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Designing a Financial Wellness Program That Fits

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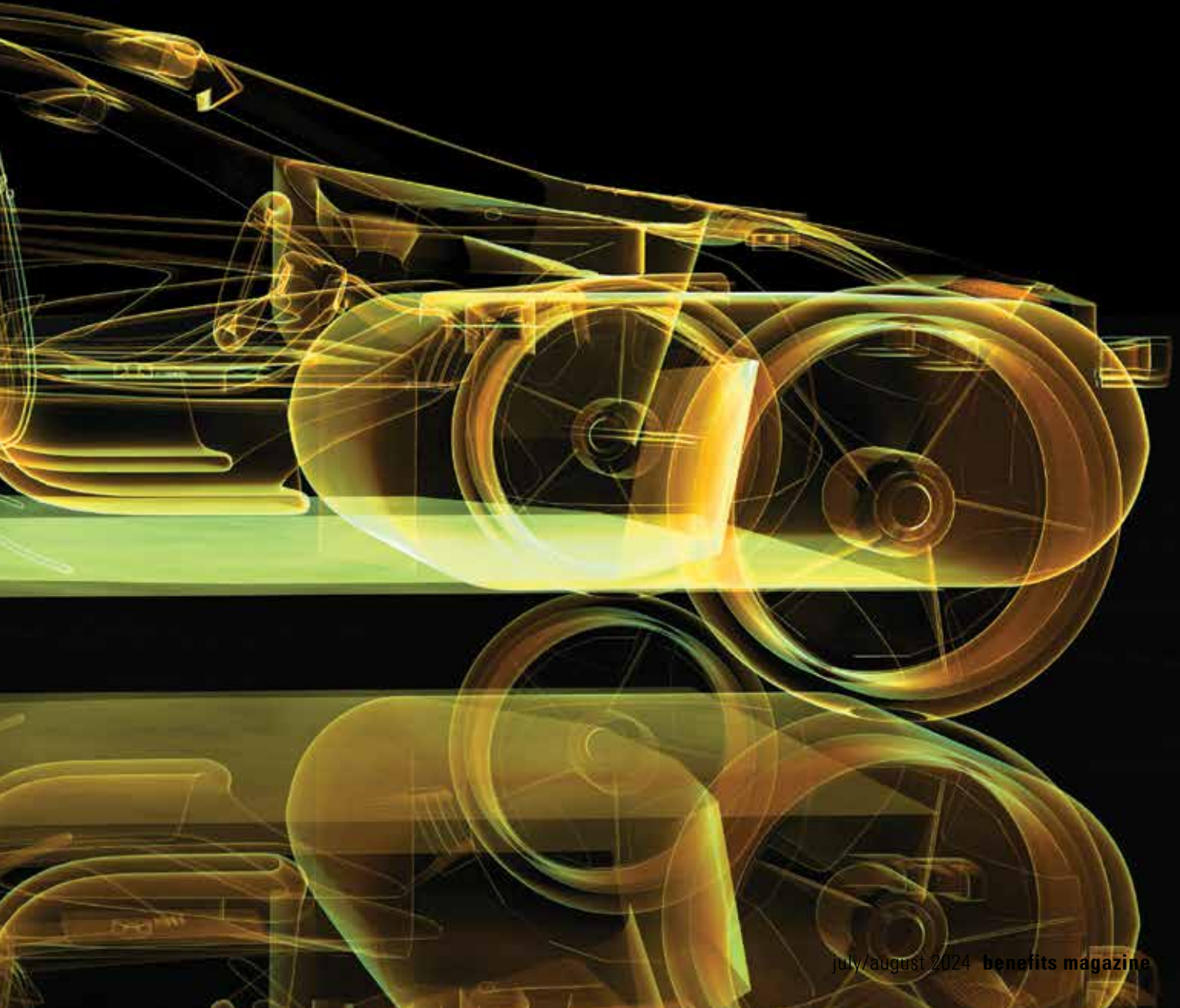
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BUILT:

the Needs of Your Workforce

by | **Jeanie Justice**

Employers that gain an understanding of the unique financial needs and goals of their workforce can design and implement a more meaningful financial wellness program.



What does financial wellness mean for your employees?

For some, it is the freedom from constant worry of living paycheck to paycheck and wondering how to make ends meet. For others, financial wellness means curating a comfortable retirement. Achieving either of these goals can create financial stress along the journey.

Workplace financial wellness programs can address both of those objectives and multiple other financial issues. Taking the time to understand your employee population and their unique needs and goals goes a long way toward supporting and improving employee financial well-being and creating an engaged workforce.

The Impact of Financial Stress

According to Verywellmind.com, “financial stress is emotional tension that is specifically related to money.”¹ The level of emotional tension around financial stress can be greatly influenced by circumstances, including a person’s geographic location, life stage, culture or upbringing.

While it’s common to worry about finances from time to time, chronic stress and worry can severely affect a person’s well-being. A 2023 CNBC survey found that “more than 70% of Americans feel financially stressed,” and recent inflation is no help.² According to a recent *Forbes* article, although inflation has come down since 2022, consumers are “still feeling the pinch of higher prices” since they remain up significantly compared with before the pandemic.³ When comparing prices from January 2020 with those in December 2023, food prices are up 25%, energy (such as gas, diesel and other motor fuels) is up 26% and shelter services (e.g., rent, water, garbage, etc.) are up by 21%. These inflated prices—for even basic living expenses—can substantially influence employee financial stress.

Prolonged financial stress can cause health issues such as stomachaches, headaches and exhaustion. It can also create mental health issues including anxiety and depression. According to the American Psychological Association (APA), “chronic stress causes wear and tear on the body and can disrupt almost all of the body’s processes,” putting people at increased risk for heart disease, heart attack, high blood pressure and stroke.⁴ It can also suppress the body’s immune system, making it harder to recover from illness. For employers, employee financial stress can result in decreased productivity and increased use of sick days as well as a negative impact on their bottom line.

Prolonged financial stress can cause physical health issues such as stomachaches, headaches and exhaustion. It can also create mental health issues including anxiety and depression.

Employers that work to support employee financial well-being may reverse these trends and see an increase in employee engagement and job satisfaction in addition to reduced turnover. All of this can enhance the employer’s brand and reputation and—ultimately—its profits.

Identifying the Needs of Your Population

To assess the needs of your employees and design a financial wellness program that fits those needs, start by gathering information through the following steps.

1. Assess your population and identify gaps. Start by analyzing your employee demographic data. Examples of questions to ask include:

- Are employees mostly exempt or nonexempt workers?
- Do employees live in rural communities with little access to services?
- Is the workforce made up of mostly young workers who are new to the workforce or an aging population who will retire soon?
- Do you have a large population of lower wage workers?

You can also gather data on retirement plan participation, such as what percentage of employees are participating and

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whether they are contributing enough to earn a matching contribution.

2. Ask employees! Collecting employee feedback via focus groups and/or surveys can be an effective way to learn what is causing employees financial stress and what they need to achieve financial wellness. Surveys don't have to be complicated. The following examples of key questions can go a long way to helping you understand employee needs.

- How would you rate your current financial situation (using a scale)?
- Do you have a budget in place to manage your expenses?
- Do you have an emergency fund to cover unexpected expenses?
- Do you know how much you want to save for retirement?
- Do you have significant debt or student loans?
- What resources would help you to feel more financially secure?

Determine Viable Program Options

Viable options for programming can vary greatly, based on your assessments. Following are some examples.

- A mostly young workforce may benefit from more early-life education on topics such as budgeting and saving for emergencies. Many retirement plan consultants include this type of education with the other services they provide for organizations or will offer them for an additional fee. Alternatively, employers may choose to offer reimbursement or provide free access to a budgeting or financial planning app.
- An aging population may benefit from support with how to prepare for retirement, enroll in Medicare or maximize their funds in retirement. Again, employers may be able to leverage their retirement plan administrator or consultant or another vendor (such as a benefits broker) to provide these services. Third-party vendors that specialize in providing Social Security and Medicare services to employees are another option.
- Access to online services or bringing resources, such as a financial planner, to the workplace may help support employees who live in rural areas and may have limited resources within their own communities. Providing access to a budgeting app or offering virtual financial planning sessions might assist these employees.

takeaways

- Employers that work to support employee financial well-being may see an increase in employee engagement, job satisfaction, productivity and performance, and they may experience reduced absenteeism and turnover.
- Before embarking on a financial wellness program, employers should start by assessing their workers' needs. Analyzing data and collecting employee feedback through focus groups and/or surveys can help identify those needs.
- The most viable program options can vary depending on the employee population. A younger population may benefit from education on topics such as budgeting and emergency savings, while an older population may need information about maximizing funds in retirement.
- Delivery methods and resources for financial wellness programs include webinars, in-person meetings, targeted marketing materials, access to experts and employee champions.
- Employers should measure participation and look at changes in behavior and employee satisfaction to gauge program effectiveness.

- For low-wage earners struggling with inflation, basic financial services can be essential to their financial well-being. Topics might include how to track expenses and create a budget, ways to save small amounts to help create an emergency fund or strategies for reducing expenses (such as shopping for lower car insurance rates). These resources can be provided via a variety of methods such as one-on-one support, group classes or access to free virtual resources and apps, depending on the needs of these workers.

Based on the information gathered and the determination of what employees need, you can begin to develop a program that supports employees where they are. Once you've identified the areas of focus—and there may be many—you can rank the needs and start with the most critical, which will depend largely on the results of your assessments and surveys as well as the company's budget. You might find that some needs can be addressed easily with basic financial education or by offering flexible work options that might provide relief from high gas prices and/or child-care expenses.

Resources and Delivery Methods

After identifying key focus areas, the next step is to determine resources and delivery methods. Examples of platforms for education include the following.

- **Webinars** allow more flexibility for organizations that have employees in many locations and/or have a large remote population. Webinars can be an effective tool for any organization since sessions can be recorded and posted for those who were unable to attend or for ongoing access to the information.
- **In-person meetings** provide opportunities for personal interactions and can build a sense of community and collaboration among participants. This method can be highly effective for small groups or when personal interaction would be beneficial. For example, communicating a new financial program to employees in person would provide a forum for discussion and questions in real time and an opportunity to interact with other participants, perhaps gaining even more insight into new programs.
- **Targeted marketing materials** (delivered via email, text or home mailing) can be an effective way to provide information to employees without disrupting the workday and can be consumed by the recipient when it's convenient. This material can provide reminders about an employer's financial resources as well as information about new benefit offerings and other tools and resources.
- **Access to experts** is an option for offering individualized financial information. For instance, access to a financial planner can help employees learn about their own



Evaluate and Adjust

Every initiative benefits from evaluating its effectiveness, and financial wellness programs are no exception. Here are some key metrics you might consider when evaluating your program:

- **Employee engagement:** Measure participation rates in the financial wellness offerings. Additional feedback from those who have accessed the program may be useful in determining the cause of low participation and provide information about how to adjust the program to make it more valuable.
- **Employee behavior:** Measure changes in employees' financial knowledge and behavior over time. Options include reviewing participation rates in the retirement program or in financial tools offered to employees. You can also conduct ongoing surveys to solicit input on future offerings and track changes in the type of requests (e.g., requests may go from the basic budgeting education to how to plan for retirement).
- **Employee satisfaction surveys:** Most employers offer some type of employee satisfaction survey (if yours doesn't, consider doing so). Questions related to benefits and financial well-being can determine whether increased satisfaction is due to these programs. Alternatively, the company can provide surveys specific to the financial wellness offerings to determine overall satisfaction with the plan.
- **Other measures:** Look at whether health care costs or sick time usage have decreased and productivity and retention have improved since the financial wellness program was introduced. It may indicate that employees feel healthier, have less financial stress and are more satisfied at work.

Based on the evaluation results, consider making changes to target areas with the most impact or to adapt to changing needs. For instance, low participation in a program may indicate that the offering is complicated or difficult to access. If so, explore solutions for simplifying the program or making it easier to navigate. Or, if the program is not producing the results expected (e.g., increased participation in the retirement plan), consider alternate approaches such as changing from in-person meetings to virtual offerings or offering incentives to participate. Working toward a comprehensive program will be an ever-evolving effort as job markets, workforces and employee demographics change.

finances and work toward financial goals specific to them.

- **Employee champions** can help communicate and educate employees regarding company resources and the financial wellness program. These champions may boost buy-in and usage of financial programs.

Whether you choose to use internal resources or external partners to deliver education depends on what kind of expertise is needed as well as the organizational budget. There are several financial wellness or education vendors, but you can also look to current partners to provide resources, such as benefit brokers, vendors or even employees within the organization, such as human resources, payroll or finance experts. For example, your retirement plan vendor may offer free webinars or other materials to educate employees on tax advantages of retirement savings or how investment fund choices may differ as you age.

Ensuring Success

Even if you're certain that your financial wellness program will be well-received by employees, there are almost always obstacles that can hinder even the best laid plans. The following steps can help minimize the risk of failure.

1. **Ensure that you have senior leadership buy-in:** It's important to have senior leadership buy-in both for financial support as well as to help promote your ideas. If you don't, your initiative will likely never get off the ground; even midlevel management is important to have on board to help market your efforts to their employees.
2. **Prepare, prepare, prepare:** Whether you use internal or external resources, meeting with vendors and colleagues to discuss needs in detail and working collaboratively to build or review the material will help ensure that the delivery is aligned with the needs.

bio



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Employees who attend a disjointed or disappointing webinar will likely opt out of the next opportunity.

3. **Follow up:** Once you have delivered an educational opportunity, find out how it was received; this can be critical to making improvements for the next time it's offered.

Conclusion

Any organization can offer financial wellness to its employees, no matter the size or the budget. If you are thinking about starting a financial wellness program, start by engaging your employees and learning what they need and want. It may go a long way to achieving and maintaining a satisfied, and financially healthy, workforce. 🎯

Endnotes

1. "Financial Stress: How to Cope." Verywell Mind.
2. *CNBC Your Money Survey*. 2023.
3. "U.S. Inflation Trends and Outlook in 2024." *Forbes*.
4. "Stress effects on the body." American Psychological Association.



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