

NEWS FROM THE EMPLOYEE BENEFIT RESEARCH INSTITUTE

Analysis of Employee Data Identifies Material Changes in 401(k) Plan Utilization for Those Participating in Financial Wellness Programs

- But Persuading Employees To Use Financial Wellbeing Programs Can Be Challenging -

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Contact: Ron Dresner

dresner@ebri.org

(Washington, D.C.) – A new Issue Brief released by the Employee Benefit Research Institute (EBRI) entitled, “Measuring the Impact of Financial Wellbeing Initiatives on 401(k) Plan Utilization,” concluded that persuading employees to utilize financial wellness webinars can be challenging, especially for younger and lower-contributing workers. However, those who do utilize the webinars may make material subsequent changes in their 401(k) plan utilization.

The research is based on a new and unique EBRI database of 500 401(k) plans in which participants utilized financial wellbeing webinars. Contribution levels, loan taking behavior and asset allocation within the 401(k) plans were evaluated before and after the participants undertook the webinars. The analysis reported the following main conclusions:

- The likelihood of a financial wellbeing webinar being used varies significantly by participant characteristics across age and 401(k) contribution levels;
- The estimated increase in 401(k) contribution levels in the year after attending any financial wellbeing webinar was between \$649 and \$988, depending on participants’ age and initial contribution level;
- Attending a budgeting webinar was positively related to increased employee 401(k) contributions for all groups examined;
- Attending an emergency fund webinar was associated with a reduction in new loans for older employees, while health savings account webinars had the opposite association for younger employees; and
- Attending a webinar about investments is associated with an “improved” asset allocation for older employees with lower contributions.

“Without a doubt, as financial wellbeing programs become a more central part of the benefits provided by employers, the importance of understanding their impact on workers increases for decision-makers seeking to determine the best way to allocate their financial wellbeing budgets,” said EBRI President & CEO Lori Lucas.

A summary of the EBRI “Measuring the Impact of Financial Wellbeing Initiatives on 401(k) Plan Utilization” Issue Brief can be viewed online by visiting <https://www.ebri.org/fw-initiatives> .

The Employee Benefit Research Institute is a non-profit, independent and unbiased resource organization that provides the most authoritative and object information about critical issues relating employee benefit programs in the United States. For more information, visit www.ebri.org.

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Media Note: To view the complete 12-page Issue Brief, “Measuring the Impact of Financial Wellbeing Initiatives on 401(k) Plan Utilization”, email press-media@ebri.org .