

BENEFITS AND BEYOND: How Employers Think About Financial Wellness



Employers have a vested interest in promoting the financial health of their employees. Employees who are saddled with financial stress may have a negative impact on productivity, absenteeism, and the cost of health plans. In addition, employees with financial stress may not be able to retire when they wish, which can be costly to employers and can create workforce management issues. To help address these issues, increasing numbers of employers are implementing financial wellness programs that provide education and tools to help employees adopt financial behaviors to best manage day-to-day finances, achieve important long-term financial goals, and help protect against key financial risks.

As a long-standing provider of employee benefits, Prudential sponsored the *Benefits and Beyond: Employer Perspectives on Financial Wellness* survey in the fall of 2017 to gain perspective on how employers think about their benefits programs overall, and to gauge the role that financial wellness programs play.¹ The following insights were gleaned:

Overall Benefit Programs

Employers continue to feel responsible for providing meaningful benefits to their employees, despite recent shifts in employment toward gig and other alternative work

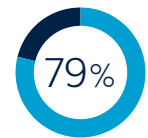
arrangements that challenge the traditional employer-employee relationship. Key stated objectives for providing benefits are to attract/retain talent and increase productivity.

Role of Financial Wellness Programs

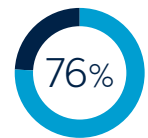
About three-quarters of employers consider it advantageous to have a workforce that is financially secure. Financial wellness programs are perceived to meet multiple objectives, such as improving productivity, “doing the right thing for employees,” optimizing benefit spends, and attracting and retaining top talent.

Financial wellness means different things to different employers, which should be

considered when aligning objectives, programs, and measurements. When asked to define financial wellness in the context of their own organization, responses ranged widely from an individual’s perspective (“...NOT living paycheck to paycheck”), to an employee benefits perspective, to an employer’s financial performance perspective (“...making sure our company stays up to par”).



It’s advantageous to have a workforce that is financially secure.



It’s important to ensure that employees are educated on key trends of financial wellness.

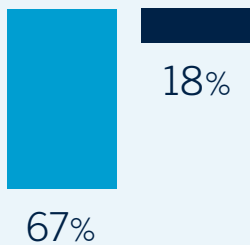
Financial Wellness Program Partner Selection and Implementation

Momentum is building – a significant majority of employers (83%) offer financial wellness programs, and another 14% plan to offer them in the next one or two years. There are opportunities to leverage financial wellness programs to reach an even broader audience. Twenty-six percent only offer programs to their full-time employees, 27% also include part-time employees, and 30% also include contractors.

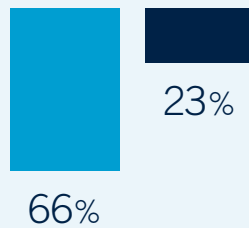
Most employers are using a benefits-based approach to financial wellness, in which programs are integrated with existing benefits. Most financial wellness programs are implemented in a piecemeal way over time, layering on various elements on an as-needed basis. On average, employers offer seven programs, and plan to offer another four within the next two years. The most common programs are listed below.

Most Common Financial Wellness Programs*

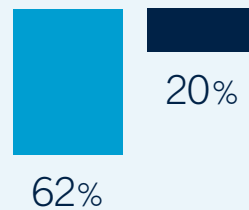
Digital portal through which all tools and content can be accessed



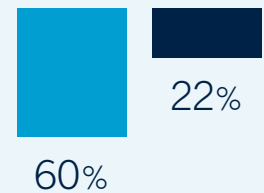
Tools and calculators to help employees gauge their financial wellness



Retiree planning (e.g., Social Security optimization)



Access to financial advice and/or advisors



■ Currently Offered
■ Plan to Offer

*Excludes core benefits such as retirement plans, health plans, and group insurance.

Criteria for selecting financial wellness partners are primarily driven by cost, ease of implementation, and expertise. In addition, large employers want involvement in implementation and ongoing support, while small- and medium-size employers

also want a good fit of programs to employees' needs, as well as a return on their investment. Overall, retirement plan and benefit providers are the preferred providers for financial wellness.

Top Criteria by Employer Size

Large	Medium	Small
1. Cost	1. Cost	1. Ease of implementation
2. Ease of implementation	2. Return on investment	2. Cost
3. Experience/expertise	3. Ease of implementation	3. Match between offerings/needs
4. Involvement in implementation	4. Experience/expertise	4. Return on investment
5. Ongoing support	5. Match between offerings/needs	5. Experience/expertise

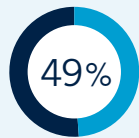
Financial Wellness Program Participation and Measurement

Driving employee engagement through content and delivery that focuses on emotional and financial rewards is key to boosting participation in financial wellness programs. Employers believe the top two motivators for employee participation are financial incentives and the feeling that the employer cares.

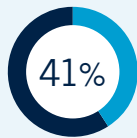
Employers are keen on measuring the impact of their financial wellness programs frequently – 49% measure quarterly, 20% monthly – and data analysis is key. Employers measure success in a number of ways, with employee

satisfaction as the most commonly used. Several methods are deployed to determine employees' needs and gauge the success of programs, such as employee surveys, internal data on 401(k) loans or hardship withdrawals, and advice from providers and carriers. Large companies rely more on hard data such as tool usage – and say that more data from their financial wellness providers would help their program gain traction. Small companies rely slightly more on anecdotal data and advice.

Top Metrics Deployed



Increased employee satisfaction



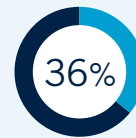
Increased productivity



Increased retirement participation



Return on investment



of participants in program

Takeaways

Employers' growing interest in financial wellness programs is justified, as recent research indicates that 57% of employees are very or somewhat stressed about their financial wellness.² Employees increasingly look to their employers to help them achieve financial security and wellness. There is a broad spectrum of definitions of financial wellness among employers. Employers may want to work with their brokers or providers to establish a clear definition that fits their workforce's needs and aligns their objectives, programs, and measurements accordingly.

To explore which type of financial wellness program may be right for your company, please contact:

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About the Survey

The research was conducted by an independent research company, Center for Strategy Research (CSR), in an online survey between September 15-October 3, 2017. The survey was conducted among 777 participants, comprising business executives, business owners, human resources professionals, and financial management professionals who are decision-makers for group insurance benefits at U.S. businesses with at least 100 full-time employees.

¹ Prudential, "Benefits Today and Beyond Research," 2017.

² Prudential, 2017 Financial Wellness Study. Based on a survey of full-time employees who have medical insurance; therefore, the results may appear higher than comparisons to national averages.

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