

Sixth Annual Financial Wellbeing Employer Survey Finds Productivity, Employee Satisfaction Primary Reasons for Employers to Offer Financial Wellness Benefits

- Financial wellness programs increasingly reflecting employers' concern for workers facing higher costs of living -

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(Washington, D.C.) – Results from the sixth annual Financial Wellbeing Employer Survey published today by the Employee Benefit Research Institute (EBRI) found that productivity and employee satisfaction were the primary reasons for employers to offer financial wellness benefit programs. Benefits decision makers cited high costs of living as the top issue to address with financial wellness initiatives, supplanting retirement preparedness for the first time ever. While retirement preparedness remains an important area of focus for employers as the second-most cited area to address, issues such as health care costs, budgeting and money management and daily living expenses rounded out the top five, perhaps signaling an increase in employers' concern for their workers' day-to-day finances.

"The survey shows that financial wellbeing programs are being used to increase worker satisfaction and retention. However, employers cited costs to employees, as well as to the company itself, as challenges in offering financial wellbeing programs. Perhaps as a result, employers frequently cited measuring their financial wellness offerings' impact on employee productivity and worker satisfaction. At the same time, most benefits decision makers reported being optimistic that their company's budget for these benefits will increase in the short term so that they anticipate continued development of these programs," explained Craig Copeland, Ph.D., director, Wealth Benefits Research, EBRI.

Key findings in the survey report include:

- **Measuring Success** — The top factors in measuring financial wellness initiatives' success were increased employee productivity and improved overall worker satisfaction. The next two most cited factors were improved use of existing employee benefits and improved employee retention. This is a change from 2022, when the satisfaction/retention measures were cited most often. Reflecting that, while having an attractive workplace is still an important reason for offering financial wellness benefits, business factors are also an integral part of the measurement rubric.
- **Cost-Benefit Analysis** — Eighty-seven percent of the companies reported having explicitly developed a cost-benefit analysis based on employee satisfaction, employee attraction/retention, employee productivity or medical/mental health claims to evaluate their financial wellness offerings. Cost-benefit analysis by employee satisfaction was the leading factor, with employee productivity next. Employee attraction/retention was just below productivity, showing that employers are still looking at satisfaction measures but are also looking at these programs' direct benefits to their company relative to the costs of them.
- **Top Issues, Areas of Focus and Challenges** — Companies' top issues to address with their financial wellness initiatives were the high cost of living, retirement preparedness and health care costs. For top focus areas, investments and retirement planning were the top-cited primary focus, with basic financing and education and consulting programs being the next-most-mentioned areas of focus. The top challenges to offering these programs were costs to both the employer and the employee. Outside of costs, data and privacy concerns and the complexity surrounding the programs were the top challenges faced by employers.
- **Impact on Mental Health** — Eighty-five percent of the companies indicated that financial wellbeing initiatives had either a large impact or a small impact on employees' mental, emotional and social wellbeing. Forty-eight percent of the companies indicated it offered mental health benefits or coverage. The benefit was most likely to be provided as a part of major medical/health insurance, but it was also provided as a separate service or through both means. Of those who provided a separate service, the overwhelming majority used an employee assistance program. In addition, 4 in 10 offered financial therapists and the Calm app.

- **Caregiving Benefits** — The caregiving benefits most often offered had to do with leave policies as opposed to benefits in the direct provision of caregiving. Six in ten employers allowed for flexible work arrangements (e.g., teleworking or compressing the work week), which was the most offered caregiving benefit. Roughly 4 in 10 employers offered long-term leave policies and paid family caregiver leave policies. Approximately one-quarter of employers indicated it plans to offer each of the listed caregiving benefits in the next 1-2 years.
- **Specific Actions Addressing Diversity** — When asked if their company was taking specific actions to address diversity, equity and inclusion in their financial wellbeing initiatives through actions targeted for different genders, races/ethnicities, and ages, companies were more likely to offer different types of solutions for the different characteristics and to ensure that financial counselors and coaches were diverse than they were to tailor messages specifically for the diverse groups.
- **Specific Steps Taken to Understand Diverse Needs** — To understand specifically what companies are doing to understand the different needs of diverse workers, numerous possible steps were explored. Surveying employees was the most common step taken to understand diverse workers' needs. Implementing an industry or government financial wellbeing score or metric or creating a financial wellbeing score or metric were the steps least likely to be undertaken.

“The continued evolution of financial wellness programs is a crucial question going into 2024, particularly with student loan payments restarting this month for many employees. As these programs grow in value to employees and are used for attraction and retention, the expectation that these programs to be provided will only increase,” said Jake Spiegel, research associate, Health and Wealth Benefits Research, EBRI.

The 2023 EBRI Financial Wellbeing Employer Survey was collected through an 18-minute online survey of 252 full-time benefits decision makers conducted in July and August 2023. All respondents worked full time at companies with at least 500 employees that were at least interested in offering financial wellness programs. Respondents were required to have at least moderate influence on their company's employee benefits program and selection of financial wellness offerings. Additionally, respondents were required to hold an executive, officer or manager position in the areas of human resources, compensation or finance.

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To view the complete survey report, visit www.ebri.org/fwes-2023.

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(MEDIA NOTE: To receive the complete survey report, email dresner@ebri.org).