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2021 EBRI Financial Wellbeing Employer Survey: Focus on COVID-19 and Diversity Goals

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

The fourth annual Employee Benefit Research Institute (EBRI) Financial Wellbeing Employer Survey shows that maturing financial wellbeing programs have become increasingly holistic and are highly likely to have a strategy for improving their employees' financial wellbeing. However, the uncertainty surrounding the COVID-19 pandemic persists, and the programs being offered are being impacted. With costs continuing to being reported as the top challenge in offering financial wellbeing programs, employers are looking for ways to measure their impact, with employee retention and productivity being cited the most.

- ***Concern for Employees' Wellbeing Grew —*** In addition to the signs of financial wellness programs maturing, the companies' level of concern about their employees' financial wellbeing also grew in 2021. On a 10-point scale (10 being the highest), 34 percent of employers rated their concern at 9 or 10 (high) in 2021, up from one-quarter in the prior years.

- ***Top Issues, Areas of Focus, and Challenges —*** The top issues companies seek to address with their financial wellness initiatives are retirement preparedness, health care costs, and financial-related stress. Likewise, the top areas of focus by employers with financial wellness initiatives are health/medical/physical and retirement planning. Basic finance or budgeting are also in the top areas of focus. The top challenges to offering these programs continue to be costs both to the employer and the employee. Outside of costs, data and privacy concerns and complexity surrounding the programs are the top challenges employers say they face.

- ***Benefits Gaining in Importance —*** Some of the benefits that were the most commonly currently offered also ranked highest among those that companies plan to offer: personalized financial counseling, coaching, or planning and basic money management tools. At the same time, a relatively high proportion of employers also plan to offer financial wellness benefits such as credit/debt counseling, coaching, or planning and incentives/gamification around savings and financial actions.

- ***Caregiving Benefits —*** The caregiving benefits most often offered have to do with leave policies as opposed to benefits in the direct provision of caregiving. However, one-third of employers said they plan to offer each of the surveyed caregiving benefits, even those dealing with the direct provision of care, in the next 1–2 years.

- ***Top Priority Since Pandemic—*** Initiatives that are a top priority of employers, deal with immediate financial help — emergency fund/employee hardship assistance and short-term loans through payroll deduction, through a third party. Roughly half of the emergency fund/hardship assistance features currently offered were added in response to the COVID-19 pandemic.

- ***Companies Have Taken Actions to Understand the Needs of Diverse Workers and Have Tailored Benefits for Different Groups of Workers —*** Benefit decision makers were highly likely to agree that their companies provide safe spaces for their employees to provide feedback on their needs, understand the needs of their distinct employee population, and have put substantial effort into identifying the financial wellness needs and inequities among their work force demographics. Furthermore, benefit decision makers were also highly likely to agree that their companies' financial wellness initiatives are tailored to the values and needs of various communities in their work force, that their companies ensure that their employees have access to financial counselors or coaches from diverse backgrounds, and that their companies' financial wellness initiatives address the unique barriers faced by many racial and ethnic groups.

- ***Specific Actions Addressing Diversity*** —The most cited action for addressing diversity, equity, and inclusion was offering communication and education materials in multiple languages, while the second most cited action was ensuring that the look and feel of communications/solutions is diverse. The least likely action to be taken was tailoring messages by gender or for minority populations.

Financial wellness programs have evolved from a focus on retirement preparedness to a more complete picture across all aspects of an individual's finances. With the hope of reducing employees' financial stress and increasing productivity, companies are looking for better ways to evaluate the impact of their financial wellbeing programs, whether on a retention/recruitment or productivity basis.

The continued evolution of financial wellness programs is a crucial question going into 2022. As these programs grow in value to employees, the expectation that they will be provided will only increase. These programs also have the potential to address companies' diversity, equity, and inclusion goals, as they increasingly focus on providing help in all aspects of individuals' finances, allowing them to match the specific issues faced by those in different groups.

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Craig Copeland is a Senior Research Associate at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the authors, and should not be ascribed to the officers, trustees, or other sponsors of EBRI, EBRI-ERF, or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Introduction

The fourth annual Employee Benefit Research Institute (EBRI) Financial Wellbeing Employer Survey shows that maturing financial wellbeing programs have become increasingly holistic and are highly likely to have a strategy for improving their employees' financial wellbeing. However, the uncertainty surrounding the COVID-19 pandemic persists, and the programs being offered are being impacted. With costs continuing to be reported as the top challenge in offering financial wellbeing programs, employers are looking for ways to measure their impact, with employee retention and productivity being at the top. Yet employers are struggling to measure productivity, so retention and satisfaction are more likely measures to be tracked. Some benefits such as student loan debt assistance have lost importance, whereas emergency savings/hardship assistance has grown in interest.

In addition to these insights, this survey provides the reasons employers provide financial wellness initiatives, the focus of the programs, and the challenges in offering them. Furthermore, a report card of financial wellbeing benefits is shown, describing what benefits are more or less likely to be offered given the current environment. New for this year's survey is a series of questions on how companies incorporate diversity, equity, and inclusion into their financial wellbeing programs, such as the steps taken to understand the needs of different demographic groups within their work force and the actions taken to address diversity within these programs.

Methodology

The 2021 EBRI Financial Wellbeing Employer Survey was collected through a 15-minute online survey of 250 full-time benefits decision makers conducted in June and July 2021. All respondents worked full time at companies with at least 500 employees that were *at least interested in offering* financial wellness programs.

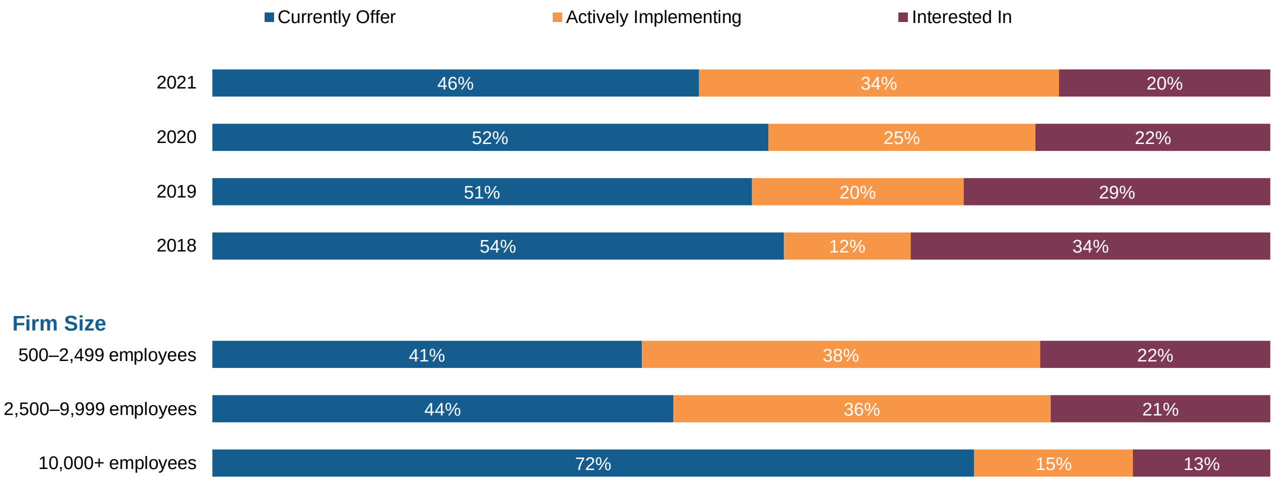
Respondents were required to have at least moderate influence on their company's employee benefits program and selection of financial wellness offerings. Additionally, respondents were required to hold an executive, officer, or manager position in the areas of human resources, compensation, or finance.

The Current State of Financial Wellbeing Programs

Just under half (46 percent) of the employers surveyed that were at least interested in implementing financial wellbeing benefits were currently offering a program in 2021 (Figure 1). This is essentially unchanged from 2018–2020. However, increasingly, employers that do not currently offer financial wellness initiatives say they are actively implementing a program as opposed to just being interested in offering a program. The percentage actively implementing increased from 12 percent in 2018 to 34 percent in 2021. Correspondingly, the percentage just interested fell from 34 percent to 20 percent. Unsurprisingly, the largest firms (10,000 or more employees) were more likely to be currently offering a program than the small employers (72 percent compared with 44 percent for employers with 2,500–9,999 employees and 41 percent for employers with 500–2,499 employees), but there was not a significant difference in the proportion currently offering when it came to the two smaller employer sizes.

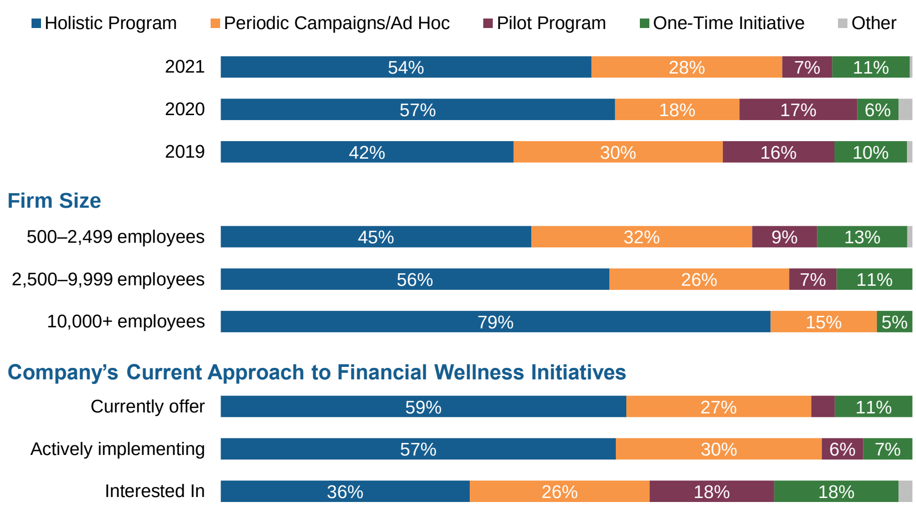
Move to Holistic Programs — A significant change that indicated a maturation in the approach employers are taking in offering financial wellbeing programs is the increased likelihood that the programs were considered holistic (54 percent of the employers in 2021 compared with 42 percent in 2019). This was true regardless if the program was currently being offered, it was being actively implemented, or the employer was just interested in offering it (Figure 2). The largest employers were most likely to have a holistic initiative, as were those currently offering benefits. Also, from 2020 to 2021, there was a decrease in the share of employers saying their programs are pilot programs, with a corresponding increase in those considered a periodic/ad hoc program.

Figure 1
Current Approach in Offering Financial Wellness Initiatives



Q5. Which statement most accurately reflects your company's current approach in offering financial wellness initiatives to employees? (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250; 2021 Study, n=250)

Figure 2
Primary Approach in Offering Financial Wellness



Compared with the 2020 study, more companies are offering a periodic campaign. Fewer say their program is in the pilot phase.

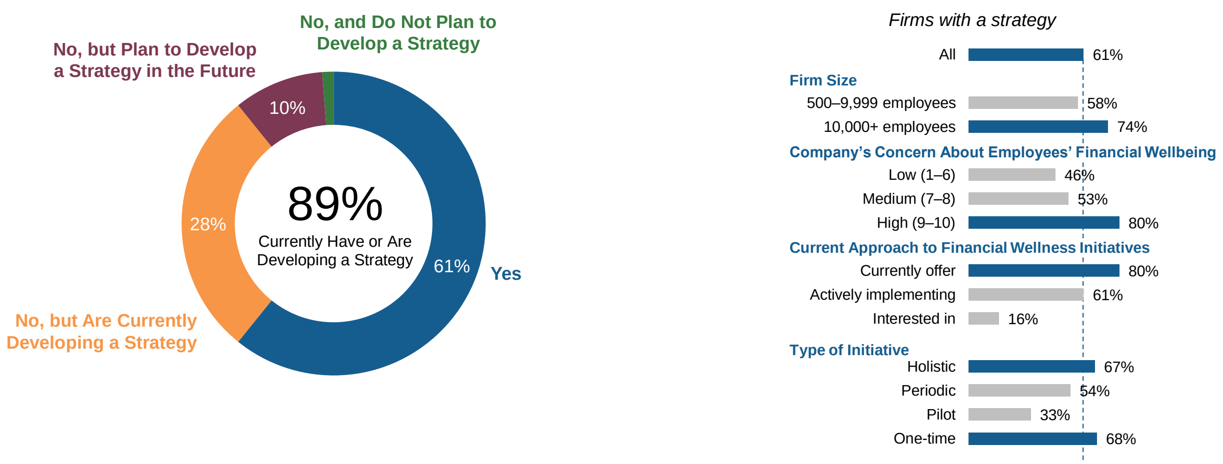
Those more likely to be offering holistic programs include firms:

- With 10,000+ employees
- Currently offering or implementing initiatives
- Offering more than five financial wellness benefits
- With a strategy for improving their employees' financial wellness
- Firms that have examined existing employee benefit/retirement plan data

Q8. How do you or might you offer your financial wellness initiatives? Please select your primary approach. (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250; 2021Study, n=250)

Many Have Formal Strategies — Another sign of the maturation of financial wellbeing programs is that 61 percent of the employers with an interest in financial wellness initiatives said they have a strategy to improve their employees' financial wellness and another 28 percent were currently developing one, totaling 89 percent of the employers surveyed (Figure 3). Another 10 percent planned to develop a strategy.[1] As such, a formal plan seems to be the standard for the improvement of employees' financial wellbeing. The firms most likely to currently have a strategy were the largest firms, those currently offering financial wellness benefits, those with a holistic or one-time program, and those with the highest level of concern about employees' financial wellbeing.

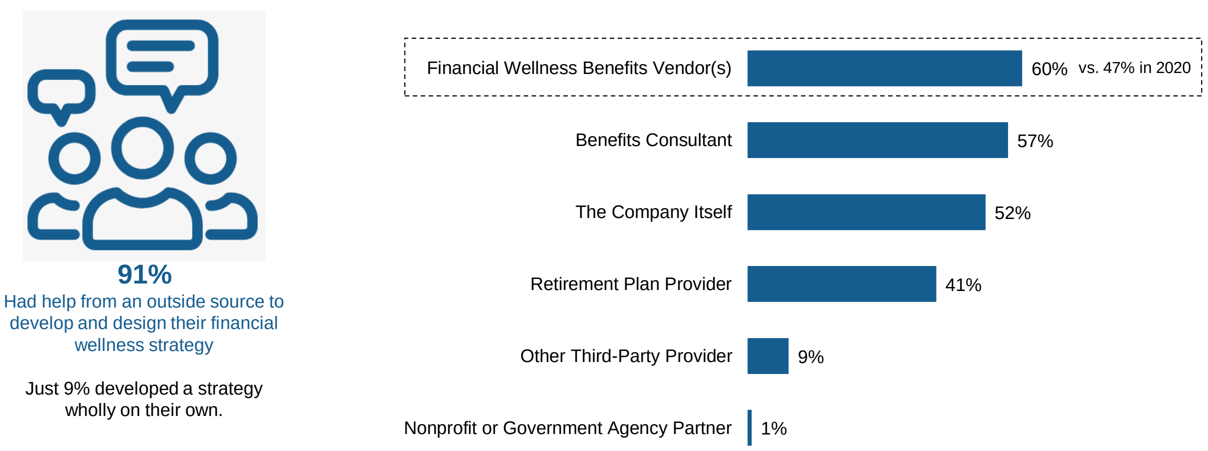
Figure 3
Strategy for Improving Employees' Financial Wellness



Q9. Does your company have a strategy for improving your employees' financial wellness? (n=250)

Of those who have developed or are developing a strategy, 91 percent stated they had some outside help with development of the strategy (Figure 4). The types of companies providing the help were fairly evenly distributed among the three main types of financial wellbeing program providers — 60 percent said financial wellness vendors (up from 47 percent in 2020), 57 percent cited benefit consultants, and 41 percent said retirement plan providers. Half (52 percent) of the companies said that they were directly involved in the improvement strategy.

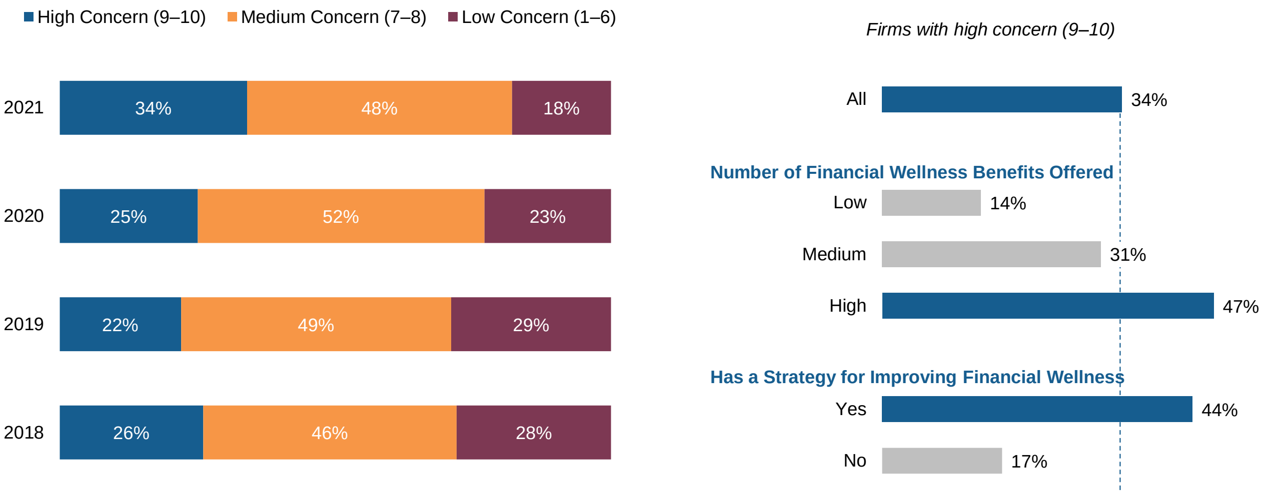
Figure 4
Helped Design Financial Wellness Strategy
Among those with a strategy or developing one



Q10. Who helped design and develop your organization's financial wellness strategy? Please select all that apply. (Have or are developing a strategy, n=223)

Concern for Employees' Wellbeing Grew — In addition to the signs of financial wellness programs maturing, the companies' level of concern about their employees' financial wellbeing also grew in 2021 (Figure 5). On a 10-point scale (10 being the highest), 34 percent of employers rated their concern at 9 or 10 (high) in 2021, up from one-quarter in the prior years. Another 48 percent rated their concern a 7 or 8 (labeled medium) — no different from 2018–2020. However, there was a decline in the lowest level of concern (6 or less) from as high as 29 percent in 2019 to 18 percent in 2021. Thus, over 80 percent of the employers had a relatively high level of concern for their employees' financial wellbeing — a 7 or higher. Those companies with a financial wellbeing strategy and offering more benefits were more likely to have the highest concern.[2]

Figure 5
Company's Level of Concern Around Employees' Financial Wellbeing



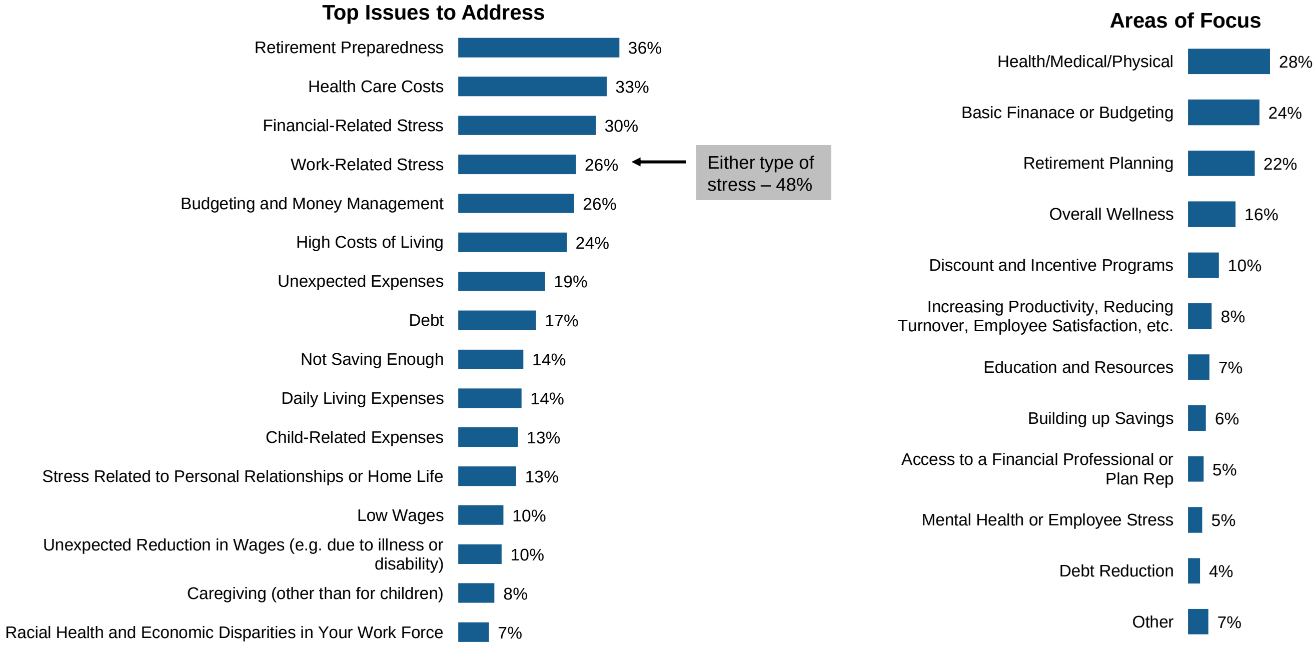
Q25. Please rate your company's level of concern about employees' financial wellbeing. (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250; 2021 Study, n=250)

Top Issues — Companies' top issues to address with their financial wellness initiatives were retirement preparedness (36 percent), health care costs (33 percent), and financial-related stress (30 percent). Combining the two types of stress — financial- and work related — a total of 48 percent of the employers cited these types of stress as a top issue (Figure 6). The remaining issues dealt with specific financial-related topics.

The top areas of focus matched the top issues of concern, as health/medical/physical and retirement planning were in the top three of focus areas. Basic finance or budgeting also appears in both the top areas of focus and top issues.

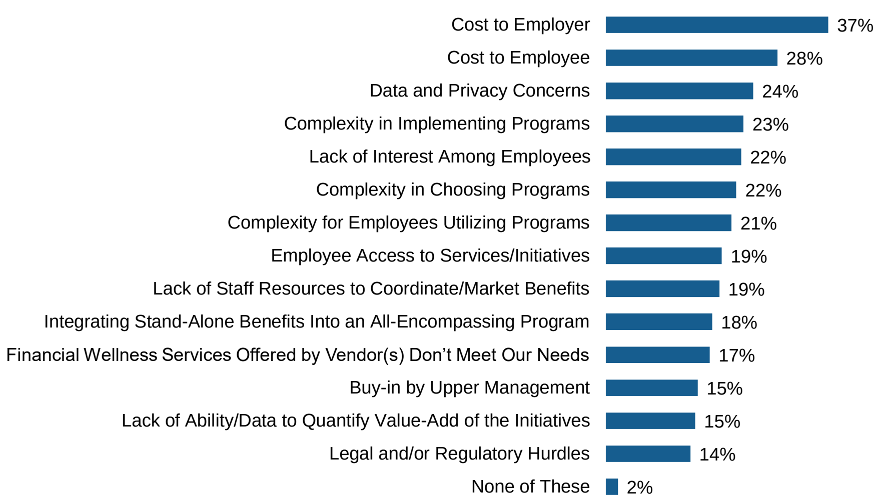
The top challenges to offering these programs are costs both to the employer and the employee (Figure 7).[3] Outside of costs, data and privacy concerns and complexity surrounding the programs are the top challenges employers say they face. Employer cost is a bigger challenge for those interested in offering financial wellness programs and for those without an overall strategy. Data and privacy concerns are more likely to be an issue for those actively implementing their program.

Figure 6
Top Issues to Address With and Areas of Focus in the Financial Wellness Initiatives



Q28. What are the top three issues faced by your employees that your financial wellness initiatives are designed to address? Please select your top three reasons. (n=250)
Q7. What programs or topic areas are your company's primary focus in their (current/anticipated) financial wellness initiatives? *Open-end question, multiple responses accepted.* (n=250)

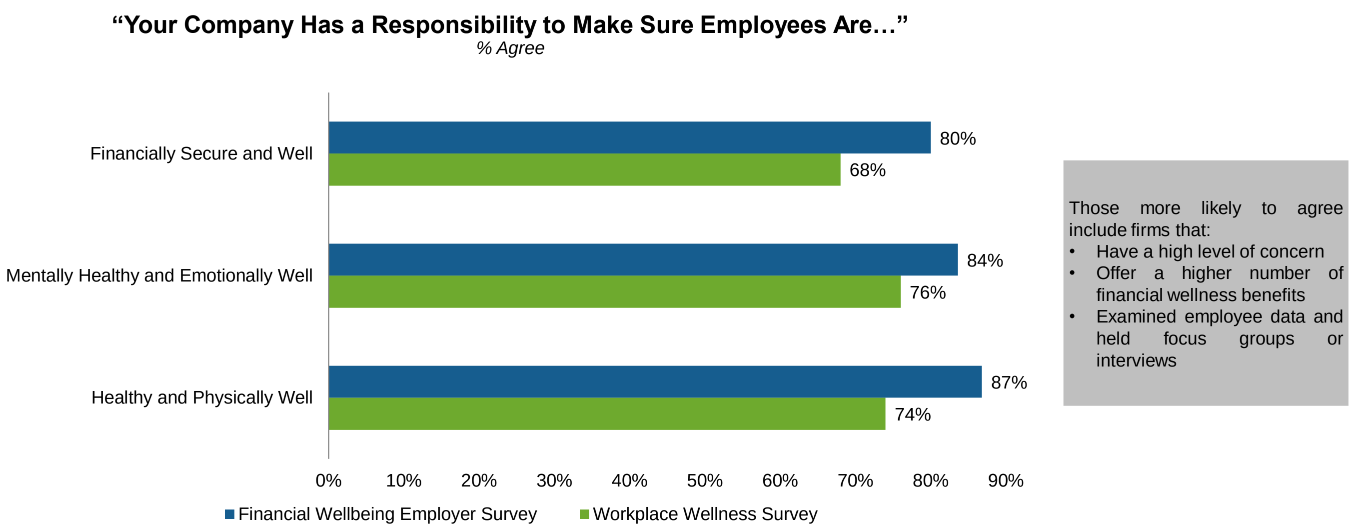
Figure 7
Top Challenges in Offering Financial Wellness Benefits



Q32. What are the top three challenges your company faces or anticipates facing in offering financial wellness benefits in the workplace? Please select your top three. (n=250)

Responsibility and Efforts to Improve Employees' Wellbeing — Benefit decision makers were highly likely to agree that their company has a responsibility to make sure employees are healthy and physically well (87 percent), mentally and emotionally well (84 percent), and financially secure and well (80 percent). This aligns with workers' sentiments from the 2021 Workplace Wellness Survey (WWS):[4] 74 percent believed their company has a responsibility to make sure employees are healthy and physically well, 76 percent agreed their employers are responsible for making sure employees are mentally healthy and emotionally well, and 68 percent agreed that their company is responsible for making sure that employees are financially secure and well (Figure 8). Benefit decision makers were also highly likely to say that their company's efforts to improve their employees' financial, physical, and emotional wellbeing were very good or excellent — although this share was not as high as the share who agreed their companies have a responsibility to make sure their employees are well (Figure 9). The efforts around financial and physical wellbeing (71 percent and 68 percent, respectively, saying excellent or very good) were rated higher than that of emotional wellbeing (60 percent). Benefit decision makers of companies with a high level of concern for the employees' wellbeing, those offering more benefits, or those taking steps to understand their employees' needs were more likely to say they agree that employees' wellbeing is the company's responsibility. They were also more likely to rate their efforts in improving their employees' wellbeing as at least very good.

Figure 8
Agreement of Companies' Responsibilities to Employees



Q26. To what extent do you agree or disagree with the following statements? (n=250; Workplace Wellness Survey, n=2,015)

Figure 9
Rating of Company's Efforts to Improve Employees' Wellbeing

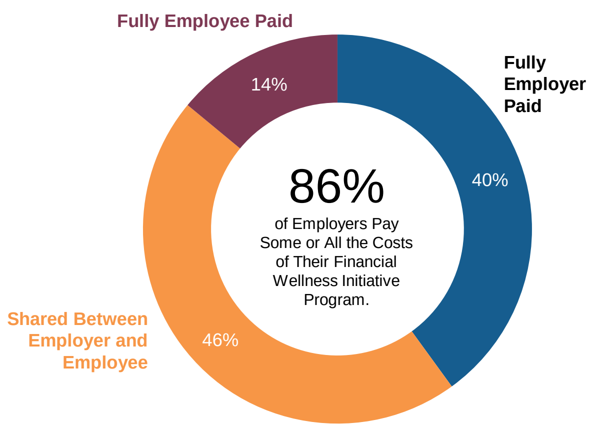
Those more likely to rate efforts as excellent or very good include those:

- Currently offering or implementing initiatives
- With a high level of concern
- With a strategy for improving their employees' financial wellness
- Offering more than two financial wellness benefits
- That have taken steps to understand employees' needs

Q27. How would you rate your company's efforts to help improve your employees' wellbeing in the following areas? (n=250)

Employers Pay Costs — As the top challenge in the provision of financial wellness benefits, costs were more closely examined in the survey. In fact, 40 percent of employers said that they fully pay for financial wellness benefits and another 46 percent shared the costs with employees (Figure 10). Only 14 percent said the benefits were fully paid for by employees.

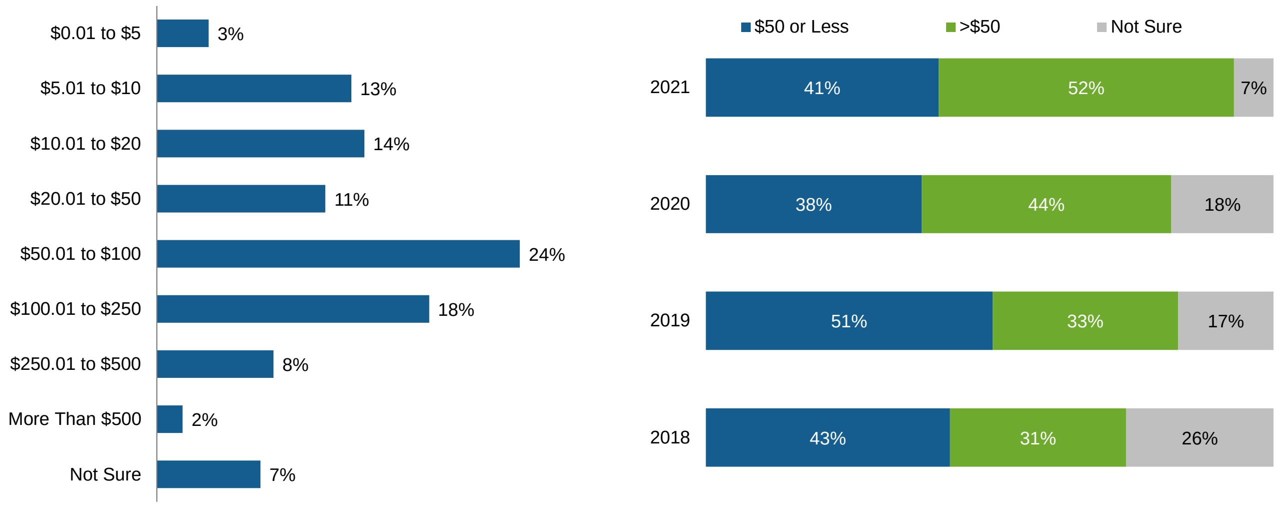
Figure 10
Who Pays for the Financial Wellness Initiatives



Q36. Who pays or might pay for your financial wellness initiative program? (n=250)

Costs Vary Significantly — Costs per employee being paid for these initiatives varied significantly from firm to firm, with most having said they spend between $5 and $250 per employee (Figure 11). Most commonly, employers cited costs of $50.01 to $100 per employee (24 percent) for these efforts. Furthermore, the costs appear to be continuing the upward climb from 2020, as 52 percent of the companies reported the costs being more than $50 per employee compared with one-third citing this level in 2018 and 2019. This can be partly attributable to the decline in the percentage saying they are unsure of the cost — below 10 percent in 2021 vs. around 20 percent in prior years.

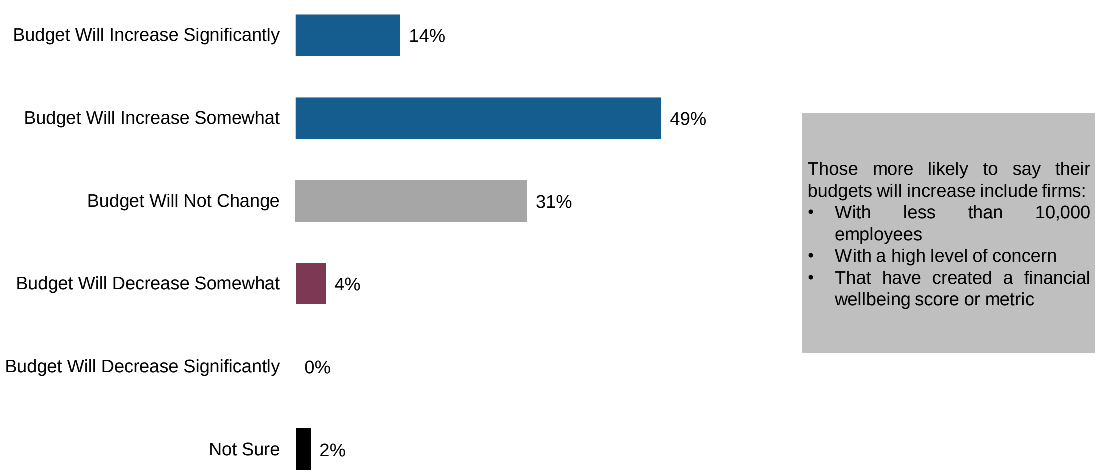
Figure 11
Annual Cost per Employee
Among those that currently offer financial wellness initiatives



Q37. On average, what is the annual cost per employee for financial wellness initiatives? (Currently offer financial wellness initiatives. 2018 Study, n=134; 2019 Study, n=126; 2020 Study, n=131; 2021 Study, n=116)

Increasing Budgets — With costs increasing again in 2021, it appears that budgets for these programs are growing as well, with 63 percent of the employers anticipating that their budgets will increase at least somewhat in the next one to two years (Figure 12). Another 31 percent did not anticipate their budgets to change, and only 4 percent expected their budgets to decrease. Those that were more likely to anticipate increases in their budgets were companies with less than 10,000 employees, with a high concern for the employees' financial wellbeing, or that had created a financial wellbeing score or metric.

Figure 12
Anticipation of Organization's Financial Wellness Budget in Next One to Two Years
Among those that currently offer financial wellness initiatives

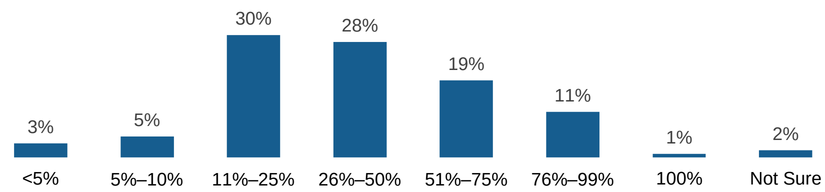


Q38. Overall, how do you anticipate your organization's budget for financial wellness initiatives will change in the next one to two years? (Currently offer financial wellness initiatives n=116)

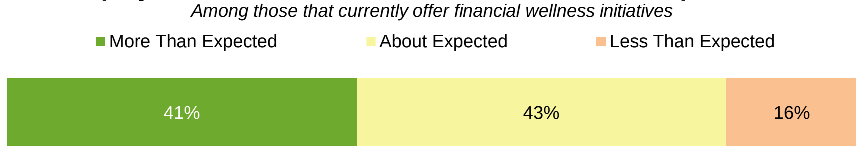
Utilization — Of the companies currently offering financial wellbeing programs, 31 percent said that more than half of eligible employees were using the benefits they offer (Figure 13). Another 28 percent said between a quarter and half of eligible employees were using the benefits. Forty-one percent of firms offering these benefits said that the share using them was higher than expected, and 43 percent said the use was about as expected. Only 16 percent said the use was less than expected. Firms with less than 10,000 employees, with a strategy, who have created a financial wellbeing score or metric, or who held employee interviews or focus groups were more likely to have had their employee use exceed their expectations.

Figure 13
Use of Financial Wellness Benefits

Eligible Employees Using Financial Wellness Benefits
Among those that currently offer financial wellness initiatives



Employees' Use of Financial Wellness Benefits vs. Expectations
Among those that currently offer financial wellness initiatives

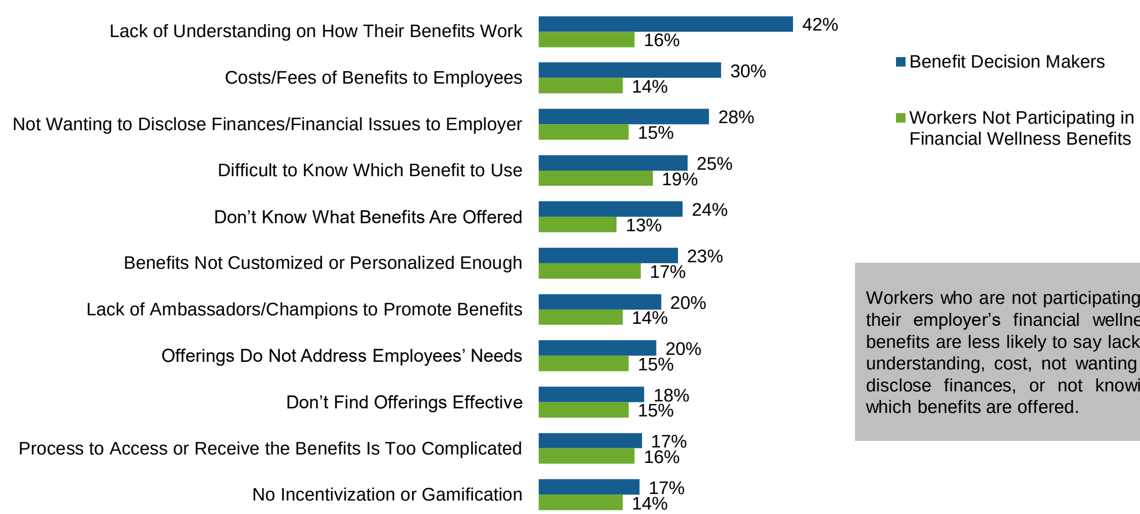


Those that say more employees than expected are using financial wellness benefits include:
- Firms with less than 10,000 employees
- Those with a strategy
- Those that have created a financial wellbeing score or metric
- Those that held employee interviews or focus groups

Q39. Approximately what percentage of eligible employees in your company do you estimate have made use/would likely make use of the financial wellness benefits? (Offers financial wellness benefits, n=116)
Q40. How does the amount of eligible employees making use of the financial wellness benefits compare to what you would expect? (Offers financial wellness benefits, n=116)

The top reasons that were cited by benefit decision makers for workers not being more engaged in their financial wellness benefits were lack of understanding on how the benefits work (42 percent), costs/fees of benefits to employees (30 percent), and not wanting to disclose finances/financial issues to employer (28 percent). However, workers from the Workplace Wellness Survey who were not participating in financial wellness benefits were less likely to cite these as reasons for not participating. Instead, they cited all the reasons offered almost equally likely (Figure 14).

Figure 14
Reasons Employees Are Not More Engaged With Financial Wellness Benefits



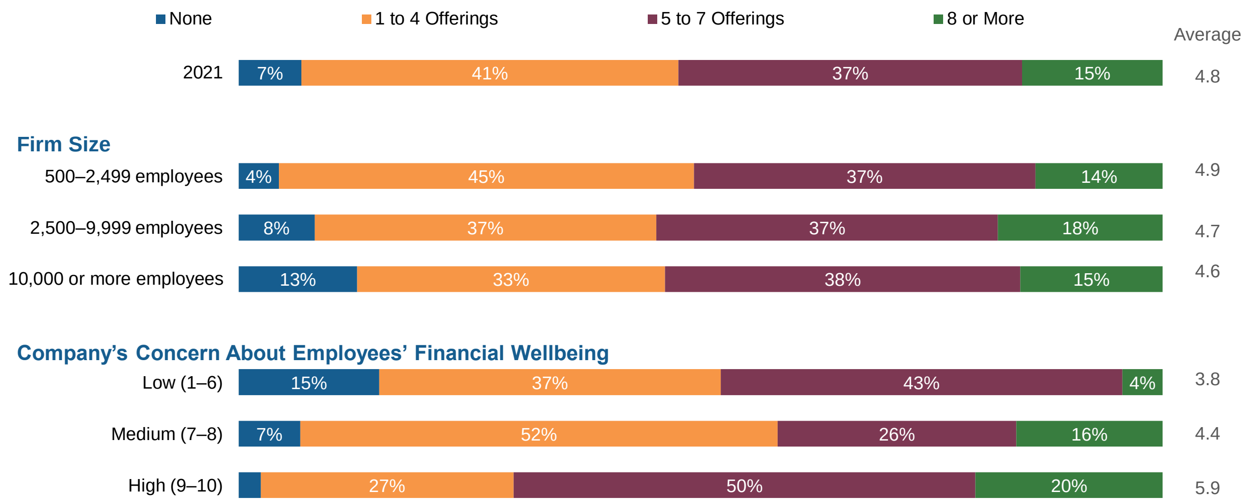
Workers who are not participating in their employer's financial wellness benefits are less likely to say lack of understanding, cost, not wanting to disclose finances, or not knowing which benefits are offered.

Q41. Which of the following do you think are reasons employees are not more engaged with your company's financial wellness benefits? Please select all that apply. (n=250); Workplace Wellness Survey, workers not participating n=437)

Overview of Financial Wellness Benefits Being Offered

The survey asked whether the companies currently offered any of 14 specific financial wellness benefits. On average, the companies reported currently offering 4.8 benefits, with 15 percent offering 8 or more (Figure 15). The average number of benefits offered did not differ by firm size — 4.9 for employers with 500–2,499 employees and 4.6 for employers with 10,000 or more employees. However, the number of benefits offered increased with the reported level of concern the employers expressed about their employees' financial wellbeing. Among those in the low-concern category, the average number of financial wellbeing benefits was 3.8, compared with 5.9, on average, for those in the high-concern category.[5]

Figure 15
Number of Financial Wellbeing Benefits Currently Offered



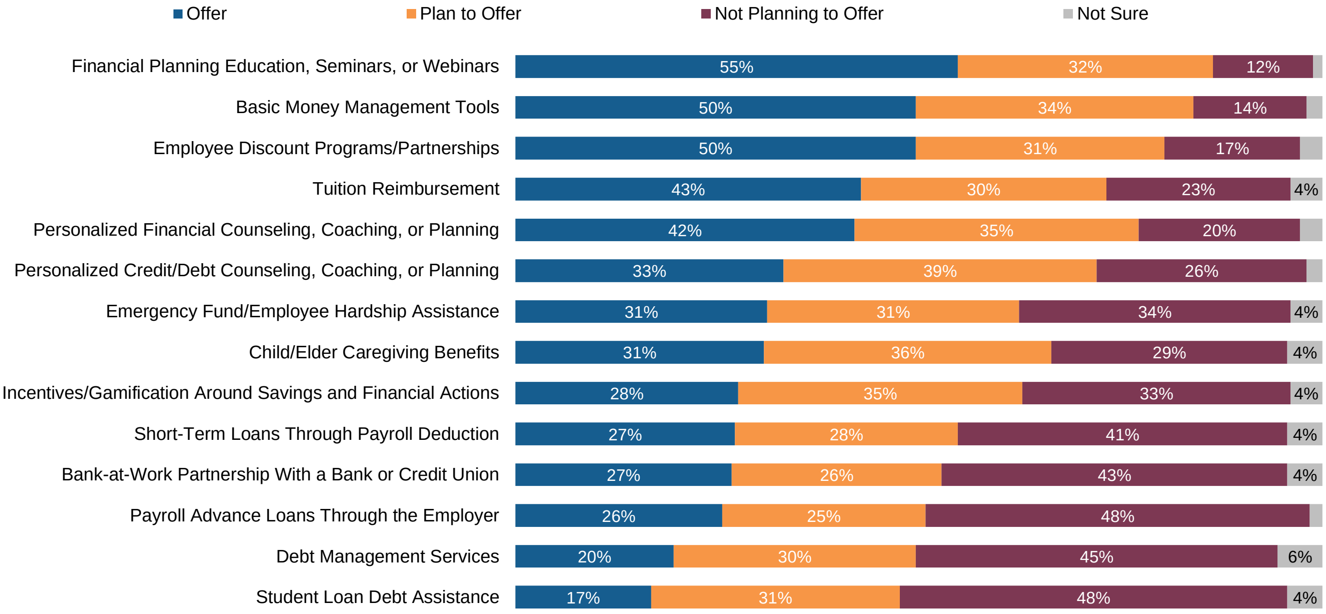
Q15. Does your company offer or plan to offer any of the following financial wellbeing or debt assistance benefits to employees? (n=250)
Q20. Which of the following does your company offer to help employees with personal financial challenges? (n=250)

The share of employers currently offering a specific financial wellbeing benefit ranged from 17 percent (student loan assistance) to 55 percent (financial planning education, seminars, and webinars) (Figure 16). The other most common financial wellbeing benefits currently offered were basic money management tools (50 percent), employee discount programs/partnerships (50 percent), tuition reimbursement (43 percent), and personalized financial counseling, coaching, or planning (42 percent). In contrast, more targeted financial wellbeing initiatives were not as common: Payroll advance loans through employer (26 percent), debt management services (20 percent), and student loan debt assistance (17 percent) were the least likely to be currently offered.

Interestingly, some of the benefits that were most commonly offered currently also ranked highest among those that companies plan to offer: personalized financial counseling, coaching, or planning (35 percent) and basic money management tools (34 percent). At the same time, a relatively high proportion also plan to offer personalized credit/debt counseling, coaching, or planning (39 percent) and incentives/gamification around savings and financial actions (35 percent) — even though this would more than double the proportion offering these initiatives. Child/elder caregiving benefits also ranked high when it came to initiatives that companies plan to offer (36 percent). However, 29 percent of companies said they were not planning to offer these benefits. Student loan debt assistance had the highest percentage (48 percent) of not planning to be offered — tied with payroll advance loans through the employer.

Only two benefits showed a significant change in being offered from 2020 — employee discount programs and payroll advance loans. The percentage of companies currently offering payroll advance loans increased to 26 percent in 2021 from 20 percent in 2020. In contrast, the percentage currently offering employee discount programs decreased to 51 percent in 2021 from 60 percent in 2020.

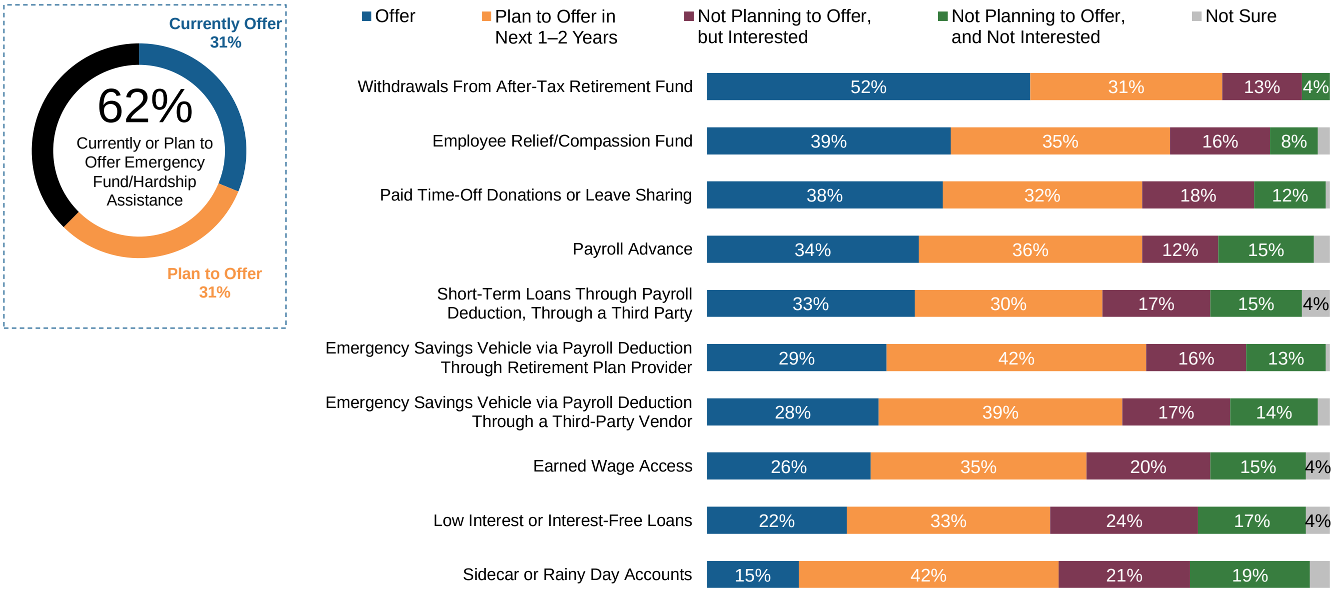
Figure 16
Financial Wellbeing Benefits Offered



Q15. Does your company offer or plan to offer any of the following financial wellbeing or debt assistance benefits to employees? (n=250)
Q20. Which of the following does your company offer to help employees with personal financial challenges? (n=250)

Types of Emergency Funds Being Offered — More detail was asked about emergency fund/employee hardship assistance programs. The most common emergency fund program offered was withdrawals from after-tax retirement funds (52 percent), while employee relief/compassion funds (39 percent) and paid-time-off donations or leave sharing (38 percent) were the next most likely currently offered features (Figure 17). The least likely emergency fund or employee hardship assistance programs being offered were sidecar or rainy day accounts (15 percent) and low-interest or no-interest loans (22 percent). In other words, emergency savings vehicles most commonly come in the form of already-available money/funds.

Figure 17
Emergency Fund or Employee Hardship Assistance Programs
Among those offering or planning to offer emergency fund or employee hardship assistance program



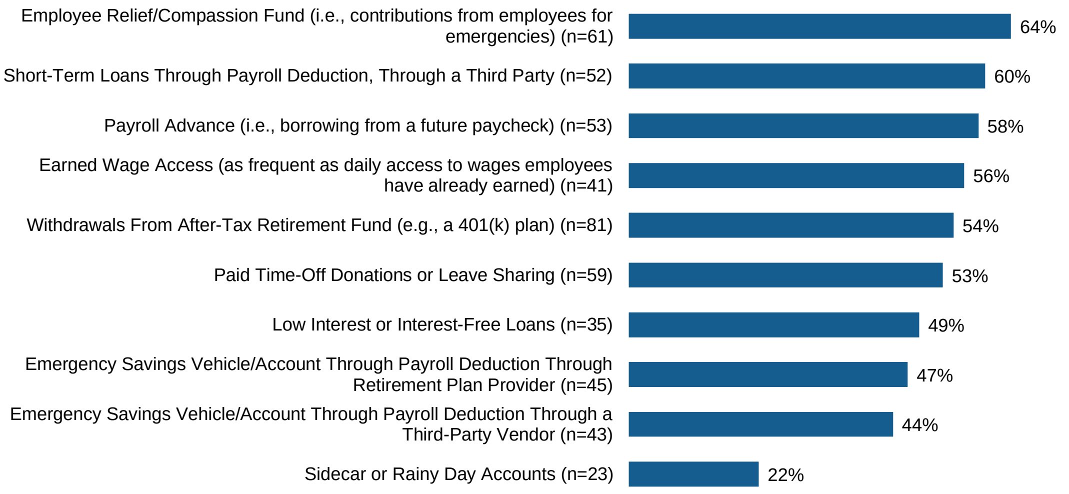
Q16. Which of the following are or will be offered in your company's emergency fund or employee hardship assistance program? (Offers or plans to offer emergency fund or employee hardship program. n=156)

At the same time, emergency savings vehicles via payroll deduction sidecar or rainy day accounts were the emergency savings feature that employers were most likely to plan to offer in the next one to two years (42 percent for each). A similar proportion planned to offer an emergency savings vehicle via payroll deduction through a third-party vendor (39 percent) in the next one to two years. As such, it appears that many employers are planning for the addition of some type of vehicle that would allow employees to build up money for emergency purposes.

Still, another 40 percent of employers were *not* planning to offer sidecar or rainy day accounts. Employers were also least likely to be planning to offer low-interest or interest-free loans (41 percent) and earned wage access (35 percent).

Roughly half of the emergency fund/hardship assistance features currently offered were added in response to the COVID-19 pandemic, ranging from 64 percent for employee relief/compassion funds (i.e., contributions from employees for emergencies) to 44 percent for an emergency savings vehicle/account through payroll deduction through a third-party vendor (Figure 18). The only feature not added with a relatively high frequency in response to the pandemic was sidecar or rainy day accounts: Only 22 percent of companies added this feature in response to the pandemic.

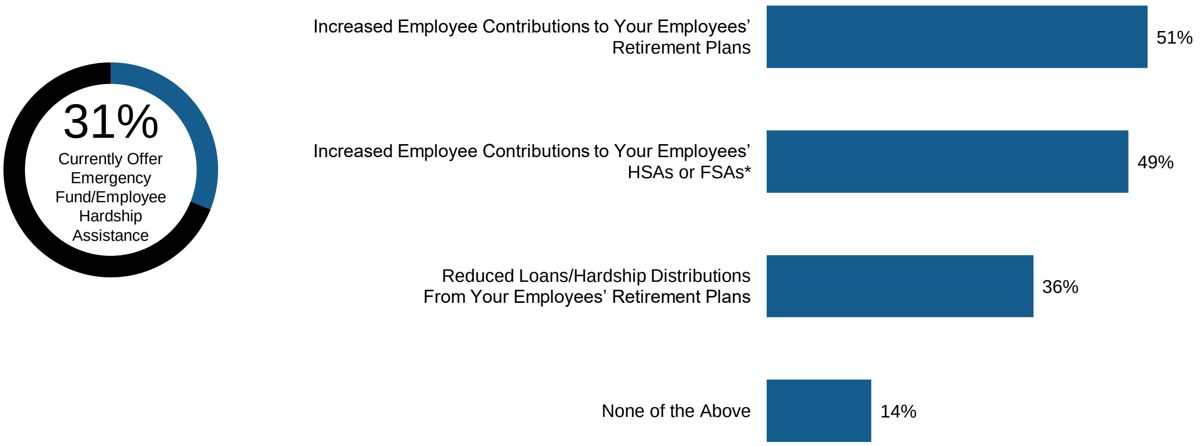
Figure 18
Emergency Fund or Employee Hardship Assistance Programs Added Due to COVID-19
Among those offering each benefit



Q17. Were any of your emergency fund or employee hardship assistance program offerings added as a response to the COVID-19 pandemic? Please select all that apply.

Furthermore, when benefit decision makers were asked about the impact of offering an emergency fund or employee hardship assistance, 51 percent reported that they have seen increased employee contributions to their employees' retirement plans (Figure 19). In addition, 49 percent saw increased employee contributions to their employees' health savings accounts (HSAs) or flexible spending accounts (FSAs), and 36 percent saw reduced loans/hardship distributions. Only 14 percent said they saw none of these impacts.

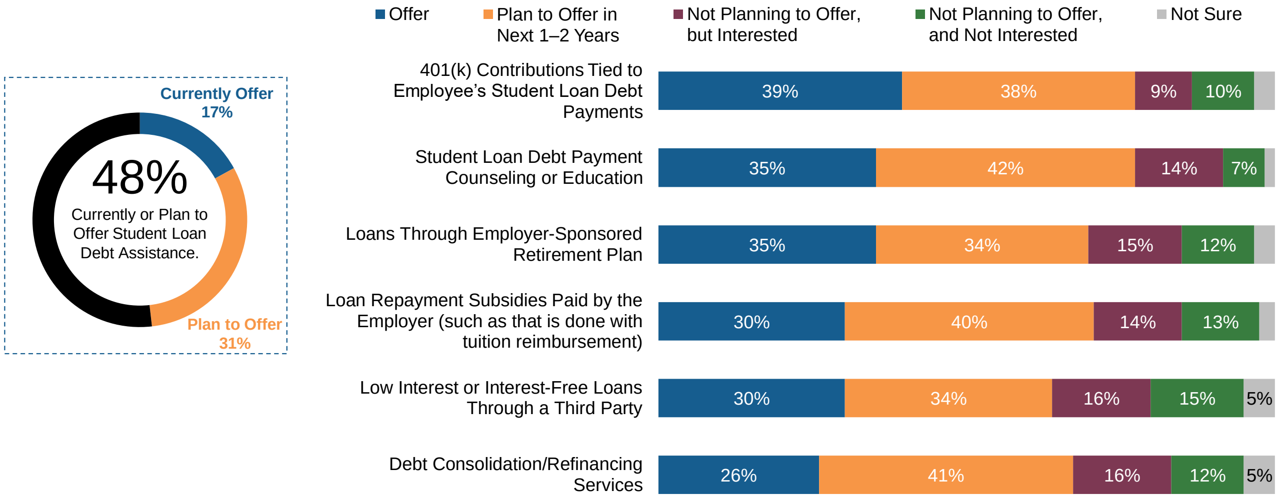
Figure 19
Impacts of Emergency Fund or Hardship Assistance Program
Among those offering emergency fund/employee hardship assistance program



* HSA = health savings account; FSA = flexible spending account.
Q18. Have you seen any of the following impacts of your company's emergency fund or employee hardship assistance program? Please select all that apply. (Offers emergency fund or employee hardship program. n=78)

Student Loan Debt Assistance Features — Nearly one-half (48 percent) of employers were offering or planning to offer a student loan debt assistance program (Figure 20). The most prevalent benefits offered were 401(k) contributions tied to an employee's student loan debt payments (39 percent), student loan debt payment counseling or education (35 percent), and loans through an employer-sponsored retirement plan (35 percent). While debt consolidation/refinancing services were least likely to be currently offered, they rated near the top of the list of student loan debt assistance benefits that companies plan to offer in the next one to two years at 41 percent. Student loan debt payment counseling or education (42 percent) and loan repayment subsidies paid by the employer (such as that is done with tuition reimbursement) (40 percent) were the other benefits mostly likely cited as one employers were planning to offer in the next one to two years. Of the least interest to employers in offering were low-interest or interest-free loans through a third party (31 percent).

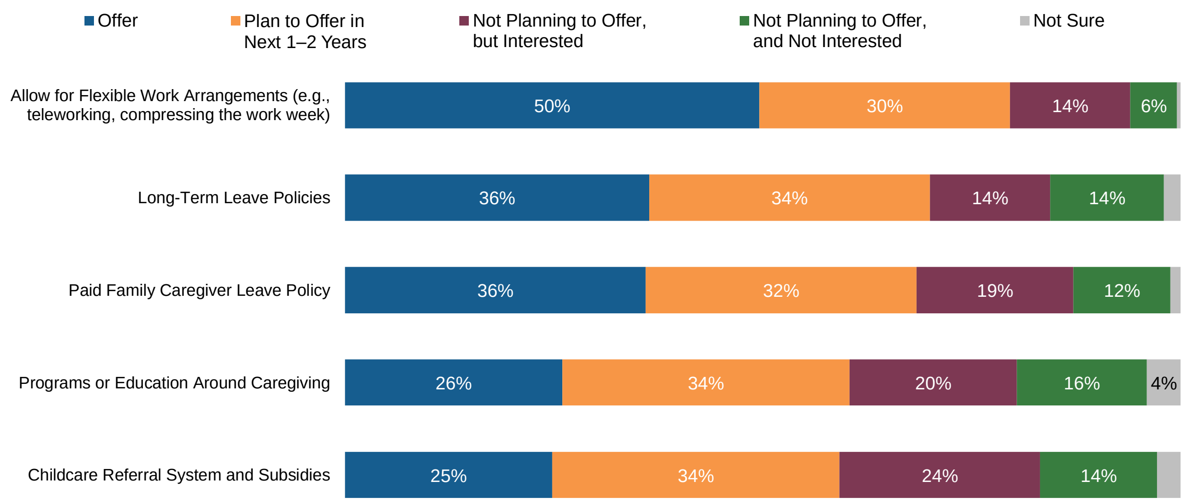
Figure 20
Student Loan Debt Assistance Programs
Among those offering or planning to offer a student loan debt assistance program



Q19. Which of the following are or will be offered in your company's student loan debt assistance program? (Offers or plans to offer student loan debt assistance. n=119)

Caregiving Benefits — The caregiving benefits most often offered have to do with leave policies as opposed to benefits in the direct provision of caregiving. One-half of the employers allowed for flexible work arrangements (e.g., teleworking or compressing the work week), which was the most commonly offered caregiving benefit (Figure 21). Just over one-third (36 percent) of the employers offered long-term leave policies and paid family caregiver leave policies. One-quarter of employers offered programs or education around caregiving and childcare referral systems and subsidies. Approximately one-third of employers said they plan to offer each of the listed caregiving benefits in the next one to two years.

Figure 21
Caregiving Benefits

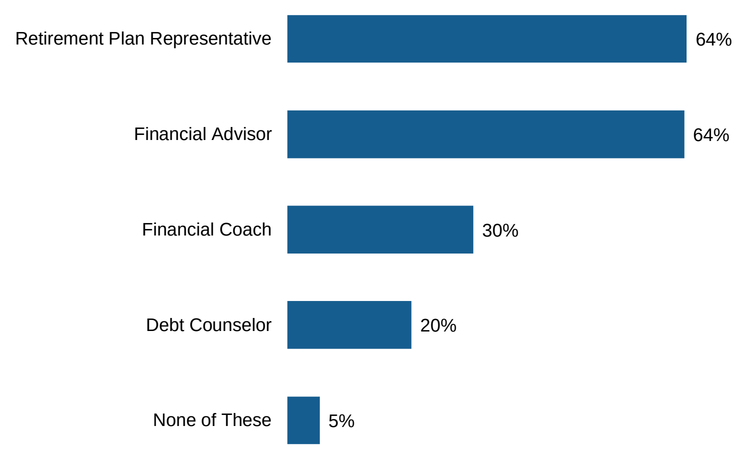


Q46. Does your company offer or plan to offer any of the following benefits focused on caregiving (for employees with responsibilities for children and/or adults who need ongoing assistance)? (n=250)

Access to Financial Professionals and Importance of Companies Providing Financial Wellness Benefits — An important benefit for individuals struggling with retirement planning or their finances in general is having access to a financial professional to help with these issues. Six in ten employers (64 percent) reported their employees have access to retirement plan representatives and financial advisors either in person, through the phone, or via video calls (Figure 22). Access to financial coaches (30 percent) and debt counselors (20 percent) was much less likely available. However, only 5 percent of employers said they did provide access to any of these financial professionals.

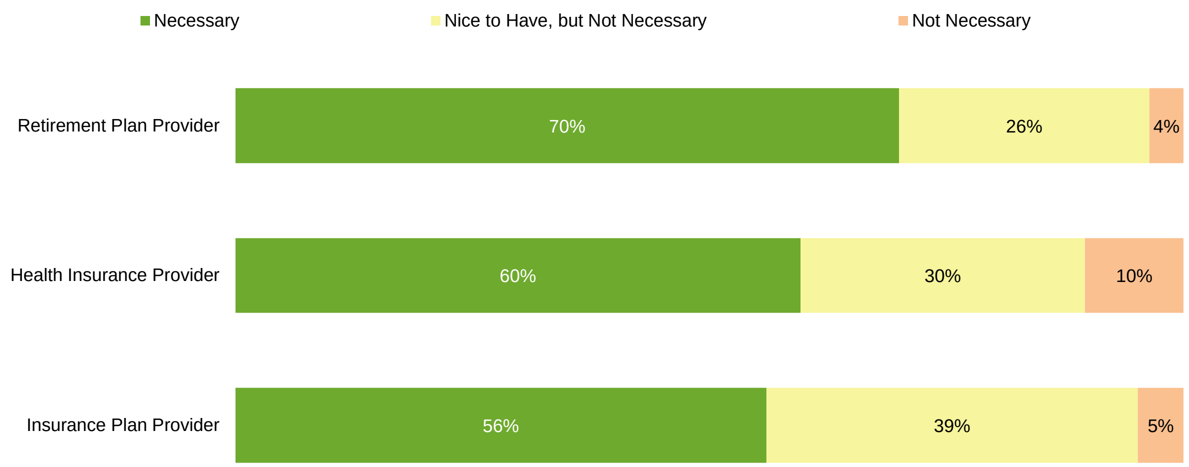
It is not surprising that employers have made access to financial professionals available in many cases, since 70 percent of employers agree that it is necessary that financial wellbeing benefits are offered by retirement plan providers (Figure 23). Employers were less likely to agree that it was important for health insurance providers and life insurance providers to offer financial wellbeing benefits, but the numbers were still high: 60 percent and 56 percent, respectively. Employers were very unlikely to say that providing these benefits was not necessary, although 10 percent said it was not necessary for health insurance providers.

Figure 22
Access to Financial Professionals



Q21. Do your employees have access to any of the following individuals either in-person, through the phone, or via video calls? Please select all that apply. (n=250)

Figure 23
Importance of Financial Wellbeing Benefits Offered by Benefits Providers



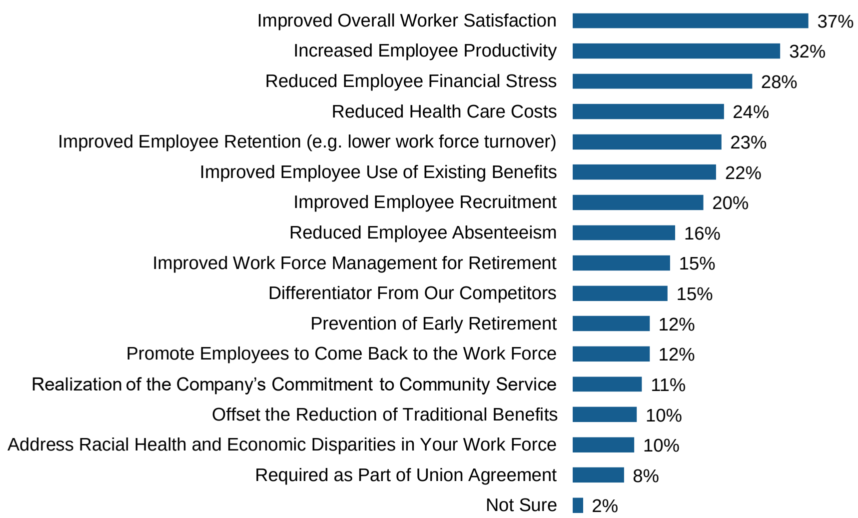
Q22. How necessary is it that each of the following offer financial wellness benefits? (n=250)

Motivations and Measurement of Financial Wellness Initiatives

As noted previously, employers' top issues to address through financial wellness initiatives were retirement preparedness, health care costs, and financial-related stress, and their key areas of focus for the initiatives were health/medical/physical and basic finance and budgeting. When asked their reasons for offering the initiatives, employers most commonly cited improved overall worker satisfaction at 37 percent (Figure 24). Following closely behind were increased employee productivity (32 percent) and reduced employee financial stress (28 percent). Reduced health care costs (24 percent) were the fourth most highly cited. Improved employee retention (e.g., lower work force turnover) was the one reason that dropped significantly in its ranking in 2021, going from being cited by 37 percent of employers in 2020 as a top-three reason to 23 percent in 2021.

There were some interesting industry differences in the reasons for offering the financial wellness initiatives. In particular, employers in the financial industry were more likely to offer the benefits to increase productivity compared with the manufacturing industry. In contrast, firms in the manufacturing industry were more likely to offer these benefits to improve recruitment and reduce absenteeism.

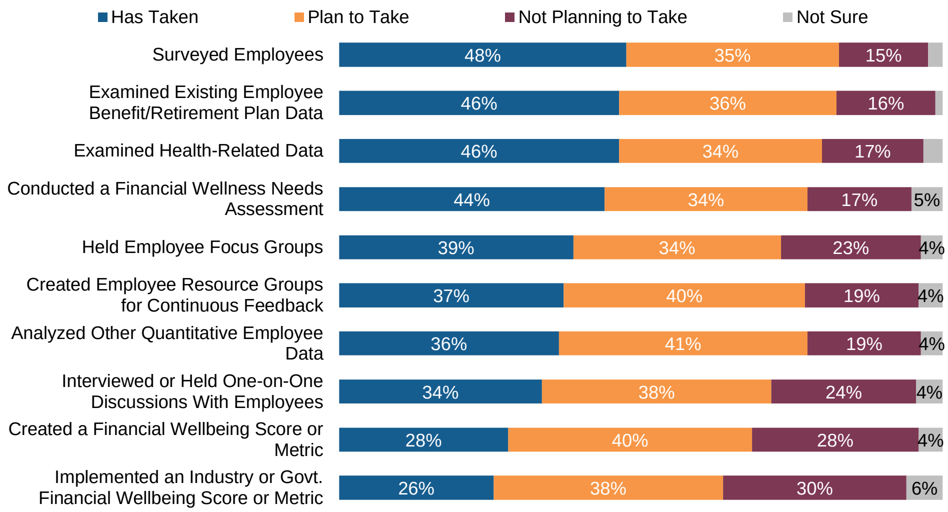
Figure 24
Top Reasons for Offering Financial Wellness Initiatives



Q31. What are or would be your top three reasons for offering financial wellness initiatives to employees? Please select your top three reasons. (n=250)

Understanding Employees' Needs — The survey also asked employers about the steps they had undertaken to understand their employees' financial wellness needs. In total, 89 percent of the employers had taken at least one step to understand their employees' needs and, on average, 3.8 steps were taken. Most (72 percent) examined existing employee benefit data, with 46 percent saying they examined existing employee benefit/retirement plan data and 46 percent citing examining health-related data (Figure 25). The most likely single step taken was directly surveying employees, at 48 percent. Developing new measures such as creating a financial wellbeing score or metric (28 percent) or implementing an industry or government financial wellbeing score (26 percent) were the least cited steps, although altogether 41 percent of the companies had done one or other. In addition, around 40 percent said they plan to take each of these two steps. Conducting a financial wellness needs assessment increased in relative terms from 2020. At that time, it was one of the two least likely steps to have been undertaken; in 2021, it was the fourth highest.

Figure 25
Steps Taken to Understand Employees' Financial Wellness Needs

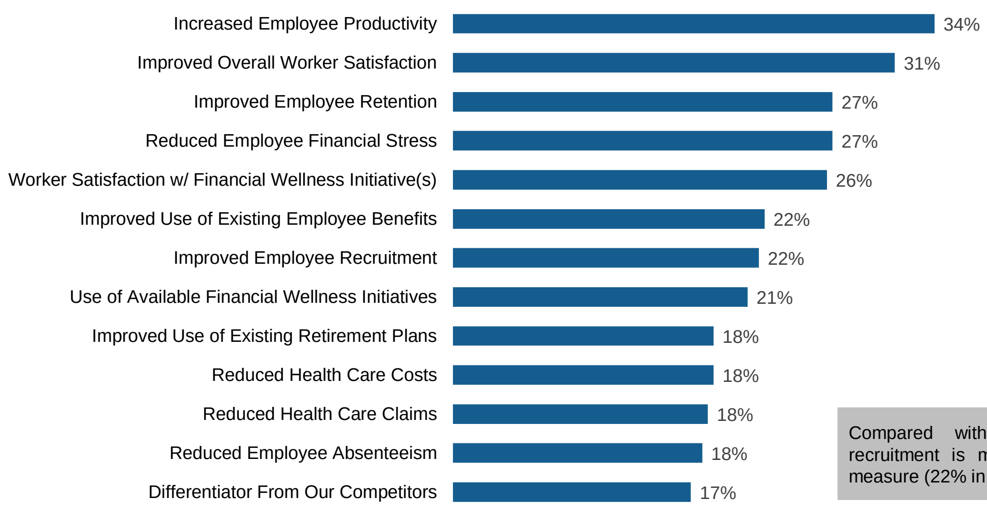


In total, 89% have taken at least one step to understand their employees' financial wellness needs. On average, firms have taken 3.8 out of a possible 10 steps.
- 72% have examined some type of existing employee data.
- 55% have used qualitative methods—either through interviews or focus groups with their employees.
- 41% have created or implemented a score or metric.

Q29. What steps has your company taken or does it plan to take to understand your employees' financial wellness needs? (n=250)

Measuring Success — As for the top factors in measuring financial wellness initiatives' success, increased employee productivity (34 percent) was the most highly cited factor (Figure 26). Improved overall worker satisfaction was next at 31 percent. Interestingly, these were the top two reasons for offering financial wellness initiatives as well, but they were reversed there. Increased employee productivity rose both among those citing it as important and in its relative ranking since the 2019 survey.

Figure 26
Top Factors in Measuring Financial Wellness Initiatives' Success



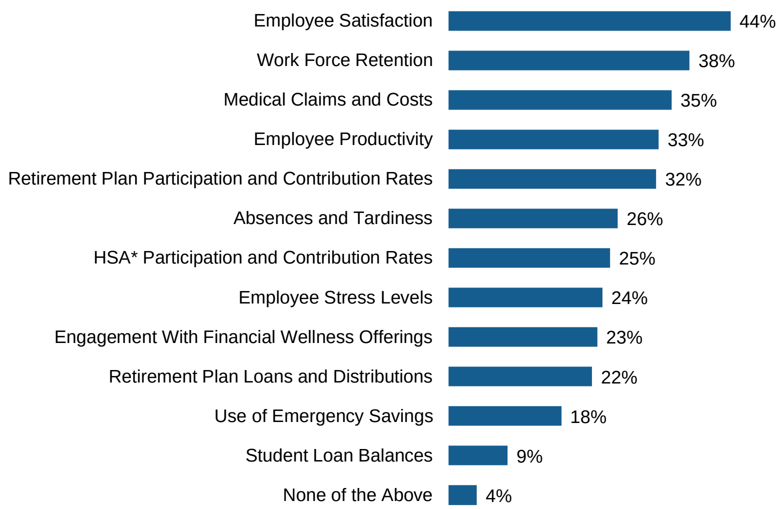
Compared with 2020, employee recruitment is more likely to be a measure (22% in 2021 vs. 13%).

Q33. What are the top three factors that are or will be important in the measurement of your financial wellness initiatives? Please select your top three. (n=250)

Having an attractive workplace is also an important reason for offering financial wellness benefits. This is reflected in the fact that improved employee retention ranked as the third-highest success measure and in employee recruitment rising in importance as a success measure — from 13 percent in 2020 to 22 percent 2021.

As far as data actually tracked to evaluate the effectiveness of financial wellbeing initiatives, employee satisfaction (44 percent) and work force retention (38 percent) were the two data sources most specified (Figure 27). Employee productivity ranked fourth at 33 percent.

Figure 27
Data Tracked to Evaluate Effectiveness of Offerings



* HSA = health savings account.
Q34. Do you track any of the following to evaluate the effectiveness of your financial wellness offerings? Please select all that apply. (n=250)

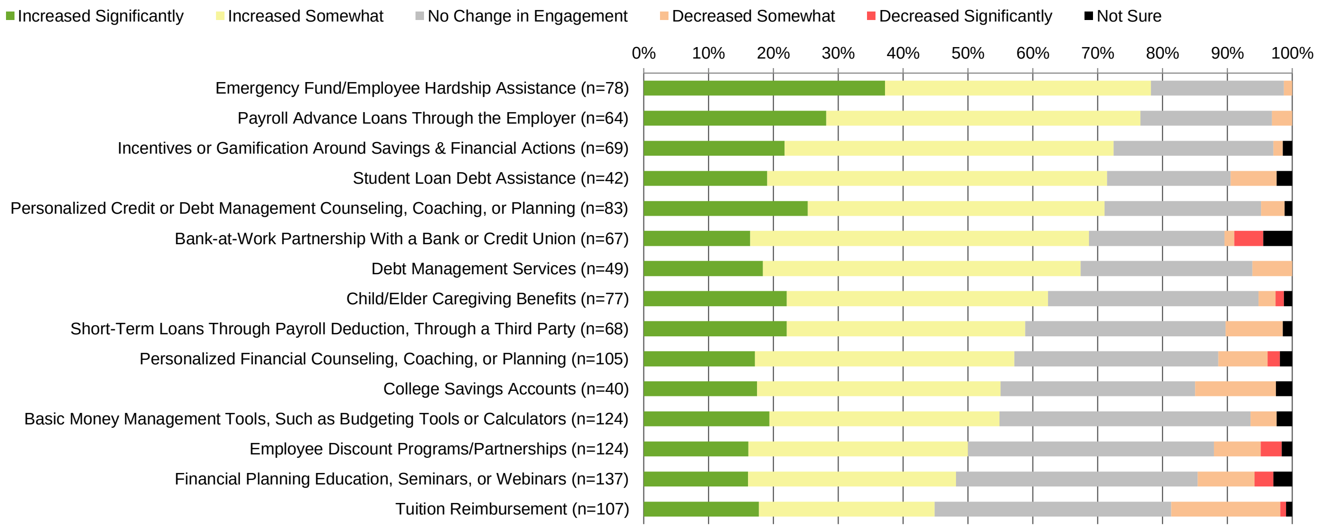
Response to the COVID-19 Pandemic

Since the COVID-19 crisis began, employee engagement in specific financial wellness benefits increased most among those catering to more immediate overall financial needs. Specifically, 78 percent of the employers offering emergency fund/employee hardship assistance reported that employee engagement had increased (Figure 28). Just over three-quarters (76 percent) reported that engagement with payroll advance loans through the employer had increased. In contrast, longer-term initiatives such as financial planning education, seminars, or webinars and tuition reimbursement were the least likely to have increased engagement since COVID-19 — 48 percent and 45 percent, respectively. Tuition reimbursement and college savings account programs were the most likely to see decreased engagement.

Top Priority — Employers also cited immediate financial help as their top priority since the COVID-19 pandemic. Just over one-third (35 percent) reported that emergency fund/employee hardship assistance was their top priority, and 26 percent reported short-term loans through payroll deduction via a third-party as being a top priority (Figure 29). Financial planning education, seminars, or webinars tied for the third highest as a top priority with payroll advance loans through the employer (both at 25 percent). College savings accounts — which were among those with the largest percentage decreases in engagement since COVID-19 — were also least likely to be considered a top priority among companies, along with student loan debt assistance.

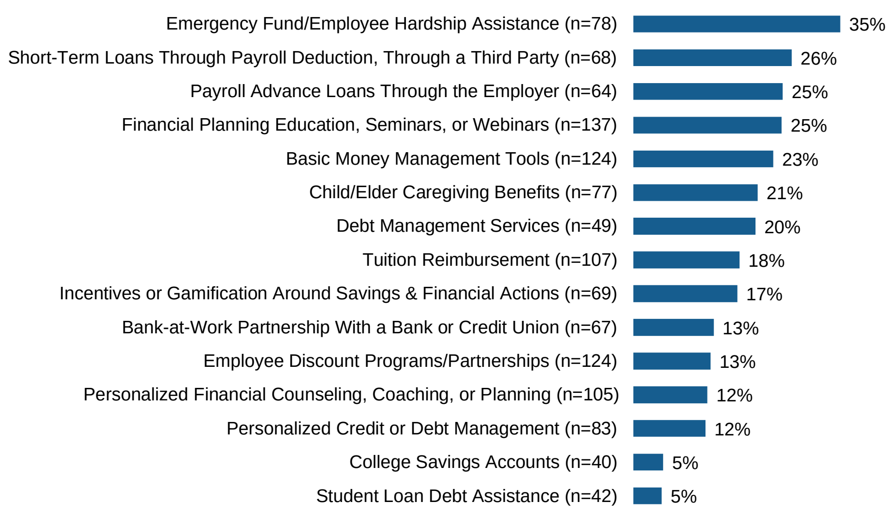
Actions Taken — Most (92 percent) companies took at least one action to help workers return to work or repair their finances since the pandemic (Figure 30). However, no one action stood out as being uniquely prevalent. The most cited action was providing guidance on helping employees return to the office (57 percent). In addition, 45 percent offered help or flexibility for employees with childcare responsibilities, and 42 percent offered help or flexibility for employees with caregiving responsibilities (other than for children). The least likely action taken was encouraging employees to repay retirement plan loans or distributions, such as coronavirus-related distributions (CRDs) (27 percent).

Figure 28
Employee Engagement With Benefits Since COVID-19
Among those offering each benefit



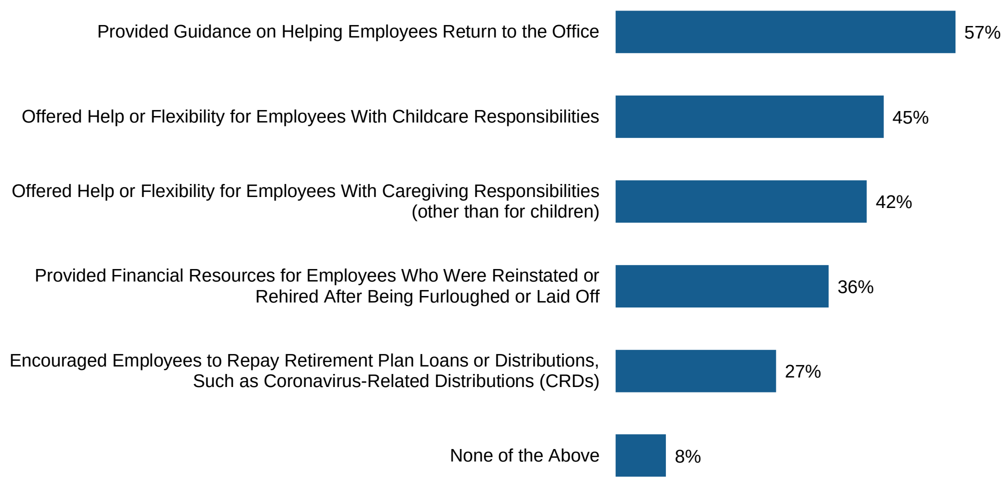
Q42. How has employee engagement with the following benefits changes since the COVID-19 crisis began?

Figure 29
Top Priority of Offerings Since the COVID-19 Pandemic
Among those offering each benefit



Q43. Which of your financial wellbeing offerings is your company's highest priority since the COVID-19 pandemic?

Figure 30
Actions Taken as a Result of COVID-19



Q45. As a result of the COVID-19 pandemic, has your company taken any of the following actions? Please select all that apply. (n=250)

Diversity, Equity, and Inclusion

An important new aspect of the 2021 survey was a focus on diversity, equity, and inclusion in financial wellbeing programs. The goal was to determine how addressing diversity was included in financial wellbeing programs and how such programs were used to improve the financial standing of those in various diverse groups.

Actions Taken to Understand Needs — One set of questions asked if the company was taking actions that would allow them to understand the needs of diverse populations. On an agreement scale, 81 percent of the company decision makers either strongly or somewhat agreed that their company provides a safe space for their employees to provide feedback on their employee needs (Figure 31). Furthermore, 81 percent also agreed with the statement that their company understands the needs of their distinct employee population, although 33 percent strongly agreed with this statement compared with 43 percent who strongly agreed with it. A slightly smaller share (76 percent) of the company decision makers agreed that their company has put substantial effort into identifying the financial wellness needs and inequities among their work force demographics. Not surprisingly, those more likely to agree also had a high concern for their employees' financial wellbeing, provided a high number of financial wellbeing benefits, and took many steps to understand their employee needs (created a score, conducted a needs assessment, examined data, or held employee interviews).

Benefits Tailored for Different Groups — The next set of questions addressed whether benefits were tailored for different groups. Using the same scale, 79 percent of company decision makers agreed that their company's financial wellness initiatives are tailored to the values and needs of various communities in their work force (Figure 32). Similarly, the decision makers were highly likely to agree that their company ensures that their employees have access to financial counselors or coaches from diverse backgrounds (72 percent) and that their company's financial wellness initiatives address the unique barriers faced by many racial and ethnic groups (71 percent). Again, companies who had a high concern for their employees' financial wellbeing, provided a high number of financial wellbeing benefits, and took many steps to understand their employee needs (created a score, conducted a needs assessment, examined data, or held employee interviews) were more likely to have decision makers agree with these actions.

Figure 31
Diversity, Equity, and Inclusion Sentiment: Understanding Needs

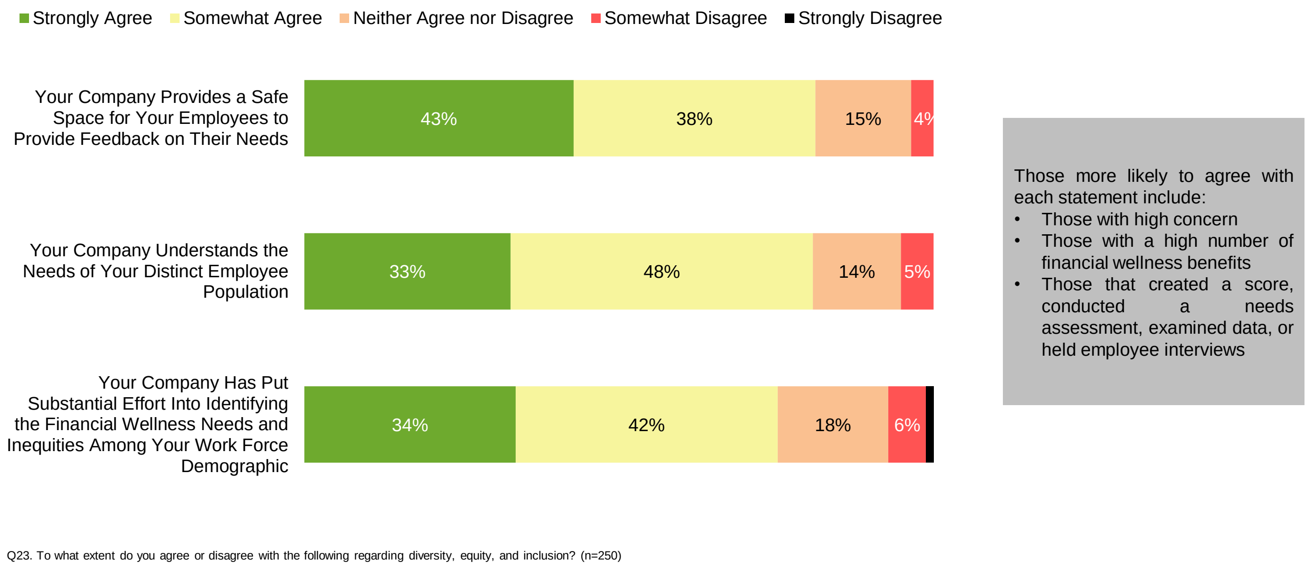
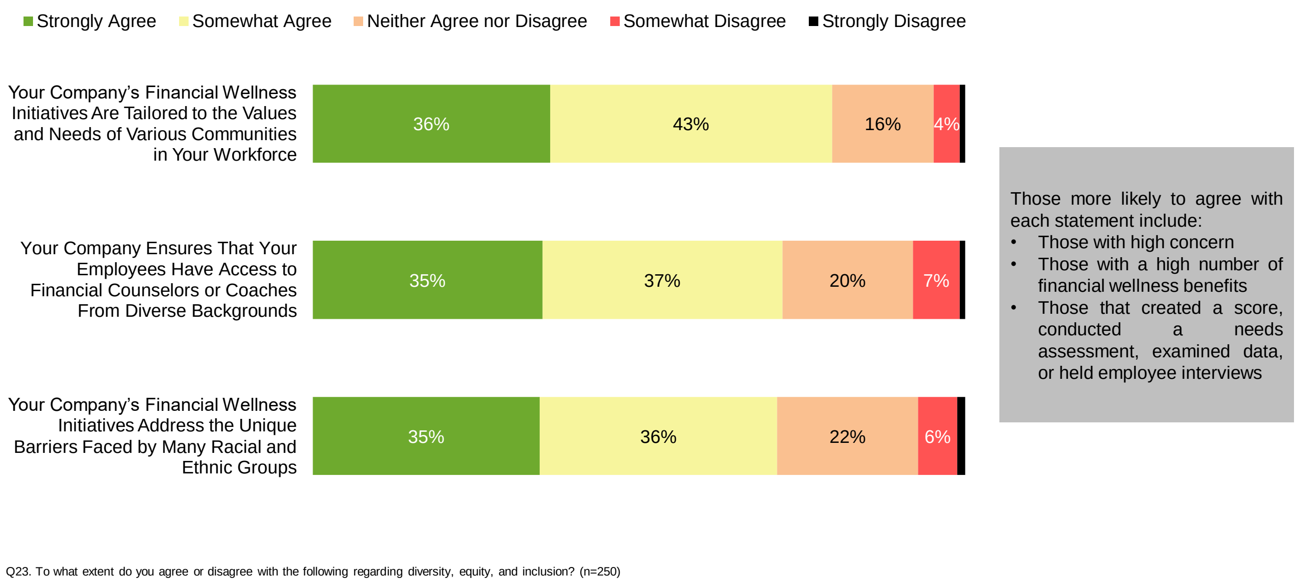


Figure 32
Diversity, Equity, and Inclusion Sentiment: Tailored Benefits



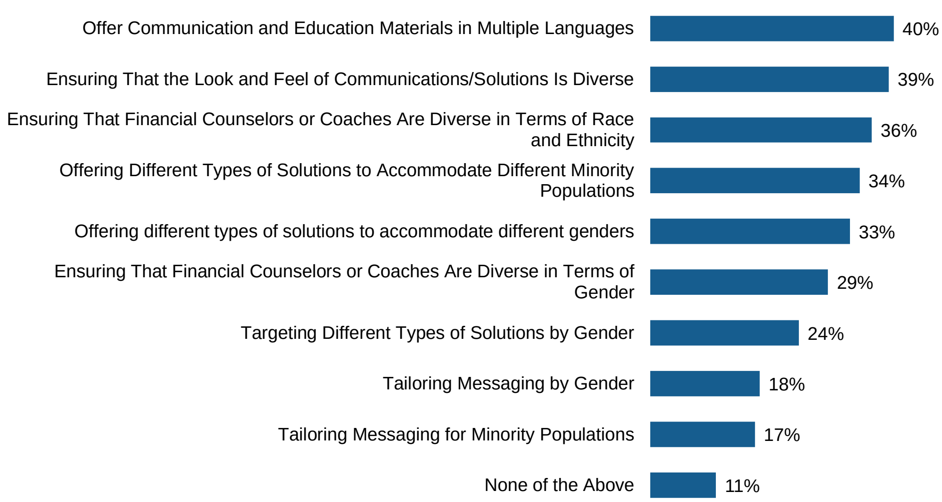
Specific Actions Addressing Diversity — Benefit decision makers were asked about whether they are taking specific actions to address diversity, equity, and inclusion in their financial wellbeing initiatives. The most cited action being undertaken was offering communication and education materials in multiple languages (40 percent), and the second most was ensuring that the look and feel of communications/solutions is diverse (39 percent) (Figure 33). Furthermore, companies were more likely to ensure that financial counselors or coaches are diverse in terms of race and ethnicity (36 percent) than by gender (29 percent). The least likely task for companies to undertake was tailoring messages by gender (18 percent) or for minority populations (17 percent). Only 11 percent said they had undertaken none of these approaches in addressing diversity, equity, and inclusion within their financial wellness strategies.

Overall, on average, firms utilized 2.7 of these methods. Those with high levels of concern for the employees' financial wellbeing were more likely to ensure communications are diverse, have diverse counselors, and offer different solutions to accommodate different minority populations and genders. Also, companies offering a high number of benefits were more likely to address diversity, equity, and inclusion concerns in each of these ways.

Specific Steps Taken to Understand Diverse Needs — To understand specifically what companies are doing to understand the different needs of diverse workers, a battery of possible steps that could be taken were provided. Of the companies doing a specific task, surveying employees and holding focus groups were the most common steps taken to understand diverse workers' needs (63 percent each) (Figure 34). The next most popular was creating resource groups for continuous feedback (56 percent). Those steps least likely to be used were creating a financial wellbeing score or metric (39 percent) and analyzing other (not retirement plan or health-related data) quantitative employee data (38 percent).

Frequency of Assessing Financial Wellbeing Initiatives by Demographics — Most companies that at least sometimes measure or evaluate the effectiveness of their financial wellness initiatives reported doing so across all the demographics listed in the survey question (Figure 35). The demographic groups slightly more likely to be evaluated were age, employee's department, employee's tenure, income, employee's location, and employee's job title (all at approximately 80–85 percent). Both gender and race or ethnicity were less likely to be evaluated, with almost 30 percent of the companies rarely or never doing an evaluation by those demographic groups. Those companies more likely to always or often assess each factor included those currently offering or actively implementing initiatives; those offering a high number of financial wellness benefits; and those who created a score, conducted a needs assessment, or held employee interviews.

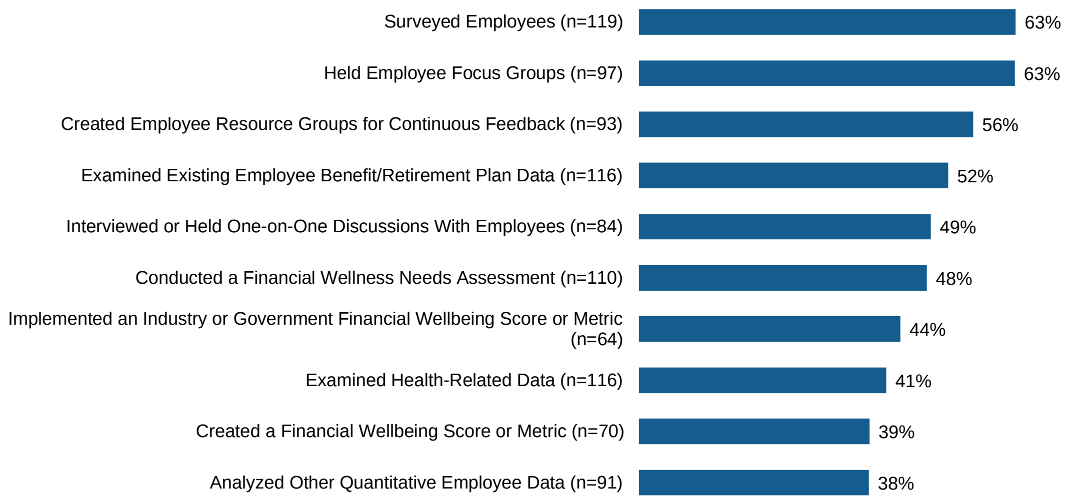
Figure 33
Addressing Diversity, Equity, and Inclusion Within Financial Wellness Strategy



- Many are addressing diversity, equity, and inclusion through a variety of methods. On average, firms utilize 2.7 of these methods.
- Those with high levels of concern are more likely to ensure communications are diverse, have diverse counselors, and offer different solutions to accommodate different minority populations and genders.
- Those with a high number of benefits are more likely to address diversity, equity, and inclusion concerns in each way.

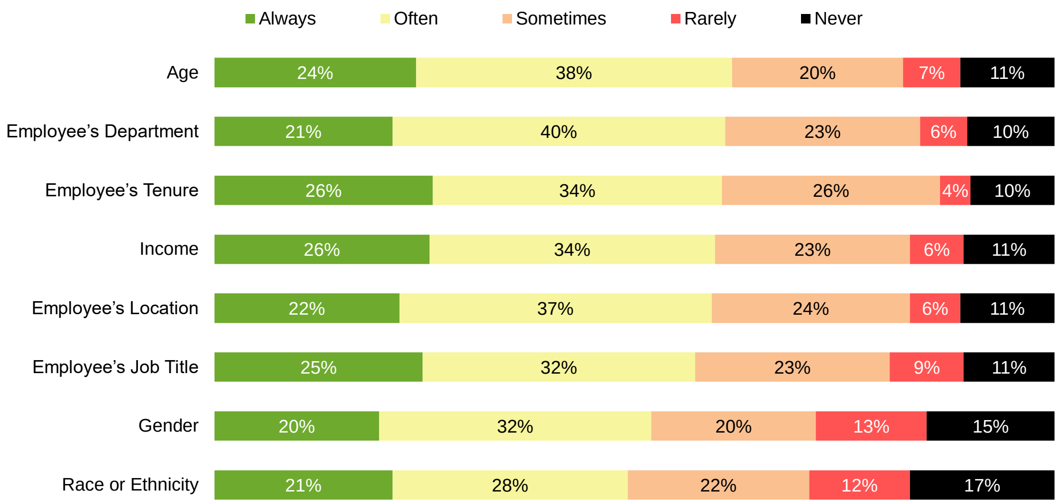
Q24. How are you addressing diversity, equity, and inclusion concerns within your financial wellness strategy? Select all that apply. (n=250)

Figure 34
Steps Taken to Understand Needs With Respect to Diversity, Equity, and Inclusion
Among those taking each step



Q30. Have you done any of the following specifically to understand the needs of different groups with respect to diversity, equity, and inclusion? Select all that apply.

Figure 35
Frequency of Assessing Financial Wellness Initiatives by Demographics



Those more likely to always or often assess each factor include:
- Those currently offering or actively implementing initiatives
- Those with a high number of financial wellness benefits
- Those that created a score, conducted a needs assessment, or held employee interviews

Q35. When you measure or evaluate your financial wellness initiatives, how often do you assess the effectiveness by the following demographics? (n=250)

Conclusion

Financial wellness programs continue to show their maturation, according to the results of the 2021 Employer Financial Wellbeing Survey. A significantly larger percentage of companies has adopted holistic programs and periodic campaigns, and fewer are using pilot programs. Furthermore, 90 percent of the companies reported that they either had developed or are developing a strategy for improving their employees' financial wellbeing.

Companies are seeking to show the impact of financial wellbeing programs on the bottom line in terms of increased productivity — likely tied to the fact that the costs of financial wellness programs continue to increase. At the same time, employers are also strongly focused on these programs' impact on attracting and retaining employees.

Importantly, financial wellness programs have evolved from a focus on retirement preparedness to a more complete picture across all aspects of an individual's finances. With the hope of reducing employees' financial stress and increasing productivity, companies are looking for better ways to evaluate the impact of their financial wellbeing programs, whether on a retention/recruitment or productivity basis. Financial wellness providers/vendors that can make this case will be the ones more successful at attracting clients. However, there are no clear measures that have been developed to capture productivity increases from financial wellbeing programs and other bottom-line issues. This will be an area of focus and research within the financial wellbeing arena.

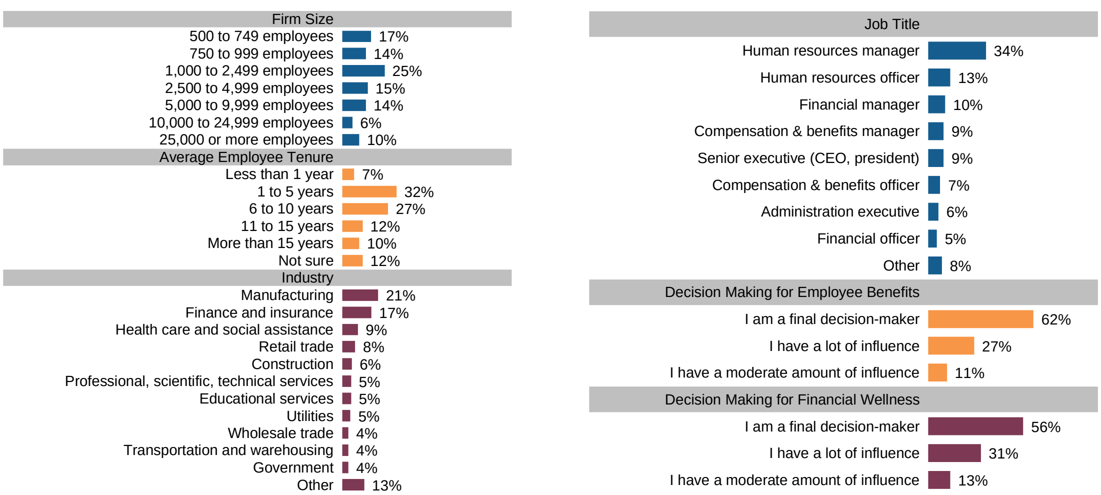
COVID-19 has had an indelible impact on financial wellbeing programs in terms of what is being offered and associated costs. Emergency funds/employee hardship assistance have emerged as key benefits during the pandemic, as more employers reported them to be a top priority, and more employees have become engaged in these programs. Along with emergency funds, overall financial planning/coaching on all aspects of finances is taking precedence over more single-issue-focused offerings such as student loan debt assistance.

The continued evolution of financial wellness programs is a crucial question going into 2022. As these programs grow in value to employees, the expectation that they will be provided will only increase. These programs also have the potential to address companies' diversity, equity, and inclusion goals, as they increasingly focus on providing help in all aspects of individuals' finances, allowing them to match the specific issues faced by those in different groups.

Appendix

The breakdown of the companies by industry and size, as well as information on the survey respondents on are included in Appendix Figure 1.

Appendix Figure 1
Demographics



Endnotes

[1] These numbers are not statistically different from 2020 results.

[2] The survey asked about 14 different financial wellbeing benefits that could be offered. If 6–14 benefits were offered, the companies were labeled as having a high number offered, 3–5 a medium number, and 0–2 a low number.

[3] Costs were the top two challenges cited in 2020 as well. In 2020, data and privacy concerns were the fourth most cited and complexity surrounding the programs was third, but in 2021 they were reversed.

[4] For more information on the Workplace Wellness Survey, see the EBRI/Greenwald Workplace Wellness Survey.

[5] In 2020, the average number of benefits offered was not different from the level in 2021, but there was an upward trend in the number of benefits offered with the size of the firms that was not present in 2021.

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