FIVE KEYS TO IMPLEMENTING A GREAT FINANCIAL WELLNESS PROGRAM
Financial wellness programs are becoming an increasingly common employee benefit, with good reason. Only 28% of Americans consider themselves financially healthy. And nearly half (47%) say they spent every dollar they earned—or more—over the last 12 months.\(^1\) Managing household finances with so little cushion can lead to stress, and that stress can carry over into the workplace. In fact, employees report that after family concerns, personal finances top their list of workplace distractions.\(^2\)

The good news is that financial wellness programs can help employees better manage their finances, which in turn may help to minimize their financial stress. This, in turn, may provide employers with more productive workforces, decreased health care costs, and fewer delayed retirements. But for those programs to achieve the best possible outcomes, for employees and employers, they must be well-designed, with offerings personalized to their end-users and aligned with business outcomes.

A typical financial wellness program may offer employees educational resources along with tools that can help with budgeting, debt management, retirement savings, protection, health and productivity, and investments. While 83% of employers with at least 100 full-time employees already offer such programs, there is ample opportunity to strengthen them. Fourteen percent of employers who don’t offer a program plan to do so over the next one to two years, and many who already do say they are looking to expand them.

### Workplace Distractions\(^2\)

<table>
<thead>
<tr>
<th>Distraction</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family concerns</td>
<td>41%</td>
</tr>
<tr>
<td>Personal finances</td>
<td>38%</td>
</tr>
<tr>
<td>Social media</td>
<td>33%</td>
</tr>
<tr>
<td>Socializing with co-workers</td>
<td>25%</td>
</tr>
<tr>
<td>Personal appointments</td>
<td>18%</td>
</tr>
<tr>
<td>Don’t know/No opinion</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
</tbody>
</table>

Here are five ways employers can maximize the benefits their programs deliver, and generate positive outcomes for both employees and employers.

#### Five Keys to Implementing a Successful Financial Wellness Program

- Reflect wellness in human capital strategy
- Analyze employee demographics to understand needs
- Design programs to optimize outcomes
- Create personalized experience that engages and motivates action
- Align metrics with business outcomes
1. Make overall wellness a component of human capital strategy.

In the race for talent, enhancing employee benefits has proven to be a useful tool for attracting and retaining employees. But it works best when the benefits program is aligned with the employer’s strategy and culture. Employers have learned over the past decade, for example, that wellness programs aimed at improving employees’ physical health can deliver important workplace benefits. They not only help employees lead richer and more satisfied lives, but also decrease health care costs and absenteeism while increasing productivity and morale.

3.6 hours per week workers spent managing personal issues at work

3 in 10 workers say financial stress impacted their job performance

Given that physical, emotional, and financial health are inextricably linked, it is now becoming increasingly clear that employers should tie all forms of health—including financial health—into their human capital strategy, just as most already do for physical health. Encouragingly, 82% of employers agree their companies would benefit from having a financially secure workforce.

2. Analyze workplace demographics to understand employees’ financial needs.

Employers can identify which financial needs are most relevant to their employees by taking time to understand the unique characteristics of their workforce. This begins with analyzing employee demographics, employees’ use of their existing benefits, and employees’ self-assessments of their own financial health.

Once this data has been analyzed, employers can map their findings against a hierarchy of needs, prioritizing those aspects of financial wellness programs best suited for their workforce, especially those where employees’ needs are least being met.

Prudential defines financial wellness as the ability to manage day-to-day finances, achieve important financial goals, and protect against key financial risks. While all three elements are important, the hierarchy of needs starts with immediate, day-to-day concerns and builds toward longer-term financial needs and protection. Different employee groups will find themselves at different places along this hierarchy of needs.

3. Design programs to optimize outcomes and overcome behavioral challenges.

A financial wellness program should be designed to optimize outcomes against a given benefits budget. Employers can determine which offerings are likely to deliver the maximum benefit by utilizing the insights gleaned from their analysis of workplace demographics. In addition, employers may want to look beyond traditional “core” financial wellness offerings as they seek to customize their program for their employee base. They may choose to offer a student loan repayment program, for example, if they have a young and educated workforce.

While each offering within a financial wellness program should be designed to drive positive employee behaviors, even the right offerings will need to overcome behavioral biases, such as inertia that may result from a lack of knowledge or confidence. To help on this front, programs should be set up to meet people where they are and allow them to learn on their own. Employers may consider offering educational content, tools, and other solutions centered around major life events, such as purchasing a home or having a child. Important messages may resonate more with employees at times like these, when finances may be top of mind.

Top Metrics Deployed

- Increased employee satisfaction: 49%
- Increased productivity: 41%
- Increased retirement participation: 40%
- Return on investment: 36%
- Number of participants in program: 36%

4. Create a personalized experience that engages employees and motivates action.

Employees today are accustomed to products and services customized to their needs—from online shopping sites that know what kinds of clothes they buy to streaming services that can anticipate their viewing preferences. By delivering a similarly customized and creative experience, employers can create financial wellness programs that resonate with employees and motivate them to take action.
To do this, employers must first ensure their program has an engaging, user-friendly interface that allows employees to customize their experience. They also need to use data and data analytics to predict when certain life events might occur for employees, so employees can be “nudged” at the right time with personalized communications.

Employers also can influence employee behavior by helping them better anticipate, plan for, and navigate these moments that matter. To drive home to younger employees the importance of saving for retirement, for example, employers might offer interactive tools that employees can use to envision their future selves or places where they might like to retire.

For maximum reach, employers will want to use multiple channels to connect with their various employee segments. Tech-savvy employees may prefer to make use of an interactive digital platform, for example, while employees needing advice may prefer to meet in person with financial professionals at the workplace. Channel preferences may vary by topic, too: mobile devices for routine functions, for example, and in-person sessions for retirement planning.

5. Align financial wellness metrics with business outcomes.

Employee satisfaction is the most commonly used metric to gauge the success of financial wellness programs, in part because it is relatively easy to measure. It may not be the best metric, though, because it may not correlate directly to employee behaviors and outcomes, or, equally importantly, to business outcomes.

Employers seeking the best returns from their investments in financial wellness programs will ideally align their metrics with business outcomes, such as increased productivity. This likely will require some investment in time and technology, since measures that tie program objectives to business outcomes generally involve drawing on several sources of data.

Conclusion

Financial wellness programs can help employers do a better job of managing their workforce, and can optimize their investment in their overall employee benefits program. Most larger employers have already implemented financial wellness programs, and many are planning to expand them over the next two years. By taking the steps outlined here, they can continue to build their program capabilities in ways that benefit both their employees and their businesses. Brokers, plan advisors, and plan providers can provide valuable assistance along the way.

For more information, please contact your Prudential representative.

---

1 The Center for Financial Services Innovation (CFSI), Annual U.S. Financial Health Pulse, 2018.
2 Prudential, American Workers Survey Fact Sheet, 2018.
5 Harris Poll on behalf of Northwestern Mutual.

The Prudential Insurance Company of America and its affiliates, Newark, NJ (PICA).
Group Insurance coverages are issued by The Prudential Insurance Company of America, a Prudential Financial company, Newark, NJ.
©2019 Prudential Financial, Inc. and its related entities. Prudential, the Prudential logo, the Rock symbol, and Bring Your Challenges are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.