Life outside work—and the stress about personal finances that may accompany it—can have a negative effect on employees’ work lives and productivity. The author offers four essential steps to building a financial wellness program to help employees thrive both in and outside of the workplace.

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Boost the Bottom Line:
Help Employees Improve Their Financial Well-Being
Research shows that employers in the United States lose $250 billion each year because of employees who are stressed at work. For a company of 10,000 employees, this translates to 1,922 hours and $28,830 in lost productivity every week. What’s the cause of this stress? It’s not heavy workloads, long hours or tight deadlines. The No. 1 cause of stress is personal finances.

Findings from the MetLife 17th Annual U.S. Employee Benefit Trends Study (EBTS), released earlier this year, illustrate the extent of workers’ financial worries. Regardless of generation, life stage or socioeconomic status, employees are struggling to make ends meet, pay unexpected bills and save for the future. The study found that 50% of employees are living paycheck to paycheck; 30% have dipped into retirement savings to cover unplanned general expenses; and 52% say they expect to postpone retirement because of their financial situation, up 15% from 37% in 2015. This anxiety negatively impacts employees’ focus and concentration and can take a toll on other areas of their lives, including their physical health, leading to a workforce that is less engaged and productive overall. In fact, one in three employees admits to being less productive at work because of financial stress.

Blurring Boundaries Between Work and Life

Employees have always brought their lives outside of work to the office. However, as technology has redefined where and how we work over the past 25 years, the divisions between work and life have become less distinct. This means that employees’ lives outside of the workplace—and the stress that accompanies them—are impacting their work lives more than ever before.

Many employees are looking to their employers for help. EBTS found that nearly 70% of both Gen Z and Millennials believe employers have a responsibility for the financial well-being of their workers and that 64% of employers agree. According to the study, 90% of employers now include helping employees make better decisions and reach their financial goals among their top benefits objectives.

Moreover, many companies have begun to augment the range of medical, voluntary and retirement-related benefits they offer with holistic financial wellness programs. These programs do not simply offer budget advice and retirement planning, but they look at employees’ full financial picture, both inside and outside the workplace. The most successful of these programs provide guidance and resources to help workers connect the dots between their retirement and employee benefits so they understand how to use them to improve their financial wellness. This approach not only can help employees meet their short- and long-term financial goals but also can help maximize the impact of an employer’s investments in benefit programs.

Navigating the Road to Financial Wellness

Many employers already offer the benefits that could help workers address financial challenges. What tends to be missing is a program that ties benefits—both traditional and supplemental—together with multichannel guidance, tools and education that empower employees to take meaningful action, using the channel of their choice, toward improving their financial wellness. The good news, though, is that employers can start today to develop a best-in-class program with four essential steps.

1. Gather and Assess Employee Data

The first step to creating an effective program is understanding employee needs. A financial needs assessment can uncover the magnitude to which workers experience financial anxiety and the extent to which those anxieties may be affecting the company. There are three stages in the information gathering phase:

- **Gather demographic data:** Knowing the demographic makeup of the workforce—age, generation, life stage, marital status, family structure, income and financial
circumstances—is vital to designing a relevant financial wellness program.

- **Analyze existing plan data:** The next step is to review all available data on existing benefit plans. For example, examining retirement plan data, such as contribution rates, average balances and loan frequency/amounts, can provide important clues into employee financial health.

- **Assess employees’ financial priorities and preparedness:** To get inside the minds of employees and truly understand their financial challenges, plan sponsors should collect more granular information about financial behaviors, attitudes and knowledge about basic money management, investing, retirement and taxes through surveys, focus groups or in-depth personal observations. Using these tools is a good way to yield an honest and objective snapshot of areas of concern as well as employees’ competency in addressing those issues.

Armed with this information, employers can glean insights into which priorities, gaps in knowledge or skills are most important to workers and tailor programs appropriately, incorporating offerings like debt counseling, student loan assistance and insurance protection.

2. **Ensure a Personalized Approach**

Because today’s workforce is diverse and multigenerational and employees often have unique career paths, employers need to customize financial wellness benefits in ways that meet employees’ individual needs.

Boomers who are behind in retirement might need personalized guidance to help them get on track to meet their goals. Gen X employees sandwiched between caring for children and caring for aging loved ones might have a higher need for both child care and elder care. Millennials starting families and buying homes might need some education on how life insurance can provide financial protection and how legal plans could assist with real estate matters and wills. Gen Z employees, more recently out of college, might value student debt reduction programs. Regardless of where they are in life, the ultimate goal of a financial wellness program is to enable all employees to view and understand their personal financial situation objectively.

To be successful, a program should be centered around four core principles:

- **Financial awareness:** Just as demographics play an important role in the type of information and services employees need, they also determine the best communication methods. Online learning tools, such as spending calculators, educational videos and budget tutorials, might work better with some employees, while others could prefer one-on-one counseling or classes. Flexibility in the way information is delivered can be crucial to the employee experience and overall success of the program.

- **Financial health:** Like fitness goals, financial health is dependent upon focus and consistency. Budgeting and financial planning tools can help employees manage day-to-day finances and protect against unplanned expenses. These tools may include libraries of curated content that is shared with employees based on their preferences, as well as alerts to breaking news that may impact their financial health. They can also include benefit calculators that help employees estimate any additional life insurance needed upon the birth of a child. Proactive features such as checkups and reminders keep employees engaged and should evolve as their lives and work change.

- **Financial security:** The ability to plan and protect for milestones, such as buying a home or retiring, is the linchpin of financial well-being. An effective financial wellness program helps workers achieve financial security by bridging short-term needs with long-term goals. This means breaking down short- and long-term goals into smaller, bite-size actions with appropriate support tools so that they are less intimidating. Financial wellness programs also should provide education about how taking simple steps today, such as signing up for accident insurance, can help protect employees’ savings down the road, should the unexpected happen.

- **Financial inclusion:** Most employees have a deep-rooted desire to take ownership of their financial situation and feel they are making wise choices. For this reason, a financial wellness platform that makes it possible for all employees—from entry-level to high-ranking executives—to access personalized education is crucial. Financial wellness is not just about salary or the size of employees’ bank accounts; it is about helping them understand their finances, the resources
available to them and how to create healthy financial habits. Tools should be geared toward employees’ level of financial sophistication and connected to their current personal financial situation.

There are few off-the-shelf financial wellness platforms today that adequately address the full spectrum of all employees’ financial needs. Because of this, employers may need to seek guidance and advice from their benefits provider or consultant to find a program that meets the unique needs of their workforce. Once a decision has been made on how to structure a financial wellness program, they may decide to seek a vendor partner for the financial wellness program. Ideally, a partner can offer multichannel capabilities that support all aspects of financial wellness, especially the specific goals identified in the employee needs assessment.

3. Make It Easy and Enticing to Participate

The key to the continued success of a financial wellness program is its ability to draw employees into the program and encourage them to take ongoing action. Ideally, the program should integrate existing employee benefits to deliver cohesive education and coaching across multiple channels and breakdown suggested actions into attainable, goal-based steps. Goals need to be manageable so that employees see progress and feel encouraged to continue.

For many employees, workplace benefits form the foundation of their financial safety nets. As a result, the most effective workplace financial wellness programs should place employer-provided benefits at the nexus of the program and integrate educational tools about the company’s full complement of employee benefits into a financial wellness program so that workers better understand these benefits and are able to take advantage of them.

A well-designed program should provide a combination of self-service decision-support tools that offer employees easy access to evaluate different planning scenarios and “high-touch” one-on-one guidance through workshops, over the phone and through personal consultations.

To further improve engagement, some companies are employing new tools gleaned from behavioral science and powered by cutting-edge technology. Similar to the way curated online shopping uses consumers’ preference data to suggest products they are most likely to buy, technology makes it possible to match people with financial wellness solutions that are specific to their needs. In addition, comprehensive platforms have the capability to guide employee decisions toward fiscally healthier choices. Sophisticated data analytics and algorithms can determine whether employees are making transformative behavioral changes toward financial wellness or if they need a helping hand to stay on track.

Communications also can be optimized to support ongoing engagement. It’s important to communicate through clear, brief, relevant messages. The most effective financial wellness programs are personalized and can reach users across various delivery channels. Action points should be streamlined and accompanied by decision-support tools and resources. For instance, if they are targeting a Millennial who has recently returned from parental leave, employers can highlight the importance of life insurance and legal plans and then direct that employee to learn more. Similarly, segmented marketing campaigns—trigger communications—can be used to suggest next steps and create habits. These are communications that acknowledge personal milestones or positive behaviors. One example of a trigger communication might be an acknowledgment of a child’s fifth birthday, along with a reminder that it is not too early to begin a college savings fund.

4. Measure Program Impact and Value

Measuring the impact of a financial wellness program is an enterprisewide endeavor that requires a thorough un-
derstanding of workplace issues affecting well-being and productivity.

The conventional return-on-investment (ROI) standard of measure, in which dollars invested can be directly tied to cost savings, provides only a limited view of a program’s success. To accurately evaluate whether a financial wellness program is achieving its goals, companies need to adopt a broader view. Increasingly, companies are using value of investment (VOI) to evaluate workplace health and financial wellness programs.

A subset of ROI, VOI offers a more nuanced and accurate representation of the impact a program is having on employees and the company. VOI considers intangible outcomes, not just hard-dollar savings, measuring elements that contribute to business performance, such as employee productivity, engagement and overall job satisfaction, as well as costs associated with absenteeism, disability claims and turnover.

To start benchmarking the progress of a financial wellness program, employers should consider these four steps:

• **Assess.** Organizations should conduct an assessment to gauge where employees’ financial wellness currently stands.

• **Set targets.** Employers should then identify the goals of the wellness program and articulate the business outcomes they are seeking, such as improved productivity or loyalty. Set targets for results.

• **Determine metrics.** Organizations should agree on the metrics that will be used to measure the success of the program. Since value can be subjective, this means coming to consensus on how to assign value to business outcomes.

• **Measure:** Based on the determined metrics, employers should create a VOI dashboard that collects key metrics and aggregate data.

And because employees are constantly evolving, it’s a good idea for employers to continuously review and evaluate their workforce as well as the way in which they are measuring success to help evaluate the program’s effectiveness.

Ultimately, one thing remains constant in today’s “always on” world of work: Organizations thrive when their employees thrive. Employers may find they can accomplish both objectives by implementing a holistic financial wellness program that supports employees in their financial decisions and encourages a more engaged, satisfied and loyal workforce.

**Endnote**