

The case for comprehensive financial wellness benefits

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The link between financial wellness and productivity

Today, many employers know first-hand just how tight the labor market truly is. Vast numbers of baby boomers are retiring – and not enough millennials and Generation Xers are available to replace them. This makes recruiting and retention a top concern.

As a result, employers are offering competitive benefits packages to attract and retain top talent. But what kinds of benefits can employers offer to best achieve these goals? It's critical that companies understand their workforce and know what's important to their employees. Employees want to know their employer cares about them.

Businesses have noticed employees across the country are increasingly concerned about their personal financial situations, a trend that's escalating during the global pandemic – and negatively affecting their daily work productivity. As a result, more and more companies are offering robust financial wellness programs – which is creating a win-win situation for both employers and their employees.

Employees are stressed about money

Financial worries were consuming more and more American workers – even before the COVID-19 pandemic hit. In its “2020 Employee Financial Wellness Survey,” PricewaterhouseCoopers LLC (PwC) indicates 58 percent of employees reported being stressed about their finances.¹ Why should businesses be concerned if their employees are experiencing stress? In a word: productivity.

Almost half of employees who report being distracted by financial issues say they spend more than three hours at work each week trying to sort out financial-related problems.² Which adds up to nearly a month of lost productivity annually, costing companies about 2.5 percent of the U.S. Gross Domestic Product (GDP).²

Stressed employees are also more likely to carry credit card balances and have trouble making minimum payments. This can lead to more distraction while on the job. In fact, more than one-third of employed U.S. adults have less than \$1,000 in savings to cover emergency expenses.¹

The financial effects of student debt

More than any other generation, millennials are struggling beneath the weight of unmanageable student debt, and at the same time trying to build a solid savings habit for retirement. Nearly four in 10 millennials are dealing with student loan debt – but making an average salary that’s 20 percent lower than baby boomers when they were at that age (adjusted for inflation).³ And 58 percent have \$5,000 or less in their savings account.³

One survey of 4,000 adults reports that 77 percent of millennials with loans “have delayed at least one major life or financial milestone as a result.”⁴ Plus, 34 percent of respondents are putting off saving for an emergency; 29 percent are waiting to save for retirement; and 27 percent are delaying paying off other debt like credit cards.⁴

However, student debt affects every generation. According to the Federal Reserve, the national student loan debt hit \$1.6 trillion in June 2019.⁵ Notably, those age 50 and older account for \$47 billion of the nation’s student loan debt - as these borrowers are carrying their own debt for longer lengths of time or are financing education for their loved ones.⁶

These statistics reveal that while future student debt isn’t traditionally measured by employers, it is clearly top of mind for many of their employees. One compelling explanation is student debt is negatively affecting Americans’ ability to reach their financial goals – across all age groups.

Among millennials with student loan debt, 39 percent say that debt load is significantly hampering their ability to meet financial goals.⁷ And this percentage only increases with age. Of the 30 percent of Gen Xers with student debt, 45 percent say they’re significantly impacted; and of the 11 percent of baby boomers with student debt, 41 percent report being significantly impacted.⁷

The nationwide average student loan debt, which includes both federal and private loans, was \$30,062 for 2019 graduates.⁵ Student debt also seems to affect women more than men. American women hold nearly two-thirds of all student debt in the United States – about \$929 billion.⁸

One contributing factor could be that 50.2 percent of all bachelor’s degrees in the U.S. are earned by women, an 11-percent increase since 2000.⁹ According to AAUW.org, “The difficulty of paying off student loan debt – sure to be compounded by current economic conditions – has profound downstream effects on women’s lives.”⁸

“Financial stress is especially common among the millennial generation, which collectively faces massive student loan debt and an unprecedented need for hefty retirement savings to hedge against longer life spans.”

– Manisha Thakor,
Benefitspro.com
financial analyst⁸

Robust financial wellness is a key retention tool

To help curb the surge of employees stressed about personal finances, companies today are deploying enterprise-wide financial wellness programs. And more employees are taking advantage of these benefits.

What does it mean to be financially well? Gallup defines financial wellness as “effectively managing your economic life.”¹⁰ Leaders can shape their company’s financial wellness programs to help employees do just that – so they spend within their means, financially prepare for emergencies and make good financial decisions.

Companies of all sizes are strengthening benefit packages to better compete for top talent. SHRM reports that 58 percent of companies offered some form of financial wellness benefits in 2019.¹¹ Additionally, it’s clear that when employers combine financial wellness benefits with a traditional benefits package, it’s perceived as a quintessential perk. This is true especially by millennials, who state their company loyalty is influenced by how much the organization cares about their well-being.

Most workers already view their organizations as a trusted source of financial education. Therefore, it’s not a leap for companies to offer a structured financial wellness plan to receptive employees. The experts say behavior change around money isn’t easy, but it’s possible with a well-thought-out plan and some discipline.

Also amid the nation’s labor shortage, nearly all job candidates own the high ground when it comes to exacting higher compensation. But when candidates are choosing between firms offering equal pay, companies with the more generous benefits package will more often win the day and the candidate.

What financial wellness benefits do employees want?

It may seem daunting for companies to create a financial wellness benefits program from scratch. To help keep the process simple, businesses can start small and build a financial wellness program gradually. It’s also important to keep in mind that all employee populations are unique. Here are some more recommendations to help craft benefits that meet employee needs:

- Survey to learn what employees want in financial wellness benefits
- Research competitor’s financial wellness benefits to ensure your organization is offering similar or better benefits
- Keep measuring results and evaluating new options
- Update your financial wellness benefits as employee demographics, the business climate, the economy or the regulatory environment change.

“Financial wellness programs give employees peace of mind that they’re taken care of, and you have their proverbial back. And, they help their families feel safe and supported too. Increased financial security from financial wellness programs benefits everyone in an employee’s household.”

– BenefitNews¹²

The 8 building blocks of financial wellness

As companies vie to attract top employees with compelling benefits, more are becoming creative with attractive offerings. Recent benefit additions and enhancements include flexible schedules, generous paid parental leaves, on-site clinics, free life coaching and many more.¹³

As an indicator of the changing times, SHRM and Oxford Economics data indicates that 45 percent of companies were offering paid paternity leave in 2020 – and 35 percent now offer paid extended family care leave to their employees.¹⁴ More employers are enhancing their leave packages because they're seeing strategic benefits – including employee engagement, health and wellness, and talent acquisition and retention.¹⁴ One of the fastest growing categories of benefits is financial wellness, with student loan repayment and assistance hovering at the top in popularity.

Most companies build a financial wellness program from a mix of 8 building blocks. These blocks provide HR leaders with enough latitude to tailor a program to meet the needs of employees with divergent needs, regardless of company size:

1. Budgeting assistance and debt reduction
2. Self-service money management tools
3. Personal financial counseling
4. Legal consultation
5. Legacy planning resources (wills and trusts)
6. Beneficiary financial counseling and grief resources
7. Student loan repayment and assistance
8. Retirement savings and investing resources

Securian Financial offers tailored and flexible programs and engages with third-party companies to provide all these essential financial wellness benefits.

Financial Wellness 360[®] program, from Securian Financial

Financial Wellness 360 helps reduce daily financial stress – by inspiring, educating and encouraging employees to make lasting behavioral change. Offered by Securian Financial, the program is easily accessed through its participant website, securian.com/retirement.

And most options are available at no additional cost to plan sponsors or participants: personalized financial education by Enrich™; legal, financial and grief resources through LifeWorks by Morneau Shepell; student loan assistance through BenefitEd™; and retirement readiness resources.

Personalized financial education by Enrich™

Enrich provides behavior-changing, interactive financial education to help employees improve their financial well-being. Key features include:

- Courses with interactive content adapted to unique user needs
- Financial behavioral analysis
- Individualized prescriptive action plans
- Assistance with realistic goal setting
- No additional cost to the plan sponsor or participant

The Enrich platform includes dynamic tools and courses. Employees receive a highly personalized and interactive experience as they learn about important financial topics like student debt, mortgages, budgeting, investing, retirement, long-term care and more.

Employees answer a financial check-up questionnaire to get personalized content. Enrich uses artificial intelligence (AI) to “learn about the learner” to identify preferred content formats (e.g., videos, articles, courses) and further tailor the experience for each employee.

Users are also prompted to update their stress score periodically – which consistently indicates reductions in financial stress across generations, as employees learn to better manage their finances and live within their means.

In 2019, Enrich users experienced overwhelmingly positive behavior changes:

- 27% increase in building an emergency savings fund to cover 3-6 months of expenses¹⁷
- 28% increase in paying off their credit card in full every month¹⁷
- 32% increase in getting on track with their financial goals¹⁷

Nearly
**40% of
Americans**
can't cover a
\$400 emergency.¹⁵

18% of those making
more than \$100,000
annually live
**paycheck to
paycheck.**¹⁶

Legal, financial and grief resources through LifeWorks by Morneau Shepell

This suite of complimentary professional services and self-service resources helps employees address today's financial challenges and plan for tomorrow. Available online and by phone 24/7/365, employees (and their dependents) can talk with counselors or legal professionals and access tools when they need them – without having to enroll. Services include:

- Confidential financial advice and support
- Financial assessments, articles and tips
- Will preparation tool
- Legal and grief counseling to help with the impacts of significant life events
- No additional cost to the plan sponsor or participant

Student loan assistance through BenefitEd™

BenefitEd™ provides a full suite of student loan benefits that can benefit many members of a workforce – regardless of age. These programs can boost any financial wellness program and, in turn, help employers attract and retain top talent.

A fee applies and is dependent on the number of enrolled participants in the program. Solutions include:

- **Employer-assisted student loan repayment** – Helps employees pay down student loan debt with direct contributions or matching programs to reward loyalty, ease recruitment and reduce employee financial stress
- **Employer-assisted college savings** – Helps employees save for future education, including their own or their family members, by supplementing 529 college savings contributions, encouraging financial planning and helping them achieve their educational goals
- **Employee choice** – Gives employees an option to direct unused retirement plan matching funds toward their student loan or 529 plan.
- **Student loan repayment support** – Offers employees assistance on their student loan journey with a dashboard, resource center and expert support
- **Tuition reimbursement** – Rewards employees for continuing their education and eases the administrative burden for employers by partnering with BenefitEd to manage the program

Besides helping employees pay down debt, BenefitEd can also help them save on interest and shave years off the time to pay back loans – and get them on the path to financial wellness.

A variety of industries offer student loan assistance and believe offering this benefit can reap more than financial benefits for employees, but improved morale, recruitment and retention.¹⁸ In fact, SHRM anticipates the availability of loan assistance benefits will keep climbing – predicting one-third of employers across the U.S. will offer student loan repayment benefits by 2021.¹⁸

Financial stress

costs companies 2.5% of the U.S. GDP annually.¹

Retirement readiness tools and education

Finally, retirement readiness tools and education are available at no additional cost to plan sponsors and participants. These self-service, interactive resources educate employees on every step of their retirement journey.

Key features include:

- **The Retirement Income Projection Tool** – Identifies gaps to help employees get into their “Target Zone” and keep them there so they’re retirement ready
- **Engaging educational tools and resources** – Newsletters, videos and campaigns cover a variety of key retirement topics and offer insights to help them develop healthy financial habits
- **Calculators and planning tools** – Provide employees with relevant savings and investing information at every stage of their life
- **Simplified investing strategies** – Help streamline asset allocation decisions for participants, including age-based, risk-based and personalized portfolios

70% of employees

are saving less for retirement than they think they should.¹⁶

64% of Americans

are expected to retire with less than \$10,000 saved for retirement.¹⁹

Companies are taking financial wellness to heart

Financial stress continues to rise, especially in the wake of COVID-19. In fact, the number of employees rating their financial wellness as excellent is decreasing. In 2018, 61 percent of employees rated their wellness as excellent – but that rate declined to only 49 percent in 2020.²⁰

However, there is a silver lining. Employers are now feeling a stronger sense of responsibility for their employee's financial well-being. According to a 2020 Workplace Benefits Report, 62 percent of employers feel “extremely” responsible for their employee's financial wellness – up from just 13 percent in 2013.²⁰

With more companies investing in financial wellness programs for employees, success stories are emerging every day. In addition, workplace financial wellness programs are becoming more robust and addressing a range of broad topics to help employees save for retirement, plan for health care costs, budget, save for college and manage their debt.²⁰

For employers with thousands of workers, unproductive employees can have a tremendous effect on revenue and profitability. And even more concerning, workers are more apt to leave for another employer if they view that company as caring more about their financial well-being and more invested in helping them make lasting behavior change. Plus, employee attrition is expensive when you consider the cost of rehiring and training new workers.

Businesses that have incorporated financial well-being into their employee benefit package are seeing positive results – from higher retention rates and reduced absenteeism to increased benefit participation and better overall plan health. Moreover, eight in 10 employers believe financial wellness programs “create more productive, loyal, satisfied and engaged employees” and are modifying wellness programs to address employees' evolving needs.²⁰

Financial wellness programs are indeed working for employees too. Employees across the country are reaping positive benefits – they're creating lasting behavior changes and becoming less stressed and more confident about their personal finances.

Why offer Financial Wellness 360?

As more companies compete to attract the best candidates, robust financial wellness benefits like Financial Wellness 360 can help fortify corporate employee benefits packages.

At the same time, financial wellness support reduces the stress many employees experience because of overwhelming student debt, maxed out credit cards and under-funded retirement accounts. With 58 percent of employees stressed about their finances, that can significantly cut into their day-to-day productivity.¹

Employers place high value on benefits that are relatively low cost and simple to implement. With Financial Wellness 360, businesses can stand apart, relieve employee stress and raise productivity.



Learn more

Want to find out more about Securian Financial's Financial Wellness 360 program and how it helps support our retirement plan sponsors and participants? Contact your Securian Financial representative or our sales team at **1-877-876-4015**.

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