



Financial Wellbeing Programs: Today's Tools for a Healthy, Productive Workforce

The American workforce is stressed out—and finances play a major role. Many workers say they're living paycheck-to-paycheck, and the routine is stressing them out so much that it's taking a toll on their health. Often, people bring their personal financial problems to work, resulting in absences, distractions, or other unproductive behaviors.

Financial stress costs companies about \$5,000 per employee annually, the Federal Reserve reported in 2010. Although this statistic comes from the period immediately following the financial crisis and recession—and many Americans' personal balance sheets have strengthened since then—there's no doubt that workers' financial stress remains a significant drag on employers' bottom lines.

To address this problem, employers are increasingly taking a proactive approach through financial wellbeing programs. This year, 91 percent of employers say they will create or expand financial wellbeing strategies, according to a survey by consulting firm Alight Solutions. Meanwhile, just 7 percent say they've fully executed on a program, leaving plenty of room for growth.

Companies with solid financial wellbeing programs report high participation in 401(k) and Health Savings Account (HSA) programs. Nearly 90 percent of participants who have access to financial wellbeing programs contribute to their 401(k) plan; 40 percent have an HSA. Only 66 percent of employees who don't have a financial wellbeing program contribute to their 401(k); only 28 percent have an HSA, Alight Solutions statistics show.

Where Health Meets Wealth: Defining Financial Wellbeing

Financial wellbeing is a relatively new concept with varying definitions. Essentially, financial wellbeing means having enough money to pay for today's expenses, while still being able to save enough for tomorrow. It has morphed from financial wellness to financial wellbeing, because the definition doesn't simply focus on money; instead, it integrates a holistic aspect of a person's life, including finance, health, social, and emotional wellness.

Financial wellbeing is a broad term that employers are trying to define for the particular needs of their employees. And with four generations in today's workforce, it isn't an easy task.

Each generation has unique issues related to financial health beyond just saving for retirement and paying for health care. Studies have shown that employees want a trusted source, like their employers, to help them address this diverse set of issues.

While baby boomers may require help understanding the nuances of catch-up contributions to their retirement plans or implementing estate planning strategies, millennials might be trying to pay down student loan and credit card debt. Sandwiched in the middle of these groups is Generation X, many of whom are wrestling with mortgages, saving for their children's college tuition, and taking care of their parents' health care needs. Generation Z is just getting started at work and may need a primer on the basics of personal finance.

Meanwhile, more companies are adopting consumer-driven, high-deductible health care plans. Those plans often incorporate HSAs where employees can deposit pre-tax dollars to use for health care needs. Currently, HSAs are mostly used as health care checking accounts; employers and employees aren't as familiar with their ability to help workers save, invest, and spend tax-free dollars for health care needs in retirement.

No matter where employees fall on the spectrum, there's a tremendous amount of information for them to process, and it's clear that the majority feel overwhelmed when it comes to sorting through all of it. Adding to the stress that employees face is the fact that they know they have issues to resolve, but they have trouble figuring out where to start. In addition, workers have reported that financial wellness or wellbeing programs currently available don't quite fit their needs.



Developing a Plan Tailored to Your Employees' Needs

One of the biggest challenges employers face is figuring out how to develop a financial wellbeing plan that is tailored to the needs of their employees. Given the range of financial needs—both across generations and within them—a one-size-fits-all financial wellbeing plan likely won't be sufficient.

Developing an effective financial wellbeing program starts with getting to know your workforce. Fortunately, recent advancements in data analytics have resulted in powerful tools that employers can use to gain valuable insights into the characteristics and behaviors of their workforces.

Specific data that can be helpful in determining the aspects of a financial wellbeing plan that would be most beneficial for your workforce include:

- 401(k) and HSA investment allocation
- Number of 401(k) loans and average loan amounts
- Number of 401(k) hardship loans
- HSA usage (if applicable)
- Contribution rates to 401(k) and HSA
- Age and gender
- Absentee rates
- Social media intranet usage/hits

Technology is also playing a significant role in the adoption of wellbeing best practices by employees. Mobile applications, sophisticated algorithms, and online programs that empower the user to make smart financial decisions are turning these people from sideline watchers into active players.

Determining where a wellbeing program fits into the company priority scale is another important consideration. Just like their employees, employers have budgets to follow, and making the most out of what is available from all resources is critical. Create preliminary, attainable objectives to focus on the needs of your population and help measure the success of a financial wellbeing program. Then, leverage the power of data analytics to tailor your program to your employees' needs.