Building a Successful Workplace Financial Wellness Program

Unemployment rates are decreasing and consumer confidence is higher than it’s been in over a decade, yet employees do not feel financially secure. This is a key finding from MetLife’s 16th annual U.S. Employee Benefit Trends Study (EBTS), released in April 2018, which saw that financial concerns among employees are rising: Less than half of employees say they feel in control of their finances, compared with 44% two years ago. On top of this, nearly half (46%) of employees say they feel overwhelmed by financial decisions. These facts point to a growing business need that presents an opportunity for employers not only to limit the potential negative impacts of a financially unwell workforce but also to take on a caretaker role.

by Jeff Tulloch | MetLife

Employees are looking for help from their employers to address their financial concerns and meet their financial wellness needs—and specifically are interested in financial planning programs. Half (50%) of employees say their employers have a responsibility for their financial well-being, and more than half of employees (57%) say financial planning programs are important for increasing loyalty to their employer, according to the U.S. Employee Benefit Trends Study (EBTS).

However, employers are not addressing this need. The study found only 18% of employers offer financial planning programs, and half (51%) say financial planning programs are important employee benefit strategies.

This lack of action could have real-world impacts on employers’ businesses. Worker financial stress can result in decreased productivity, increased absenteeism or presenteeism, workflow disruptions, costs associated with turnover and lower morale. Employers are beginning to recognize these potential impacts and are increasingly viewing financial wellness programs as a business imperative.

A Four-Step Framework for a Successful Program

Addressing this growing business need presents an opportunity for employers not only to limit the potential negative impacts of a financially unwell workforce but also to take on a caretaker role. Employers can boost loyalty and satisfaction by implementing programs that address each employee’s concerns, regardless of the employee’s financial situation or life stage. An effective financial wellness program gives employees the tools to successfully manage day-to-day finances, protect against unplanned expenses and financial shocks, and plan and save for future milestones such as retirement.

However, not all financial wellness programs are created equal—A fully integrated, holistic program helps promote a
employers as caretakers

A culture of financial health and well-being. To create a successful workplace financial wellness program, employers should follow four key steps.

1. **Understand Employee Needs**
   Before developing a financial wellness program, it’s critical for employers to first take the time to understand their employees’ specific needs. This can be done through surveys, employee retirement data or focus groups, for example.

   However, asking if employees feel financially secure isn’t enough. To really understand their personal financial needs, it’s key to know where they stand when it comes to financial acumen, priorities and preparedness. Employers should keep the following questions in mind:
   - **Financial acumen**: How financially savvy are employees? What do they already know when it comes to personal finance, and in what areas do they need help?
   - **Priorities**: What are employees’ priorities? Are employees more concerned about paying off student loans or saving for college tuition, for example?
   - **Financial preparedness**: How financially prepared are employees? Have they started saving for retirement, and what tools are they using?

   Understanding these factors is key to shaping the objectives of a financial wellness program in order to meet the specific, unique needs of employees.

2. **Tailor Your Program**
   Once employee needs have been determined, it’s time to tailor the program. To do so, there are three things that employers need to consider: the what, how and who.

   As a first step, employers need to identify what financial wellness resources they are going to offer to their employees. These could be short-term tools, such as budgeting basics or debt management, or longer term programs such as investment, retirement or estate planning.

   Secondly, employers need to determine how employees will receive financial wellness guidance. This could be through high-touch services, such as on-site group workshops or personal consultations, or high-tech capabilities, such as online assessment tools, gamification or webinars.

   And lastly, employers must determine who will be involved in order to implement the program. Internally, employers may need to get executive buy-in and support from a budget standpoint. Externally, they need to find the right partner that can help them activate these programs within that budget.

3. **Drive Engagement**
   This step is arguably the most critical. To do this effectively, employers must implement ongoing communications about their financial wellness programs across various channels. A once-and-done communication is not enough.

   Among the variety of communications and engagement activities that employers can implement, there are a few that should be top of mind. These include:
   - **Create timely announcements**: As opposed to letting employees know about their financial wellness program only during onboarding or open enrollment, employers should identify timely events or company happenings where it makes sense to provide information about the financial wellness program. This could be during wellness weeks at the office or when a big life event happens to an employee.
   - **Provide one-on-one communications**: Print and digital communication tools are helpful to let employees know about the program, but personal touches and one-on-one communications are really impactful. Whether it’s through enrollment forms or in-person consultations, employees—especially Millennials—want a personal touch. Over half of Millennials say a one-on-one phone consultation will help them to better understand financial options and solutions.
   - **Engage leadership**: It’s important that support for the program flows from the top down, with company leaders positioning themselves as champions of the initiative. Employers should look for opportunities to engage leadership, whether it’s sending a companywide note or sharing how financial wellness programs have helped them in their personal lives.

   Most importantly, employers need to ensure communications are kept simple and easy to understand. Nothing will deter an employee more than complex and confusing messages.
4. Evaluate and Evolve Your Program

Lastly, once the program has been built, develop a benchmark against which the program can be measured.

Traditionally, organizations have relied on using return on investment (ROI) to measure the success of wellness programs. However, focusing solely on financial return may be inadequate when evaluating the positive impacts of a financial wellness program.

An alternative measure, value of investment (VOI), may better capture the benefits the program is delivering. VOI offers a nuanced perspective on the impact a program is having on both employees and their employers by taking a broader view and accounting for intangibles as well as hard dollar savings. Elements considered in VOI include employee productivity, engagement and overall job satisfaction as well as costs associated with absenteeism, presenteeism and turnover. These factors are critical to measure in order to really understand whether a program is successful.

The Final Piece of the Puzzle: Human Resources

Financial wellness programs can help strengthen an employers’ benefit and retirement offerings while empowering them to take on a caretaker role and be active in improving employees’ lives. As outlined above, successful programs go beyond simply providing financial education; they offer a combination of education, motivation and access to tools and guidance. This combination helps to enable the behavioral change that leads to action.

An employer’s human resources (HR) team plays an essential role in that equation. Financial wellness is not limited to the size of an employee’s bank account or retirement savings but is about enabling employees to behave in a financially healthy way by spending, saving and living better. Employees understand that they need to be putting aside money for unexpected expenses and saving for retirement, but they may not be able to because of more pressing commitments.

The steps mentioned above will empower the HR partner to better understand their employees’ unique financial needs and get a sense of what will motivate them to take action.

After understanding employees’ needs and motivations, HR can promote and communicate what is available to employees, in their preferred channels, to encourage action—whether that means saving more, electing a new benefit or paying off debt. Motivating employees can include making it easy for them to participate in a financial wellness program, having a “coach” help them along the way or enabling employees to seek out a peer group of colleagues in similar financial situations or life stages. Taking the time to understand what motivates employees best will result in a healthier workforce and an opportunity for employers to build trust and deepen their relationship with an employee.

Implementing a financial wellness program is not a one-and-done event; it’s an ongoing process that will continue to evolve with employee needs. Ultimately, employers that embrace this caretaker role and take time to develop a tailored program that drives engagement and action will come out on top in terms of boosting satisfaction and loyalty. Those that continue to implement a one-size-fits-all solution will fall quickly behind.

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