Eight Things to Know About the State of Financial Wellness

EBRI research shows there's still a ways to go for financial wellness programs.

By Nevin Adams

These days there's not much argument against the premise behind pursuing financial wellness. The notion is that bad financial health contributes to (and/or causes) stress that can lead to a bevy of workplace woes such as lower productivity, bad health, higher absenteeism, and even a greater inclination toward workplace theft. Poor financial health can also lead to deferred retirements by workers who tend to be higher salaried and who have higher health care costs.

If there is little argument that financial wellness is a worthwhile goal — the recent Financial Wellbeing Employer Survey from the Employee Benefit Research Institute (EBRI) suggests that it still has a ways to go.

Here are some key takeaways from that survey of 250 employers:

1. HR is leading the charge.
The most commonly cited primary champion for financial wellness was the human resources department (55 percent), distantly followed by a senior executive (21 percent). The human resources department was also cited as the most common secondary champion of these initiatives (26 percent).

2. The need tends to be gauged by traditional measures.
The most common approach reported in evaluating a need for financial wellness was examining existing employee benefit/retirement plan data such as deferral rates, average balances, and loan frequency/amount. Nearly two-thirds of respondents (63 percent) had taken this step, a distant (48 percent) second was surveying workers.

Dead last? Creating a financial well-being score or metric (14 percent).

3. Motivations vary by employer size.
Midsized employers — those with 2,500 to 9,999 employees — were most likely to say they offer these initiatives to improve their workers' overall satisfaction (67 percent). However, the largest employers (more than 10,000 employees) were most likely to cite increased employee productivity (37 percent).

4. Measures of success are varied — and (still) somewhat subjective.
Improved overall worker satisfaction scored as the top measure of financial wellness initiatives (39 percent), very closely followed by reduced employee financial stress (38 percent).

However, "improved workforce management for retirement" — frequently cited as a key ROI attribute — was mentioned by a mere 10 percent.

5. Cost is a key consideration.
Cost to employer was the top consideration (50 percent) cited by employers in determining whether to offer financial wellness benefits — though a close second was interest among employees (46 percent).

6. Most employers are not (yet) spending a lot.
While there was a wide range in cost cited for financial wellness initiatives (bear in mind, there was also a wide range in the definition of what constituted a financial wellness initiative), 43 percent reported the annual cost per employee of current financial wellness initiatives as $50 or less — and a full quarter (26 percent) did not know the cost.

7. But then, the programs' scope is (still) pretty modest.
Only about one-in-ten of those surveyed offer emergency savings vehicles or accounts, debt management services, or student loan repayment subsidies or consolidation/refinancing services.

Employee discount programs — such as for cell phones, travel, and entertainment; tuition reimbursement; and financial planning education, seminars, and webinars — were the most common financial wellness benefits offered.

8. We've only just begun.
Despite all the "buzz" around the topic, a majority of the employers surveyed characterized their programs as pilot programs (38 percent) or periodic or ad hoc programs (32 percent).

Even among employers with a high level of concern about the financial wellness of their workforce, only about a quarter (27 percent) characterized their financial wellness initiatives as "holistic."

A long way to go, indeed.

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