

# 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 – and it's 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**

Even amid record-low unemployment figures and a vibrant economy, financial worries are consuming more and more American workers.

In its “2019 Employee Financial Wellness Survey,” PricewaterhouseCoopers LLC (PwC) indicates a record-high 67 percent of employees reported being stressed about their finances.<sup>1</sup> 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 three or more hours at work each week trying to sort out financial-related problems. According to SHRM (Society of Human Resources Management), employees who are worried about personal finances lose about a month of productivity every year.<sup>2</sup>

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. Nearly 40 percent of Americans say they couldn’t cover a \$400 emergency expense without using a credit card or borrowing money from friends or family.<sup>3</sup>

## **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. After years of schooling and higher education, many millennials are ashamed to admit they have money issues and find it difficult to ask for help from their employers.

However, student debt affects every generation. Broken down by age group, 18 percent of employees 55 and older carry student debt for friends or family members. The numbers don’t shift much as age decreases – 16 percent of employees ages 22-44 also have student debt on behalf of someone else.<sup>4</sup>

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.

According to Consumer Report, the nationwide average student loan debt is \$28,650.<sup>5</sup> Student debt also seems to affect women more than men. American women hold roughly two-thirds of all student debt in the United States.<sup>6</sup> One contributing factor could be that 57 percent of all bachelor’s degrees in the U.S. are earned by women.<sup>6</sup>

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**“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 analyst<sup>7</sup>*

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## 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.

Nearly three-fourths of workers with employer-provided benefits say they have used financial wellness programs. And those numbers have increased in recent years, particularly among millennials and baby boomers.

When it comes to how employees define financial wellness, all generations seem to agree it means “not being stressed about my finances.”<sup>1</sup> Knowing this, smart leaders can shape their company’s financial wellness programs, a benefit that’s become required amid the competition for talent.

In July 2019, the U.S. Bureau of Labor Statistics reported 7.2 million job openings in the U.S.<sup>8</sup> As a result, companies – large and small – are strengthening benefit packages to better compete for top talent. SHRM reports that 83 percent of companies today are offering some form of financial wellness benefits.<sup>2</sup>

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.

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Financial wellness benefits can create a more human connection with employees and recognize them both personally and professionally. Plus they build confidence, and that creates positive results both inside and outside the workplace.<sup>1</sup>

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### 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. In addition, 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 the organization is offering similar or better benefits
- Keep measuring results and evaluating new options
- Realize the financial wellness package doesn’t have to be the same year after year. Much depends on employee demographics, changes in the business climate, the economy, the regulatory environment and other variables.

## **The 10 building blocks of financial wellness benefits**

As companies vie to attract top employees with compelling benefits, more are becoming creative with attractive offerings. Recent benefit additions and embellishments include flexible schedules, generous paid parental leaves, on-site clinics, free life coaching and many more.<sup>9</sup>

As an indicator of the changing times, a SHRM study reported in 2018 that 29 percent of companies were offering paid paternity leave, up from 8 percent in 2016.<sup>9</sup>

One of the fastest growing categories of benefits is financial wellness, with student loan repayment and assistance hovering at the top in popularity. More than a third of employees said student debt repayment was a must-have benefit.<sup>9</sup>

Most companies build a financial wellness program from a mix of 10 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. Financial education seminars
3. Self-service money management tools
4. Student loan repayment and assistance
5. Personal financial counseling
6. Legal consultation
7. Legacy planning resources (wills and trusts)
8. Beneficiary financial counseling and grief resources
9. Identity theft assistance
10. Travel assistance

Securian Financial offers tailored and flexible programs and engages with third-party companies to provide all of these essential financial wellness benefits. Companies can bundle offerings to meet the unique needs of any size business – regional to global.

## 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. The program, offered by Securian Financial, is comprised of mix-and-match solutions to create a custom program: SmartDollar®, Advisor Connection, CommonBond for Business™ and Lifestyle Benefits.

### SmartDollar®

SmartDollar is a guided online financial wellness program employees can use in the office, at home or on the go. This program acts as a personal financial coach, using short video lessons and budgeting tools to help participants easily track progress, anywhere, anytime.

A clear, proven plan with a step-by-step process has helped millions learn to save for emergencies, get out of debt, get on a budget and invest for the future. For employees, it's much easier to start when the process seems manageable. SmartDollar breaks things down into small, bite-sized action items.

It gets to the root of why people aren't on track and helps employees take control of their money once and for all. More than five million people have been helped with SmartDollar. And in the first year alone, the average SmartDollar user pays off \$7,800 in debt and saves \$8,200.<sup>10</sup>

Employers that offer SmartDollar receive a turnkey implementation, dedicated marketing support and end-to-end reporting metrics. A customized quote, at exclusive pricing, is available upon request.

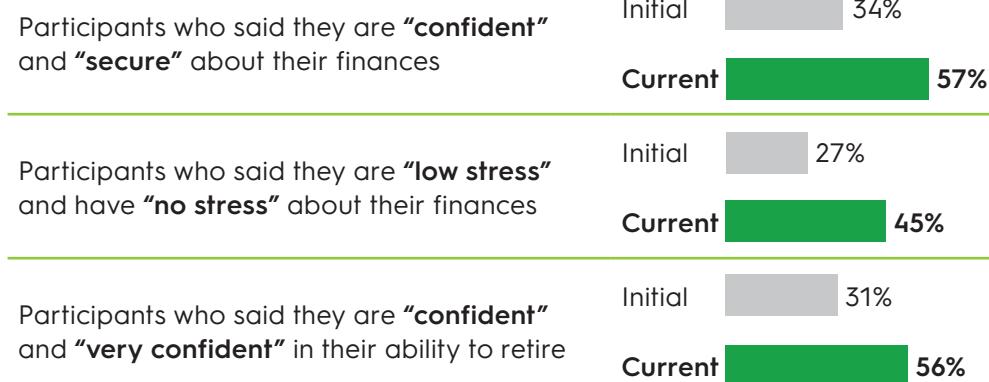
Through SmartDollar, Securian Financial clients have seen their employees realize a financial turnaround. To date, more than 64,000 employees have access to SmartDollar within the Financial Wellness 360 program – which see an average 14-percent participation rate.<sup>10</sup>

Through debt paid and dollars saved, the financial turnaround is over \$16,000 per participant, resulting in a total financial turnaround of over \$41.7 million.<sup>10</sup> Here are some compelling improvements that have been reported:

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**Half of American households don't have a long-term financial plan.<sup>1</sup>**

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All companies within the Securian network that have launched SmartDollar are reflected in these results. The time frame between initial and current varies by client based on their SmartDollar launch date. These stats are from October 2019.

## **Advisor Connection**

Advisor Connection offers convenient, worksite-education that helps employees learn relevant finance principles. Led by Securian Financial-affiliated and experienced financial professionals, sessions educate employees on topics that include personal finance and retirement strategies for all age groups.

Each presentation is customized to include a high-level overview of the benefits offered at that workplace. This is yet another educational touchpoint that promotes available benefit options – and can help increase employee participation.

And with only 10 percent of employers indicating they feel satisfied with their workers' knowledge of how much they need to save for retirement, on-site financial education can help address gaps.<sup>11</sup> Program benefits include:

- Securian Financial-managed session registration and promotional campaign to drive awareness
- Reporting that includes employee participation and satisfaction data
- Participant workbooks that outline vital concepts with an invitation to schedule a one-on-one conversation with a financial professional
- Offered at no additional expense to employers/employees

Securian Financial clients have participated in more than 300 worksite seminars – reaching more than 6,000 employees. When a large manufacturing company wanted to offer its employees financial wellness education sessions and a chance to meet with certified financial advisors, it adopted Securian Financial's Advisor Connection service across the country.

In a recent survey, employees indicated personal finance and retirement seminars are the second-most requested financial education benefit (among Securian Financial clients).<sup>12</sup>

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**"Hundreds of employees attended at least one of the workshops within the first five weeks of launch. I recommend Advisor Connection to all HR departments looking to create a financial wellness program."**

- Senior HR leader

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**"In today's HR world, we are expected to wear many different hats. Being able to rely on Advisor Connection's guidance and turn-key program allowed us to provide these professional and in-depth financial wellness workshops without all of the time-consuming legwork."**

- Senior HR leader

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## **CommonBond for Business™**

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

To get an understanding of the impact of student debt in the employee population, CommonBond provides an analysis, using a Financial Wellness Diagnostic tool that examines employees across age, income and tenure.

A variety of industries are offering this student loan assistance benefit to their employees. In fact, CommonBond has funded more than \$2.5 billion in loans.<sup>13</sup>

Solutions include:

- **Employer contribution platform** enables employers to make financial contributions to help pay-down employees' student debt. Including flexible and budget-neutral approaches like a retirement match plan or banking paid time off (PTO) to pay down debt.
- **Student loan evaluation tool** is a robust education tool that provides personalized recommendations to individuals who want to manage student debt better.
- **Student loan options** to help employees refinance existing student debt or low interest loans to finance new education, either for employees or for their college-aged children.

## Lifestyle Benefits

Lifestyle Benefits is a suite of complimentary self-service resources that help employees address today's financial challenges and plan for tomorrow. Available online and by phone 24/7/365, employees can access tools when they need them – without having to enroll. Services include:

- Confidential financial advice and support
- Financial assessments, articles and tips
- Travel assistance, including pre-trip planning and emergency services
- Objective beneficiary financial counseling
- Will preparation guidance
- Legal and grief counseling to help with the impacts of significant life events
- Legacy planning

Employees are certainly taking advantage of Lifestyle Benefits. Here are just a few noteworthy statistics from the last year:

- 78% of our employer clients have adopted at least one of our Lifestyle Benefits, making this option available to more than 5.8 million employees
- There were 17,000+ visits to the online resource center for will preparation, templates and additional articles

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**"It's wonderful to have a company that cares about personal and professional development and wants to encourage investing in education."**

- *Rachel S., employee using CommonBond*

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**"Refinancing my two small, but high interest private loans has helped me keep on track with my long-term financial goals."**

- *Paige W., employee using CommonBond*

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## Companies are taking financial wellness to heart

With more companies investing in financial wellness programs for employees, success stories are emerging every day. According to a 2019 survey by Alight, 64 percent of employers say financial well-being has gained more importance at their organization over the last two years. And nearly two-thirds of employers say they are very likely to take steps in 2019 to create or focus on the financial well-being of their workers in ways that go beyond retirement savings.<sup>14</sup>

As previously stated, 71 percent of workers with employer-provided benefits say they've used financial wellness programs.<sup>1</sup> That's because financial wellness programs are delivering documented improvements. The programs improve retention, decrease absenteeism, increase overall plan participation and help improve employee productivity.

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. Moreover, employee attrition is expensive when you consider the cost of rehiring and training new workers.

For businesses that have incorporated financial well-being into their employee benefit package, they are seeing positive results – from higher retention rates and reduced absenteeism to increased benefit participation and better overall plan health. Employees across the country are reaping positive benefits too. They're becoming less stressed and more confident about their personal finances.

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## Why choose 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 as a result of overwhelming student debt, maxed out credit cards and under-funded retirement accounts. With 67 percent of employees stressed about their finances, that can significantly cut into their day-to-day productivity.<sup>1</sup>

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? Contact your Securian Financial sales representative or visit [securian.com/financialwellness360](http://securian.com/financialwellness360).

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