

## SUMMARY

# The Benefits of Financial Wellness

In today's workplace, financial stress is one of the leading causes of distraction, absenteeism, and turnover. Forward-thinking employers are responding by making financial wellness a core part of their business strategy – not only to support their people but also to drive measurable business results.

## WHAT IT IS

Financial wellness is a state of financial wellbeing in which an individual can comfortably manage their bills and expenses, pay debts, weather unexpected financial emergencies, and plan for long-term financial goals such as building college funds and saving for retirement. Financial wellness practices include budgeting, debt management, saving and investing, and managing risk.

Employers can support employees in these goals by offering financial wellness benefits, which are any programs that helps employees with money-related issues. Examples include financial counseling services, financial education training opportunities, and matching employee contributions toward retirement and student loan repayments.

## WHAT IT DOES

Most Americans are living with financial anxiety, struggling to manage short-term expenses and meet long-term financial goals. Only 37% of women and 47% of men have money left over each month while only 22% of women and 27% of men are on track for retirement.

Financial stress deeply affects businesses: 36% of employees have missed work due to a financial problem in their personal lives; 45% say they've been distracted at work by a financial problem; and 71% report that money stress has negatively affected their mental health which has impacted their ability to do their job well. U.S. companies are estimated to lose \$500 billion a year from lost productivity, absenteeism, and under-performance due to employee financial stress.

Nearly 75% of surveyed employees say they want help with their personal finances. A recent survey found that 90% of employers who offer a financial wellness benefit say it is one of the most impactful benefits for their employees. Reported effects include:

- 88% of employers found that employees were less stressed.
- Employees who have access to a financial wellness benefit are more likely to rate their morale as good or great (80%) compared to those without access to a financial wellness benefit (69%).
- Over 90% of employers who offer a financial wellness benefit said it has made their company more competitive when recruiting and hiring talent.

Financial wellness is strongly correlated with good physical and mental health, supporting a holistic approach to wellbeing. Experts recommend that employers considering a financial wellness benefit follow these best practices:

1. **Ensure customization is an option:** Every employee's finances are unique. Important differences in financial priorities exist across different age groups and demographics. Offering a multifaceted financial wellness strategy with the ability to customize offerings by demographic, location, age and stage, or other life situation is critical for program success.
2. **Evaluate engagement levels with existing financial benefits:** If existing benefits are under-utilized, leveraging features such as auto-enrollment can help employees optimize their financial choices. Surveying employees to understand their priorities can help ensure that the benefits offered align with employee needs.
3. **Prioritize communication for a high level of engagement:** Workers need to know these programs are available to them, how they work, and what benefit they could provide. Tailored and consistent messaging about financial wellness benefits will increase engagement, which will increase employees' quality of experience within the organization.

## WHO USES IT

Korn Ferry

McKinsey

Johnson & Johnson

TIAA

PricewaterhouseCoopers (PwC)

Ernst & Young

## WHERE TO FIND OUT MORE

[Deloitte](#)

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