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Employers Increasingly Embrace Financial Wellness Initiatives — But in Many Different Flavors

Definitions of financial wellbeing and approaches vary widely

Washington, D.C. – September 26, 2019 — The Employee Benefit Research Institute's (EBRI) second annual "Employer Approaches to Financial Wellbeing Solutions Survey" finds that among employers interested in offering financial wellness initiatives, 71 percent either currently offer or are actively implementing such initiatives. That compares with 66 percent offering or implementing programs in 2018. However, the ways that employers are engaging employees in the area of financial wellness — and even defining financial wellness and how to measure it — vary greatly.

According to the survey, just over a third of companies (34 percent) define financial wellbeing as having access to assistance and resources that enable good financial decisions. Another 30 percent define financial wellness as being comfortable or financially secure overall, while 21 percent equate financial wellbeing with achieving retirement security through planning and saving.

"Employers have different goals when it comes to employees' financial wellness, and often it depends on their industry and employee demographics," says Lori Lucas, CFA, President and CEO of EBRI. For example, while most employers name preparing for retirement as a top issue they seek to address with financial wellness initiatives (40 percent overall), educational services and state and local government respondents were less likely to cite retirement preparation as a top issue — possibly because these sectors are most likely to continue to offer defined benefit plans to their employees. Instead, in these sectors, sufficiency of general financial planning (26 percent), budgeting and money management (21 percent), and not saving enough (21 percent) are of greater concern than for many other sectors.

Likewise, student loan debt was more commonly cited by respondents from the professional, scientific, and technical services sector as a top issue (17 percent), no doubt due to the fact that additional educational attainment required for these fields might result in a greater amount of student loan debt for such workers. In contrast, student loan debt was not considered an issue by respondents in the retail trade industry or state and local government.

The survey also finds that employers implement financial wellness initiatives a wide array of ways. “The four most common employer financial wellbeing initiatives being offered are quite traditional,” says Lucas. They include tuition reimbursement (64 percent), financial planning education (60 percent), EAPs (55 percent), and basic money management tools (49 percent). However, the survey finds a myriad of both student loan debt assistance initiatives and emergency liquidity help. “Loans for student loan debt through the employer-sponsored retirement plan are still common, but we also see everything from student loan debt payment counseling, student loan debt assistance through 401(k) contributions tied to employees’ student loan payment, debt consolidation/refinancing services, and more.” On the emergency liquidity help side, employee relief/compassion funds remain the top offering (44 percent), but the survey also finds matching contributions to an employee’s personal account (35 percent), payroll advance (33 percent), and short-term loans through payroll deduction (24 percent).

As in 2018, the top ways that success of financial wellness initiatives are measured are improved overall worker satisfaction (37 percent), improved use of existing retirement plans (31 percent), reduced employee stress (31 percent) and improved employee retention (28 percent). Only worker satisfaction with financial wellness initiatives dropped in the ranks a bit. It moved from third to fourth place at 26 percent of employers citing this as a measurement approach — which is tied with reduced health care costs.

“While success measures often align with reasons for offering financial wellness initiatives, this is not always the case,” Lucas notes. For example, respondents in the health care industry ranked improved overall worker satisfaction as the top reason for offering financial wellness initiatives (49 percent) and also as a top factor in measuring the success of the initiative(s) (45 percent). However, while reduced health care costs (46 percent) and improved employee recruitment (38 percent) scored high as a means of measuring success for respondents in the educational services industry, they did not rate as high when it came to reasons for offering financial wellness initiatives (25 percent and 17 percent, respectively).

The Financial Wellbeing Benefits Survey is a program of EBRI’s Financial Wellbeing Research Center. The Center focuses on how retirement, health, and other employee benefit programs contribute to financial wellbeing and broader work force effectiveness goals — including productivity and engagement.

An *Issue Brief* summarizing the study’s findings can be found at ebri.org.

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