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Employer-Based Financial Wellbeing Programs Are Maturing, EBRI Finds

Programs Evolving in the COVID-19 Era, Focusing More on Emergency Assistance, Less on Student Loan Debt Repayment Programs and Tuition Reimbursement

WASHINGTON – October 22, 2020 – A new study from the Employee Benefit Research Institute’s Financial Wellbeing Research Center finds that 90 percent of companies answering the 2020 EBRI Financial Wellbeing Employer Survey either have or are developing a strategy for improving their employees’ financial wellbeing. More of these offerings are maturing into holistic, integrated programs, rather than the ad hoc programs that were more prevalent in previous years.

The report, “2020 EBRI Financial Wellbeing Employer Survey: COVID-19 Driving Benefit Offerings and Potentially Forcing Tough Budget Decisions”, finds companies are looking to demonstrate the impact of financial wellbeing programs on the bottom line with increased productivity, as opposed to being primarily focused on the attraction and retention of employees. The programs have also 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 a financial wellbeing score or metric to assess the impact of financial wellbeing programs.

“Financial wellness providers that can clearly make this case will be more successful in attracting clients,” said Craig Copeland, EBRI Senior Research Associate and author of the report. “However, there are no clear measures that have been developed to measure productivity increases from financial wellbeing programs and other bottom-line issues. This will continue to be an area of focus and research within the financial wellbeing arena.”

COVID-19 Pandemic Caused Plan Sponsors to Rethink—but Not Reduce—Offerings

The COVID crisis caused plan sponsors to reexamine their financial wellness offers, as two-thirds of these employers took steps to understand their employees’ financial wellness needs since the onset of the pandemic. Emergency funds/employee hardship assistance emerged as key benefits during the pandemic, as more employers were looking to add these types of programs and employees were becoming more engaged in these programs. Other programs that had previously seen some momentum now have been placed on the back burner, such as student loan debt assistance. Along with emergency funds, overall financial planning and coaching on all aspects of finances are overtaking the prevalence of more single-issue offerings focused on student loan debt.

The costs of financial wellness programs increased in 2020 at a time when companies were being faced with a challenging, rapidly changing economy. How these benefits will be provided, or if they will be retained, is a crucial question going into 2021. “As these programs grow in value to employees, it may be difficult to curtail the ones that are already established,” said Copeland. “The maturation of the industry could also lead to a greater sense that financial wellness benefits are simply another cost of doing business, especially if metrics demonstrate its value to employers.”

Employers largely implemented some of the federal programs that allowed for greater flexibility in employment-based savings programs. Nearly two-thirds of the employers implemented some provision of the CARES Act. The most commonly implemented provision was allowing coronavirus-related distributions (CRDs) from their retirement plan.

Other Key Findings:

- In 2020, the proportion of employers who expressed at least some interest in implementing financial wellbeing benefits was essentially unchanged from 2018 and 2019. However, the proportion saying they are actively implementing such a program increased.
- The top issues addressed through financial wellness initiatives were health care costs and retirement preparedness; the areas of focus of the initiatives were retirement planning and basic finance and budgeting.
- Personalized credit/debt counseling, coaching, or planning is one financial wellbeing benefit that saw an increase in prevalence in 2020. The benefits that declined in prevalence were employee discount programs/partnerships, tuition reimbursement, and bank-at-work partnerships.
- Employee engagement in specific financial wellness benefits already being offered increased most among those offering more immediate overall financial help, such as emergency fund/employee hardship assistance, short-term loans through payroll deduction, payroll advance loans through the employer, and debt management services.

“2020 EBRI Financial Wellbeing Employer Survey: COVID-19 Driving Benefit Offerings and Potentially Forcing Tough Budget Decisions” can be downloaded at ebri.org.

The 2020 EBRI Financial Wellbeing Survey was collected through a 15-minute online survey of 250 full-time benefits decision-makers conducted in June and July 2020. 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 2020 Financial Wellbeing Survey was sponsored by Church Pension Group, Financial Finesse, HealthEquity, International Foundation of Employee Benefit Plans, J.P. Morgan, MassMutual, Mercer, Morgan Stanley, Principal Financial Group and Prudential Financial.

About EBRI:

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