

Pensions providers, scheme trustees and policymakers share fundamental goals; to help workers save as much as possible for retirement, ensure their assets are managed well and that individuals can make informed choices that maximise their retirement income.

But all those aims can be derailed by poor health. As Aviva group protection managing director Steve Bridger puts it: “Everyone expects to work until retirement age, but the sad reality is that around one in 300 people will fall out of work completely before retirement, and tens of thousands will be absent for long periods, because of health reasons.”

It may be possible to mitigate the effects of health problems and get individuals back to work, but this can be more difficult if the problem is, in effect, invisible to colleagues and managers.

“According to our research, the three top causes of long-term absence from work are mental illness, stress and musculoskeletal conditions,” says Chartered Institute of Personnel and Development (CIPD) senior policy advisor Rachel Suff. “A lot of illnesses don’t necessarily have visible symptoms, so an employer cannot gauge an employee’s health and fitness for work based on what they look like.”

So what can employers and policymakers do to ensure that such issues do not have a negative financial impact on individuals over the longer term?

Mental health problems, musculoskeletal conditions and cancer account for the vast majority of referrals to Aviva’s group income protection policyholder services.

In 2018, 30 per cent of referrals were for cancer, 20 per cent for mental health issues and 16 per cent for musculoskeletal problems.

Figures from the health insurance industry body Group Risk Development (GRiD) show that cancer accounted for 24.5 per cent of group income protection claims in 2018; and mental illness for

▣ Summary

- Many medical conditions, including mental health problems, slow onset illnesses and some musculoskeletal issues are invisible to onlookers, but could lead to long-term or permanent absence from work, threatening individuals’ efforts to save for retirement.
- This leads to significant costs to employers and wider society, as well as to the individual sufferers.
- This may become a more pressing issue for many employers as the average age of workers increases.
- There are a number of steps that employers and policymakers could take to help spot these problems early, and provide support to sufferers, helping them to stay in work for longer.

Invisible illnesses

▣ **Many medical conditions that could force individuals out of work altogether or absent for long periods of time, significantly hampering their attempts to save for retirement, are effectively invisible to onlookers. David Adams looks at the scale of this problem and what employers and policymakers could do to improve the situation**

24.1 per cent.

Other serious health conditions that may not have visible symptoms include slow-onset conditions like multiple sclerosis, which leads to physical and sensory problems that may affect sufferers for years before a diagnosis but are invisible to onlookers; and chronic conditions such as endometriosis, a debilitating condition which makes cells in various parts of the female body behave as if they were cells in the womb during menstruation: building up, then breaking down, causing bleeding and a variety of medical problems.

Consequences and costs

Obviously, the worst consequences of all these invisible problems are for the individuals affected. Besides physical and/or mental suffering, three-quarters of people who had taken an extended period of sickness absence and were surveyed by the Money and Mental Health Policy Institute in 2018 reported a

fall in household income, with two-thirds saying it fell by 50 per cent or more. The authors of the report based on this research, *Too ill to work, too broke not to*, suggest that such income shocks can also exacerbate mental health problems, making it more likely that they will never recover their health completely and may eventually have to leave employment.

All of this hurts employers too: research from Deloitte suggests that sickness absence due to mental health problems costs UK employers almost £8 billion per year in sick pay and cover costs. The issue of sickness absence in general is likely to become more pressing for many employers as the average age of the UK workforce rises, with more older workers more likely to want to keep working for longer, to supplement retirement income and/or to continue to accrue pension savings. There are now more than 10 million people aged 50 and over in employment, an increase of two million compared to 2008, according to

the Office for National Statistics.

While multiple research studies have shown that older people are no more likely than younger people to have short absences from work for health reasons, figures from the ONS Annual Population Survey (APS) also show that older people are more likely to have long-term health conditions: 47 per cent had at least one such condition during 2015/2016, compared to only 25 per cent of people aged 25 to 49.

“Growing older doesn’t mean poor health is inevitable, but the older you are, the more likely you are to have one or more significant health conditions,” says The Centre for Ageing Better senior programme manager Patrick Thomson.

A survey conducted by the centre in 2018 found that one in four workers aged 55 or over who had a health condition were considering retirement. Older workers are also more likely to have caring responsibilities that would encourage them to leave employment, again reducing their ability to save for retirement.

But it is also often more difficult for the over 50s to return to work following a health problem than it is for younger people, in part because many workplaces are not well-suited to the needs of older workers in general, or to supporting people suffering from health problems.

If older workers leave the workplace, employers lose their experience and expertise and there are also broader social and economic consequences, as tax revenues fall while the cost of providing out of work and sickness benefits rise.

The Centre for Ageing Better’s research shows that relatively small changes in the workplace can have a big impact on the ability of an individual suffering from a health condition to continue to do their job.

Such changes include having an opportunity to access an assessment by an occupational health professional, informal support in the workplace, being able to work reduced hours and being able to work flexibly and/or from home.

Caring culture

A change in organisational culture may also be necessary, to ensure employees feel able to reveal and discuss health problems. Line managers also need to be able to handle those initial discussions and to direct affected individuals to sources of expert support. Aviva provides mental health first aid training to all of its managers. “Our return to work rate has improved massively as a result, so we know it works,” says Bridger.

Employee Assistance Programmes, provided by an insurer or other service providers, or in-house by a larger employer, also offer valuable support, including access to face-to-face and telephone advice on non-health problems, such as debt, that may be exacerbating mental health issues.

Naturally, Bridger is also keen to encourage employers to consider buying group protection insurance policies. In addition to providing extensive support services for employees with health conditions, such policies can also include cover for employer and employee pension contributions that might otherwise be lost, making a big difference to an individual’s long-term financial prospects. He says that 83 per cent of cases referred to Aviva’s services through employers with group protection policies end with a successful return to work, with that figure rising to 92 per cent for mental health referrals.

There are also steps that policymakers could take to help mitigate the effects of invisible illnesses on individuals’ physical and long-term financial health. The Money and Mental Health Policy Institute is calling for statutory sick pay to be made available on a more flexible basis, to allow preventative, part-time sick leave to be paid and to allow for phased returns to work.

It also advocates the use of short-term savings within auto-enrolment schemes. This would build up a savings cushion that could reduce individual’s financial difficulties during periods of sickness absence. If this resource was drawn upon

it would then be topped up from an individual’s pension contributions until ready for use again.

The Centre for Ageing Better would also like to see statutory sick pay extended to the self-employed; and would like the government to encourage the pensions industry to create new flexible income models that combine pensions, earnings and health-related benefits, allowing older workers to reduce their hours without suffering an immediate loss of income. It is about to publish a report looking at the possible components that might be used in a government-supported mid-life health and financial health MOT, which could also help employers and employees to identify and mitigate health problems that could create, financial problems.

Any of these measures would help ensure that invisible health conditions do not cause even more harm to individuals, their families and their employers than would already be the case. Most of these problems could affect any of us at any point during our working lives. If the pensions industry, employers and policymakers dedicate more time and effort to implementing changes in the world of pensions, in the workplace and in law that make invisible illnesses less damaging, it will help all of us.

Written by David Adams, a freelance journalist

