hr.research INSTITUTE
POWERED BY HR.COM

State of the Industry Research

HR.com
Maximizing Human Potential

The State of Employee Financial Wellness 2023

Improve employee retention and experience by increasing financial wellness

MARCH 2023

Sponsored by

LEARNLUX

CONTENTS

About the Survey

The "The State of Employee Financial Wellness 2023" survey ran from December 2022 to February 2023. We gathered responses from 235 HR professionals in virtually every industry vertical. Respondents are from all over the world, with the majority from North America, especially the United States.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with fewer than 50 employees to enterprises with 20,000+ employees.

Questions for the survey were guided by an independent advisory board of employee financial wellness experts who we thank for their invaluable insights.

Executive Summary

In the U.S., employees often struggle to make ends meet. In fact, nearly two-thirds of Americans are living paycheck to paycheck.[1]

The recent spikes in inflation since 2020 have made employees' financial struggles worse. It seems everything has gone up in price: housing costs, groceries, gas, general goods and more. Meanwhile, wages have not kept up with inflation in most industries, so that real wages have declined in 80% of the private workforce.[2]

Amid these ongoing struggles, more organizations are thinking about the financial wellness of their workers, and some are adopting initiatives specifically to help employees increase that well-being.

To better understand the current landscape of employee financial wellness, this report explores areas such as:

- how well organizations understand the financial well-being of their employees
- the most common financial-related stressors
- the prevalence of financial well-being initiatives
- why organizations choose or choose not to offer these initiatives
- the metrics organizations track to measure the success of their financial wellness initiatives
- the extent to which organizations help employees achieve greater financial wellness

[1] Dickler, J. (2022, October 24). 63% of Americans are living paycheck to paycheck - including nearly half of six-figure earners. *CNBC*. Retrieved from https://www.cnbc.com/2022/10/24/more-americans-live-paycheck-to-paycheck-as-inflation-outpaces-income.html

[2] Dynan, K., & Powell III, W. (2022, December 6). Wages in most US industries are not keeping up with inflation. *PIIE*. Retrieved from https://www.piie.com/research/piie-charts/wages-most-us-industries-are-not-keeping-inflation

Below are some key findings from the study:

Major Finding **1**

Organizations have a long way to go when it comes to understanding and supporting their employees' financial needs.

- Few HR professionals (11%) say their organization understands the financial well-being of their employees to a great extent (that is, based on solid investigations and metrics). The plurality (44%) say they understand this somewhat, based only on sporadic data.
- Few organizations successfully help employees attain greater financial wellness to a high or very high extent (16%). In fact, nearly half (46%) say they achieve this only to a low extent, very low extent or not at all.
- HR professionals believe the top five sources of their employees' financial stress are:
  - inflation issues
  - increases in housing prices/interest rates
  - not earning enough money to pay bills and pay off debt
  - child care expenses
  - unexpected emergency expenses

Major Finding 2

Fewer than half of organizations currently have an employee financial wellness program/initiative or are thinking about implementing one.

- Just 26% say they currently have a program/initiative to improve employee financial wellness. However, a further 12% say they are currently implementing one and 9% say they are in the planning stages.
- Of organizations that currently have—or plan to implement—a financial wellness initiative, the most common reasons are to:
  - improve employee mental health
  - become an employer of choice
  - improve retention
- More than half of organizations currently do not have a financial wellness program in place. Of these, 18% say it is not even on their radar, and their most common reasons for not currently offering financial wellness initiatives are because they:
  - have more important priorities
  - suffer budget constraints or lack of budget
  - lack knowledge about how to implement these initiatives
- These organizations without a financial wellness initiative might be convinced to implement one if there is:
  - a demonstrable increase in retention
  - zero associated costs
  - demonstrable increase in employee productivity

Defining Financial Wellness

We provided the following definition for survey respondents:
Employees' financial wellness means that they are able to satisfy ongoing financial needs, feel secure about their financial future, and are free to make choices that allow them to enjoy their lives. It also implies that employees have the competencies and knowledge needed to navigate the complexities of financial decisions.

Major Finding 3

Most believe educating employees on financial issues potentially plays a key role in their wellness.

- Virtually all responding HR professionals (98%) say financial education is important or very important as part of a financial wellness strategy.
- However, despite this widespread agreement about financial education, just 40% currently offer financial education/counseling to employees, and just 20% currently offer one-on-one financial coaching.

Major Finding 4

Organizations most commonly track a variety of metrics to measure the success of their financial wellness initiatives.

- The most common metrics that organizations track are:
  - employee attitudes at work (job satisfaction, morale, happiness)
  - enrollment and contributions to retirement plans, Health Savings Accounts, etc.
  - reduction in employee turnover
  - employees' satisfaction with the financial wellness program
  - worker engagement

Major Finding 5

Companies that successfully help their employees attain financial wellness to a high degree tend to do things differently from those that do not. They are:

- nearly nine times more likely to currently have a financial wellness initiative in place
- six times more likely to understand the financial well-being of their employees to a great extent based on solid investigations and metrics
- nearly four times more likely to track employees' satisfaction with financial wellness programs
- more than three times more likely to offer financial education/ counseling initiatives to employees

Understanding Employees' Financial Well-being

Finding: Most of today's organizations lack solid data about the financial wellness of their employees

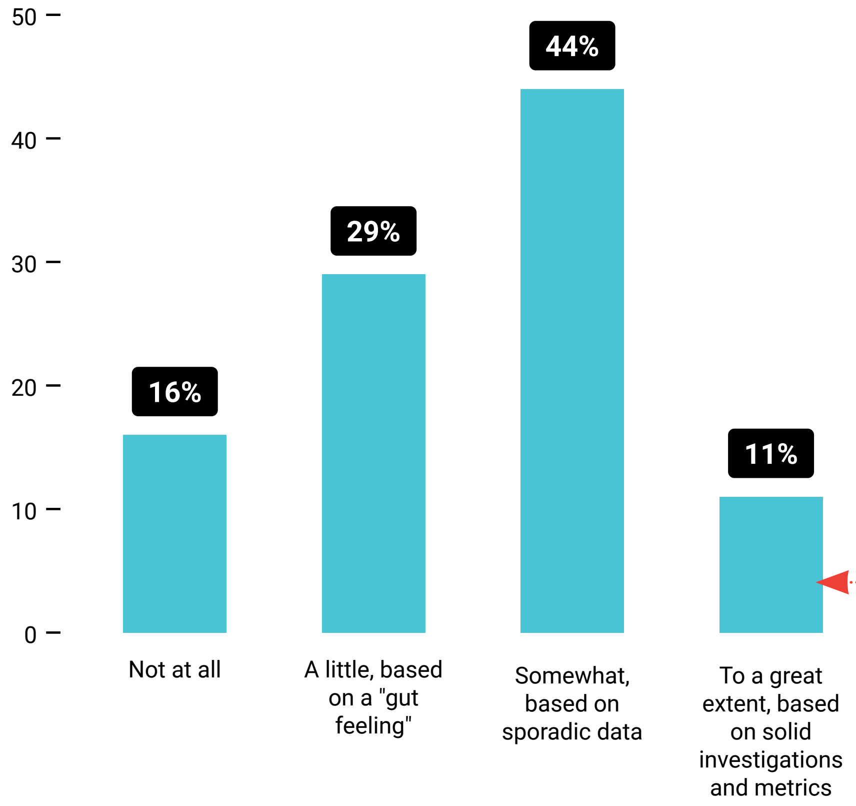
Only one-tenth say they understand the financial well-being of employees in their organization to a great extent, based on solid investigations and metrics. Forty-four percent, however, say they *somewhat* understand employee financial wellness, basing their opinions on "sporadic data."

We find it troubling that 45% say they understand their employees' financial well-being just a little (based on a "gut feeling") or not at all.

As recently as five years ago, most organizations would have equated financial wellness and retirement readiness. And if you asked an HR leader whether they had solid data relative to financial wellness, they would simply have spouted out the participation rates in their 401k plan. We're now seeing a healthy shift, with many organizations deeply focused on the financial stress of their employees related to life events, such as buying a home, having a child, starting a new job, planning for education, managing debt, and even making optimal benefits decisions.

- Dan Comisar, Strategy and Growth Officer at BrightDime

Survey Question: To what degree does your organization understand the financial well-being of employees in your organization?



Just 11% say they understand the financial well-being of employees to a great extent, based on solid investigations and metrics

Differences Between Organizations that Are More and Less Knowledgeable about Employee Financial Wellness

For this research, we conducted a variety of special analyses. One of those included looking at organizations in terms of how well they understand the financial well-being of their employees.

As we've just explained, many organizations do not have a solid understanding of the financial well-being of employees, so we filtered data by those who say they understand the financial well-being of employees "somewhat" and to a "great extent" and compared their responses to those who say they understand the financial well-being of employees "a little" or "not at all."

Compared to their less knowledgeable cohorts, organizations that are more knowledgeable about the financial well-being of employees are also considerably more likely to:

- say that difficulties with saving for retirement are among the three top reasons for employee financial stress
- offer education-related financial initiatives such as financial education and coaching
- track a variety of metrics to gauge the success of their financial well-being initiatives, including:
    - employee attitudes at work
    - satisfaction with financial wellness programs
    - enrollment in retirement plans
    - worker engagement
    - completion of financial well-being tutorials, workshops, etc.
- use a variety of internal channels (such as emails, meetings, intranets, and webinars) to communicate financial wellness initiatives
- find out about new financial wellness initiatives via their HR peers, indicating that they attach greater value to peer recommendations

Finding: HR professionals point to five top sources of their employees' financial stress, with inflation issues topping the list

We asked respondents to identify their employees' top five sources of financial stress. Inflation issues are at the top of the list, with 62% citing them, the only response selected by more than half of respondents.

Inflation was a major news story in 2022, with the U.S. reaching a peak of 9.1% in June 2022. There was an overall yearly average of 6.5%. Food prices were especially hard hit. In the U.S., grocery prices increased an average of 11.4% in 2022 with some items, such as eggs, increasing much more. Although inflation seems to be slowing, it will continue to be a concern in 2023.[4, 5, 6]

The increases in interest rates, which especially impact costs of purchasing new housing, are also a common concern, cited by 42% of respondents. The U.S. Federal Reserve, which sets U.S. interest rates, has raised those rates in order to slow inflation. Today, those interest rates are the highest they've been since 2007 in the United States.[7] Of course, these interest rates do not only affect housing but the cost of many kinds of borrowing, from car loans to credit card debt. Generally speaking, higher interest rates are better for savers than borrowers.

It's no surprise then that the third most common source of financial stress is not earning enough money to pay bills and pay off debt (40%). Given high inflation, current salaries in most industries just do not go as far as they did only just a few years ago.

---

[3] Lacurci, G. (2023, January 12). Here's the inflation breakdown for December 2022 - in one chart. *CNBC*. Retrieved from https://www.cnbc.com/2023/01/12/heres-the-inflation-breakdown-for-december-2022-in-one-chart.html

[4] USDA ERS. (2023, January). *Summary Findings.* Retrieved from https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/

[5] Smith, K. A. (2022, December 1). Why are food prices still rising? *Forbes*. Retrieved from https://www.forbes.com/advisor/personal-finance/why-are-food-prices-still-rising/

[6] Rugaber, C. (2023, January 12). US inflation eases grip on economy, falling for a 6th month. *AP NEWS.* Retrieved from https://apnews.com/article/december-2022-inflation-report-72bb938a443ab0500bd72d23f62214ad

[7] Schneider, H., & Saphir, A. (2023, February 1). Fed delivers small rate increase; Powell suggests 'couple' more hikes coming. *Reuters.* Retrieved from https://www.reuters.com/markets/rates-bonds/fed-expected-deliver-small-rate-hike-keep-anti-inflation-tilt-2023-02-01/

Defining Small, Mid-size and Large Organizations

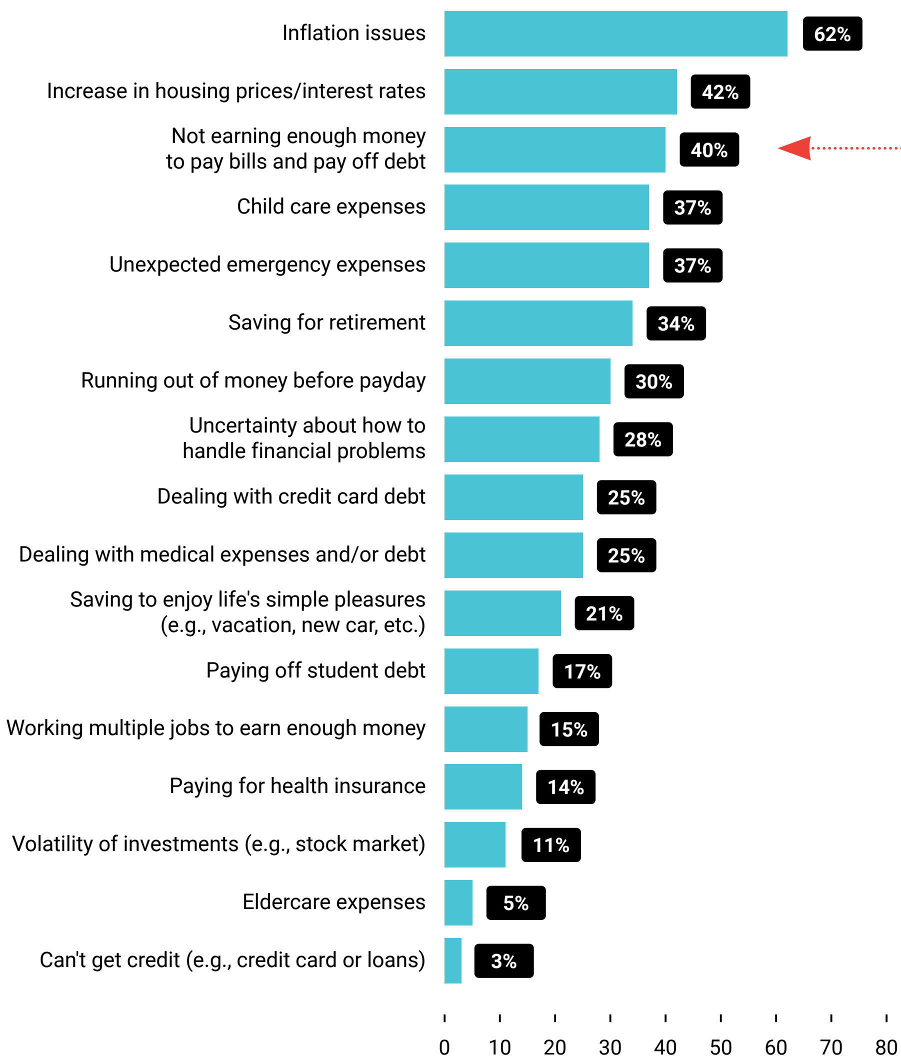
Throughout the report, we look at the findings based on organizational size. We deem organizations with 1 to 99 employees as "small," those with 100 to 999 employees as "mid-size" and those with 1,000 or more employees as "large."

Two-fifths say not earning enough money to pay bills and pay off debt is a top source of employee financial stress

Differences by company size

While all company sizes report inflation issues as the top choice, there are a few differences by size. Respondents in small (46%) and mid-size (44%) organizations are more likely than those in large organizations (34%) to cite increases in housing prices/interest rates as a source of financial stress. Respondents in large organizations (37%), however, are more likely than those in small (19%) and mid-size (30%) firms to say dealing with credit card debt is a source of financial stress.

Survey Question: What do you believe are your employees' top five sources of financial stress? (select up to five)



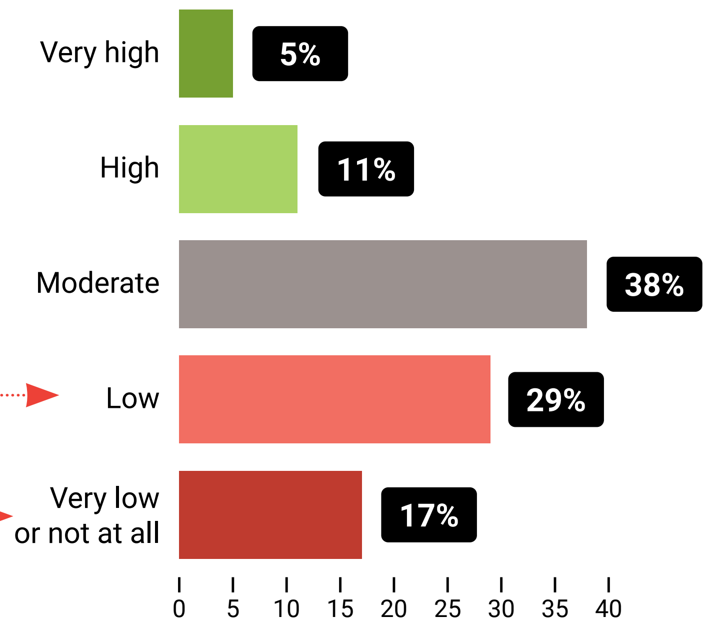
Finding: Despite these stressors, few of today's organizations excel at increasing the financial wellness of their employees

Organizations can help employees with financial wellness through multiple means: better pay, education, benefits, etc. However, just 16% say their organization successfully helps employees attain greater financial wellness to a high or very high extent. In fact, nearly half (46%) say their organization does this to a low, very low extent or not at all and a further 38% do this to a moderate degree.

Differences by company size

Respondents at small and mid-size firms are about twice as likely as those in large organizations to say their organization helps employees attain greater financial wellness to a very low extent or not at all. By comparison, large organizations are far more likely than mid-size firms to say they do this to a high or very extent (27% vs. 8%).

Survey Question: To what extent does your organization successfully help employees attain greater financial wellness?



Nearly half (46%) say their organization successfully helps employees attain greater financial wellness to a low extent, very low extent or not at all

The Prevalence of Financial Wellness Programs

Finding: The number of financial wellness programs is growing, but they remain the exception rather than the rule

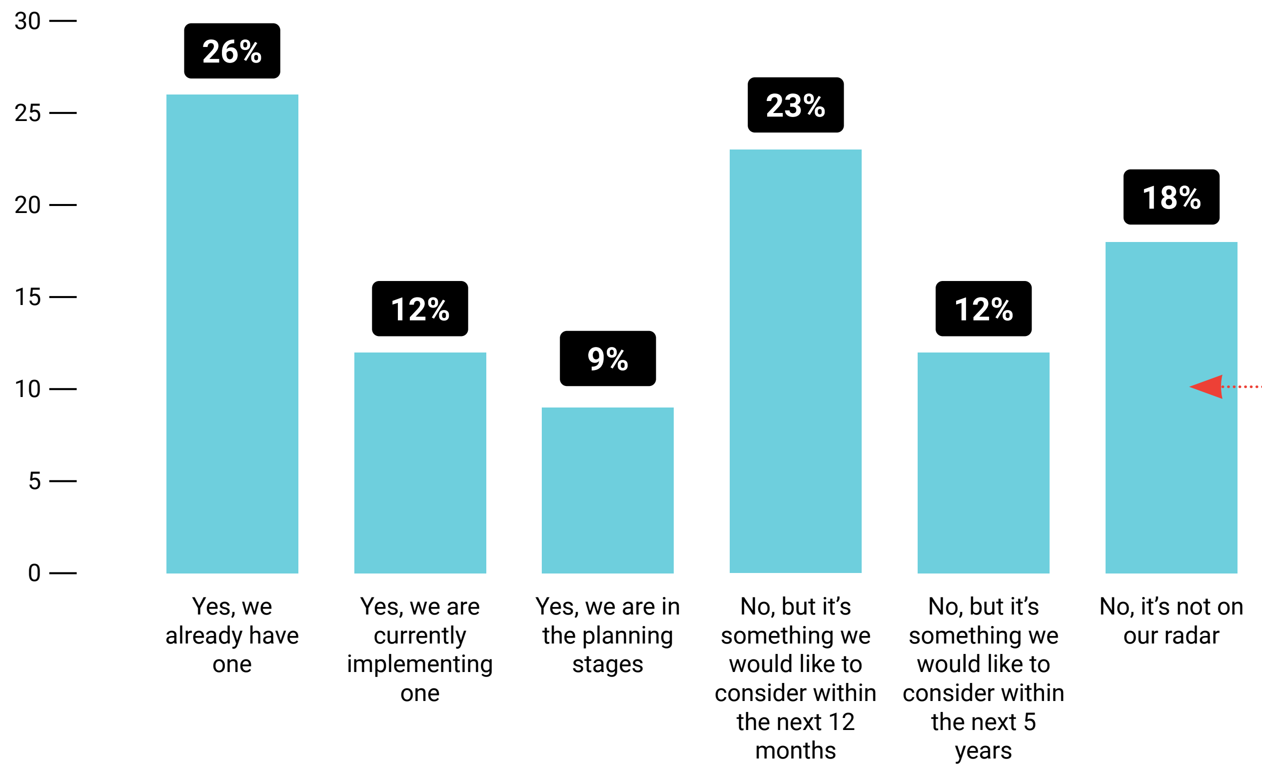
About a quarter of responding organizations have a program/initiative to improve employee financial wellness, and about one-fifth are either currently in the process of implementing one or are in the planning stages.

More than half currently do not have a program that is implemented or in the works. This could explain why so few organizations successfully help employees with their financial well-being. However, of these, 23% say it's something they would consider over the next 12 months and 12% say they would consider it in the next 5 years. We explore the reasons why organizations do not offer this program later in this report.

Differences by company size

Large organizations are more likely than small and mid-size companies to currently have a financial wellness program/initiative in place or to be currently implementing one.

Survey Question: Does your organization have a program/initiative to improve employee financial wellness?



Eighteen percent say their organization does not have a financial wellness program/initiative and that it's not on their radar at all

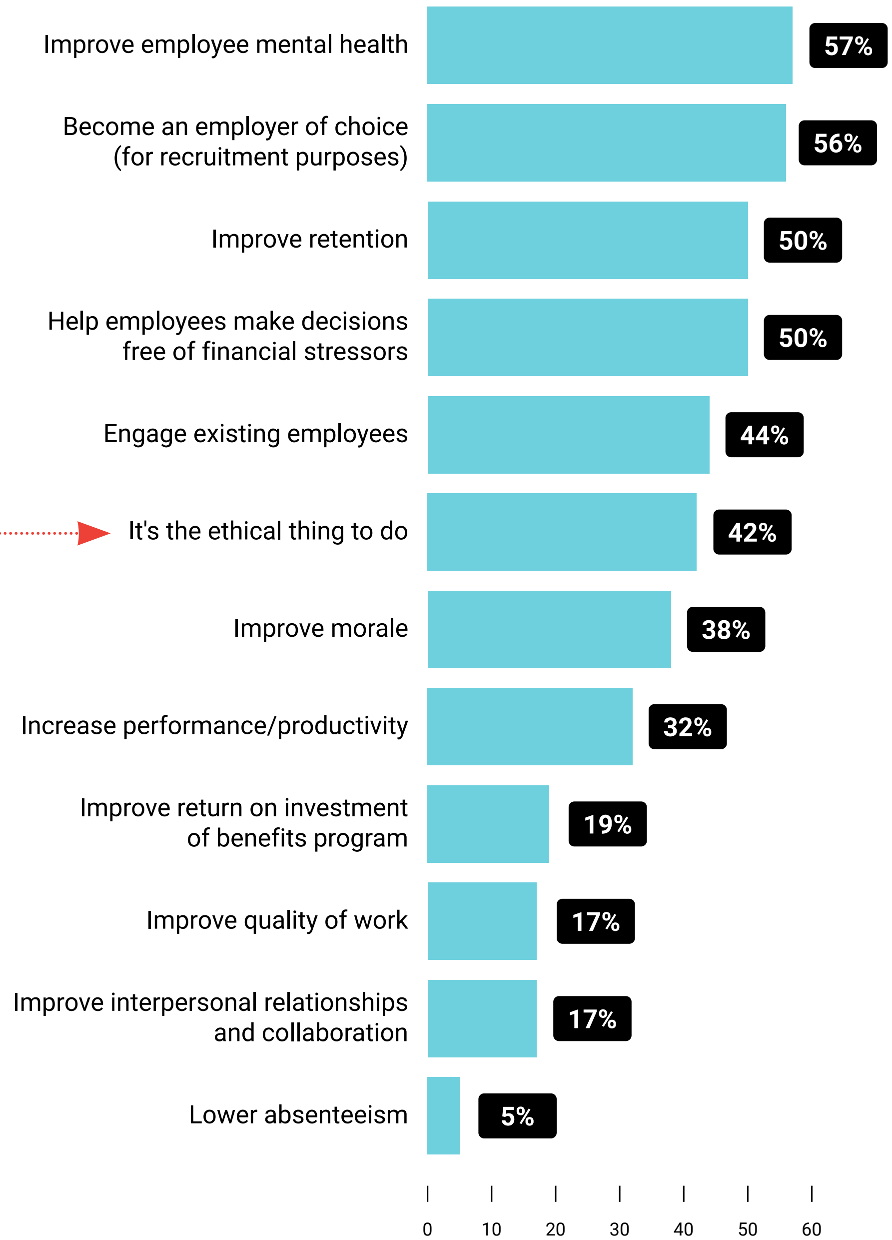
Finding: Becoming an employer of choice and improving employee mental health are the two most common reasons for implementing an employee financial wellness initiative

We asked respondents why they decided to implement financial wellness programs. Among those organizations that have embraced—or plan to implement—such programs, five key reasons stand out:

- improve employee mental health
- become an employer of choice
- improve retention
- help employees make decisions free of financial stressors
- engage existing employees

Although recruiting and retention rank high within the options, so do issues related to employee well-being such as mental health and reducing stress. Engagement is also a major factor, cited by 44%, closely followed (at 42%) by the sense that it's the ethical thing to do.

Survey Question: What are the top five reasons your organization has, or is planning to implement, an initiative to improve employee financial wellness? (select up to five)



Two-fifths say they have implemented a financial wellness initiative because it is the ethical thing to do

Why Organizations Do Not Offer Financial Wellness Initiatives and What Can Change Their Minds

Finding: Nearly half say their organization has not implemented a financial wellness initiative because they have more important priorities or because of a lack of budget

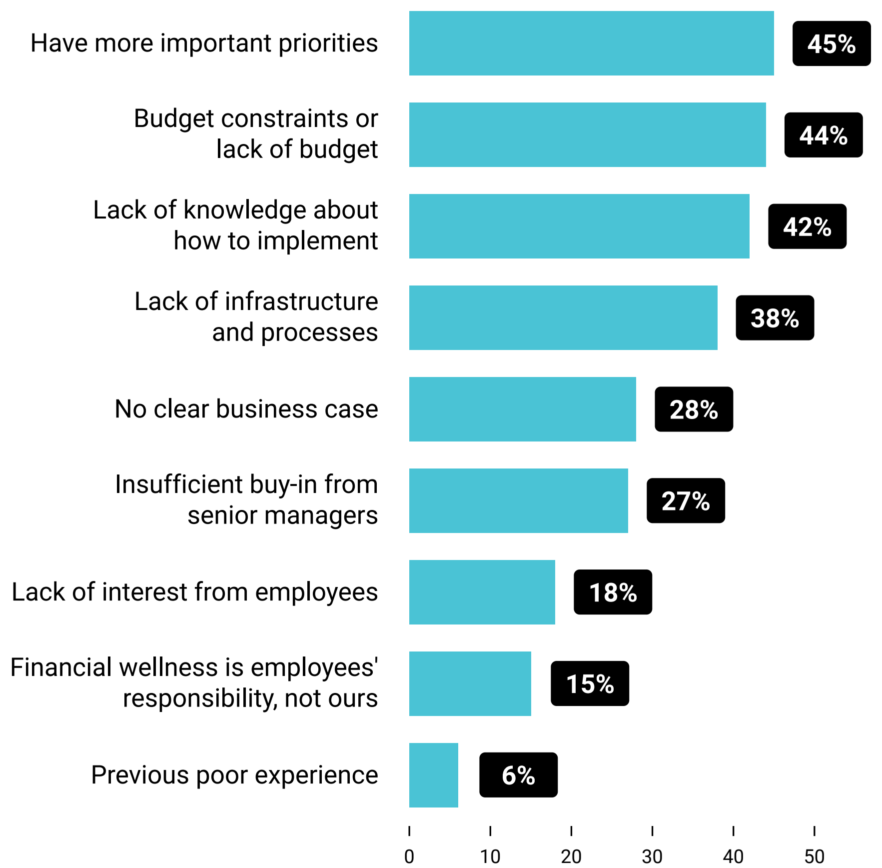
Many organizations are still not prioritizing employee financial wellness. We asked respondents who said their organization does not have financial wellness initiatives why this is the case.

Of the organizations that do not currently offer financial wellness initiatives, about half (45%) say it is because they have more important priorities. Over the past few years, organizations had to prioritize multiple goals. At the height of the Covid-19 pandemic, the focus was keeping employees safe in the workforce while also implementing remote work strategies.

Once restrictions lessened, the focus shifted toward recruiting and retaining employees. Financial wellness was likely not top of mind for many during this period, even though this study indicates financial wellness can help with both recruitment and retention.

Implementing a new program can seem costly and daunting; 44% say they do not have a financial wellness initiative because of budget constraints. About two-fifths say it is because of a lack of knowledge about how to implement these initiatives and a lack of infrastructure and processes.

Survey Question: What are the main reasons your organization does not currently offer financial wellness initiatives? (select all that apply)



Fifteen percent say financial wellness is the responsibility of the employee rather than the employer

> **"While many organizations now view financial wellness as part of their mission and employer brand, there is still an enormous opportunity to educate HR leaders and CEOs about how financial wellness programs can not only drive workforce productivity, but also send a powerful message about a company's culture."**
>
> **- Dan Comisar,** Strategy and Growth Officer at BrightDime

Finding: However, organizations might be convinced to implement a financial wellness program if there is a demonstrable increase in retention

Among organizations that do not currently offer a financial wellness initiative, many might be convinced to implement such programs if there is a demonstrable increase in:

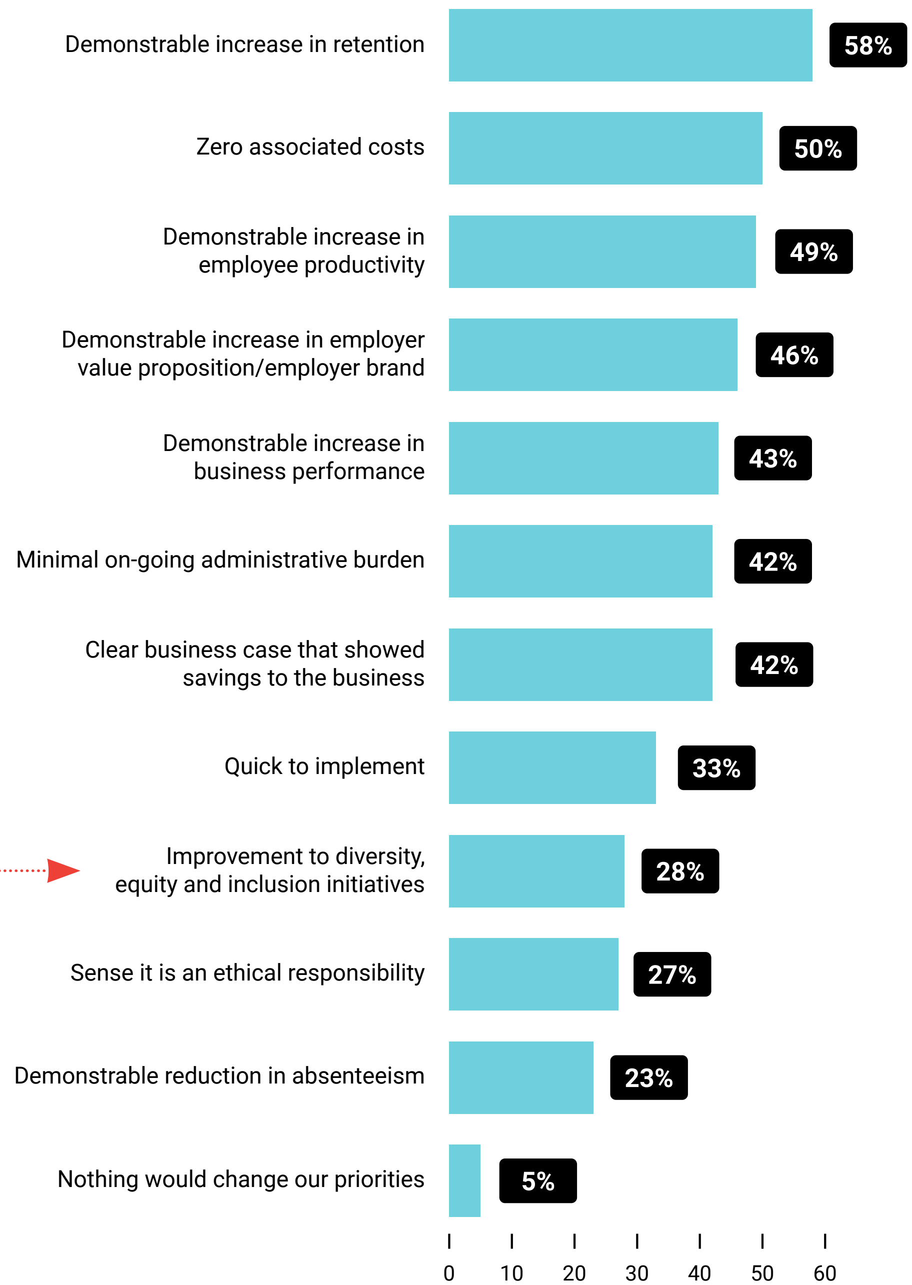
- retention
- employee productivity
- employer value proposition/employer brand

Budget issues were a common factor as well, with about half (50%) saying they would implement an initiative if there were zero associated costs.

Differences by company size

Company size makes a difference in the top factor that might convince organizations to implement a financial wellness initiative. For small organizations, zero associated costs is the top factor, while a demonstrable increase in retention is the top factor for mid-size and large firms.

Survey Question: **Which of these factors might convince your organization to implement a financial wellness initiative? (select all that apply)**



About one-quarter say improvement to DEI initiatives would convince their organization to implement a financial wellness initiative

Measuring the Success of Financial Wellness Programs

Finding: There are five key ways that organizations with financial wellness programs measure the success of those initiatives

Cost is a major factor for organizations deciding to implement a financial wellness program, so how do organizations ensure they are getting a good return on investment once implemented?

We found the most common metrics that organizations track and measure are:

- Employee attitudes at work (job satisfaction, morale, happiness)
- Enrollment and contributions to retirement plans, Health Savings Account (HSAs), etc.
- Reduction in employee turnover
- Employees' satisfaction with the financial wellness program
- Worker engagement

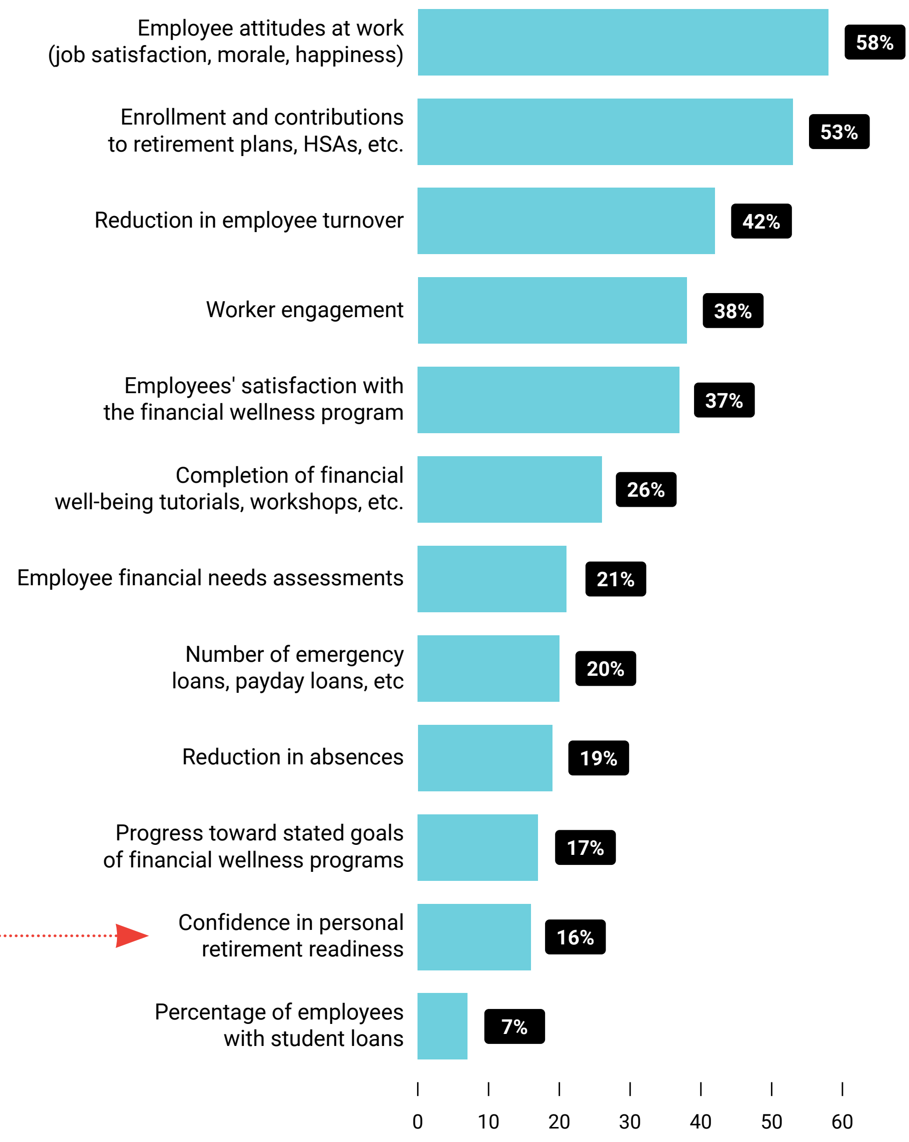
It is also important to keep in mind where employees are within their career paths when evaluating their attitudes toward financial wellness programs. For example, a young employee just entering the workforce may not be satisfied by a financial wellness program that mostly focuses on retirement goals when they are struggling to pay off student loans or just pay their bills every month. However, they may value a program that is more relevant to where they currently are financially, focusing more on short-term goals.

Further, investigating trends within each metric can offer even more insights into the financial well-being of employees in the organization. "I typically look at employees who choose a high deductible plan versus more expensive medical plans, and a lot of times they are saying they're trying to save dollars from their paychecks," Cassandra Rose, Head of People at Fringe, said during an HR Research Institute advisory board call.

Differences by company size

Small organizations (73%) are more likely than mid-size (50%) and large (54%) organizations to track employee attitudes at work. Large organizations, however, are more likely to track worker engagement (57%) than are small (45%) and mid-size (21%) companies.

Survey Question: Which of the following metrics does your organization track to measure the success of the financial well-being initiatives? (select all that apply)



Sixteen percent use confidence in personal retirement readiness as a metric

Financial Wellness Benefits and Education

Finding: Nearly all (98%) believe education plays a key role in financial wellness strategy

Nearly all respondents think financial education is somewhat or very important as part of a financial wellness strategy. Just 3% say it is somewhat unimportant or not at all important.

Few high school students in the U.S. receive financial education as part of their high school curriculum but are then expected to make important financial decisions in areas such as student loans after graduating. This gap in education then follows them into their adult working lives.[8] While financial education alone won't solve an individual's debt or financial troubles, it can potentially enable them to make more strategic decisions in their personal finance.

On the other hand, we should note that some studies indicate that the utility of one-and-done financial education is limited.[9] Strategies that potentially have a larger positive impact are:

- just-in-time financial education
- just-in-time "nudges" such as changing the default settings on 401(k) retirement-saving plans
- algorithmic recommendations that tailor advice based on investor preferences

Differences by company size

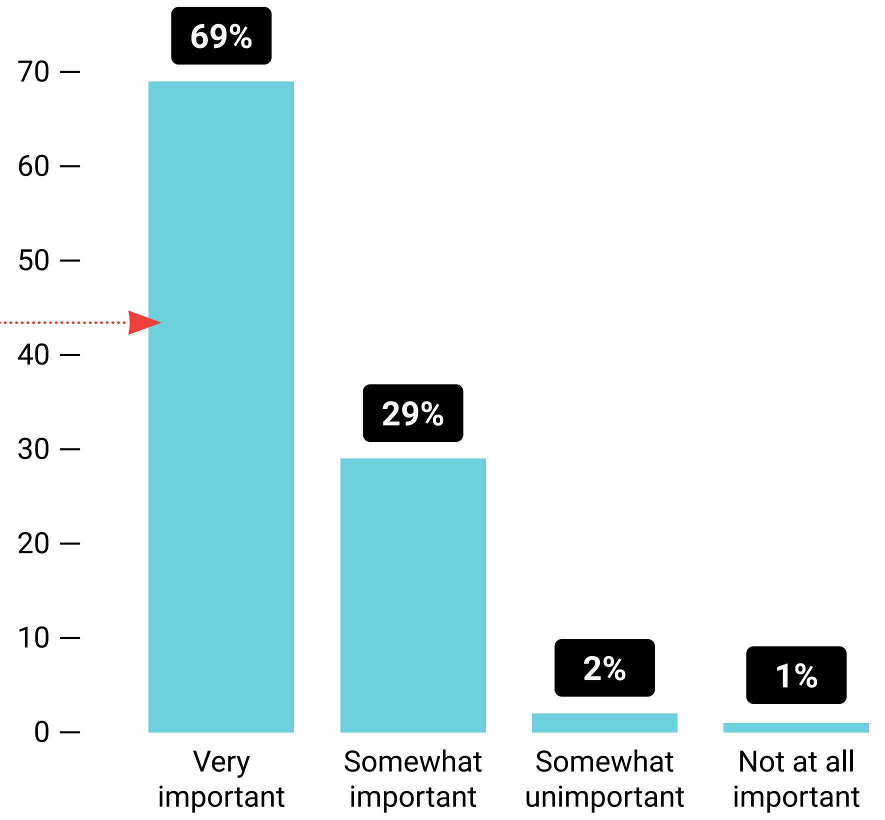
Respondents in large and mid-size organizations are more likely than those in small organizations to value financial education. While 77% of respondents in large firms and 73% in mid-size companies say financial education is a very important part of a financial wellness strategy, just 58% of respondents in small companies say the same.

8 Fox, M. (2021, April 5). To combat financial illiteracy, education needs to start early in the classroom, advocates say. *CNBC*. Retrieved from https://www.cnbc.com/2021/04/05/state-of-personal-finance-education-in-the-us.html

9 Fernbach, P., & Sussman, A. (2018, October 27). Teaching people about money doesn't seem to make them any smarter about money – here's what might. *MarketWatch.* Retrieved from https://www.marketwatch.com/story/financial-education-flunks-out-and-heres-whats-being-done-about-it-2018-10-10

More than two-thirds say financial wellness education as part of financial wellness strategy is *very* important

Survey Question: How important do you think financial education is as part of a financial wellness strategy?



Note: Numbers do not add up to 100% due to rounding.

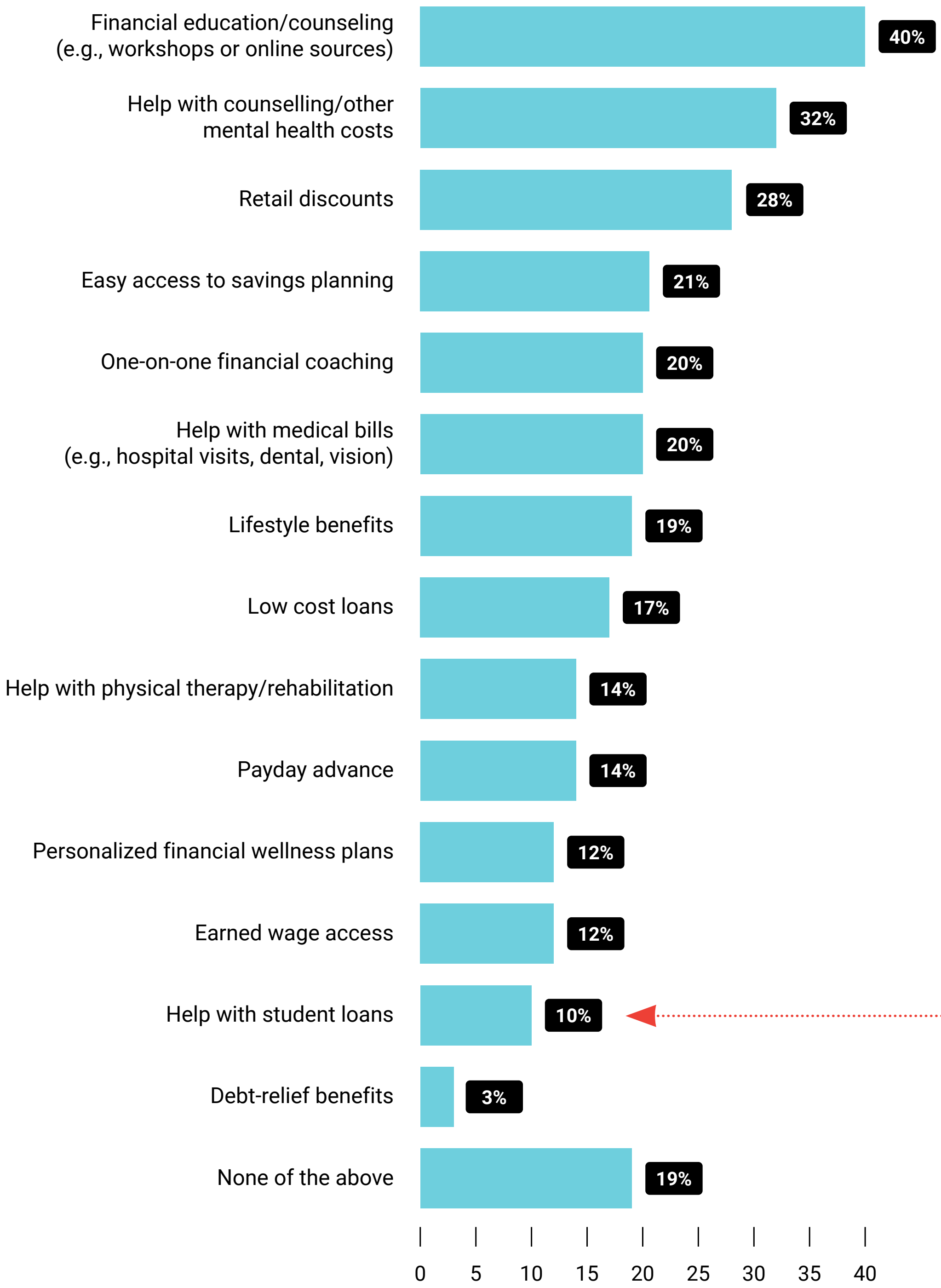
Finding: Financial education is among the most commonly offered financial wellness benefits, though only two-fifths provide them

Though virtually all respondents say financial education is important, only 40% currently offer financial education/counseling to employees, and 20% offer one-on-one financial coaching. Few offer personalized financial wellness plans (12%).

In fact, no initiative was selected by more than half of respondents. Roughly a third (32%) offer help with counseling/other mental health costs, and 28% offer retail discount initiatives. Just 14% offer payday advances and just 12% earned wage access. Similarly, just 12% offer personalized financial wellness plans.

Personalization and relevance can be key to employees taking advantage of these benefits. "It needs to be relevant for the individual and needs to connect with them on a particular level for them to take that first step. I think applying a 'one size fits all approach' is more likely to turn them off than pique their interest," Amy Bruce, Head of UBS Financial Wellness, said during an HR Research Institute advisory board call.

Survey Question: Which of these initiatives does your organization offer to employees? (select all that apply)



Ten percent have an initiative to help employees with their student loans

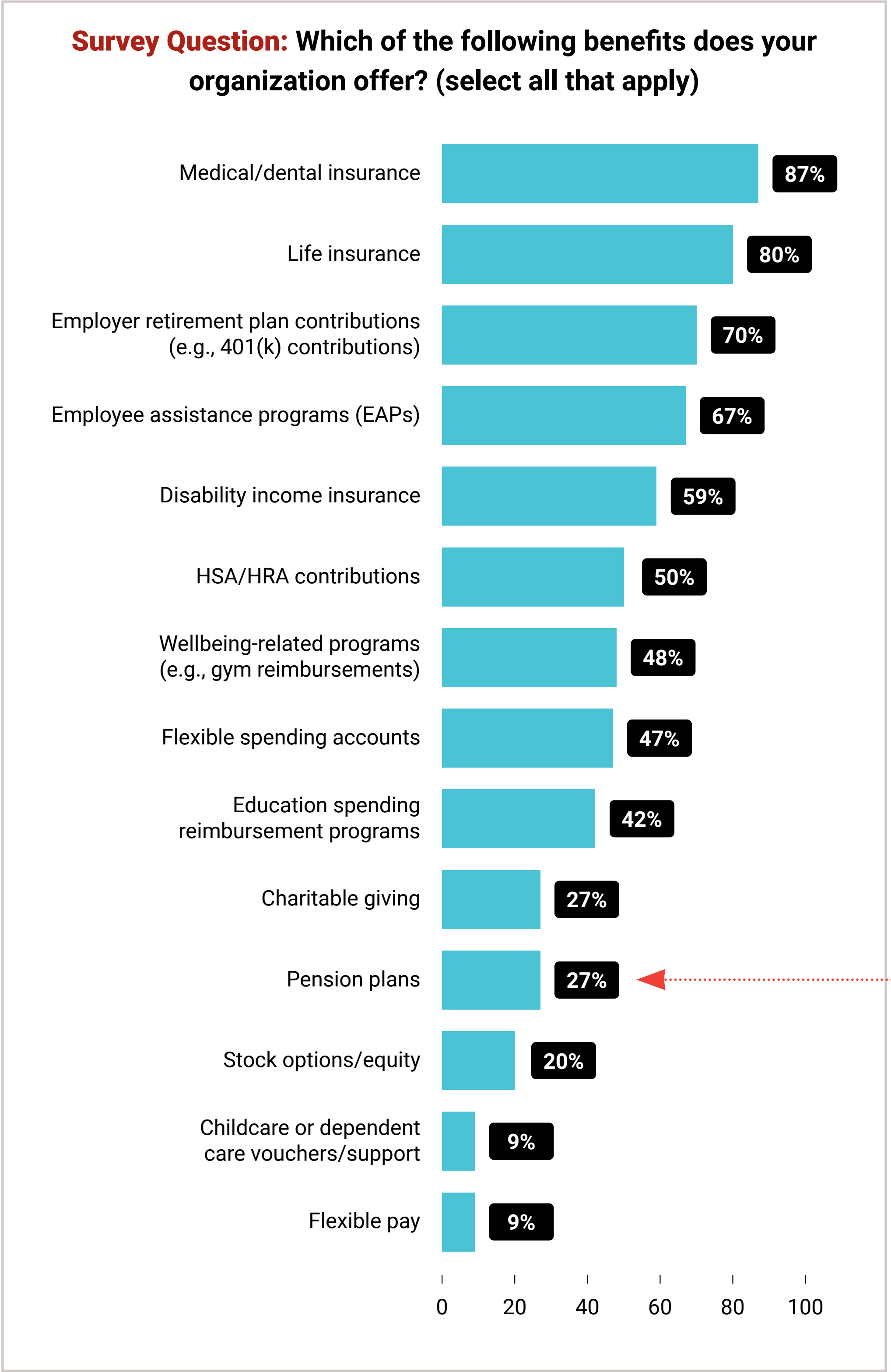
The Current Benefits Landscape

Finding: Medical insurance remains the most commonly provided benefit

A large majority of respondents say their organizations offer medical/dental insurance (87%) and life insurance (80%) as part of their benefits programs. Two-thirds also offer employee assistance programs (67%) and over half offer disability income insurance (59%).

While 70% offer employer retirement plan contributions, fewer offer other financial-related benefits, such as Health Savings Account/Health Reimbursement Arrangements (HSA/HRA) contributions (50%), education spending reimbursement programs (42%), pension plans (27%) or stock options/equity (20%).

And, although respondents say childcare expenses is one of the top five sources of financial stress, just 9% of organizations offer childcare or dependent care vouchers or support.



Just one-quarter (27%) offer pension plans

Finding: Price and value to employees are the most important factors for considering a new benefit or wellness offering

Participants were asked which four factors they believe are the most important when their organization considers a new benefit or wellness offering.

The majority of respondents say the most important factors for considering a new benefit or wellness offering are the financial costs of providing it and the value delivered to individual employees who use it. These are the only two responses selected by a majority.

Nearly half cite factors related to business impact, such as effect on engagement and productivity, time taken to manage it on an on-going basis and impact on retention.

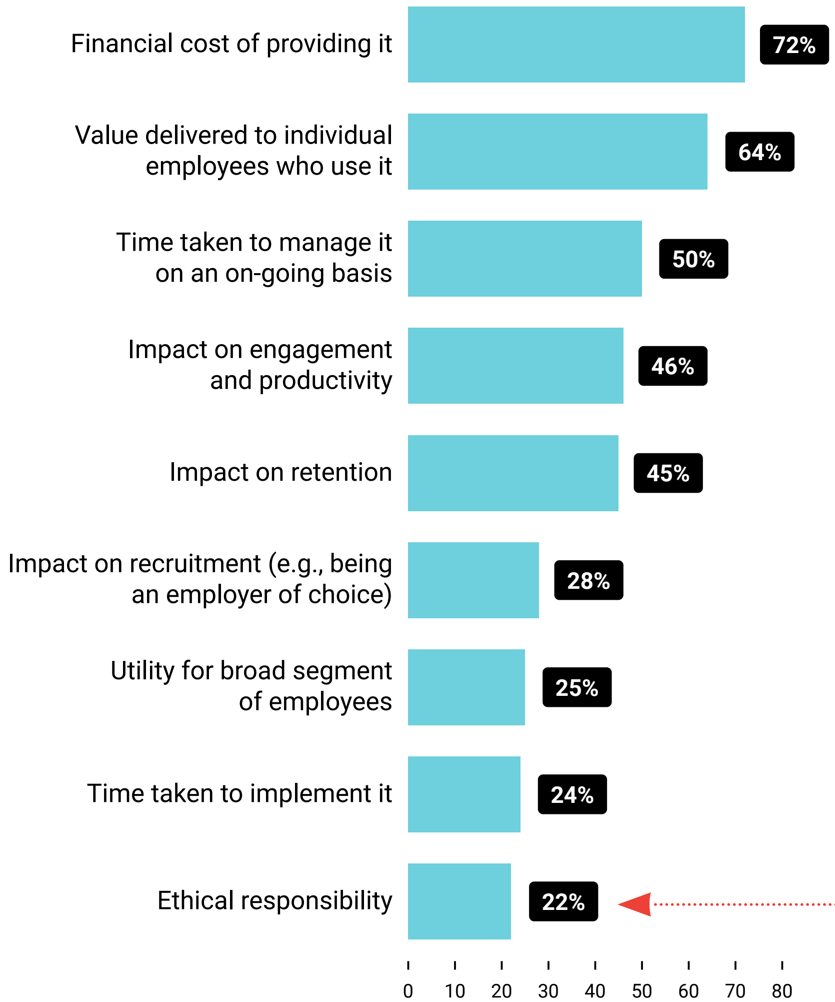
About one-fifth (22%) say ethical responsibility is one of the most important factors.

Differences by company size

While all company sizes say the top two factors to consider are the financial cost of providing it and the value delivered to individual employees who use it, they all have a different third option. Respondents in small organizations say the time taken to manage it on an ongoing basis is the third most important factor. Respondents in mid-size organizations say it is impact on engagement and productivity, and those in large firms say it is impact on retention.

> **"If we're noticing that we have traditional programs, and people who make 100k and under are not participating at the same rate as people over a 100K, that's a huge indicator that even if we were to roll out more programs, would people be able to afford them if they're not free, or even understand how they could take advantage because they're probably looking at every dollar."**
>
> **– Cassandra Rose,** Head of People at Fringe

Survey Question: **What four factors do you believe are the most important for your company when considering a new benefit or wellness offering? (select up to four)**



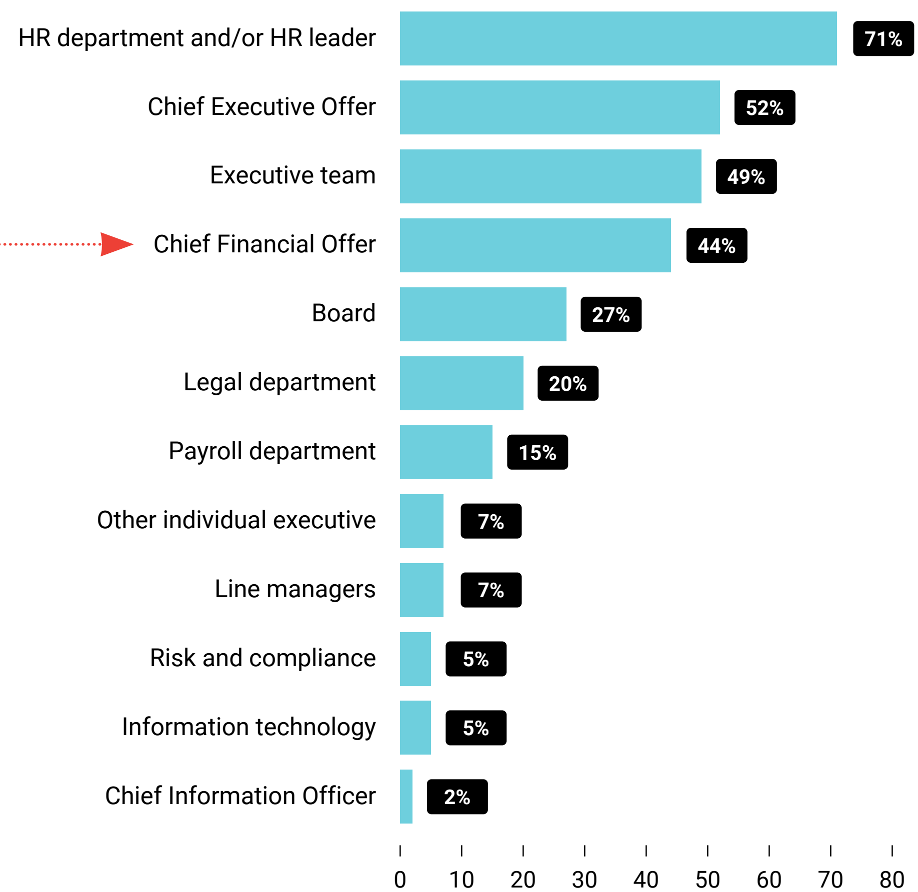
One-fifth say ethical responsibility is an important factor when considering a new benefit or wellness offering

Finding: HR is most commonly involved in approving new benefit offerings

The HR department or HR leader is most likely to be involved in the approval process of any new benefit (71%). Around half say the CEO (52%) or executive team (49%) is involved.

One-fifth say the legal department is involved in this decision. However, at 42%, large organizations are twice as likely as the aggregate population to say this is the case.

Survey Question: Who is involved in the approval process of any new employer benefit offerings? (select all that apply)

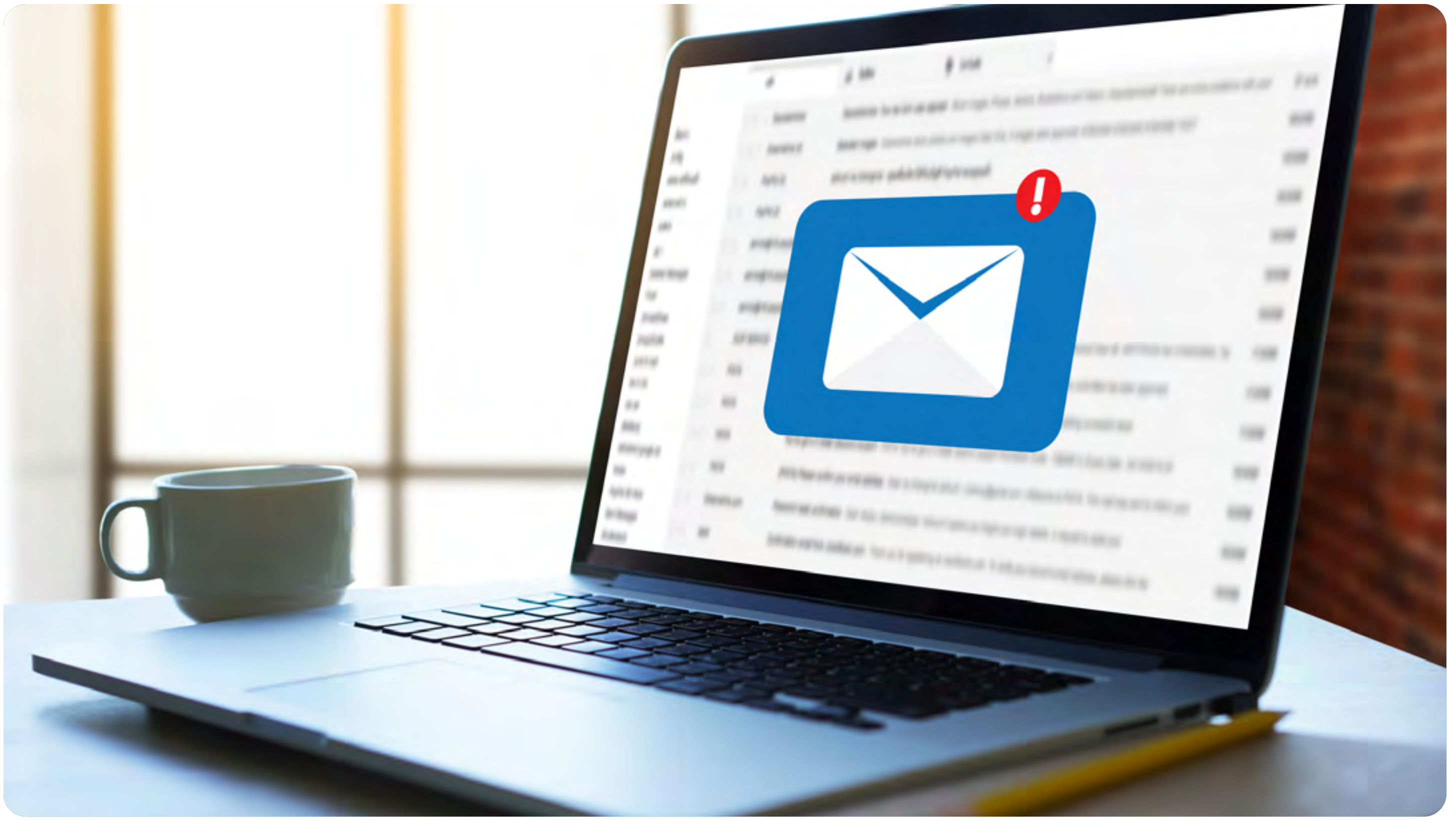


Forty-four percent say the Chief Financial Officer is involved in the approval process for new benefit offerings

Finding: Three-quarters of organizations communicate wellness initiatives to employees through email

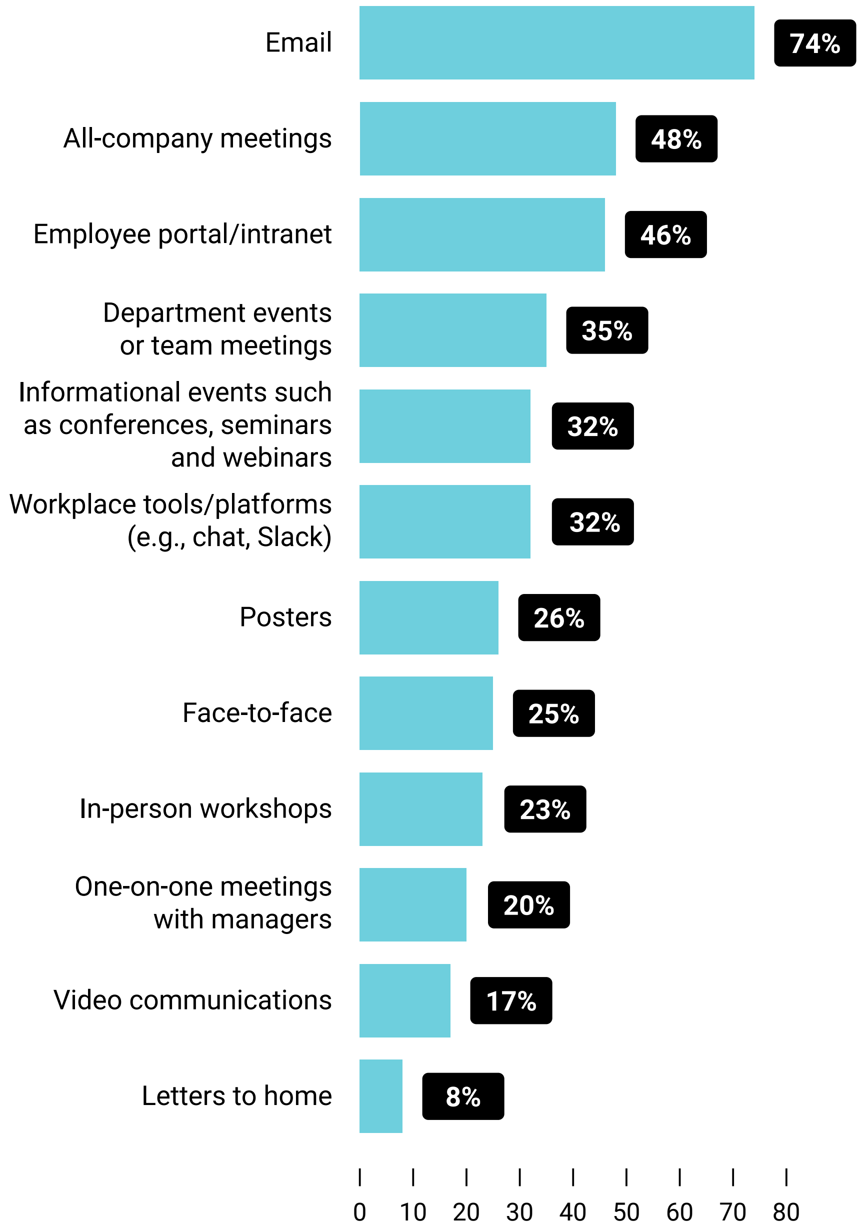
Email is by far the most common communication channel that organizations use to communicate wellness initiatives to employees. In a previous HRRI research report, we found that not only is email the most widely used employee communication channel in general, but it is also rated as the most effective at helping organizations reach their primary communication objectives.[10]

Nearly half say they communicate wellness initiatives through all-company meetings (48%) or an employee portal/intranet (46%).



[10] HR.com's HR Research Institute. (2022, April). *The State of Employee Communications 2022.* Retrieved from https://www.hr.com/en/resources/free_research_white_papers/the-state-of-employee-communications_l29d6qxh.html

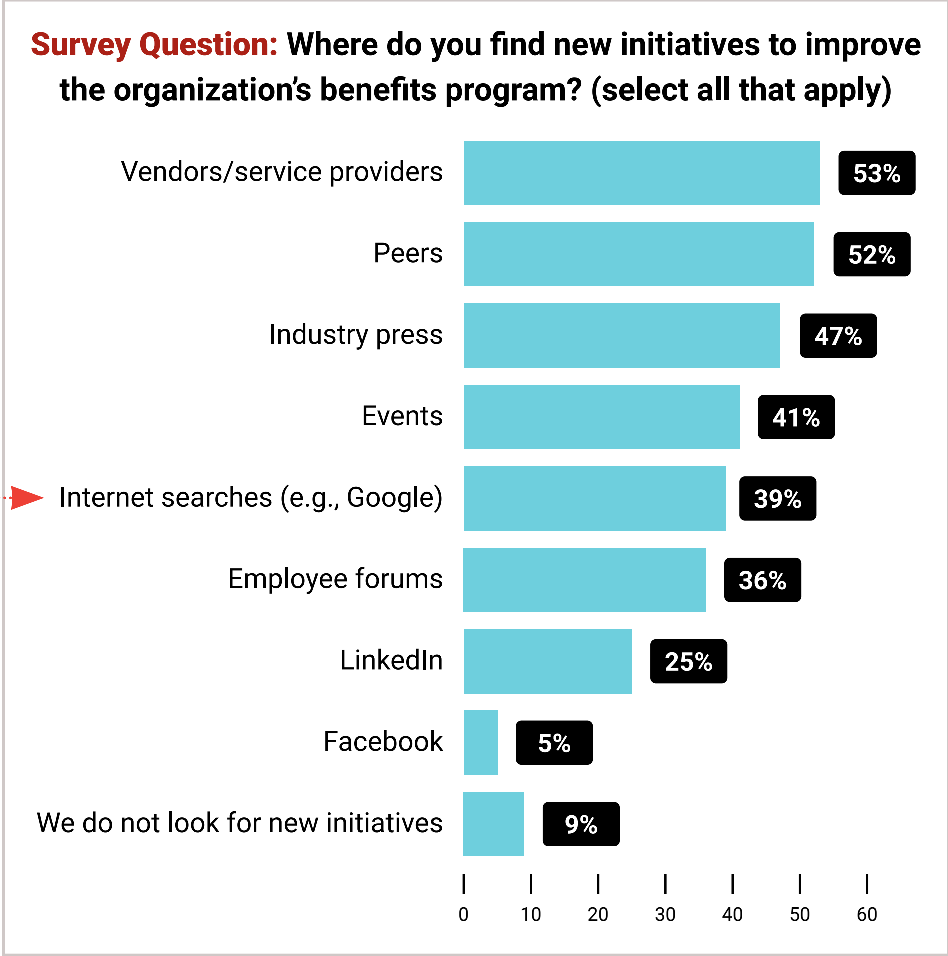
Survey Question: Which communication channels does your organization use to communicate wellness initiatives to employees? (select all that apply)



Finding: Roughly half of respondents say they find new benefit initiatives through vendors/service providers, peers or industry press

Most organizations (91%) are constantly on the lookout for new employee benefits to offer. But how do they discover those new benefits? Our research shows that employers most commonly find new initiatives to improve the organization's benefits programs through vendors/service providers (53%) or through peers (52%). Industry press, cited by 47%, is also widely used.

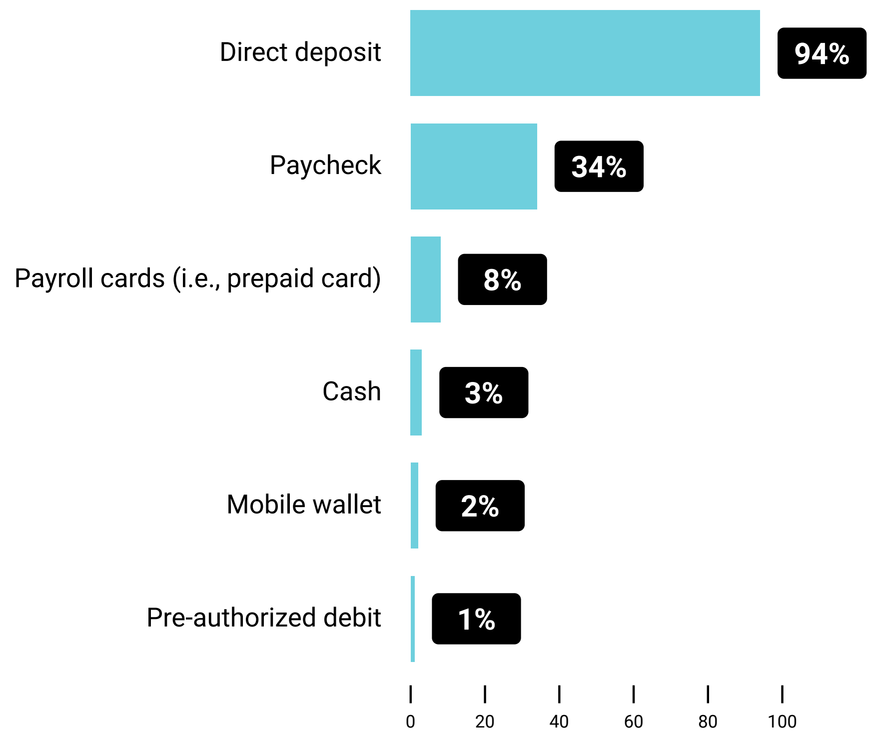
About two-fifths find new initiatives through Internet searches



Finding: Nearly all organizations pay employees with direct deposit

Ninety-four percent say their organization pays employees through direct deposit payments. Some organizations use traditional payment methods such as paychecks (34%) and payroll cards (8%). Newer technology, however, is not readily adopted, with just 2% paying employees through a mobile wallet.

Survey Question: **How does your organization pay its employees? (select all that apply)**



Practices Linked to a Greater Chance of Success

How Do We Classify Financial Wellness Leaders?

To better understand potential best practices in employee financial wellness, we divided our survey participants into two cohorts:

- **Financial wellness leaders:** Respondents who say their organizations successfully helps employees attain greater financial wellness to a high extent or very high extent.
- **Financial wellness laggards:** Respondents who say their organizations successfully helps employees attain greater financial wellness to a low extent, very low extent or not at all.

Of course, correlation is not the same as causation. While we cannot state that any particular practice will definitely lead to success in employee financial wellness, we do see intriguing relationships that might result in greater success.

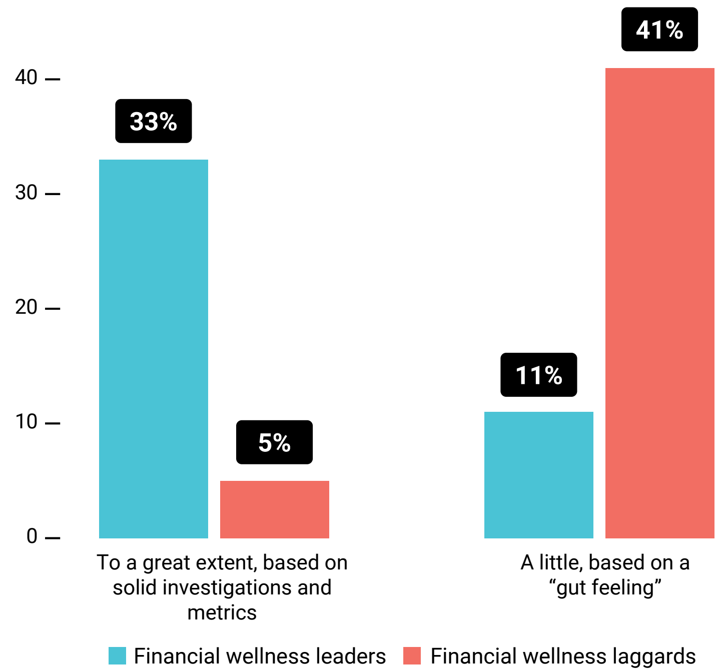
What Do Financial Wellness Leaders Do Differently?

Finding: Financial wellness leaders are more than six times more likely to understand their employees' financial wellbeing to a great extent

Compared to their laggard counterparts, financial wellness leaders are far more likely to have solid metrics in place to understand the financial well-being of employees. In fact, they are more than six times more likely to say they understand the well-being of employees to a great extent, based on solid investigations and metrics.

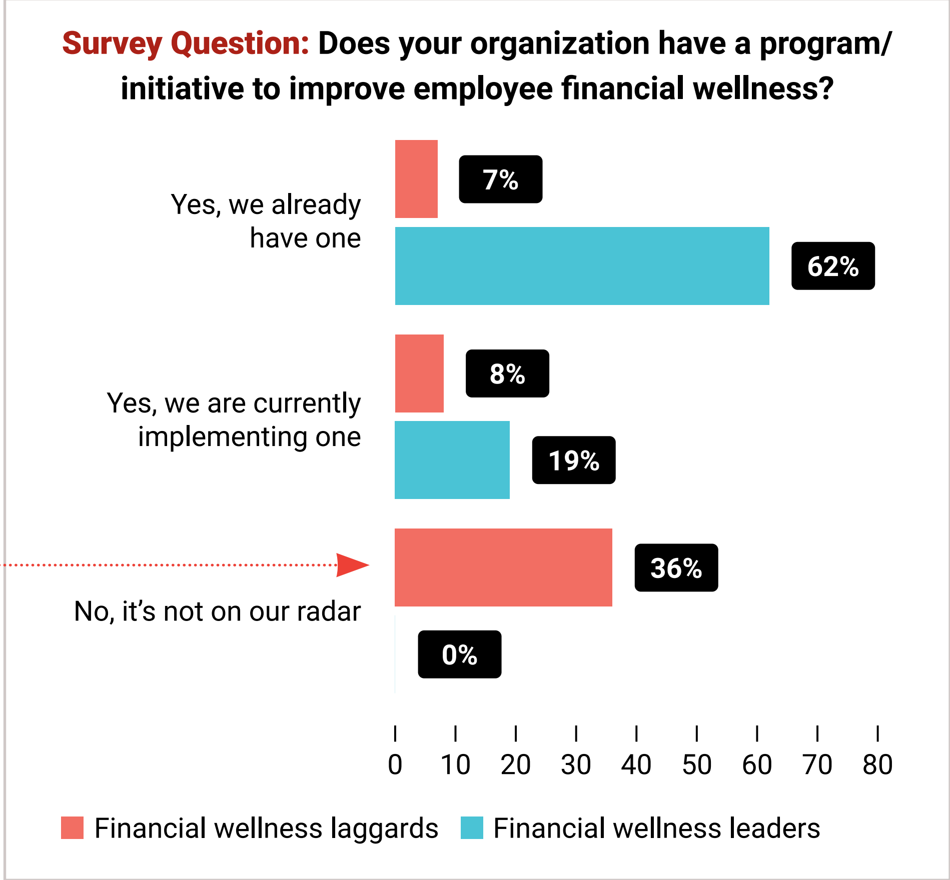
Laggards, on the other hand, are nearly four times more likely to say they only understand this a little based on a "gut feeling."

Survey Question: To what degree does your organization understand the financial well-being of employees in your organization?



Finding: Financial wellness leaders are nearly nine times more likely than laggards to already have a financial wellness initiative in place

The majority (62%) of financial wellness leaders currently have a financial wellness program/initiative in place, whereas just 7% of financial wellness laggards say the same. Further, leaders are also about twice as likely as laggards to say they are currently implementing one (19% vs. 8%).



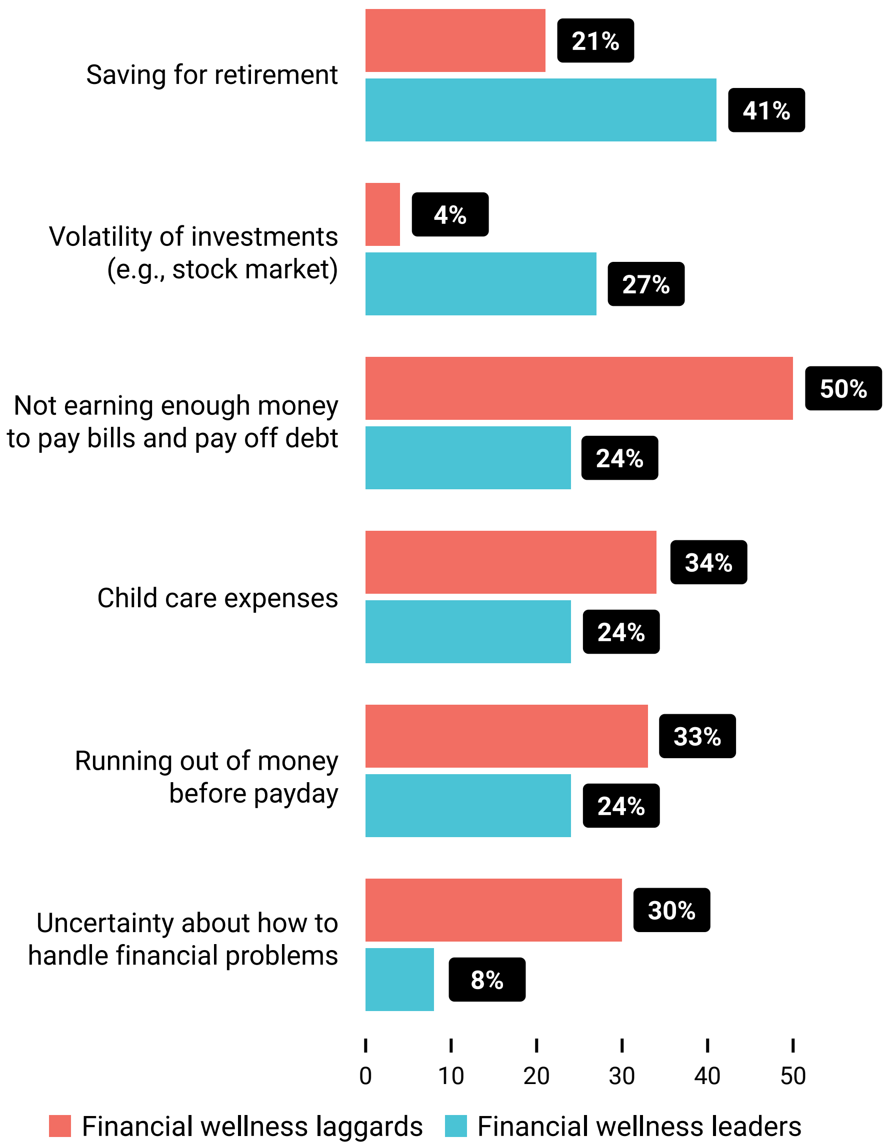
More than a third of financial wellness laggards say they don't have a financial wellness initiative in place and that it's not on their radar

Finding: Financial wellness laggards are more likely to say employees in their organization suffer from a variety of financial stressors

Employees in laggard organizations are more likely than those in leader organizations to have immediate financial concerns such as child-care expenses (34% vs. 24%), not earning enough money to pay bills and pay off debt (50% vs. 24%) or running out of money before payday (33% vs. 24%). Further, 30% of financial wellness laggards say employees in their organization are uncertain about how to handle financial problems, while just 8% of financial wellness leaders say the same. This could be because financial wellness laggards are less likely to offer financial education initiatives.

By comparison, employees in financial leader organizations are more likely to be worried about issues such as volatility of investments (27% vs. 4%) or saving for retirement (41% vs. 21%).

Survey Question: What do you believe are your employees' top five sources of financial stress?



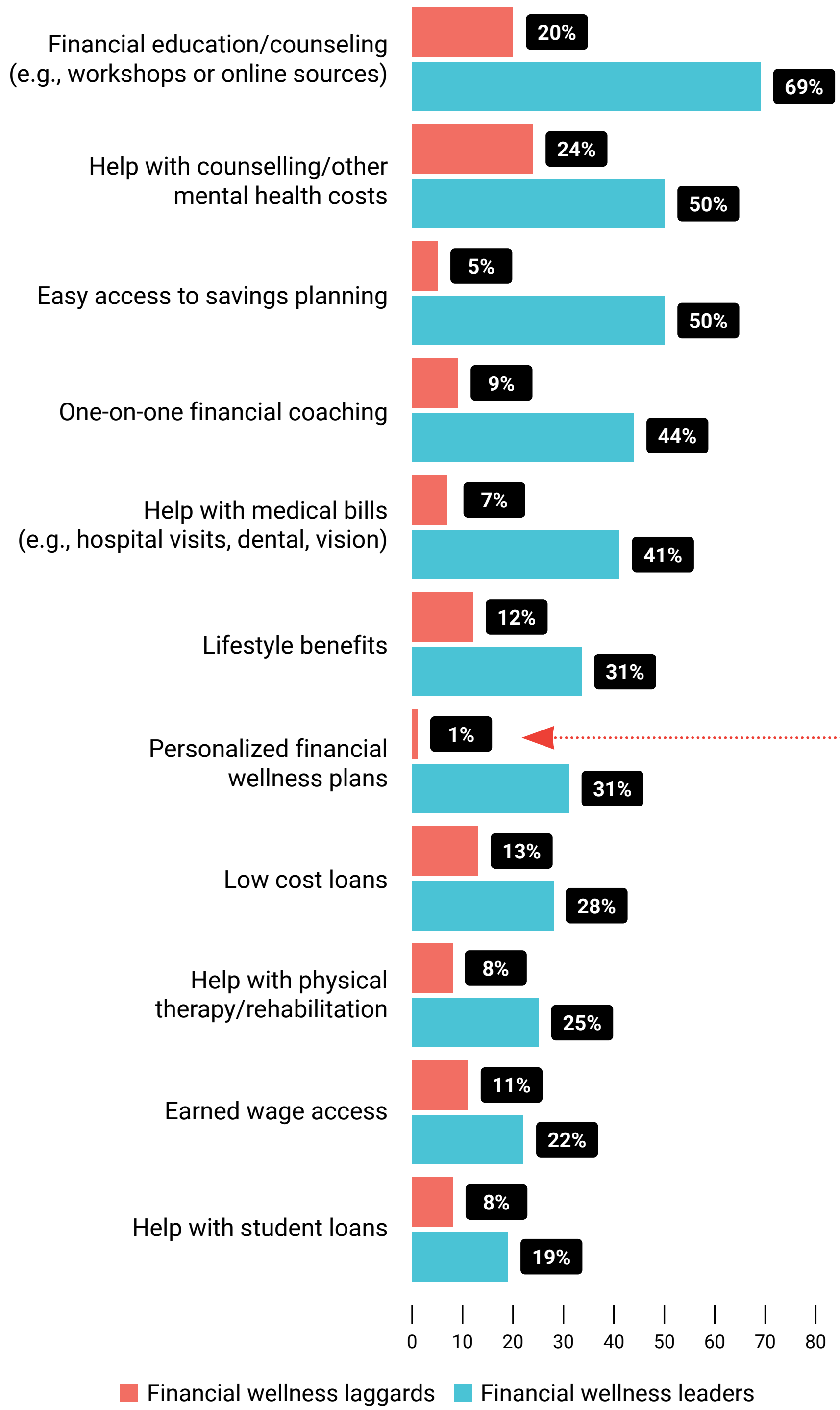
Financial wellness laggards are twice as likely as leaders to say not earning enough money to pay bills and pay off debt is a source of financial stress for employees in their organization

Finding: Financial wellness leaders are more than three times more likely than laggards to offer financial education/ counselling to employees

Financial wellness leaders (69%) are far more likely than laggards (20%) to offer financial education to employees. This could explain why fewer financial wellness leaders than laggards say uncertainty about how to handle financial problems is a top stressor.

Leaders are also nearly five times more likely than laggards to offer one-on-one financial coaching (44% vs. 9%), ten times more likely to offer easy access to savings planning (50% vs. 5%) and twice as likely to offer help with student loans (19% vs. 8%).

Survey Question: Which of these initiatives does your organization offer to employees? (select all that apply)

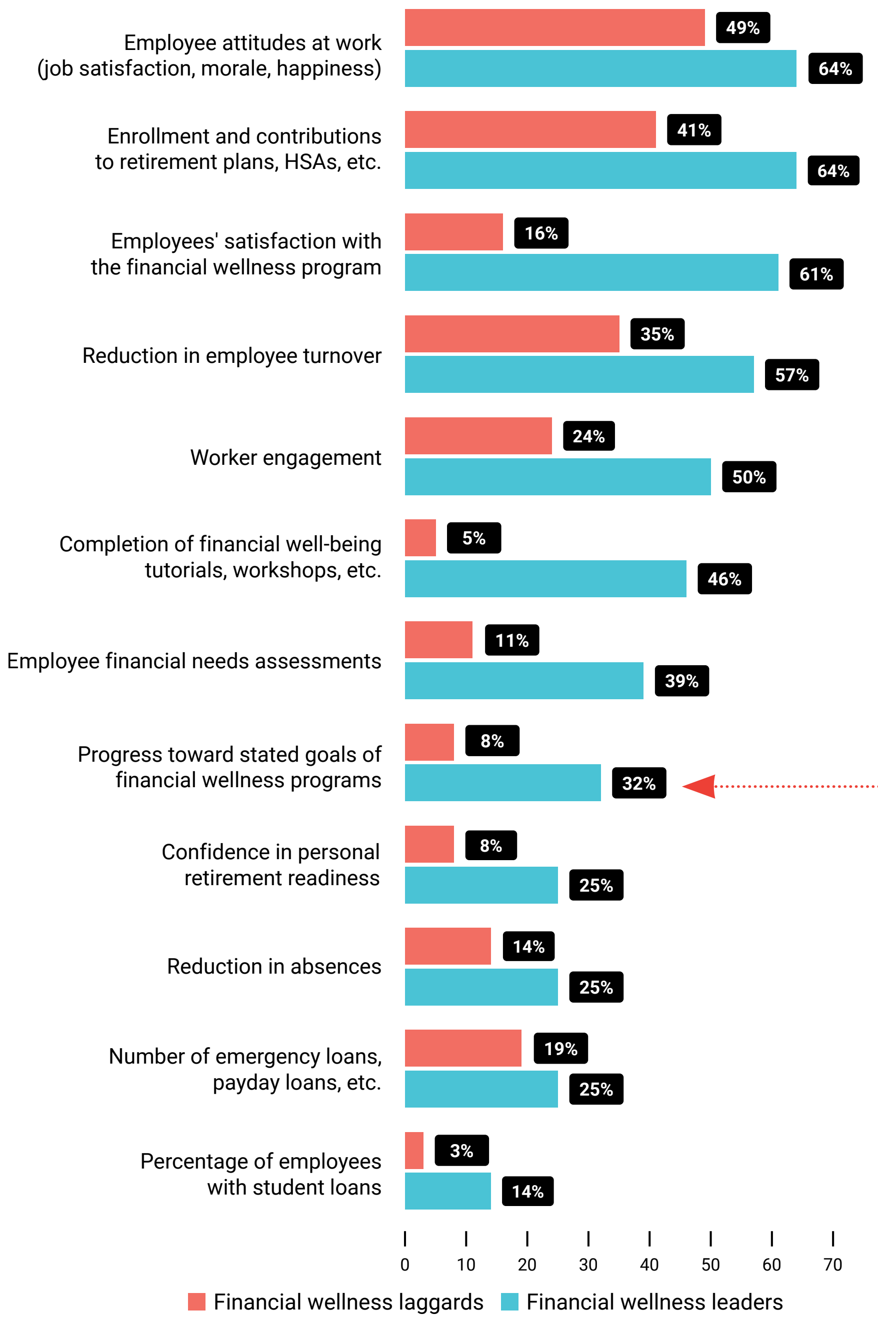


Nearly a third of financial wellness leaders offer personalized financial wellness plans, whereas only 1% of laggards say the same

Finding: Financial wellness leaders are more likely to track a variety of metrics to measure the success of financial well-being initiatives

Financial wellness leaders are more likely to measure the success of their financial well-being initiatives through a variety of metrics. Notably, they are nearly four times more likely than laggards to track employees' satisfaction with the financial wellness program (61% vs. 16%), nine times more likely to track completion of financial well-being tutorials, workshops, etc. (46% vs. 5%) and twice as likely to track worker engagement (50% vs. 24%).

Survey Question: Which of the following metrics does your organization track to measure the success of the financial well-being initiatives?



Financial wellness leaders are four times more likely than laggards to track progress toward stated goals of their financial wellness programs

Key Takeaways

Given the research findings in this report, below are some key suggestions for how organizations might become more successful in employee financial wellness.

Key Takeaway 1

Discover employees' biggest sources of financial stress. By determining where employees are struggling, organizations can offer initiatives best suited to them. For example, if employees' most common financial stressor deals with more immediate short-term concerns, implementing a financial initiative dealing only with retirement saving goals might not resonate. Of course, data should typically be anonymous or anonymized to protect employee privacy. There are multiple ways to discern sources of financial stress, though each should be used carefully and wisely:

- employee surveys that include questions about financial pressures
- focus groups or one-on-ones to help employers understand issues in greater detail
- absenteeism rates
- productivity rates
- healthcare costs
- usage rates of any financial programs
- aggregate data from employee assistance programs

Key Takeaway 2

Offer financial wellness initiatives that best suit the needs of your organization and employees. Financial wellness initiatives may not only help current employees in multiple ways, they could also aid with recruiting new employees. However, employers don't need to do everything at once. They can pick and choose the initiatives that best meet the needs of employees. There is a wide array of possible initiatives from which to choose, such as:

- financial education or counseling
- one-on-one financial coaching
- help with costs related to medical or mental health bills
- help with savings planning
- retail discounts
- low cost loans
- personalized financial wellness plans
- earned wage access
- debt-relief benefits

Key Takeaway 3

Track a variety of metrics to determine the success of financial wellness initiatives. Once financial wellness initiatives are implemented, it's important to find out if, 1) these initiatives are actually helping employees, and 2) what the impact is on the organization. Consider metrics such as enrollment and contribution numbers, job satisfaction, employee turnover trends and how employees feel about the financial wellness programs. Our data finds that financial wellness leaders are more likely to track the success of financial wellness initiatives with a variety of metrics. Tracking success through multiple data points can paint a bigger picture. If an initiative is lackluster, use these metrics to discover why this is the case and what can be done to improve.

Key Takeaway 4

Consider offering financial wellness education. Virtually all of our respondents say that financial education is important, though fewer than half actually offer such education initiatives. Consider offering financial education initiatives that will cover multiple areas regarding financial wellness so employees can choose the ones most relevant and interesting to them. For example, consider offering education on budget planning, retirement goals or student loans so employees in different life stages can get something out of these initiatives.

Key Takeaway 5

Ensure employees are comfortable reaching out in regard to financial issues. By cultivating an organizational culture that is open and honest, employees may be more comfortable seeking help. However, not every employee will be comfortable in every circumstance. For example, if your organization brings in an expert guest speaker, ensure employees have a judgment-free and confidential opportunity to ask questions or seek advice in a non-public setting. Consider also implementing an anonymous help initiative so employees can seek help or advice without having to disclose their personal details.

Key Takeaway 6

Work toward closing pay gaps. Inflation and rising costs have affected many employees. HR professionals say not earning enough money to pay bills or debt is one of the top sources of financial stress for their employees. Further, underrepresented employees, such as women of color, are more likely to make less than their white male counterparts.[11] Consider conducting a pay equity audit to ensure inequitable pay gaps are closed.

[11] Epperson, S. (2021, August 3). Black women make nearly $1 million less than white men during their careers. *CNBC*. Retrieved from https://www.cnbc.com/2021/08/03/black-women-make-1-million-less-than-white-men-during-their-careers.html

Key Takeaway 7

Make it easier for employees to save money. For example, an organization can set up defaults so that employees enroll in retirement saving plans automatically even while still giving them the power to opt out of those plans. Behavioral scientist Katy Milkman, a professor at The Wharton School of the University of Pennsylvania, notes, "[Defaults are] a really powerful tool that a policymaker or employer, a benevolent government can use to try to help make it easier for citizens, or again, employees to end up with the best possible outcome, because something has to be a default in most situations. So, once you recognize the importance of them, you can try to be careful and thoughtful and choose defaults that will lead to good outcomes. It's also a powerful insight though, for an individual who wants to improve their own outcomes…You can think about the default website your browser goes to if you want it to be not Twitter, but the *New York Times* homepage, for instance, so that you get something that's full of enrichment, as opposed to something that might take you down a rabbit hole. There's lots of ways in our own lives we can set up defaults, including default savings contributions, every paycheck, you can have an automatic withdrawal that's sent straight to a savings account so that money just disappears and goes right where you want it to go forever after."[12]

[12] Milkman, K.(2022, December 26). You, but better. *Hidden Brain.* Retrieved from https://hiddenbrain.org/podcast/you-but-better/

About LearnLux

LearnLux is the leading workplace financial well-being provider that blends fiduciary digital planning with access to one-on-one guidance from Certified Financial Planner™ professionals. LearnLux's award-winning program equips employees with a financial plan to guide them through decision points like budgeting, paying down debt, electing benefits, understanding equity compensation, starting a family, buying a home, saving for retirement, and more. Advanced reporting keeps our partners in the know, and drives results like reduction in financial stress, increased productivity, reduced employee turnover, greater use of pretax products, on-time retirement, and healthcare savings. LearnLux members feel great about their money, allowing their work and well-being to thrive.

About HR.com and the HR Research Institute

The HR Research Institute helps you keep your finger on the pulse of HR! Powered by HR.com, the world's largest community of Human Resources professionals, the HR Research Institute benchmarks best practices and tracks trends in human resources to help more than 2 million HR professionals (that many people can't be wrong!). Companies are backing up their strategic decisions with informed and insightful HR.com research references!

Over the past few years, the HR Research Institute has produced more than 180 exclusive primary research and state of the industry research reports, along with corresponding infographics, based on surveys of thousands of HR professionals. Each research report highlights current HR trends, benchmarks and industry best practices. HR Research Institute reports and infographics are available online, and always free. Visit hr.com/hrresearchinstitute to maximize your HR potential. **#hrresearchinstitute**

