



July 2021

Open Discussion

Conversation starter: *Employee Wellness - Mental, physical, and financial wellness. Employees are currently challenged with one or more of these.*

#### What members said about financial wellness?

- Offer financial education topics based on the demographics for your workforce.
  - Helping hourly employees with general financial management.
  - Some employees will need assistance as they deal with the fallout from borrowing from 401k or falling behind on rent.
- Connect with a financial wellness coaching firm. A tool to evaluate vendors: [www.myshortlister.com](http://www.myshortlister.com)
- We partnered with a local non-profit financial services organization to educate employees a few times a year, we found this to be effective, rather than bringing someone in just once.
- Our EAP provider did a presentation to the team, then offered one-on-one consulting without selling. Your 401k provider may do the same.
- A financial professor from a local university recorded a “stock market 101” video that we sent out to employees.

#### What members said about mental and physical wellness?

- Contract with a local psychologist to lead sessions with team. COVID has been traumatic. People need advice on how to support their children. Financial strain has caused depression issues.
- Holding quarterly sessions based on topics employees are interested in. Financial sessions were requested.
- To enhance our physical wellness programs, our employees will have to pay more. Any advice?
- EAP options available? Offer telehealth programs?

**\*\*What about Digital Wellness??\*\***

Credit monitoring, VPN and safeguards against identity theft are an inexpensive benefit we can offer employees. [www.aura.com](http://www.aura.com) offers a 30-minute, straight-forward session on how they can help employees.

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#### **Why is financial wellness important?**

**Financial wellness** is critical for all people because it can help lower your stress levels. Stress related to money can affect every aspect of your life. Your personal and professional productivity could potentially suffer due to **financial** worry.

Companies supporting and providing programs to assist with employee’s financial well-being shows that they value their employees (and their families) future financial position and well being.

Do your employees have access to the financial help they need? Over half of employees find dealing with personal finances stressful, and those who are struggling financially report significantly higher stress than other workers.

When you help your employees by offering a financial wellness program that provides financial education and assistance, everyone wins. **You** get better productivity and less distraction among your staff. **Your** employees get resources to reduce their financial struggles and put them back on the right track, build and save for their future and tools/information to help them make informed financial decisions.

One place employers can struggle when it comes to providing financial wellness platforms is in knowing what to choose and when to partner. Often employers will choose to partner with financial service professionals and/or outsource to a financial services/benefits company, as directly managing the program for their employees and families; may not be in their best interest, financial planning and education may not be in the company's bailiwick (leave it to the experts) and/or employees tend to feel more comfortable with an external vendor or third party (confidentiality, etc.).

Some major benefits of an employee **wellness program**, that includes a financial wellness component, include reduced healthcare costs, lower absenteeism/stress and returns on investment ranging between \$3 to \$8 per dollar invested within five years of the program being implemented.

Financial wellness, when done right, can make you a partner in your employees' financial security. Nothing will replace the gold watch, the monthly pension checks, and fully funded retiree medical that used to mark retirement and secured employee loyalty for decades. But financial wellness is the next best thing, and it can be deployed for a very, very small fraction of the amount it used to cost companies to guarantee employees' financial security.

It is the glue that drives how employees feel about and use their compensation and benefits to achieve their financial goals. It is also a major indicator of your culture and commitment to your employees. The financial wellness benefit you decide to offer to your employees helps define what kind of company you really are underneath the marketing messages and what you really stand for and believe in.

Resources:

There are three universal criteria that HR and benefits managers should use to vet financial wellness offerings. Based on your employees' needs, your culture, and your strategic HR and benefits objectives, you will likely need to add to these questions to make sure any financial vendor you select is well-equipped to handle your specific needs. But regardless of what those needs are, these are the first three questions *every* employer considering financial wellness should ask prospective vendors, to fully protect their employees and set their programs up for success:

***1) What is your business model? Please share all the ways your firm makes money, including any financial arrangements with financial services companies. Please also indicate if your firm is owned in part or in whole by a financial services company.***

***2) Who will be working with my employees and how are they compensated?***

***3) Please share the impact your financial wellness programs have had in improving employees' financial lives and if possible, the impact this has had on the employer's bottom line.***

**Steps toward a financial wellness program:**

1. Focus on your human resource strategy.
2. Identify internal challenges.
3. Understand your workforce's unique needs.

4. Select an approach.
5. Communicate and actively engage employees.
6. Establish metrics and measure success.

**The most important part of determining your program approach is understanding what your organization is trying to accomplish from an HR perspective. That way, you can measure your results against the resources you have invested, figure out how successful you have been, and make any necessary changes.**

By answering the following questions, you will be able to organize your HR priorities and begin shaping your financial wellness program.

- **What human resource issues does your organization have?** Some of the most common challenges:
  - Competing for new talent
  - Retention
  - Productivity
  - Absenteeism
  - Team morale
  - Employee satisfaction
  - Appreciating employees and showing we care about them
- **How does your HR strategy address the issues noted above?**
- **How does your HR strategy support your overall strategy?**
- **What internal challenges and concerns do you face in implementing a workplace financial wellness program?**
- **What resources are available to develop and maintain a financial wellness program?**
  - Budget?
  - Time?
  - Space?
  - Resources from advisors, board members, vendors?
- **Do senior management, top executives, and the board support implementing a program?** If not, what kind of information do you need to educate them on the effects of employee financial stress on the organization?
- **What kinds of benefits would result from a financial program offering?**
- **What is the profile of your workforce?** A few aspects to consider:
  - Age or life stage
  - Income level
  - Veteran status
  - Part- or full-time status
  - Dependents (children, parents, etc.)

- **What kinds of financial stress is your workforce facing?** Think about student loans, mortgages, retirement, tuition, childcare, and eldercare, to name a few.
- **What financial education topics should you offer to address your workforce’s unique challenges?**
- **What financial wellness benefits do you already have that might be repurposed as part of a larger financial wellness program?** Your organization’s retirement plan is one such benefit, especially if you provide matching funds.
- **Can you use any other financial education resources already available in your community, partner network, or sphere of operations?**
- **What channels do you already have in place for delivering resources to your workforce? What new channels could you use?**
- **What data do you already have that would help you measure the effectiveness of your program?**
- **What data can you begin tracking?**

To crunch the numbers for your own organization, use the “cost of low productivity tool.”

#### Cost of low productivity tool

1. (Total number of employees) x .25 = Number of financially-stressed workers
2. (Equation no. 1 result) x .43 = Number of workers distracted at least 3 hours per week
3. (Average hourly pay) x 138 hours = Yearly cost of reduced productivity per distracted worker
4. (Equation no. 2 result) x (Equation no. 3 result) = **Yearly cost of reduced productivity to the organization.** [Note that this a *conservative* estimate.]

#### Popular topics in financial wellness programs:

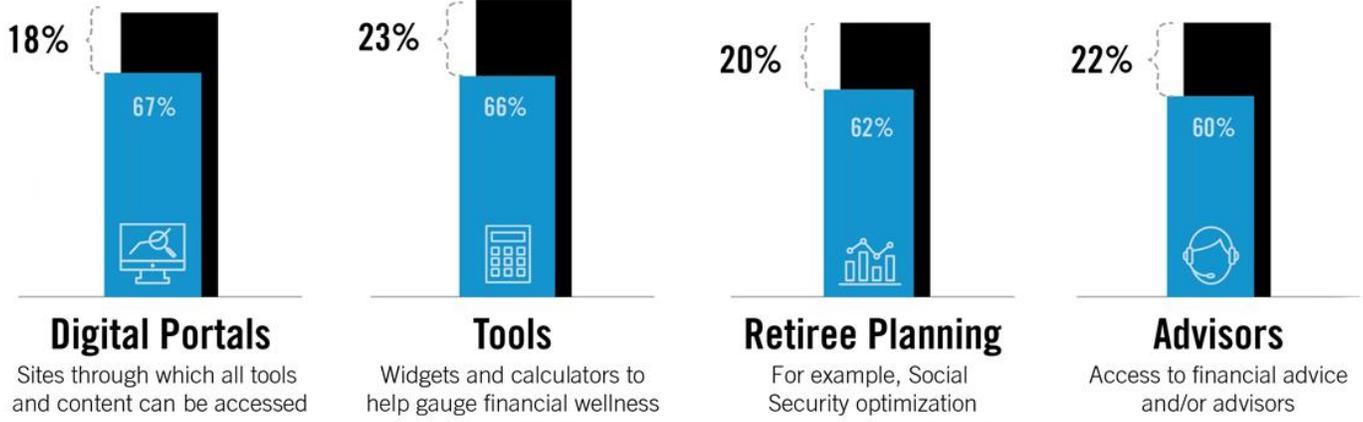
Basic financial literacy  
 Budgeting assistance  
 Debt management and reduction  
 Creating an emergency fund  
 Investment advice  
 Retirement planning  
 Home buying and mortgages  
 Managing student loan debt  
 Planning for children’s education

#### Common top metrics used to measure program success:

Increased employee satisfaction  
 Increased productivity  
 Increased retirement participation  
 Return on investment (e.g. cost savings, employee retention, on-time retirements)  
 Number of participants in a program

# Projected Growth of Common Financial Wellness Programs

■ Currently Offered ■ Plan to Offer



Source: Prudential, *Benefits and Beyond: Employer Perspectives on Financial Wellness Survey, 2017*