EBRI Finds Emergency Fund Assistance is High on Employers’ Priority List for Employees’ Financial Wellbeing

Employer Programs Aimed at Addressing Employees’ Short-term Financial Issues, Achieving Financial Security

Washington, D.C. – February 13, 2020 — A new study from the Employee Benefit Research Institute (EBRI) finds that 43.6 percent of employers expressing at least some interest in offering financial wellness programs said they offer (28.2 percent) or intend to offer (15.3 percent) an emergency fund/employee hardship assistance as a financial wellness initiative.¹

The EBRI Issue Brief, “Emergency-Fund-Focused Employers: Goals, Motivations and Challenges,” examines employer responses to EBRI’s “2019 Employer Approaches to Financial Wellbeing Solutions Survey” that indicate an employer offers, or plans to offer, emergency fund or employee hardship assistance as a financial wellness initiative.

Lack of Employee Emergency Funds Concerns Many Employers

According to the Federal Reserve, half of American families report having an emergency fund, and only 20.1 percent of American families had access to liquid savings of more than three months of their family income in the case of an emergency. The ability to cover short-term financial needs can have long-term financial consequences, and the establishment of an emergency savings fund to protect against financial emergencies is considered to be critical to overall financial health.

Emergency-fund-focused employers are more likely to have taken steps to understand their employees’ financial wellness needs compared with other employers. These same corporations rate company concern about employee financial wellbeing as an eight on a ten-point scale.

Concerned Companies Favor Education and Debt Assistance Benefits

Emergency-fund-focused employers were also more likely than all employer respondents to favor education-based financial wellbeing or debt assistance benefits to employees. These might include print or online education and resources for goal setting and saving. Just over 43 percent of emergency-fund-focused employers cited this approach to financial wellbeing or debt assistance benefits for employees, compared with 35.5 percent of all employer respondents. In contrast, emergency-fund-focused

¹ Numbers do not sum due to rounding.
employers were less likely to favor product-based benefits, which could include insurance, retirement plans, or employee assistance programs, to fill this role.

“Programs that reflect employers’ interests in helping workers with emergency savings are still early in their development,” said Lori Lucas, CFA, President & CEO, EBRI. “While there’s clearly a lot of interest being expressed, many employers report that they are only beginning to explore some of the newer available financial wellness initiatives in this area, such as rainy day funds and payroll deduction accounts.”

**Measuring Success Can Be Complex**

Measuring the impact of these initiatives can be challenging. “There are sometimes inconsistencies between the reasons employers give for offering financial wellness initiatives and the means of measuring their results,” said Lucas. For instance, 44.4 percent of emergency-fund-focused employers cited improved overall worker satisfaction as a reason for offering financial wellness initiatives, but less than 30 percent cited that improved overall worker satisfaction would be used a measure of the success of the initiative. Likewise, increased employee productivity was cited as a program justification by 29.6 percent of employers, but employee productivity was used as a measure of success just 20.4 percent of the time.

There has also been attention given to other actions employers can take to better the financial position of employees. “Some have suggested that employers should concentrate on improving job quality and pay and not just on ways to make it easier for workers to save. It will be important to research the extent to which emergency savings help improves overall financial wellbeing vs. shifting the focus from retirement preparedness to current financial stability,” said Lucas.


**About EBRI**

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and financial security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, who include a broad range of public, private, for-profit and nonprofit organizations. For more information visit [www.ebri.org](http://www.ebri.org).