Director of
Retirement Policy, U.S.
Chamber of
Commerce

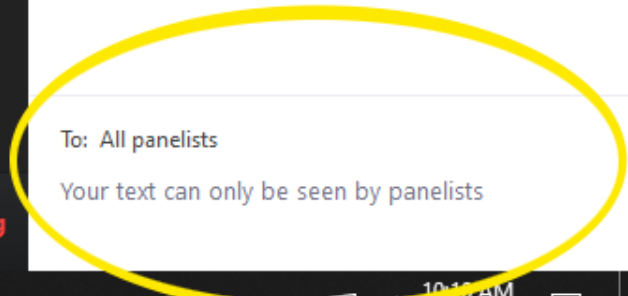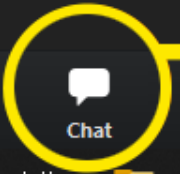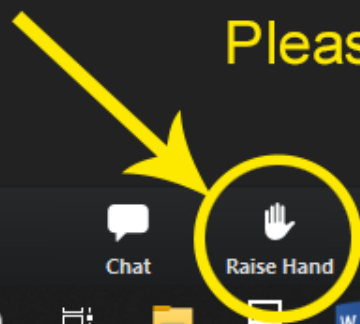# The forces that are shaping America:

- **Intense Partisanship**

- **COVID-19**

- **Lack of Optimism about our Future**

- **Profound Generational Change**

- **National Dialogue about Racial Equity**

- **2020 Presidential Election and its aftermath**

POS

The key to understanding our current politics…intense partisanship that is _not_ going to fade after this election.

Share of <u>Democrats</u> <u>who say</u>
"The Republican Party has been taken over by Racists"

78%

Share of <u>Republicans</u> <u>who say</u>
"The Democratic Party has been taken over by Socialists"
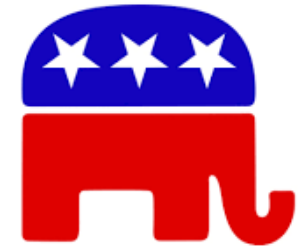
81%

COVID-19: Just *Some* of the Impact

- A 25-point drop in people saying the economy was "excellent" or "very good" in just 24 days from mid-March until early April.

- April had the single largest one month drop in consumer confidence since tracking first began on this measure in the mid-1950s.

- A "lion and lamb" moment: In April, the same percentage of Republicans and Democrats agree the federal government needs to expand its role in the economy in response to COVID-19.

- Highest unemployment since The Great Depression.

- Now, 71% of people say they personally know someone who has had COVID-19.

- Highest percentage of 18-29-year-olds living with a parent since 1940.

COVID-19: Dramatic change in attitude towards the role of the federal government.

Your Message to the Federal Government

	Pre-COVID (2011-2019)	COVID-Era (August 2020)
Lend Me A Hand	**38%**	**57%**
Leave Me Alone	**54%**	**36%**

If you could send just one of the following two messages to the federal government right now, would it be "lend me a hand" or would it be "leave me alone"?

Source: Fox News National Survey of 1,000 Registered Voters, Conducted August 9-12, 2020

Americans overwhelmingly support providing benefits to businesses, individuals and those who are unemployed.

Please indicate whether you would support or oppose the following responses to the Coronavirus pandemic.

%Total Support

83% — Additional financial assistance to small businesses

77% — Another round of direct stimulus payments to individuals

70% — Expanded unemployment benefits

■ Total Voters
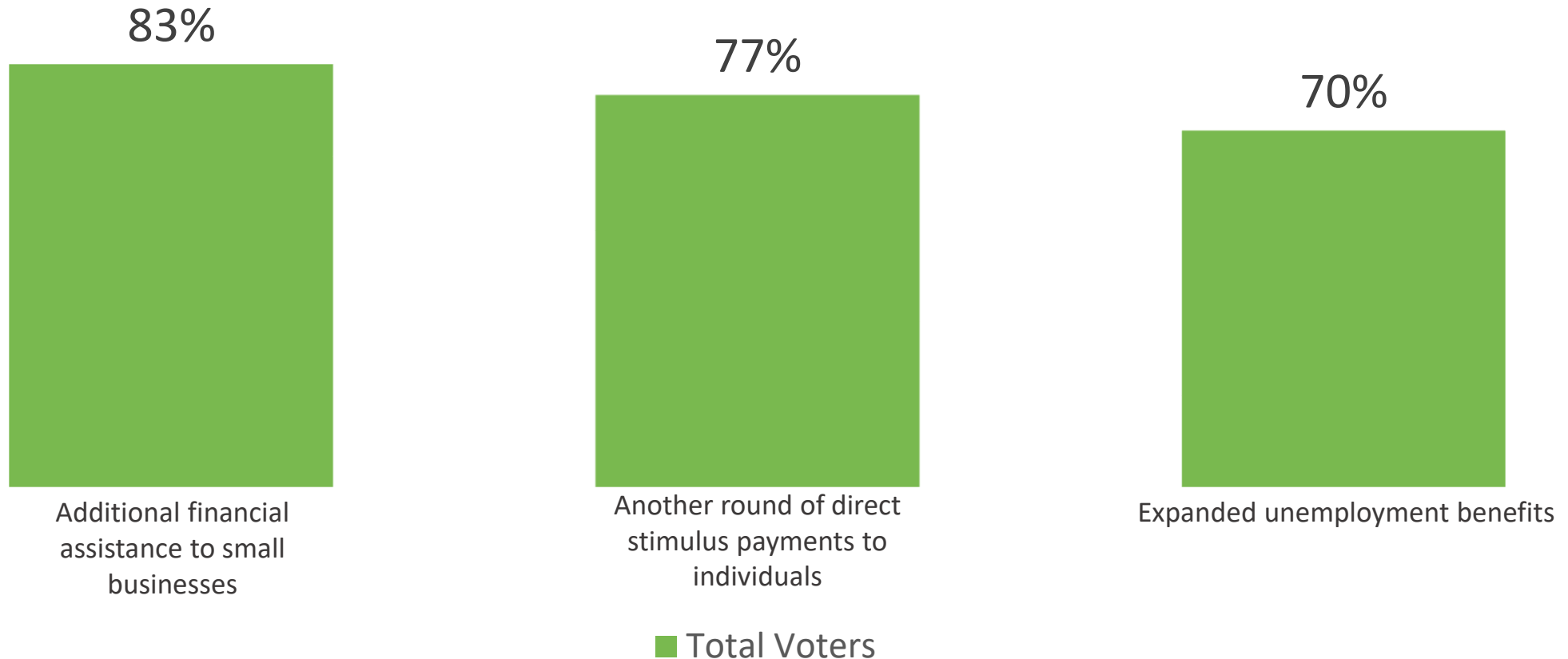
Source: Politico Seven Letter Insight 2020 Voter Priorities Survey

Values by Generation ... 2019

% Very Important	Gen Z/ Millennial (Ages 18-38) (36%)	Gen X (Ages 39-54) (24%)	Boomers/ Silent (Ages 55-91) (35%)	Net Difference (Gen Z/Millennial – Boomers/Silent)
Patriotism	42%	65%	79%	37%
Religion/Belief in God	30%	53%	67%	37%
Having children	32%	44%	54%	22%
Hard work	83%	94%	92%	9%
Money	36%	44%	44%	8%
Financial security	78%	82%	79%	1%
Community involvement	61%	68%	58%	3%
Tolerance for others	83%	79%	79%	4%
Self-fulfillment	72%	59%	59%	13%

Biden's margins were entirely among voters younger than age 45.
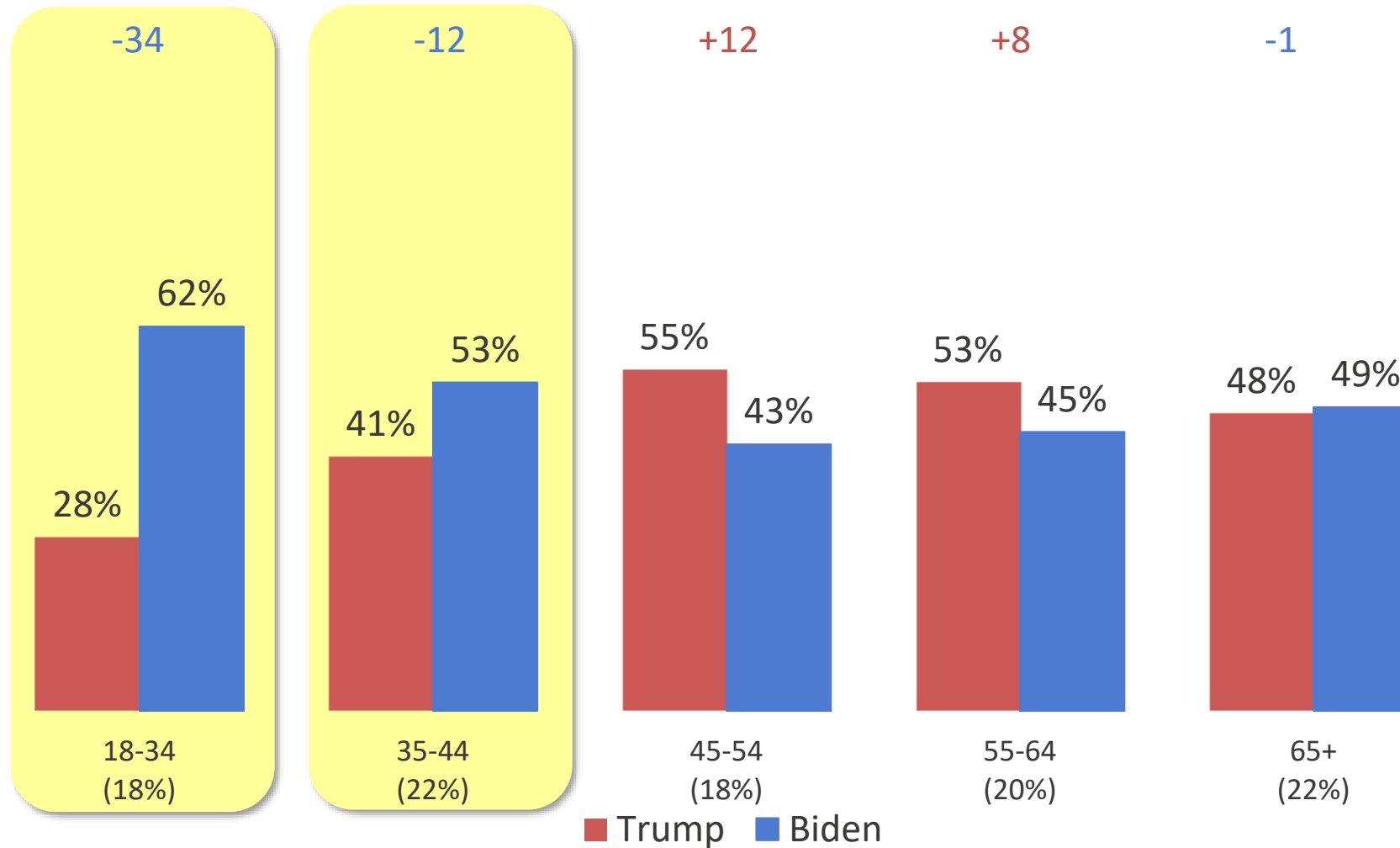
And, for which of the following candidates will/did you vote for President...

While Trump dominated on voters concerned about the economy, crime and violence, guns, and abortion, Biden won those concerned about coronavirus, race relations, health care, and climate change.

	Trump	Biden	Margin
Guns (13%)	92%	4%	+88
Crime & Violence (15%)	83%	10%	+73
Economy (40%)	74%	20%	+54
Abortion (13%)	73%	25%	+48
Immigration (10%)	54%	42%	+12
Health Care (18%)	21%	75%	-54
Race Relations (21%)	13%	84%	-71
Coronavirus (32%)	12%	85%	-73
Climate Change (11%)	9%	85%	-76

■ Trump ■ Biden
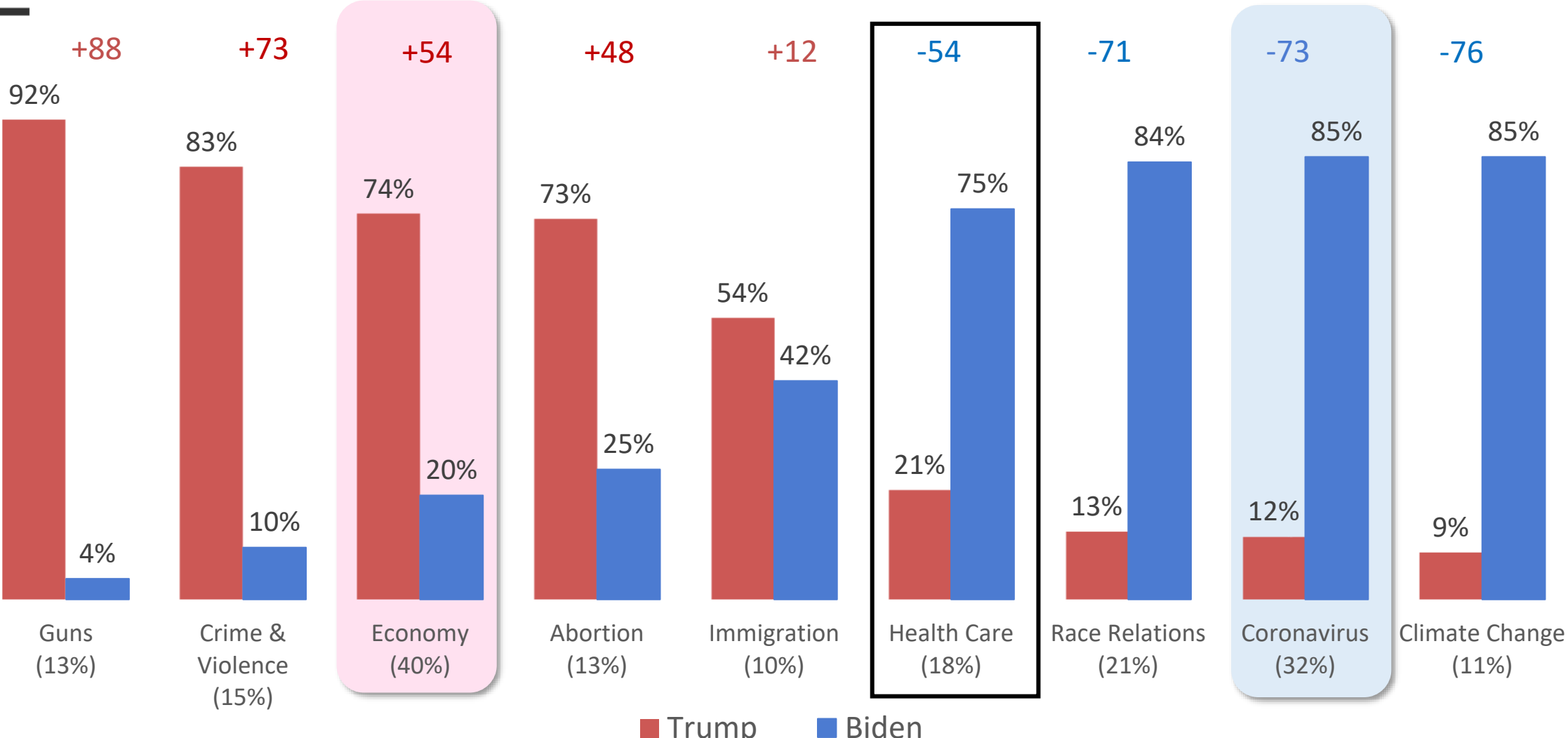
Which one or two of these issues, were the MOST important to you in deciding how to vote for president?

California Prop 22…App Based Drivers: Employees or Independent Contractors?

Now, thinking specifically about app-based rideshare and food delivery drivers, do you think they should be classified as employees or independent contractors?	Total	Dem	NPP	Rep	White	Voters of Color	Latino	Union HH	Non-Union
Independent Contractor	59%	46%	60%	81%	61%	56%	56%	55%	60%
Employee	36%	49%	33%	14%	30%	40%	39%	39%	35%

Conducted October 23-29, 2020, N=3,300

Here are some policy directions based on these findings:

1. **Continued significant COVID-19 federal relief package(s)**

2. **Continue the expansion of Medicaid/increase access**

3. **Guarantee coverage for pre-existing conditions**

4. **Relieve student loan pressure**

5. **PFML — increased demand**

6. **The tension between labor union interests and the new economy**

PUBLIC OPINION STRATEGIES

turning questions into answers

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ELECTION RESULTS: WHAT THEY MEAN FOR EMPLOYERS AND THE BENEFITS LANDSCAPE

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Election Results: What They Mean for Employers & the Benefits Landscape

EBRI POLICY FORUM

James A. Klein
December 7, 2020

Political Landscape

- Possibility of bipartisanship?
- Likely two years, not four, to move the agenda
- By-products of legislative gridlock
  - Regulations
  - State/local action
- Opportunities for progress

What the Voters Think

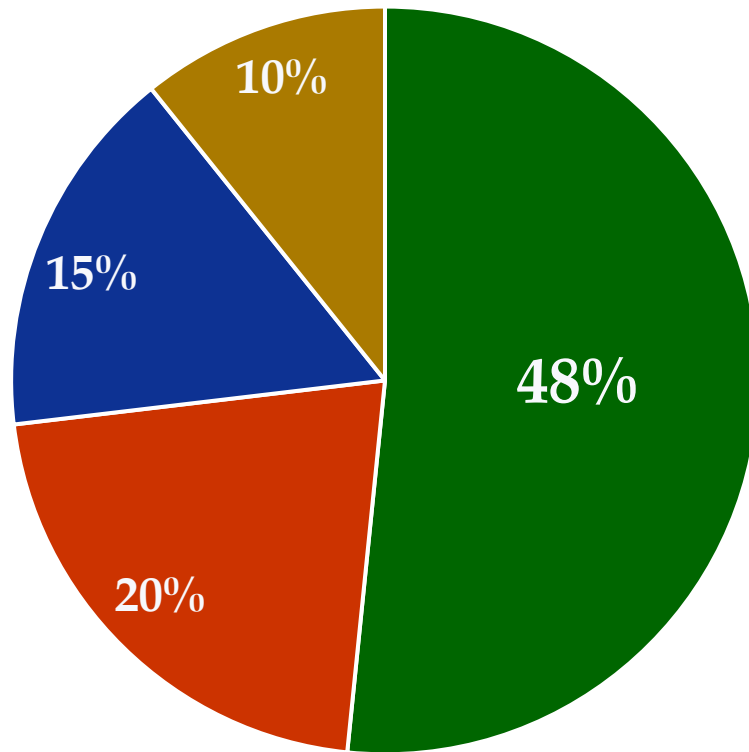# POLLING QUESTION

PLEASE SHARE YOUR THOUGHTS

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POLLING QUESTION
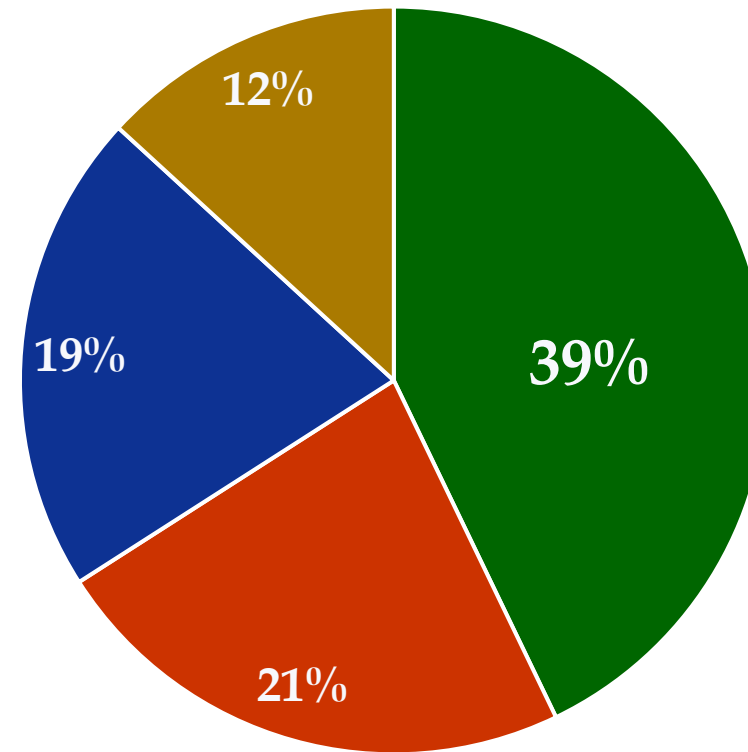## PLEASE SHARE YOUR THOUGHTS

More People Trust Employers for Health Care

Election Night Polling, 2018/2020: 800 Actual Voters

2018 Language: Which one of the following sources do you trust the most for high-quality health care coverage?

Pie chart (2018): 48%, 20%, 15%, 10%

2020 Language: Which ONE of the following sources do you trust the most to provide affordable, high-quality health insurance coverage?

Pie chart (2020): 39%, 21%, 19%, 12%

- Plans provided by employers
- Plans provided by the federal gov't
- Plans purchased in the individual market
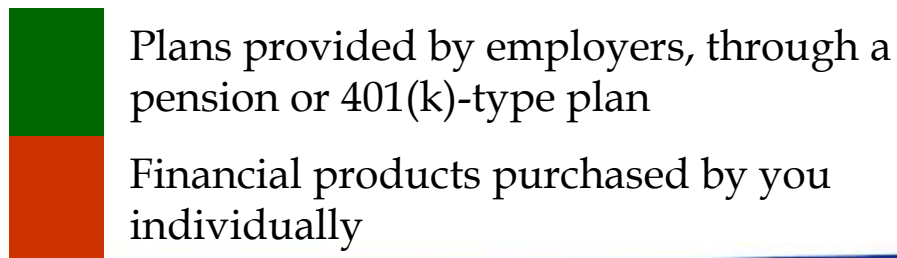- Plans provided by your state gov't

A Majority Trust Employers Most for Retirement

Election Night Polling, 2018/2020: 800 Actual Voters

2018 Language:
Which one of the following sources do you trust the most to help you achieve a secure retirement?

5%

13%

47%

33%

2020 Language:
Which ONE of the following sources do you trust the most to help you achieve a secure retirement?

4%

13%

52%

24%

- Plans provided by employers, through a pension or 401(k)-type plan
- Financial products purchased by you individually
- Plans provided by the federal gov't
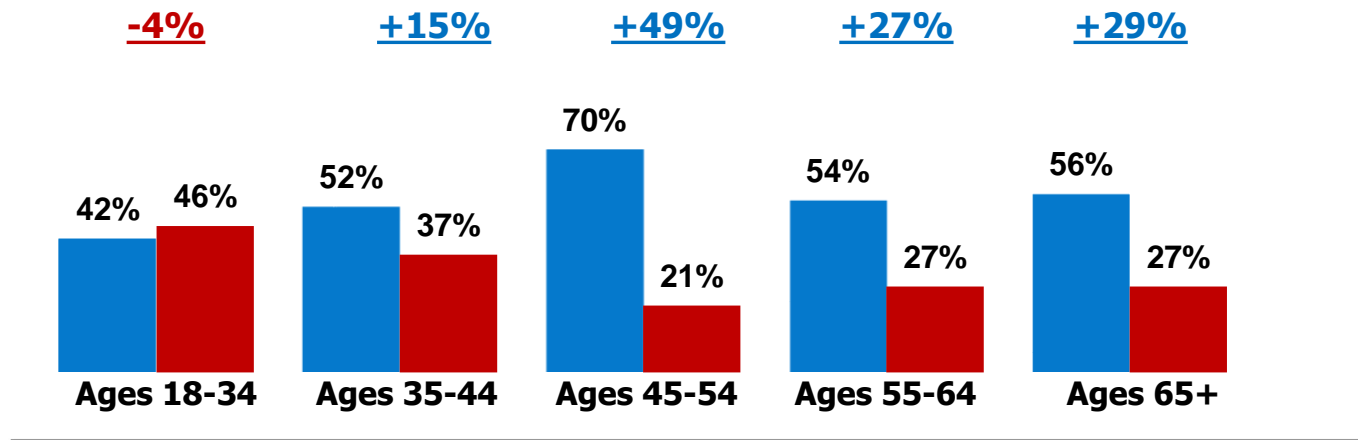- Plans provided by your state gov't

29
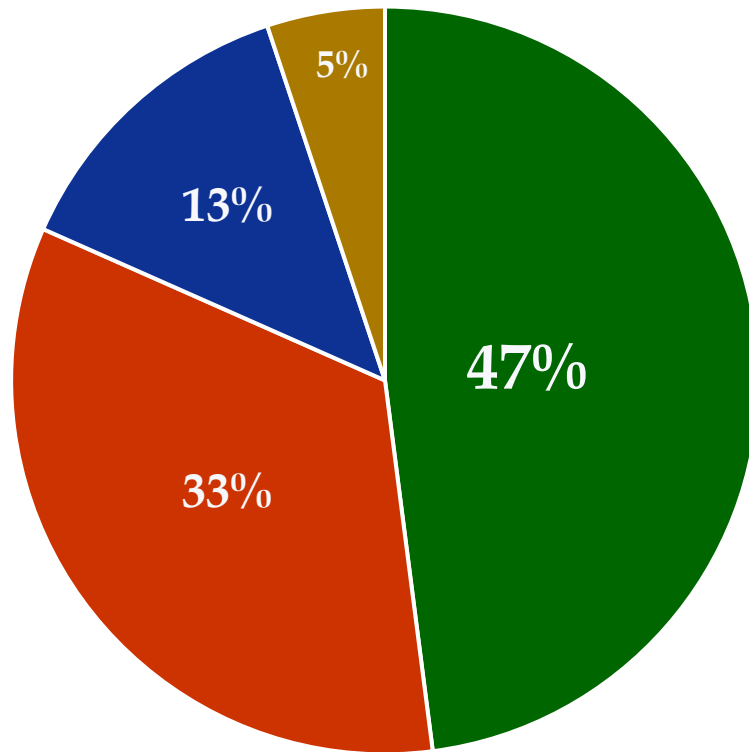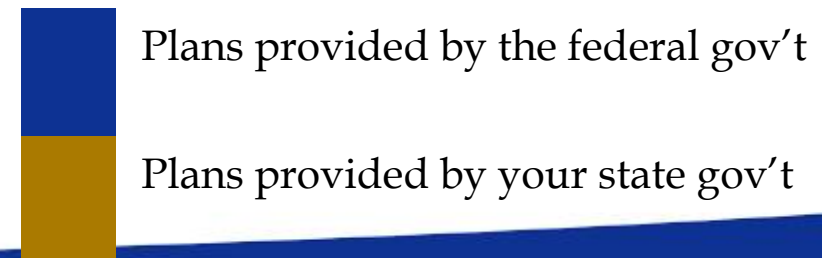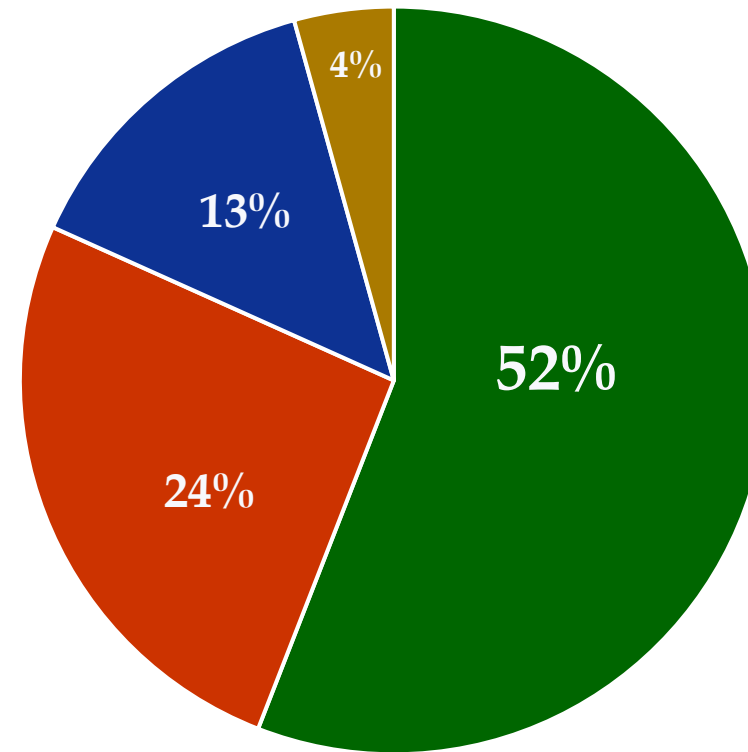
Health Policy

A majority of voter's support strengthening the employer-based system rather than separating insurance from people's employment status

Strengthen the existing system so more people have employer-provided health insurance and fewer buy it themselves or get it from a government program

55%

Separate health insurance coverage from people's employment status, so more people buy coverage themselves or get coverage from a government program

32%
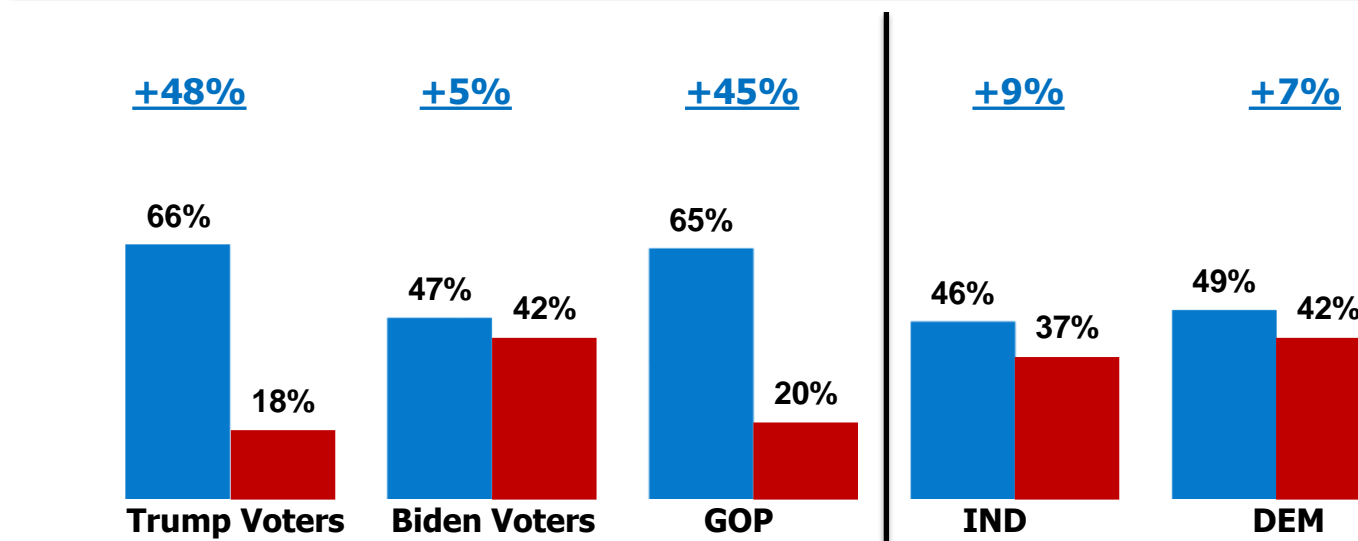
Source: Public Opinion Strategies, November 2020

-4%   **+15%**   **+49%**   **+27%**   **+29%**

	Ages 18-34	Ages 35-44	Ages 45-54	Ages 55-64	Ages 65+
Blue	42%	52%	70%	54%	56%
Red	46%	37%	21%	27%	27%

+48%   **+5%**   **+45%**   **+9%**   **+7%**

	Trump Voters	Biden Voters	GOP	IND	DEM
Blue	66%	47%	65%	46%	49%
Red	18%	42%	20%	37%	42%

Which of the following do you think is the better way to improve health care coverage in this country…?

Health Policy Agenda
Affordable Care Act

- **Decision in *California v. Texas* will dictate legislative and regulatory action**
- **At least three potential outcomes**
  - Upheld: Build upon ACA
  - Struck down: Democratic pressure for expanded government role
  - Affirm Court of Appeals decision: Impact on employer mandate/reporting

Health Policy Agenda
Impact on Employer-Sponsored Coverage

- **"Public Option" off-the-table**
- **Individual insurance market changes**
  - Dismantle the "firewall"
  - Change definition of "affordable"
  - Link affordability to family coverage
  - Tie subsidies to "gold" plan, rather than "silver" plan

Retirement Policy

Retirement Policy Agenda

- Bipartisan tradition e.g. Portman/Cardin, Neal/Brady

- Mandatory auto enrollment and auto escalation

- Reduce threshold for part time employees to participate

- Expand the Savers Credit

- Larger catch-up contributions for workers age 60+

- "Matching" contributions for student loan repayments

Retirement Policy Agenda

- Increase minimum required distribution to age 75
- Data registry and possible safe harbor for missing participants
- Single employer funding reform
- Multiemployer plan reform
- Politically, the two efforts are linked

Tax Expenditures, 2020-2029
Projected Dollars in Billions

Source: U.S. Office of Management and Budget (OMB), *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2021*

Category	Value
Exclusion of employer contributions for medical insurance premiums and medical care	3,104
Exclusion of employer-sponsored pension plan contributions and earnings (DB & DC)	2,106
Lower tax rate on investment capital gains to encourage individual investment	1,227
Deductibility of mortgage interest on owner-occupied homes	645
Deductibility of charitable contributions, other than education and health	612

Revenue Raising Ideas

- **Cap health benefit tax exclusion for high income earners**
- **Change the 401(k) deferral to a credit**
- **Cap aggregate savings in all retirement plans**
- **Benefits Bargain**
  - $1.00 yields $4.45
  - $1.00 yields $7.15

Q&A

TOMORROW'S EVENT

**EBRI WINTER POLICY FORUM WEBINAR
DECEMBER 8, 2020
2:00–3:15 P.M.**

The Full Picture: Retirement, Financial Wellness, and Health Benefit Considerations of Minorities in the U.S.

Featuring:

**Craig Copeland, Senior Research Associate, Employee Benefit Research Institute
Jack VanDerhei, Director of Research, Employee Benefit Research Institute
Christina Cutlip, Senior Managing Director and Head of Client Engagement and National Advocacy, TIAA
Karen Moseley, President, Health Enhancement Research Organization
Aron Szapiro, Head of Policy Research, Morningstar, Moderator**

UPCOMING EBRI PROGRAMS

Retirement Spending Profiles: Findings from the Health and Retirement Study Webinar – January 27, 2021

May Policy Forum – May 13, 2021

Please visit ebri.org for more information.

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