



# Financial Wellness in the Workplace 2015

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# What do financial wellness programs look like today?

## Executive overview

Financial wellness programs are proliferating in companies around the United States as businesses realize that helping their employees achieve and maintain financial well-being is a win-win for their people and their organizations.

Financial stress has a significant impact on both the physical well-being of employees and their workplace productivity. This realization has led many HR executives to regard a financial wellness program as not only compassionate for employees, but as a sound investment for the company.

Financial wellness programs are still in their formative years. Some companies view such programs as little more than teaching employees how best to use the company retirement plan. Others expand the definition to include some basic financial education courses. But increasingly, companies are appreciating the value of a comprehensive financial wellness program that addresses the specific needs of its employees – a robust program that empowers them with a range of tools to help them make informed, effective decisions about managing their money.

Since 2008, nearly 60% of American employers have implemented a health and fitness wellness program.<sup>1</sup> And more companies are recognizing that adding or incorporating a financial wellness component to their benefits is a smart move. In fact, more than 90% of 250 large employers said they want to introduce or expand their financial wellness programs in 2015.<sup>2</sup>

To check the pulse of how well financial wellness programs are doing in the United States, Alliant Credit Union conducted an online employee benefit survey among a national sample of senior HR decision makers in companies or organizations with more than 1,000 employees. Alliant was not identified as the surveyor, and 408 HR execs responded to the January 2015 survey.

For the purposes of the survey, a financial wellness benefit program was defined as one designed to promote the employees' financial well-being.

*“Initial research on financial education in the workplace already suggests that a financially capable workforce is more satisfied, more engaged, and more productive for their employers.”*

*– Richard Cordray, Director,  
Consumer Financial Protection Bureau*



## Components of financial wellness programs

In Alliant’s survey, 40% of respondents now offer a financial wellness program, according to the survey definition – a program designed to promote employees’ financial well-being. But how comprehensive are those programs? To find out, we listed 11 components that a robust financial wellness program may include. Only 11% of our respondents answered that their company’s financial wellness program contained all those components.

Thirty-six percent of the companies that offer some components of a financial wellness program began to offer them to their employees one to three years ago. And 8% inaugurated a program in 2014, according to our survey.

### Components of a financial wellness program that companies now offer

- 65%** Retirement planning
- 52%** Medical/health care cost planning programs
- 44%** Confidential employee self-assessments of their finances
- 41%** Tracking tools for goal attainment
- 38%** Investment planning programs
- 35%** Targeted/customized financial education
- 34%** Incentives/rewards for participation
- 27%** Privacy/security/fraud protection advice
- 26%** Saving for college programs
- 23%** Managing debt programs
- 22%** Day-to-day financial guidance/budgeting

Source: Alliant survey of senior HR decision makers, January 2015

An early adopter of such programs was the Chicago-based full-service law firm Neal, Gerber & Eisenberg LLP (NGE), which began offering financial education in 2009. “During this economic tough time, we established our High Deductible Health Plan with Health Savings Accounts,” says Benefits Manager Alison Spring. “We provided information to help our people consider how best to spend their medical dollars. Since then, we have expanded the scope of our program, including a series of seminars, such as ‘Discover Your Investment Style’ and access to retirement plan professionals for one-on-one consultations.”

## Impact of financial stress on your employees

Likely, you know that financial stress impacts your employees, but perhaps you don’t realize how pervasive the problem is. Consider these facts.

Financial issues affect more Americans than smoking and obesity combined. Today, 20% of Americans smoke and 30% are obese, but a full 70% of them are seriously concerned, if not seriously worried, about their finances.<sup>3</sup>

The wide-reaching economic crisis that started in 2007 – and its slow recovery – has left many people with a keen sense of how financially vulnerable they are. In fact, about 38% of employees now face more personal finance challenges than they did in 2007.<sup>4</sup>

Despite a decline in unemployment rates from 10% six years ago to 5.5% in February 2015, 78% of Americans are still deeply worried about the direction of our nation's economy.<sup>5</sup> Many people approaching retirement saw the value of their portfolio take a nosedive. And many young people who witnessed their parents cope with deteriorating financial well-being now have their own debt worries: hefty student loans. Currently, about 37% of U.S. households headed by an adult younger than 40 have student loan debt. This is the highest percentage on record, and the median outstanding student loan debt is \$13,000.<sup>6</sup>

Financial stress affects people at all income levels. The impact: Americans are less likely to make smart decisions regarding how they handle money.

The workforce at Neal, Gerber & Eisenberg law firm is about equally split between lawyers and administrative staff. "We've found out that both groups, though in different financial strata, have similar concerns and vulnerability to financial stress," says Alison Spring. "The lawyers may have more disposable income, but some still struggle to properly manage their money and haven't planned well for their retirement. Some staff may be unable to contribute more into our 401(k) because they are worried about managing their own finances. Members of both groups can feel financial stress and feel the need to make smarter decisions about managing their money."

**Consider the harsh facts about Americans' finances:**

- Only 28% of Americans claim they're "financially fit"<sup>7</sup>
- 76% live paycheck to paycheck (including 30% of the people who earn more than \$100,000 a year)<sup>8</sup>
- 44% don't have at least \$2,000 set aside in emergency savings for unexpected expenses<sup>9</sup>
- 33% don't put money into their savings account each month, and 30% save less than \$100 a month<sup>10</sup>
- 36% of workers don't put any money into a retirement savings plan<sup>10</sup>
- 46% of employees spend, on average, two to three hours per week during work hours dealing with their personal finances rather than the work at hand<sup>9</sup>
- 79% of Americans reported that personal finances keep them awake at night.<sup>11</sup>

Financial worry takes its toll both mentally and physically. Stressed people are three times more likely to have ulcers or digestive tract problems, 44% more likely to suffer migraines, 500% more likely to experience increased anxiety and depression, and are at 200% higher risk of heart attack.<sup>12</sup>

With workers reporting financial problems as their chief cause of stress, the need for financial wellness programs is both a physical and a fiscal imperative.

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regarding how they handle money.*

## How a financial wellness program can improve your company's bottom line

Financial wellness programs are proving to be a good investment for companies that implement them. *Financial Wellness at Work*, a 2014 white paper released by the Consumer Financial Protection Bureau (CFPB), documents the return on investment (ROI) of these programs and pinpoints a study that demonstrates how companies enjoy a return of up to \$3 for every \$1 they spend on a comprehensive financial wellness program. These savings occur, in part, because workers who adopt more positive money habits have a positive impact on their company: increased productivity, less sick leave taken and reduced disability and workers compensation claims.

“Initial research on financial education in the workplace already suggests that a financially capable workforce is more satisfied, more engaged, and more productive for their employers,” according to CFPB Director Richard Cordray.<sup>13</sup> “These forward-looking employers are already playing an important role in shaping a better future for their employees and our country.”

*“We have seen higher 401(k) deferral percentages, higher HSA participation and lower wage garnishments and absenteeism as employees have engaged more in our program.”*

– Stacy Romano, Senior Benefits Consultant, Aetna

Here are a couple of additional statistics on the ROI for a financial wellness program:

- Each employee who suffers from severe financial stress costs your company somewhere between \$5,000<sup>14</sup> and \$7,000<sup>15</sup> a year in lost productivity
- A company could save 0.63% of its annual payroll by increasing employee productivity<sup>16</sup>
- However, even without the hard numbers, HR benefits managers appreciate the value of how financial wellness programs can have a significant impact. Employers in the Alliant survey affirmed how financial wellness programs are benefitting their companies.

### How financial wellness programs benefit your bottom line

**43%** Increased employee engagement/morale

**40%** Improved productivity

**40%** Provided education for employees' goals

**36%** Helped alleviate employees' financial stress

**23%** Helped reduce employee absenteeism

Source: Alliant survey of senior HR decision makers, January 2015

Aetna, a major health insurance company, has looked at various ways to measure the ROI of its Financial Wellness Works program. “While employee satisfaction remains very high since the program’s roll-out, we’ve also identified other correlations in employee metrics,” says Aetna Senior Benefits Consultant Stacy Romano. “For example, we have seen higher 401(k) deferral percentages, higher HSA participation and lower wage garnishments and absenteeism as employees have engaged more in our program. There are many different variables at work, but the trends are very encouraging.”

## Financial wellness from an employee's point of view

What is a financially well person? The context for financial well-being varies widely. Employees in their 20s, for instance, typically have financial stresses that differ from employees in their 40s. Employees with children headed to college have a different economic challenge than employees who have to deal with their parents' elder care and finances.

The CFPB has helped provide a general measurement for financial well-being. In its January 2015 report, *Financial Well-Being: The Goal of Financial Education*, the CFPB distilled the essence of a person with financial well-being into four characteristics.

### Such a person would:

1. Have control over day-to-day, month-to-month finances
2. Have the capacity to absorb a financial shock
3. Be on track to meet his or her financial goals; and
4. Have the financial freedom to make the choices that allow him or her to enjoy life

So what can companies do to help employees gain control over their personal finances? Increasingly, the answer is to provide a financial wellness program that focuses on financial empowerment – a program that helps employees make thoughtful, informed decisions about their own situations.

## Employees want a financial wellness program

Achieving and maintaining financial well-being is an ambitious undertaking, and studies show that employees would welcome help from their company.

- 67% of employees think they lack the knowledge to make sound financial decisions<sup>1</sup>
- 40% of employees say they want help to achieve financial security<sup>1</sup>
- Over 80% of employees indicate they would participate in financial education and counseling if available in their workplace<sup>17</sup>
- Only 6% of employees strongly agree that their organization does what's needed to help them manage their finances more effectively<sup>18</sup>

*“Our program is popular. I get lots of emails and conversations with our people saying they are eager for more financial presentations.”*

*– Erin Slattery, Benefits and Compensation Manager, LenderLive*

One organization that effectively helps employees manage their finances is LenderLive, a Denver-based provider of end-to-end mortgage solutions. “Our program is popular,” says LenderLive Benefits and Compensation Manager Erin Slattery “I get lots of emails and conversations with our people saying they are eager for more financial presentations.”

The financial wellness program is also popular at Aetna. “We hear over and over again that employees are recommending our program to their colleagues,” says Aetna’s Stacy Romano. “We often see that once someone participates, he or she typically participates on a regular basis. The participation rate is trending at roughly 20% – that’s 10,000 employees annually!”

## Employee wellness assessment survey results

To measure financial problem areas and topics with which employees need assistance, Alliant conducted a financial wellness assessment in September 2014. We surveyed a balanced sample of 1,007 employed individuals between the ages of 18 to 64.

(Government employees were not included in the survey.) According our own survey scoring systems, we found that among the general U.S. population:

- 40% need to improve their retirement planning
- 25% need to improve their savings
- 11% need to improve their debt management
- 8% need to improve how they handle their credit
- 6% need help to improve their overall financial planning

### Americans’ top financial goals

<b>58%</b>	Building up emergency savings
<b>55%</b>	Saving for retirement
<b>37%</b>	Paying off credit card debt
<b>34%</b>	Saving for an automobile purchase
<b>30%</b>	Improving credit history
<b>24%</b>	Saving for children’s education
<b>24%</b>	Saving for a home purchase
<b>22%</b>	Staying afloat with my debt obligations
<b>17%</b>	Paying off student loans
<b>8%</b>	Financing own education
<b>7%</b>	Saving for a recreational vehicle purchase

*Source: Alliant financial wellness employee survey, September 2014*

By surveying your employees as part of the development of your company’s financial wellness program, you will ensure that you can address the issues most important to them.

“Our program caters to all segments and life stages of our workforce,” says LenderLive’s Erin Slattery. “We focus on offering education on a broad array of financial topics.”

## Best practices: Developing a financial wellness program

Best practices include consulting with experts, conducting an online employee financial wellness assessment, analyzing the aggregate of employee assessments and developing an action plan.

### 1) Consult with the experts.

You know your workforce best. Indicators that a financial wellness program may be needed include a rise in 401(k) loans and an increase in employee calls to your EAP regarding financial stress. Look to your employees to ascertain which topics are most relevant and pressing for them. You might also consider topics that relate to employees' goals. Rather than taking a one-size-fits-all approach to topics, it's best to address the specific stresses of your workforce.

Find a trusted resource who will meet with you to analyze your employees' needs. Today, 63% of U.S. companies with a financial wellness program offer financial education courses, but only 35% of them target the courses and customize them to the specific needs of their workforce, according to our survey.

### 2) Conduct an online employee financial wellness assessment.

Implement an online survey that lets employees assess their own economic situation and level of financial stress. It's important to administer the survey confidentially so employees feel comfortable to answer questions honestly and freely. Employees in financial trouble may be embarrassed to share their situation with other employees and management. Individuals most in need of financial education are often those most likely to avoid it. So it's vital to promote and launch the program in a way that highlights its confidentiality and benefits, and encourages employees to participate.

Aetna takes confidentiality seriously. "We've always approached our program as a way for employees to share important information in a setting that enables the employee to be anonymous to the company," says Aetna's Stacy Romano. Employees should be given their individual results immediately, with an action plan that suggests what tools or resources may specifically benefit them.

Offering an incentive to employees to take part in the survey often results in greater participation. The particular incentive you select may be comparable to incentives you might already use for your existing benefit programs.

*Indicators that a financial wellness program may be needed include a rise in 401(k) loans and an increase in employee calls to your EAP regarding financial stress.*

### 3) Analyze the aggregate of employee assessments.

Employers should be given an aggregate report of their employees' responses so they can have a clear picture of the specific needs of their workgroups. This aggregate report of employee needs should include demographic and geographic data. When more employees participate, you will get a better sense of how to customize your financial wellness program.

### 4) Develop an action plan.

Once you have the aggregate results, work with your trusted partner to develop a comprehensive strategy for the program – its objectives and deliverables that address your employees' needs. Your planning should include a strategy to launch and promote the program. The plan should factor in your employees' economic pain points and their financial objectives that were identified in the assessment, as well as demographic variances. Make sure that the program doesn't solely promote products offered by your business partner, but that it includes a holistic approach, and brings together other partners when indicated.

## Best practices: Implementing a financial wellness program

Once you've finalized the action plan for your financial wellness program, how do you implement it? The answer to that may be different for your company than it is for others. Just as the financial needs of a company's employees will vary depending on the demographics of your workforce, the best way to implement a program may be different from company to company.

### Communications channels

A customized plan often includes a combination of both digital and in-person solutions, ranging from onsite workshops, webinars, recurring newsletters, and financial news and tips. It's important to use distribution channels that have proven effective in communicating your other employee benefits.

The most common communications tools used by companies, according to our survey, are electronic ones.

#### How companies communicate their financial wellness program

<b>62%</b>	E-mail to employees' work e-mail
<b>58%</b>	Company intranet
<b>49%</b>	Online events/webinars
<b>41%</b>	Mail to employees' home
<b>35%</b>	In-person benefit fairs at all locations
<b>34%</b>	Company newsletter
<b>33%</b>	In-person benefit fairs at some locations
<b>15%</b>	E-mail to employees' home e-mail
<b>10%</b>	Video conferencing
<b>7%</b>	Social media
<b>7%</b>	Media screens
<b>2%</b>	Chat rooms
<b>2%</b>	Podcasts

Source: Alliant survey of senior HR decision makers, January 2015

At Aetna, over time, the communications strategy for its financial wellness program has changed and evolved. “At first, we tried monthly intranet articles. We then went to more of a frequent targeted email approach,” says Aetna’s Stacy Romano. “At this time, we’re using a monthly email newsletter to show employees what workshops/webinars are scheduled, with links right to the registration form. Activity and participation has increased and the program has a more self-service feel to it, which our employees really like. Meanwhile, our intranet remains the main hub for accessing our program and our online tools are contained on one of its pages.”

### **Consistent messaging**

Be consistent in your messaging and commitment as you execute the game plan for your financial wellness program. Remind employees that this is *their* program, based on the needs they expressed in aggregate on their financial assessment surveys.

### **Unbiased, objective materials**

Information presented to employees should be unbiased. The program is something you are doing for employees, not doing to them. The focus should be to help employees develop good financial habits and make smart, informed decisions. It’s important to provide education on the benefits of various financial products without *selling* specific products. That’s one reason it’s important to find a trusted partner to facilitate your financial wellness program: To ensure your employees are not going to endure sales pitches when what you want to provide them is content that educates them about financial matters.

“At Aetna, certified financial planners and financial education specialists will work with our employees to ensure that they understand what their options are given personal needs, like time horizon and risk tolerance, so that employees can make an educated decision,” says Stacy Romano. “It is our belief that not only can our employees trust the unbiased information they’re getting, but it also provides them with a foundation of information that will be useful for years to come.”

NGE takes a similar approach. “Our focus is not on giving advice,” says Alison Spring. “It’s about providing education.”

### **Comprehensive and flexible**

The program should cover all aspects of financial wellness relevant to your employee population, from debt management to more advanced wealth protection and estate planning, based on the results of the aggregate assessment report. Programs should not be one size fits all. Instead, they should be positioned to help all employees in your workforce, not just those of a certain demographic, age or lifestyle. Set the stage to show that improving financial skills is a normal need for all employees. Provide one-on-one counseling, especially free consultations with benefits professionals. Provide available follow up on any broad subject classes or webinars.

*Consider offering incentives to employees for taking specific actions, such as attending your financial wellness events or using the program’s tools.*

Ultimately, the commitment to gain financial wellness belongs to the individual employee. The change must come from within, with employers helping by sharing information. Provide “just in time” resources for people who may need particular help when it comes time to buy a house, buy a car, plan for college, etc. Again, consider offering incentives to employees for taking specific actions, such as attending your financial wellness events or using the program’s tools. “One effective incentive NGE uses to attract employees to its financial seminars is by providing them a free lunch,” says NGE’s Alison Spring.

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### **Employee feedback**

Get informal and formal periodic feedback on how well your program is doing, and then adjust your offerings accordingly. Realize that employees’ financial health can fluctuate over time. View your program as an ongoing process, not a one-time event.

### **Tools and resources**

Provide your employees with access to an online tool – or recommend one – that lets them see all their accounts, create a budget, set goals and track their progress. Maybe their bank or credit union provides such a tool.

## **Barriers to implementing a program: Cost and time**

Financial wellness programs are still in their formative years and many companies are interested in providing or enhancing one. Yet the Society for Human Resource Management (SHRM) reported in its *2014 Survey on Financial Wellness in the Workplace* that the momentum for implementing a comprehensive financial wellness program has slowed down among some companies.

It notes that “despite an uptick in employee interest – one reason for the decline is they are often seen as too costly.” Indeed, 49% of HR managers have indicated that cost is the main barrier in introducing a benefit, according to our survey. But, given today’s many options of financial wellness providers, cost is not an insurmountable barrier.

The second most cited barrier to implementing a program, as cited in Alliant’s survey, is the anticipated time commitment needed to launch or manage the benefit.

Do misconceptions prevent HR execs from launching a financial wellness program? “I think that a common misconception is that it’s too hard to implement a financial wellness program,” says Aetna’s Stacy Romano. “I would challenge anyone who is considering doing this to start out small and expand their program in a thoughtful and controlled way. Once the employee feedback starts rolling in, it’ll all be worth it!”

## How to select a financial wellness partner

The cost of a financial wellness programs varies widely.

There is a bevy of companies that say they already offer a financial wellness program, but as noted in our Executive Overview, their definition of what constitutes such a program is not universally accepted, and often the offered programs are not comprehensive or robust.

Meanwhile, a number of financial wellness program providers have emerged. The cost varies widely, from no cost to big money. In fact, in the last few years, venture capitalists have contributed more than \$70 million to financial wellness providers.<sup>19</sup> Some financial education seminars are free, and other one-day seminars can carry a price tag of \$3,000.<sup>20</sup> But when it comes to financial wellness programs, it's not what you pay, but what you deliver, that makes the difference.

The key is to implement a financial wellness program that works for your employees and your company. The best option for you may be to explore a low- to no-cost financial wellness program provider, one that you feel comfortable consulting with and can trust.

Fortunately, there are now low- or no-cost financial wellness programs with proven effectiveness – and providers who do not require a lot of time expended by their company clients. These providers include credit unions.

## Closing thoughts

In 2009, Steven R. Covey, author of *The Seven Habits of Highly Effective People*, wrote this about financial stress: “Having spent my career helping individuals and corporations increase productivity, I’ve become convinced that one of the greatest, unnoticed drains on individual productivity is the distraction that financial stress puts on people.”<sup>21</sup> Since then, addressing this drain on productivity has grown into a key concern, if not a priority, for many companies across the nation.

Increasingly, U.S. employers are realizing the value of reducing their employees’ financial stress and helping them make better financial decisions. While most companies still do not offer a robust financial wellness program, a growing number are planning to – and a growing number at least plan to offer more components of a financial wellness program. Today, the trend is for companies to take a more holistic view of their employees’ wellness, and consider expanding their health wellness benefits to include financial wellness. Such a move can pay handsome dividends to a company’s bottom line while promoting their employees’ financial well-being and productivity on the job.

*When it comes to financial wellness programs, it's not what you pay, but what you deliver, that makes the difference.*

#### ABOUT ALLIANT

Alliant Credit Union is a not-for-profit financial cooperative with more than 280,000 members and over \$8 billion in assets. Alliant specializes in working with large national and regional employers to provide financial services benefits to their employees. Headquartered in Chicago and founded in 1935, Alliant is the largest credit union in Illinois and the seventh largest in the nation, based on assets and deposits. As a member-owned financial cooperative, Alliant's mission is to foster its members' financial well-being and serve their best interests.

**Alliant offers a free, robust financial wellness program as part of its financial benefits program.** Learn more about Alliant online at [alliantcreditunion.org](http://alliantcreditunion.org).

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