



The Power Behind the Purchase Series

The Power of Vacations

The Power of Vacations:
Helping Employees Achieve Better Work-Life Balance

Book

4

Book 4 in the
Power Behind the Purchase Series
A Purchasing Power White Paper
June 2014

THE POWER OF VACATIONS: Helping Employees Achieve Better Work-Life Balance

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EXECUTIVE SUMMARY

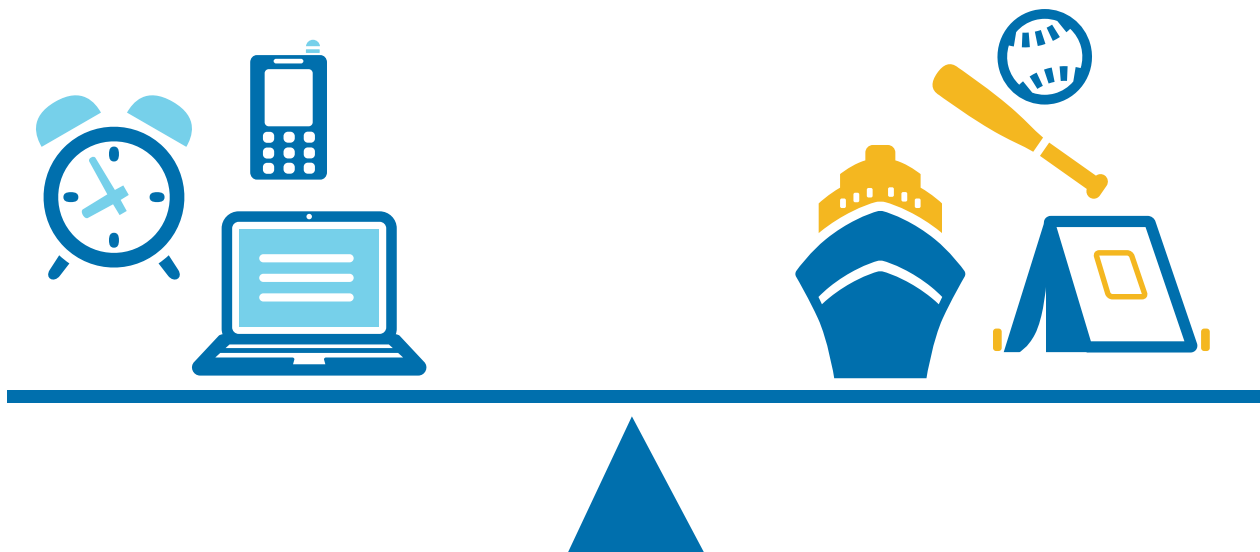
Employees aren't using their vacation days and it shows. It's taking a toll on their health, their work-life balance and, ultimately, affecting their employer's bottom line. Using vacation or paid-time off allows workers to recharge both physically and mentally. It reduces stress, helps prevent burnout and promotes work-life balance by allowing for more time to be spent with family, significant others and close friends. Yet most employees don't take vacations often enough and many don't use all of their allotted paid vacation time. In fact, 59 percent of Americans feel vacation-deprived.¹

There are various reasons that vacation days go unused – failure to plan, financial worry, forgetfulness, or the feeling that one is required at work. However, the irony is that rested employees are more productive employees, so taking regular vacations may well help the company more than failing to do so.

Using vacation days pays off for both employees and employers. Employees who take most or all of their vacation time each year perform at higher levels, are more productive and are more satisfied in their jobs than those who do not, according to HR professionals.²

What can employers do to promote increased use of paid time off? Companies should encourage employees to take advantage of all of their benefits, especially paid time off. And since cost is one of the key reasons employees aren't taking vacations, employers can help by offering an employee purchase program as a voluntary benefit that includes vacation options. An employer-sponsored employee purchase program is an affordable way for employees to take a vacation. It offers a disciplined payment plan through payroll deduction that is a less expensive alternative than some credit cards or other financing options.

This discussion, the fourth in "The Power Benefit Series" of white papers, explores the role of vacations in employee work-life balance and in company productivity. It examines what today's employees are saying about their work-life balance concerns and vacations, including why they don't use all of their paid time off. It also discusses the role of employers in encouraging employees to use vacation time and providing voluntary benefits to make it easier for them to afford them.

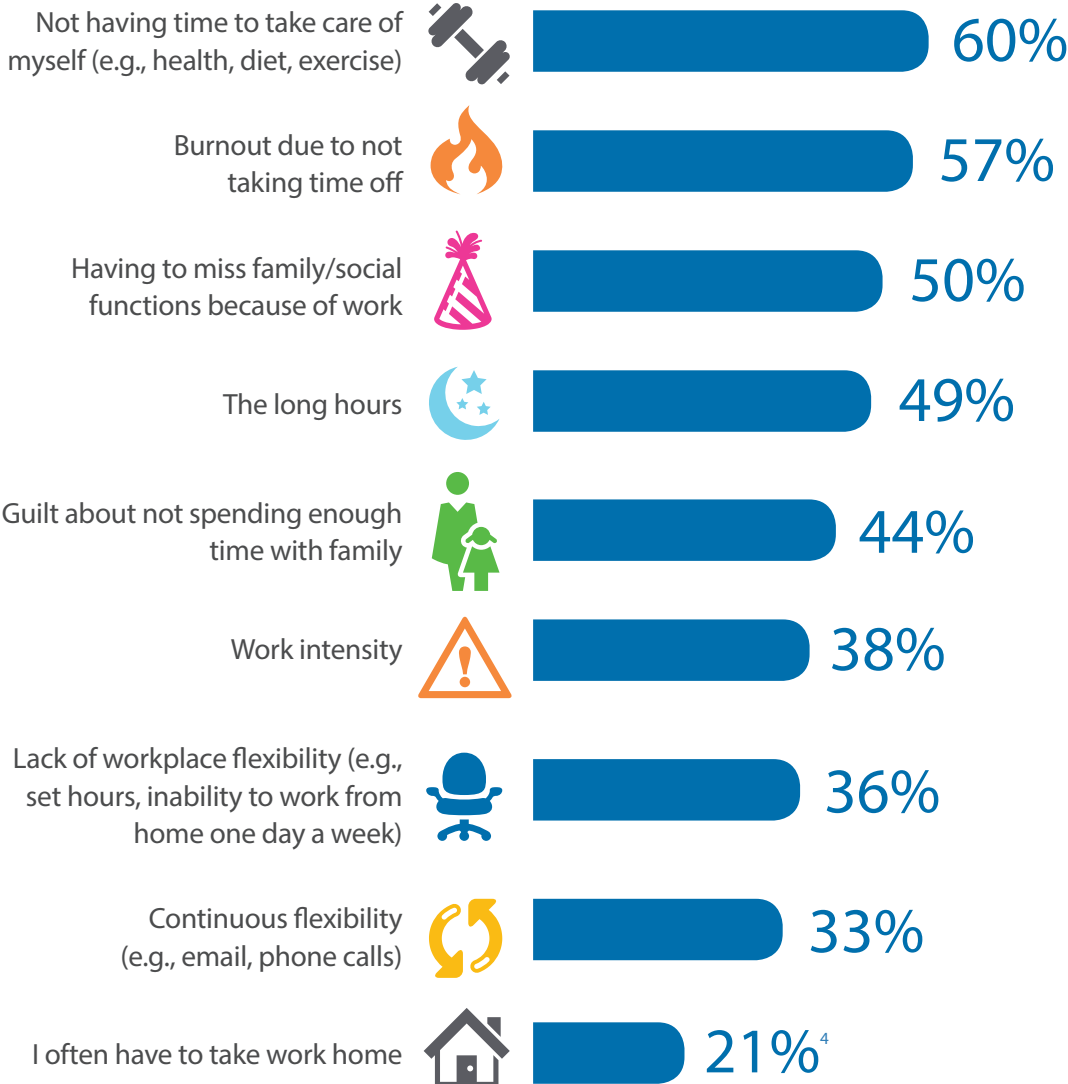


VACATIONS: A KEY INGREDIENT TO WORK-LIFE BALANCE

Employers can help workers with work-life balance by instituting policies, procedures, actions and expectations that enable employees to easily pursue more balanced lives. The benefits of work-life balance to the employer include increased productivity; improved recruitment and retention; lower rate of absenteeism; reduced overhead; an improved customer experience; and a more motivated, satisfied workforce.

Work-life balance enables employees to pay attention to all the important aspects of their lives. Responses to a recent survey conducted by Harris Poll on behalf of Purchasing Power³ revealed that employees who don't feel they have appropriate work-life balance are concerned about their health, work performance, spending time with loved ones and being able to "unplug" from the office. Instead of enjoying the comforts that employment provides, many employees feel that they have to sacrifice them.

In the survey, employees who feel they don't have appropriate work-life balance were asked which of the following were among their biggest concerns about it:



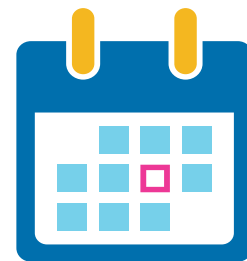
A vital element to having a quality work-life balance is being able to unwind while away from the office – not just after work hours, but being able to take a “true” vacation. While most employees are legally entitled to at least 20 days of paid vacation per year in many European countries, the U.S. does not legally guarantee workers any paid vacation time,⁵ despite some of the longest working hours in the developed world, along with some of the shortest paid vacation leave.⁶

Employees Aren’t Using Available Vacation Days

Americans seem to treat vacations as a luxury rather than a necessity for individuals and their families. And this is evident, as employees just aren’t taking as much time off as they can, according to recent surveys:

- The average American employee used only half (51 percent) of his or her eligible time off in the past 12 months.⁷
- Expedia’s 2013 Vacation Deprivation Study found that over the past year Americans were afforded 14 days of vacation and took 10, leaving four days on the table, twice as many as the year prior. There are currently just over 144 million employed Americans, meaning that Americans collectively failed to take more than five hundred million available days of vacation.⁸
- Fifty-nine percent of respondents to the Purchasing Power survey reported that they left at least one paid time off day unused at the end of last year, while 35 percent of them left five days or more.⁹

In 2013, Americans collectively failed to take more than five hundred million available days of vacation.



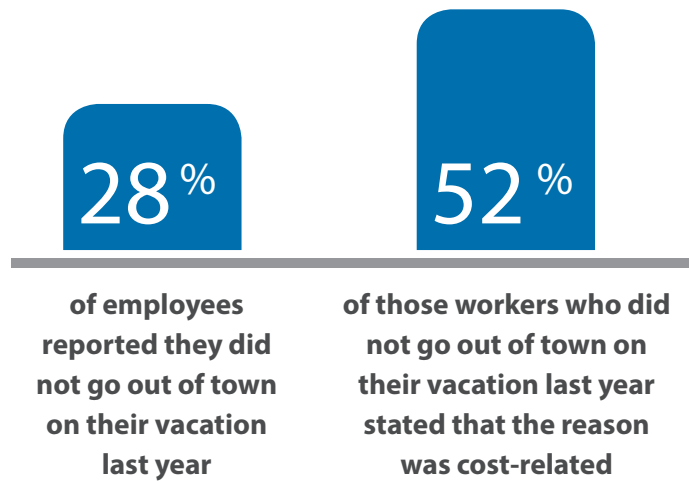
Interestingly, taking paid time off doesn’t always mean it’s for a vacation as one in 10 employees (11 percent) who took vacation time in the past 12 months reported using paid time off to interview for another job.¹⁰

Why Americans Aren’t Taking Vacations

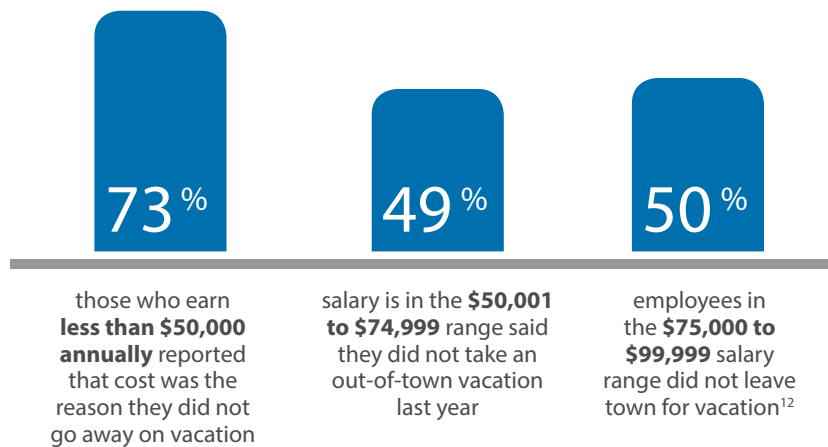
What drives Americans to work such long hours and take few vacations? One explanation is that American workers are intrinsically “workaholics.” Getting ahead at work is fundamental to their self-image and to the image they like to project to their employer and to the outside world. Some workers take pride in the badge of honor of not taking a vacation or paid time off in years. Others may feel their employer discourages being away from work for long periods of time. According to a Workplace Options survey last year:

- More than half of respondents (58 percent) said that their employers do not encourage them to use paid time off and holidays;
- 45 percent of respondents feel compelled to check in on work while on vacation; 34 percent feel that their supervisor expects them to; and
- American workers feel most comfortable taking off a short amount of time from work: 71 percent feel comfortable taking one day off; 64 percent feel comfortable taking off a few days; 59 percent would feel comfortable taking a full week off of work; and just 39 percent feel comfortable taking off more than a full week.¹¹

For the employees who are able to take paid time off, many actually are financially unable to leave town to take a vacation. In the Purchasing Power survey:



Cost was a factor for employees in all salary ranges:



Failure to Take Vacations Impacts Employee Health

Sixty percent of employees who don't feel they have appropriate work-life balance are concerned about not having time to take care of themselves in terms of health, diet and exercise.¹³ And there is cause for concern. Recent research shows that consistently working long hours and not taking respite away from work can have a damaging effect on health and can negatively affect family life.

The highly-reputable Framingham Heart Study found that vacations actually reduce the risk of heart disease. Men who did not take a vacation for several years were 30 percent more likely to suffer a heart attack than those who took a vacation at least one week a year. The study also reported that skipping even one year's vacation time can be associated with increased risk of heart disease. A separate study

found vacation deprivation may be equally hazardous for women. Women who took a vacation once every six years or less were almost eight times more likely to develop coronary heart disease or have a heart attack than those who took at least two vacations a year.¹⁴

Every employee needs a vacation. Done right, it can lead to fresh perspectives, creative insights and reduced stress levels. With stress-related healthcare costs in the hundreds of billions, there's a strong case to be made that taking this time to unplug is beneficial for mental and physical health. Taking time off can make employees both more productive and more satisfied when they return to work, which translates into higher retention rates that can save a company thousands of dollars.¹⁵

THE POWER OF VACATIONS ON THE WORKPLACE

A recent Society for Human Resource Management (SHRM) study showed the vast majority of HR professionals believe employees' wellness, morale, performance and productivity are all improved when they take their paid vacation time. Specifically, 74 percent of those surveyed think if employees who were taking less vacation time started taking more vacation time, they would experience higher levels of job satisfaction, and 72 percent said employees would be more productive. Additionally, 69 percent of respondents said they believe employees would perform better, and 67 percent said employees would be more engaged if they took more time off.¹⁶

In the same study, HR professionals said they think it is either extremely or very important for employees to take vacation for a variety of factors related to talent management:



Employees are also concerned about how their work-life balance is impacting their work – 57 percent say that burnout due to not taking time off is one of their top concerns.¹⁷

In addition to driving higher employee performance and productivity, fully utilizing vacation time boosts organizational morale, contributes to employee wellness and results in higher employee retention. Thus, encouraging employees to use their vacation days plays a vital role in contributing to the success of the entire organization.¹⁸

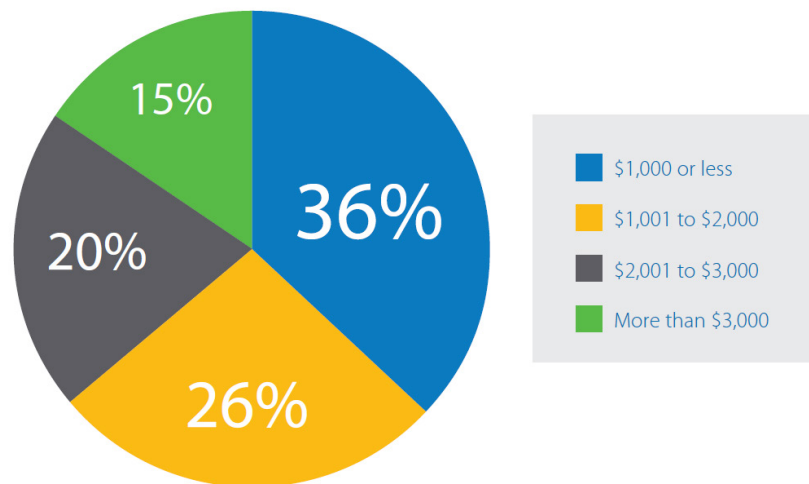
WHAT EMPLOYERS CAN DO

Though many employees shy away from taking days off for fear of falling behind or looking irresponsible, employers should support work-life balance by encouraging workers to use their vacation time, as it benefits both employees and the company.

Getting out of town may not be an option for many employees and a “staycation” may be the way they spend their time off. However, staying in town often isn’t the best way to decompress. Having complete time away and being totally disconnected from the office can be the healthiest option.

There’s another role for employers in empowering employees to go away on vacation – that is in providing smart financing alternatives for their trips. In a nationwide survey of employees’ vacation practices:

72% of employees reported going out of town on vacation last year. When asked how much they spent on that vacation:



A large percentage of U.S. workers live paycheck to paycheck, unfortunately. For those employees who don’t have cash, they generally resort to using credit cards to pay for these vacations. While this may be a good option for employees who qualify for prime credit (44% of Americans according to a recent *Time* article) and are able to make full payments, it is not the best choice for many consumers.²⁰ This is because, on average, 56 percent of Americans have carried unpaid balances in the last 12 months, which exponentially increases the total cost of ownership, something not generally factored in when

making the initial vacation purchase. For example, consider a \$2,000 vacation that is paid for with a credit card with an 18 percent interest rate. If the employee gets caught in the “minimum payment” trap, it can take over ten years to pay off that vacation purchase.

By offering an employee purchase program as a payroll-deducted voluntary benefit, employers can make available a variety of vacation options such as hotels, cruises, destination packages and all-inclusive resorts that workers can responsibly acquire and have the cost deducted from their paycheck through manageable payments over 12 months.

An employee purchase program that provides a comprehensive array of household products, including computers, electronics, major appliances and furnishings, educational services and vacation packages is a smart addition to a benefits program. The employee benefits package is valuable to employees, and they are particularly interested in benefits that meet their diverse personal needs.

The great news is that employees indicate that they are interested in having access to such a program. In the recent Purchasing Power survey, 30 percent report that they would be likely or very likely, and 57 percent said they would be at least somewhat likely, to use an employee purchase program to buy cruises, hotel rooms and vacation stays if they were offered as a payroll-deducted voluntary benefit through their worksite.

An employee purchase program promotes disciplined purchasing through manageable payments; a 12-month payment term; and pre-set spending limits and controls to prevent over-spending. For the employee, there is no down payment or ballooning interest, and no late fees beyond the all-inclusive price.



IN THEIR OWN WORDS

Employees who have chosen to purchase vacation packages through their employee purchase program appreciate being able to do so through a convenient, payroll deduction program and the benefits that taking a vacation has had on their work-life balance.

On Using an Employee Purchase Program to Buy a Vacation Package

Selina J. said that she chose to finance her vacation through Purchasing Power because it was “the most economical way in which I could afford to give my husband the vacation of his dreams for his 50th birthday.”

“My husband and I have been together more than 25 years and have three daughters we spent all of our years raising. As a result we had to make some sacrifices and defer some dreams. Now that our daughters are older, I wanted my husband to have a deferred dream come true. I could not afford to purchase the airline tickets and our stay at a centrally-located four-star beach resort at the same time and still have enough spending money to enjoy the trip. So it just made sense to payroll-deduct the cost of our stay at the resort and I started the deductions a few months prior to buying the airline tickets. Now that we have taken our vacation, I am almost done with my deductions.”

Willie W. said that after reviewing the Purchasing Power website and seeing the vacation offerings, he was immediately excited because “it was a trip we had been discussing for years.”

“My wife and I had an amazing time from the drive to the port right to the end of the cruise, we enjoyed the overall experience. The easy payments through Purchasing Power made it a reality. The ability to make payments over time was a help to my budget.”

How Vacations Have Helped Work-Life Balance

Willie W.

“This was a relaxing trip for both of us. I had just finished grad school and hadn’t been able to take my wife on a vacation in a long time.”

Selina J.

“My husband is usually on the road overnight 3-4 nights a week. We rarely get to spend quality time with each other. It had been at least 15 years since my husband and I have been able to take a vacation alone together. This time together has renewed us individually and strengthened the bond we share. We love our children more than anything, but I have to admit this vacation helped us remember how in love we are with each other.”



MAKING A DIFFERENCE IN WORK-LIFE BALANCE AND THE BOTTOM LINE

Work-life balance for employees is an important HR objective because it affects company productivity. Taking a vacation – having complete time away – can be one of the healthiest steps employees can take in achieving work-life balance. Employees who take most or all of their vacation time each year perform better, are more productive and more satisfied with their jobs than those who do not.

Employers may not be able to provide unlimited vacation days for employees, but they can provide support by encouraging workers to use their vacation days and by offering an employee purchase program as a voluntary benefit that includes travel options to enable them to afford a real vacation. And because happy employees are more productive, more loyal, and healthier, it has a positive impact on the company bottom line.



OTHER WHITE PAPERS IN *THE POWER BEHIND THE PURCHASE* SERIES

Book 1

Knowledge is Power: Using Voluntary Benefits that Empower Employees with Education

Book 2

Financial Wellness: Addressing the “9 to 5” Impact of 24/7 Financial Stress

Book 3

Financial Freedom: Helping Employees Save for the Future and Live for Today

ABOUT PURCHASING POWER

Headquartered in Atlanta, Purchasing Power is available to six million people through large companies – including Fortune 100s – and government agencies. Purchasing Power is one of the fastest-growing specialty e-retailers in the market offering a leading voluntary benefit program. Purchasing Power was honored for “World Class Service” by Smart Business, recognized as one of the fastest-growing companies for six years on the Inc 500|5000, and is one of “Atlanta’s Best and Brightest Companies to Work For.” Purchasing Power is “Powering People to a Better Life™” through its employee purchase program, financial literacy efforts and charitable contributions. Purchasing Power is a Rockbridge Growth Equity, LLC Company. For more information, visit www.PurchasingPower.com.

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- ² Society for Human Resource Management (SHRM) Study, “Vacation’s Impact on the Workplace,” Nov. 12, 2013.
- ³ Harris Poll and Purchasing Power Survey of 756 working U.S. adults employed full-time conducted online March 11-13, 2014.
- ⁴ Harris Poll and Purchasing Power Survey, op.cit.
- ⁵ *Salon*, “America is no-vacation nation” August 26, 2013
- ⁶ *CNN Opinion*, “America Can Learn from Europe on Work-Life Balance,” Cary L. Cooper, May 25, 2011.
- ⁷ Glassdoor Q1 2014 Employment Confidence Survey, Apr. 3, 2014.
- ⁸ *Hotel-Online.com*, op.cit.
- ⁸ Harris Poll and Purchasing Power Survey, op.cit.
- ⁹ Glassdoor Q1 2014 Employment Confidence Survey, op.cit.
- ¹⁰ *CNN Opinion*, op.cit.
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- ¹³ Harris Poll and Purchasing Power Survey, op.cit.
- ¹⁴ *Huffington Post*, “Want to Stay Healthy? Go Ahead and Take a Vacation,” Glenn Braunstein, MD, July 23, 2012.
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- ¹⁶ Society for Human Resource Management (SHRM) Study, op.cit.
- ¹⁷ Harris Poll and Purchasing Power, op.cit.
- ¹⁸ Society for Human Resource Management (SHRM) Study, op.cit.
- ¹⁹ Harris Poll and Purchasing Power, op.cit.
- ²⁰ *Time*, “Nearly Half of America Lives Paycheck-to-Paycheck,” Christopher Matthews, Jan. 30, 2014

Methodology

The Harris Poll® surveys were conducted online within the United States on behalf of Purchasing Power, LLC. via its Quick Query omnibus product. The March 11-13, 2014 survey was conducted among 756 adults (aged 18 and over). Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was used to adjust for respondents’ propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the adult population. Because the sample is based on those who agreed to participate in the Harris Interactive panel, no estimates of theoretical sampling error can be calculated.

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