In early 2007, the benefits team at Aetna Inc. noticed a trend: Employee questions to the insurance company’s 401(k) call center indicated stress about finances. More people were taking withdrawals and distributions from their 401(k) accounts. The team saw an increasing number of employees who needed their retirement funds to address immediate financial needs.

“We were asking each other, ‘What’s going on? And what’s the effect of this on employees?’” said Carol Klusek, head of retirement and financial benefits. In retrospect, she said, the Aetna team was seeing early signs of the recession that hit the following year.

At the time, financial education wasn’t a hot topic for many organizations. But one of Klusek’s benefits peers at Aetna was developing a physical wellness program focused on helping people get or stay healthy.

“We looked into the health effects of financial stress and its impact on productivity,” Klusek said. “I’ve read that consistent stress shuts down the prefrontal cortex of the brain, affecting decision making. . . . It was very clear that an overall healthy person has to be both financially and physically well. Financial stress was a piece of the puzzle we couldn’t ignore.”

Aetna’s senior management backed the benefits team’s recommendation to add a financial wellness component to round out a comprehensive wellness effort. In September 2007, Aetna launched its new “Grow Your Money” program with a splash: Personal finance personality Suze Orman gave an energizing 1½-hour kickoff presentation at the company’s Hartford, Connecticut headquarters. The presentation was telecast live to Aetna’s other offices.

Using one-on-one counseling sessions and face-to-face workshops, “We started out slow. This is not a one-size-fits-all effort,” Klusek said. “Baby boomers’ needs are usually very different from Gen X needs.”

Aetna worked with its 401(k) record-keeper to provide counseling and live workshops. Soon, the tech-savvy insurance company was offering interactive webcasts on a variety of financial topics. The webcasts targeted specific geographic locations and demographics among Aetna’s diverse group of 34,000 employees, 70% of whom are women. (This was prior to Aetna acquiring Coventry Health Care in May 2013, which added 14,358 employees who will become eligible for the financial wellness program in January 2014.)

In 2008, Aetna began working with the California-based financial education firm Financial Finesse to provide online financial wellness assessments, materials and workshops covering credit card debt, budgeting, estate planning and other topics as well as one-on-one consultations with certified financial planners.

“We try hard to help people understand that this is confidential so that they’re more comfortable using the program,” Klusek said. “You don’t want your boss to know you have a credit problem. When we switched to web-
casts, rather than face-to-face meetings, enrollment went way up.” In 2012, 6,479 people attended 287 workshops and webcasts, and 1,106 people had one-on-one sessions.

Already operating an on-site health and wellness center with a pharmacy and a dietitian, Aetna added a financial wellness office at the Hartford headquarters. Two rooms for individual sessions with planners and a wealth of educational materials are available. Planners are at the headquarters two or three days a week (Klusek noted that they are fully booked several months in advance). Recordkeeper Aon Hewitt provides a pension and 401(k) retirement education specialist in-house at Aetna five days a week.

Two years ago, Aetna's benefits team began sending humorous, attention-grabbing e-cards to invite targeted employees to webcasts. Employees can click on a link in the e-card to sign up for the webcast. Generally, webcasts are limited to about 40 employees so the planner conducting the workshop can interact with employees and have time to answer questions.

Along with the e-cards and other communications efforts, “word of mouth has grown this,” Klusek said. “So many people have gone to a workshop because a peer had attended and told them about it.”

Klusek and her creative benefits team work continually to keep the financial wellness program from becoming stale. The team goes off site each year to map goals for the following year and figure out an annual theme that ties into the overall “Grow Your Money” theme. This year they introduced a popular “Money Madness” game similar to the television show “Jeopardy,” with employee teams competing to answer questions on financial topics.

On Aetna’s intranet, the team posts articles and runs five-minute videos focused on financial topics. Last year, the videos scored 43,966 hits.

Although retirement readiness is an important topic, particularly among baby boomers and Generation Xers, “there is a lot of conversation about credit and debt,” she said. Klusek noted that one popular video features a planner telling a personal story of financial difficulties—a story that may put Aetna employees more at ease about being up-front with planners.

Aetna also provides employees with a gap analysis related to 401(k) account balances showing whether an employee is on target to be able to replace 70% of income in retirement.

Employees are encouraged to take an online assessment at the beginning of each year, which triggers suggestions for ways to improve financial wellness. In 2012, 7,833 people took the assessment. If it shows, for example, that a person isn’t tracking spending, he or she will receive a link to budgeting worksheets. A person whose finances appear to be in good shape but who has no estate plan in place will receive information and tools on starting this process.

Klusek, whose interactions with employees reinforce her belief in the importance of a financial education program, said she continues to be amazed at employee responses to the “Grow Your Money” program. Since it began in 2008, “scores are consistently 4.5 or above on all of the workshops and one-on-one consultations, on a one to five scale. And I’ve had people stop me in the hallway to say ‘Thank you so much.’ ”

Knowing it might take three or four
years to see the impact of the financial wellness program, Aetna began tracking results in early 2011. “It takes a while to fix financial problems,” Klusek noted. “You don’t get into debt overnight, and you don’t get out of debt overnight.”

Although many studies have shown that stress has a detrimental impact on health, Klusek noted that measuring how financial education may minimize stress and, in turn, improve physical health is “squishier.” Still, the company saw positive results in the three areas it evaluated:

1. Actions employees took to improve their finances within 30 days of participating in the program
2. Improvements employees made to their finances over time with increased interactions with the program
3. Cost savings to the company, based on comparing users and nonusers on metrics such as 401(k) deferral amounts, absenteeism and participation in flexible spending accounts (FSAs).

“We’re seeing a clear connection—the group that focuses on financial education is making progress,” Klusek said.

Through September 30, 2012, 88% of program participants had taken at least one step to improve their finances, and 66% had taken two or more steps. The top actions taken were reviewing the asset allocation of a retirement plan; using calculators and/or worksheets; reducing credit card debt; reducing monthly expenses; and increasing 401(k) plan contributions.

Based on the financial wellness assessments year over year, the company has found that employees who have five or more live interactions with the program (heavy users) have much better results than those with one to two interactions (light users). For example, heavy users were more likely to have paid their credit card balances in full each month, 76% vs. 47%; to have an emergency fund, 82% vs. 53%; and to believe they are on target to replace 80% of their income in retirement, 47% vs. 30%. People with no interaction deferred an average of 5.98% of their income to their 401(k) plan, compared with an average deferral rate of 11.22% for those with five or more interactions.

The company also found that annual absenteeism averaged 9.87 hours for people who used the program, compared to 12.11 hours for nonusers. Program users had lower percentages of garnishments (4.2% vs. 6.0%) and higher FSA participation.

by | Chris Vogel, CEBS
chrisv@ifebp.org