

Guide to Employee Financial Wellness

Introduction

Employee financial wellness programs may help workers reduce financial stress and live better lives, particularly lower income workers who have higher levels of financial stress. Employees bring their financial stress with them to work, impacting their ability to focus on the job.

Spending, saving, borrowing, and planning¹ — these are the four areas that affect a person's resilience against financial hardships and their ability to meet financial goals. Programs to address employee financial wellness offer a range of services and products that fall under those areas, including loans, credit-building services, financial counseling, and wage advances.

These benefits are gaining popularity, and more and more employers are wondering, "Are they right for my employees? Where should we start?"

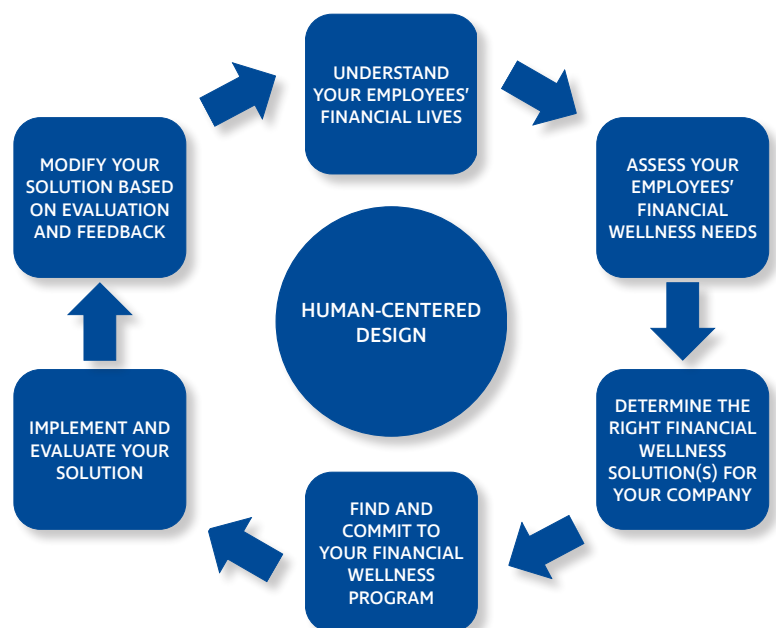
The National Fund for Workforce Solutions and Social Policy Institute at Washington University in St. Louis have created this guide with resources to help employers get started.

What is financial wellness?²

- Having control over day-to-day and month-to-month finances
- Having the capability to absorb a financial shock
- Being on track to meet financial goals
- Having the financial freedom to make choices that allow one to enjoy life

There are six steps that will set you on the right path:

1. Understand your employees' financial lives
2. Assess your employees' financial wellness needs
3. Determine the right financial wellness solution(s) for your company
4. Find and commit to your financial wellness program
5. Implement and evaluate your solution
6. Modify your solution based on evaluation and feedback



¹Parker, Sarah, et al. "Eight Ways to Measure Financial Health." Financial Health Network, 12 May 2016

²Adams, Stephen. "The Importance of Financial Wellness to Workers and Employers." National Fund for Workforce Solutions, 20 April 2018

Follow this step-by-step guide to find out what financial wellness solutions can do for your organization.



Step 1: Understand Your Employees' Financial Lives

Employees at your company do different jobs, have different personal circumstances, and have different financial lives. The first step in exploring financial wellness programs is to understand what your employees' financial realities look like and how they vary from job to job. You may think their financial lives are none of your business, but financial challenges can show up in the workplace. Using this guide will set you up for success – and the first step is having a good understanding of the issues your employees face.

Employment is at the center of most people's financial lives — it is where they generate their income, health insurance, and retirement benefits. Because of that, **you already know a lot about your employees' financial lives.**

Data Spotlight: Finances at Work

59%

More than half of employees say that personal finances are their biggest source of stress.³

Wages

How much are employees in different jobs at your organization paid? Whether you are a large company with a sophisticated human resource information system or a small business using Excel, you are storing valuable information about your employees' financial lives—starting with what they earn.

Once you have this information, the MIT Living Wage Calculator⁴ can help you see how your employees' wages compare to the cost of living in your community. Check to see if there's a United Way ALICE report⁵ for your community. ALICE stands for "Asset-Limited, Income-Constrained, Employed." Data from an ALICE report can provide perspective on financially fragile families in your community.

Data Spotlight: Wages in Context

60%

When PayPal conducted a survey of employees to better understand their financial lives, executives discovered that even though jobs paid at the market rate, 60% of their call center and hourly workers had trouble meeting their basic needs.⁶ Using a living wage tool can help illuminate how far your workers' wages really go.

Retirement Plan Activity

If you offer a retirement plan, like a 401(k) or 403(b) plan, your plan administrator has information that can help you understand more about your employees' financial lives. To take hardship withdrawals, employees must prove they have experienced a significant financial problem, so the prevalence of these withdrawals can be a strong signal. Although employees do not have to prove financial need to take retirement plan loans, borrowing from long-term savings can be an indication of financial hardship. Understanding how employees use loans can also give you a sense of employees' financial realities.

Financial Insecurity Indicators

- Requests for pay advances
- Early retirement plan withdrawals
- Loans from retirement savings
- Low enrollment in retirement plans
- Transportation trouble, which might show up as absenteeism
- Low use of direct deposit

Other Payroll Savings

Some employers offer other kinds of savings options via payroll deduction, such as split direct deposit. If you offer an option like this, examining how frequently employees take advantage of payroll savings opportunities can be another useful indicator of how your employees are doing financially.

³PricewaterhouseCoopers (2019). PwC's 8th annual Employee Financial Wellness Survey. <https://www.pwc.com/us/en/industries/private-company-services/library/financial-well-being-retirement-survey.html>

⁴MIT. Living Wage Calculator. <https://livingwage.mit.edu/>

⁵United Way. United for ALICE. <https://www.unitedforalice.org/>

⁶Whittaker, Martin. "What If Every Company Conducted An Employee Financial Distress Test?." LinkedIn, 21 Nov. 2019, <https://www.linkedin.com/pulse/what-every-company-conducted-employee-financial-test-martin-whittaker/>.

One Size Does NOT Fit All

Margaret is the CEO of Eton Tech, a technology services firm that employs just over 500 people. At a Chamber luncheon, Margaret talked at length about the employee financial education program they had recently introduced. The management team and associates both loved it and felt they were seeing great results. Julio was sitting at Margaret's table. He's the CEO of a customer service company with about 700 employees. Julio's company offers good wages and benefits, but Julio is always looking for ways to do more for his employees. When he got back to the office he told his head of HR to implement the same program.

Four months later, Julio's company surveyed its employees about the financial education program. The results were bad. As it turns out, financial education wasn't what employees needed. The employees at Eton Tech are mostly IT professionals working in a traditional office setting. Most of Julio's employees are lower income call center workers. They didn't need to learn about saving, planning for retirement, or refinancing a home loan. They are under much more financial stress and need immediate help, such as emergency loans or connections to free legal services to help with unpaid parking tickets. They didn't need financial education marketed for people who are already doing OK.

With employee financial wellness programs, one size does not fit all. To find the right solution, companies first need to identify the problem. The best financial wellness programs are designed to fit that particular workforce. Understanding the financial realities of your employees' lives will set you on the right path.

Your Benefits Package

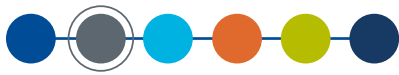
Benefits are an important part of total compensation and can have a big impact on employees' financial lives. Conducting a benefits package audit can help you understand where your employee benefits are supporting employees and whether there may be opportunities to improve employees' financial stability.

Here are some questions to ask:

- What proportion of your frontline employees are eligible for benefits like health insurance, dependent care benefits, and retirement plans?
- How many of your employees are enrolled in benefits? Is the proportion different by wage band? If so, benefits might be too expensive for some of your lower wage workers.
- Adding together health insurance premiums and deductibles, how much does health insurance cost employees per year? How does this compare to what you learned about their wages? In other words, what percentage of their income do frontline employees spend for health insurance coverage?
- What proportion of your eligible frontline employees participate in a retirement plan?

What You'll Have in the End

- A big picture view of employee wages and how they compare to the cost of living
 - How employees are using the benefits you already offer
 - Ideas for how to make your benefits package do more
-



Step 2: Assess Your Employees' Financial Wellness Needs

Not all employees have the same financial wellness needs, even those who work in the same jobs. The Connecticut United Ways' "Making Tough Choices" tool⁷ will give you the experience of managing a monthly budget on a limited income with limited assets and can give you a better idea of what your employees are dealing with and what they might need.

In step one, you assessed your employees' financial needs at a high level. Now, you will need to ask employees what they want and need from a financial wellness program. Make sure you are prepared to respond directly to the needs you are asking about.

A great way to ask employees about their financial wellness needs in a confidential, low pressure way is through an anonymous survey. Web-based tools or plain old paper copies with an anonymous submission box are simple and easy ways to administer the survey.

When you release the survey, make sure your employees know that you are not trying to get their personal information and will not be asking for names. If employees know that you are administering a survey to get a general sense of what financial wellness program might be helpful — and not to gather any personal information — chances are they will feel motivated to fill it out.

We have prepared a survey and results guide⁸ that is ready to go. It asks questions that assess financial needs as well as desires in a financial wellness program. *Note: You might consider copying the survey into a web tool such as SurveyMonkey, which can administer it and store your results. You might also consider partnering with a local community organization on the survey.*

After you have conducted the survey, analyze your results. The results guide we have prepared will take you through the survey, step-by-step, and help you interpret the responses and figure out what type of financial wellness program might work for your employees.

In addition to surveying employees directly, you can also talk to your frontline managers and HR department to gain insight into employees' financial needs. As the main points of contact with frontline workers, they have day-to-day knowledge that you would not otherwise have.

What You'll Have in the End

- A clear summary of employees' financial wellness needs
 - The confidence of your employees that you are invested in making their financial lives better
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Ask Before You Act

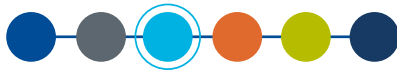
The CEO of a company in Big River City read on an HR management website that short-term loan programs are the newest trend in employee financial wellness. The CEO thought this program might be helpful for his employees.

Before doing anything, he asked the employees if this was something they even wanted or needed. As it turns out, Big River City has several community credit unions and very few payday lenders — in other words, affordable loans were already pretty accessible. The CEO didn't need to offer a loan program because their employees already had access to good loan options.

What he did find out from his employees is that Big River City has a lot of credit card fraud, and employees were struggling with low credit scores and wanted ways to improve them. So the CEO brought a credit counseling program to their workplace, which was welcomed and used by employees.

⁷Connecticut United Ways. "Making Tough Choices." <http://www.makingtoughchoices.org/>

⁸National Fund for Workforce Solutions: <https://nationalfund.org/learning-evaluation/publications/guide-to-employee-financial-wellness/#survey>



Step 3: Determine the Right Financial Wellness Solution(s) for Your Company

Inventory Your Benefits

The benefits audit that you completed in step one is about to pay off. Now that you have an idea of what type of program might be useful for your employees, take a look at your existing benefits offerings — you may be offering benefits that already address some of their needs. If you find that current benefits address the needs showing up in survey results, you might consider how to better communicate those benefits offerings to your employees. For example, your employees might have said they need access to emergency funds when you already offer an emergency grant program.

If you find that current benefits are underutilized, make sure you understand why. Maybe there are barriers that can be rather easily addressed, such as a complicated sign-up process. If it is an awareness problem, consider publicizing these benefits more, and be sure to advertise them in a way that demonstrates how they fulfill employees' stated financial wellness needs. If employees can easily see how these benefits fit with the needs they highlighted in the survey, they may be more likely to use the benefits you are already offering.

Match Needs to Program Type

Between your survey results and current benefits inventory, you should now have a clearer idea of what kinds of financial wellness programs could best support your employees. The *Employee Financial Wellness Programs Glossary*⁹ can help you get a better understanding of the various options.

EMPLOYEE FINANCIAL WELLNESS PROGRAMS MATRIX		SPEND*		SAVE		BORROW		PLAN	
		SPEND< INCOME	PAY BILLS ON TIME	LIQUID SAVINGS	LONG-TERM SAVINGS	SUSTAINABLE DEBT LOAD	PRIME SCORE	APPROPRIATE INSURANCE	PLAN FOR EXPENSES
HIGH TOUCH ↑ LOW	FINANCIAL COUNSELING	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x
	DEBT MANAGEMENT					🎯	S ^x		
	FINANCIAL COACHING	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x
	RESOURCE NAVIGATORS	S ^x	S ^x						
	DIGITAL PLATFORMS	S ^x	S ^x	S ^x		S ^x			
	FINANCIAL EDUCATION	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x	S ^x
	SMALL-DOLLAR LOANS		S ^x			🎯	🎯		
	PAY ADVANCES		🎯						
	SAVINGS PROGRAMS			🎯	S ^x	S ^x			S ^x
	STUDENT LOAN REPAYMENT	S ^x	S ^x			🎯	S ^x		
	FINANCIAL ASSISTANCE	🎯	🎯	S ^x					

KEY: 🎯 = direct influence; S^x = indirect influence

*Financial health categories are from Financial Health Network's 2016 "Eight Ways to Measure Financial Health" report.

⁹Social Policy Institute. "Employee Financial Wellness Programs Glossary." Social Policy Institute, Washington University in St. Louis, socialpolicyinstitute.wustl.edu/items/employee-financial-wellness-programs-glossary/.

Different financial wellness programs impact the four areas of financial wellness — spend, save, borrow, plan — either directly or indirectly and to different degrees. The matrix above summarizes how different programs can address the four areas and shows the degree of influence each program has on financial well-being.

Data Spotlight: Savings Programs

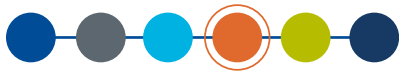
\$400

Savings programs for parents can have a big impact for kids! Children from lower income households with a college savings account are more likely to make it to college and graduate, even with accounts with as little as \$400.¹⁰

What You'll Have in the End

- An understanding of how your current benefits offerings and new financial wellness program complement one another
- An understanding of the types of financial wellness programs that match your employees' financial lives and needs

¹⁰Elliott, William, et al. "Small-Dollar Children's Savings Accounts and Children's College Outcomes by Income Level." Children and Youth Services Review, vol. 35, no. 3, 27 Dec. 2012, www.sciencedirect.com/science/article/pii/S0190740912004379?via%3Dihub.



Step 4: Find and Commit to Your Financial Wellness Program

Find a Program

So far, you have figured out what your employees' needs are and what types of financial wellness programs would meet those needs. Next, you will need to select a specific program.

For this task, start local. There may be good options in your community already, such as those from local credit unions or community organizations, starting with those you already have a relationship with. After considering local solutions, review national employee financial wellness programs using a provider directory, like the one developed by Prosperity Now.¹¹

Lastly, consider issuing an RFP and inviting providers you have identified to apply. A competitive bid process will help you gather program options and provide structure for evaluating and comparing them, which will help you get the best program for your employees.

Get Buy-In

Before launching any program, you will need to make sure your staff are ready for it. Frontline managers can be an incredible asset in this effort. Make sure your managers are all aware of new program offerings and familiar with the details. They will need to know what the programs are, who can sign up, how to sign up for them, and what participating in them will mean. These managers might even be helpful when selecting which program(s) to offer, so keep them informed about the selection process.

Managers may want to try out the programs themselves first, in order to make sure they can give employees plenty of firsthand information before recommending the programs. Employees may trust programs more if a manager tells them about their own experience. Communicate frequently with managers about the programs so that they can offer invaluable input continuously.

What You'll Have in the End

- A list of viable program options
 - Frontline managers who are empowered to make the program a success
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¹¹Prosperity Now. Workplace Financial Wellness Services Directory. prosperitynow.org/workplace-financial-wellness/services-directory.



Step 5: Implement and Evaluate Your Solution

Congratulations! You are ready to start helping your employees improve their financial well-being.

Plan for Launch

Before you launch your new program(s), create a **communication plan**. This will guide how and when you will get information to employees and frontline managers. Every organization is different but consider the full range of options. Perhaps it is the all-hands meeting, a monthly newsletter, or weekly huddles. Is email a good communication channel at your organization, or do employees read table tents placed in the breakroom? And do not forget about communicating to managers at all levels, including senior managers. Everyone can benefit from knowing what resources are available to employees and knowing that the organization cares about their financial well-being.

Communications planning should be long-term. You may need to integrate your financial wellness program into your usual benefits onboarding procedures and remind employees of it during specific times of the year, such as open enrollment. Consider periodically reminding managers about the program, too, so they can recommend it.

Measure Success

One last step before you introduce your new financial wellness programs — think about how you will measure success. Taking time to consider success measures **before** you launch your program will pay off later when you are trying to decide if they're "working."

Data Spotlight: Financial Stress

10%

10% of employees say that financial stress has impacted their attendance.¹²

These questions may help you figure out how to measure success:

- > **If your financial wellness programs worked out exactly as you hoped, what would you see among your employees? How would you observe that?**
Maybe your managers had been fielding frequent requests for paycheck advances before your new short-term loan program was introduced. If you checked in with managers a few months after the program launched, you might expect to find that fewer employees were asking for pay advances. If not, what might be going on? Was the program communicated well and to employees who need it the most? Was the program in line with the feedback you got from employees about their financial needs?
- > **How does program utilization look?**
Your financial wellness providers should be tracking utilization and be able to give you some aggregate numbers. What were your expectations about utilization? How do they compare to what you are seeing? Using the example above, you may not have expected most employees to take short-term loans, but you hoped those who needed them most would benefit from having them. In other words, high utilization is not always a sign of program success — figure out if your program is serving the employees you were hoping to support.
- > **How does your organization get feedback from employees?**
If you routinely conduct employee engagement or benefits satisfaction surveys, consider adding questions about your new financial wellness programs. Decide what you most want to know — is satisfaction with the programs themselves most important? What about how employees feel about the fact that the programs are offered? Go back to your original expectations about what you hoped your program would accomplish. Remembering your goals will help you figure out the right questions to ask.
- > **How can managers and HR professionals help you measure success?**
Frontline managers and HR professionals often know a lot about what is going on in employees' financial lives. Consider enlisting them to gather informal feedback from employees about your new program.

Credit Counseling for Happier Holidays

Celia is an HR manager at small manufacturer. Each December, employees ask her about pay advances to buy holiday presents. This past September, her company began a new credit counseling program. When December came, fewer employees asked her for pay advances. Based on a satisfaction survey, Celia found out that some employees were able to get credit cards with favorable rates after meeting with a credit counselor and used their new cards to buy presents.

¹²PricewaterhouseCoopers (2019).

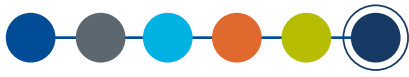
What's Behind Employee Behaviors?

Chassa is the operations manager at a long-term care facility. Recently she has noticed that tardiness is becoming a problem. Workers who can't leave their shifts until their replacements arrive are not attending to patients as well as they should. Chassa asked supervisors what they thought was going on. After that, she followed up with a quick paper survey that she left on tables in the break room. She learned that workers were stressed about a big increase in city bus fares that made it harder for them to make ends meet. Some had to find other ways to get to work that made it harder to be on time. Some had taken second jobs and had to leave work immediately so they wouldn't be late, so they were distracted when their replacements didn't show on time.

Chassa brought the problem to the management team and convinced them to offer a small transportation benefit that would defray the cost of the bus fare increase. She is keeping a close eye on tardiness and standards of care at the end of shifts over the next several months to confirm whether the transportation benefit is helping.

What You'll Have in the End

- A framework for evaluating success for your financial wellness programs
 - Feedback from employees about the programs
 - Measures of success that are unique to your company and program pairing
-



Step 6: Modify Your Solution Based on Evaluation and Feedback

Now that you have introduced your program(s) and have gathered some data around your success measures, it is time to take a close look at what you can do to improve. First, revisit your evaluation questions and ask yourself some questions.

Why Did Employees Use — or not Use — the Financial Wellness Programs?

Once you identify who is using the programs, you should investigate the “why” behind it. Was it a communications problem? Perhaps news of the program failed to reach a certain group of employees. Or did the program not match the needs of some employees? Be sure to keep in mind which employees you were aiming to support. Are you reaching your target audience? Again, your frontline managers can be a good resource here.

What are Employees Saying About the Programs?

Hopefully, your employees have told you what they liked about the programs and what could have been better. Ask for their input and then consider their feedback so you know what to continue and what to improve.

After thinking critically about what went well and what did not, you are prepared to make adjustments that will improve program success.

What You’ll Have in the End

- An inventory of who uses the programs, who does not, and why
 - A list of what employees like about the programs and what they do not like
 - Ideas for improvement
-

Diagnosing Problems

Geraldo’s warehousing company recently started offering short-term loans to its employees. Three months after the loan program was introduced, Geraldo analyzed the characteristics of employees who had been using the loans. To his surprise, he found that almost no one from the first shift had taken out a loan, but some of workers from the second shift and plenty of workers from the third shift had. Overall program use was pretty good, but it was not evenly distributed across the shifts.

When Geraldo asked the first and third shift managers about the program, he got a better idea of what was going on. First shift managers hadn’t received the latest information about signing up for the loan program, and therefore didn’t pass it along to first shift employees. Third shift managers explained that many of their workers had recently had their hours cut. Workers from the third shift were taking out loans to make ends meet.

With this new information, Geraldo was able to focus on getting program materials to first shift managers and come up with a way to help third shift workers pick up more hours.

Congratulations! You have taken some important steps to support the financial well-being of your employees, reducing stress and helping them live better lives.

By following these steps, you will promote increased financial stability for your workers. Employees' financial lives can cause them stress and impact their ability to bring their full selves to work. With better financial health, workers will be able to be more present at work and both workers and businesses will benefit. Finally, helping your employees achieve greater financial stability has ripple effects that strengthen your community as a whole.

Tips for Success

1. Carefully consider the realities of your employees' financial lives
2. Make an effort to understand your employees' financial wellness needs
3. Develop an understanding of the programs available
4. Match employees' needs to financial wellness programs
5. Thoughtfully implement and evaluate your efforts
6. Continuously improve your financial wellness offerings to maximize success

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