

## Financial Wellness Initiatives That Move the Dial on 401(k) Contribution Levels

Employers offer financial wellbeing initiatives to address a host of considerations around employee retirement preparedness, health care costs, and financial-related stress. In this *Fast Fact*, we examine the extent to which webinars intended to educate employees on a variety of financial wellness topics change behavior in one specific area: contributions to the available 401(k) plan.

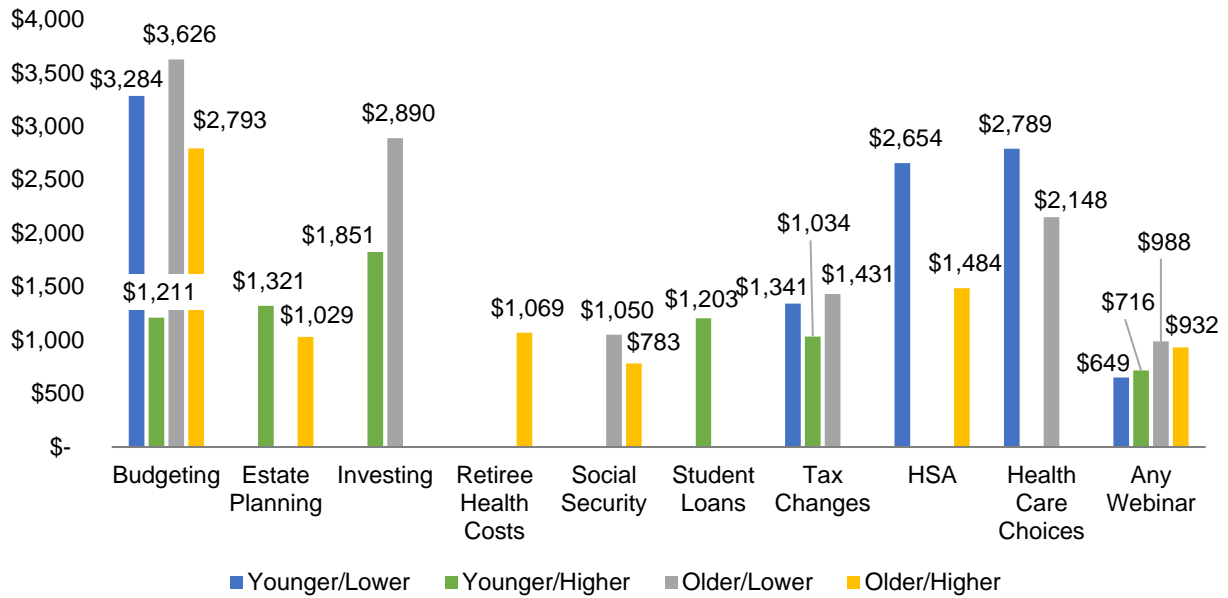
The original [study](#) examined the potential impact of more than a dozen financial wellness webinar topics and found that nine of them were associated with higher contribution levels in terms of the dollar amount that employees contributed to their 401(k): budgeting, estate planning, investing, retiree health costs, Social Security, student loans, tax changes, health savings accounts (HSAs), and health care choices.

Older participants contributing at lower-than-median levels had the highest increase in 401(k) contributions after attending *any* financial wellness webinar, at \$988. This was closely followed by older participants contributing to their 401(k) plan at above median levels, who increased their 401(k) contributions by \$932. Younger participants contributing above the median increased their 401(k) contribution by \$716 after viewing these webinars, and younger participants contributing below the median increased their 401(k) contribution by \$649 after viewing the webinars.

### About the Analysis

In 2021, EBRI collected data on the use of financial wellbeing initiatives of participants across 500 plans within the EBRI/ICI database. Although the data were not personally identifiable, they were encrypted in such a way that they could be connected to the 401(k) activity of plan participants before and after the participant engaged with the financial wellbeing initiative. Specifically, participants had access to the following set of webinar topics in 2018: budgeting, emergency funds, estate planning, health care savings choices, health savings accounts (HSAs), investment basics, paying for health care in retirement, Social Security decision making, student loans, women and finances, retirement satisfaction, retirement savings, and impact of recent tax changes. The total number of webinars attended was 1,753. EBRI focused on a subsample of webinars that had at least 60 attendees. This analysis breaks webinar attendees into four cohorts: younger/lower-contributing participants; younger/higher-contributing participants; older/lower-contributing participants; and older/higher-contributing participants. Younger workers are defined as those below age 45; older workers are defined as those ages 45 and above. The definition for low vs. high contribution levels is based on age-specific median contribution levels — e.g., low contributions are those below the median contribution level for the age cohort, and high are contributions at the age-specific median or higher.

## Estimated Change in Employee 401(k) Contributions After Utilization of Financial Wellness Webinars



In particular, attending a budgeting webinar was most consistently associated with a subsequent 401(k) plan contribution increase by employees, ranging from \$1,211 for younger participants contributing at higher-than-median levels to \$3,626 contribution amount increases for older participants contributing at lower-than-median levels.

The webinar that was the second most consistently associated with increases in 401(k) contributions by plan participants was the webinar on tax changes. Younger/lower-contributing, younger/higher-contributing, and older/lower-contributing participants all had higher 401(k) contributions after utilizing the webinars — ranging from \$1,034 to \$1,431.

Meanwhile, the webinars that were least associated with subsequent increases in 401(k) contributions by plan participants were the retiree health webinar and the student loan webinar. The former was associated with higher subsequent 401(k) contribution increases among only the older/higher-contributing participants. The latter was associated with subsequent increases in 401(k) contributions only among younger/higher-contributing participants.

It is possible that employees motivated enough to attend financial wellbeing webinars on such topics as budgeting are already in a mindset to increase their 401(k) contributions. Further, improving utilization of benefits such as the 401(k) plan is only one of many objectives employers have when offering financial wellbeing benefits. As financial wellbeing programs increasingly become a central part of the benefits provided by employers, understanding their impact on workers increases in importance for decision makers seeking to determine the best way to allocate their financial wellbeing budgets.

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