

# • What is Financial Wellness?

Psychographic, not a demographic

It is a person's relationship with money, how they view it, behave around it.

Two people with the same resources can have different financial wellness and have a different standard of living

Giving them more money is not a solution, you just have a wealthier person making the same bad decisions

# • What is Financial Wellness?

What people want in life:

- Control
- Predictability
- Safety
- Access
- Freedom

Without it, stress rises and with stress we get all sorts of bad consequences

# **Saving at Work for a Rainy Day**

***Results from a National Survey of Employees***

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# About the Survey

More than half of employers that do not offer an employee financial wellness program say that uncertainty about the value of the program to their employees is a reason for their reluctance to offer one. The AARP Public Policy Institute commissioned a national survey of working adults ages 25–64 in the summer of 2018 to shed light on employee demand for a rainy day savings program, which could be a component of an employee financial wellness program.

## Objectives

- Understand the characteristics and motivations of employees who are likely to participate in a payroll-deduction rainy day savings program
- Identify the program design features likely to generate widest participation
- Validate the most effective language to overcome barriers to participation

# Methodology

AARP and Boston Research Technologies designed an online survey that was fielded in English through the probability-based NORC Amerispeak Panel® from July 12–August 6, 2018 among a nationally representative sample of 2,603 adults ages 25-64 who were employed by someone other than themselves, paid by direct deposit, and expected to remain with their current employer for at least one more year. Cognitive pre-testing of the questionnaire was conducted to discern respondents' interpretation of the questions.

The data are weighted by age, gender, education, race, Hispanic ethnicity, housing tenure, telephone status, and census division, to benchmarks from the Current Population Survey (CPS) for persons ages 25-64.

The margin of error is +/- 2.9 percentage points at the 95% confidence level.

Sample sizes may vary from question to question because not all respondents qualified for every question. Also, a small number of respondents chose to skip certain questions.

# Description of the Rainy Day Savings Program

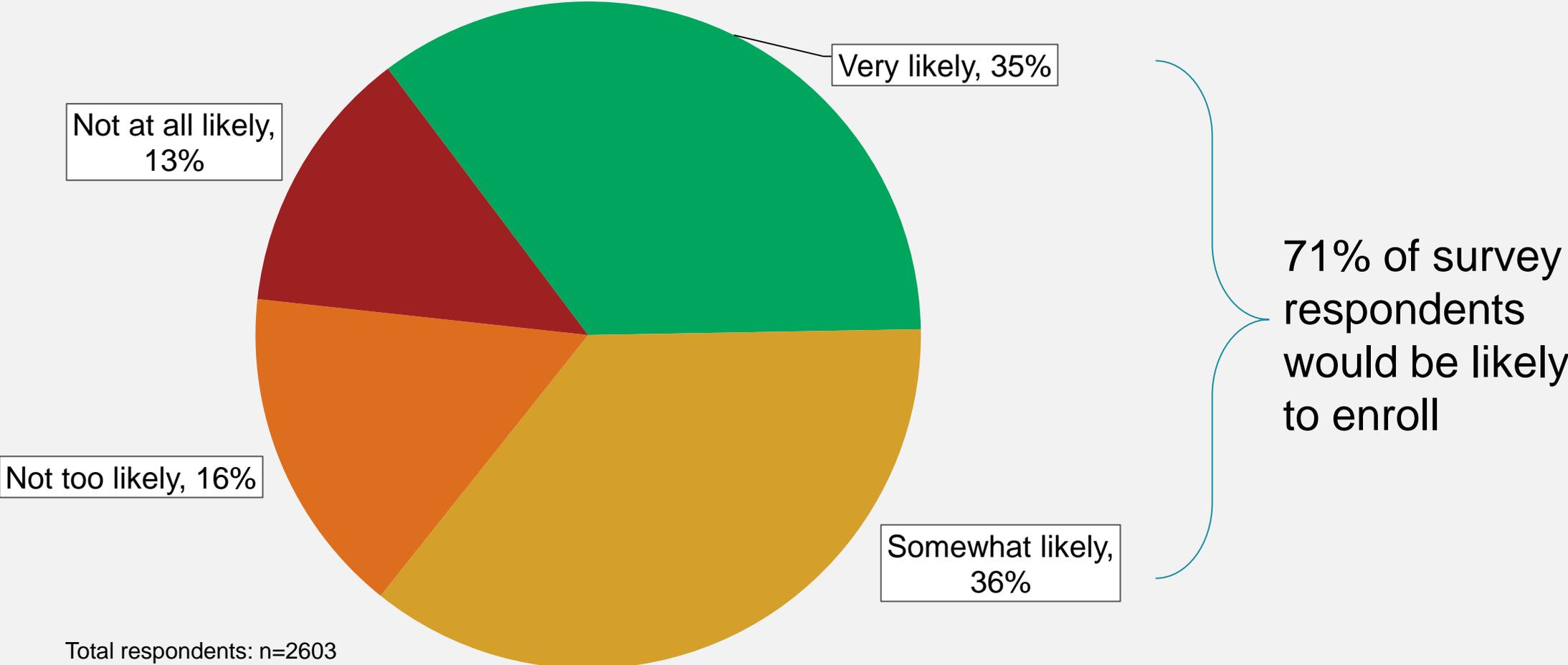
Survey respondents were asked about their reactions to this hypothetical employer-based program:

“To help you be prepared for emergencies or unexpected expenses, an amount of money you specify will be deducted from each of your paychecks and deposited into a special savings account set up for you at a bank or other financial institution. These transfers from your paychecks to the savings account will continue for as long as you would like and you can stop them at any time.

You are free to take the money out of the savings account at any time without paying a penalty. There are no fees on this account. At no time is your account information shared with a third party.”

# Seven in ten employees would likely participate in an employer-based rainy day savings program

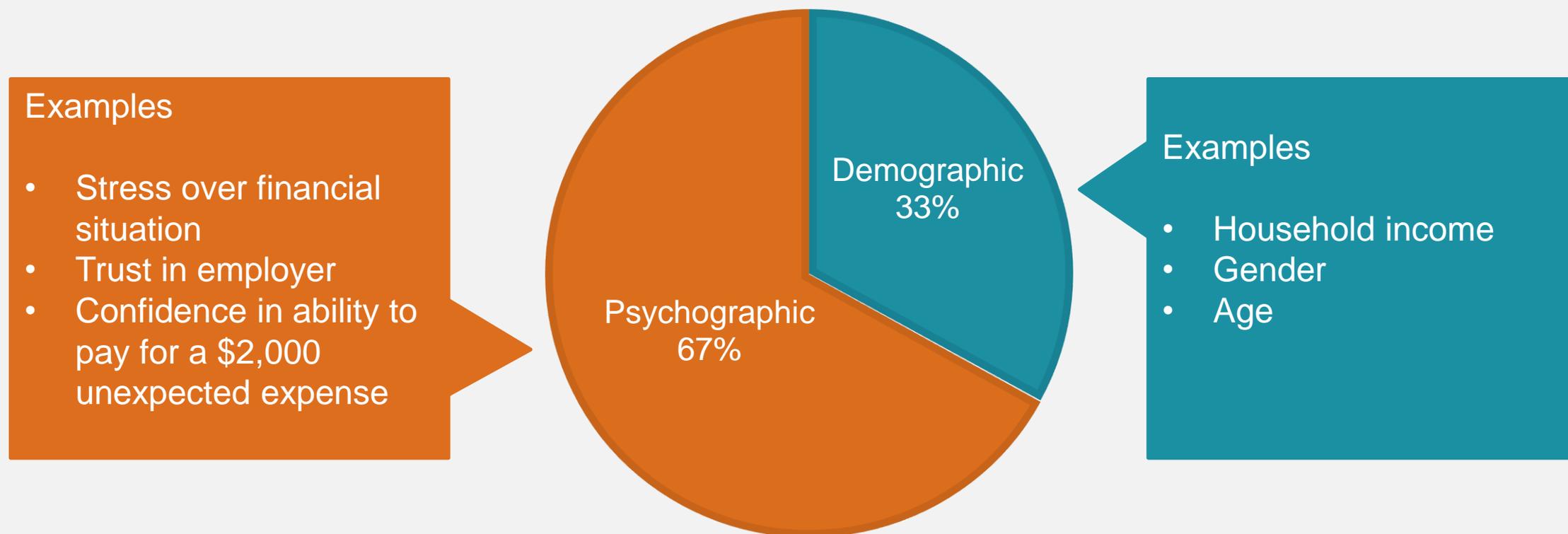
How likely are you to enroll in this benefit?



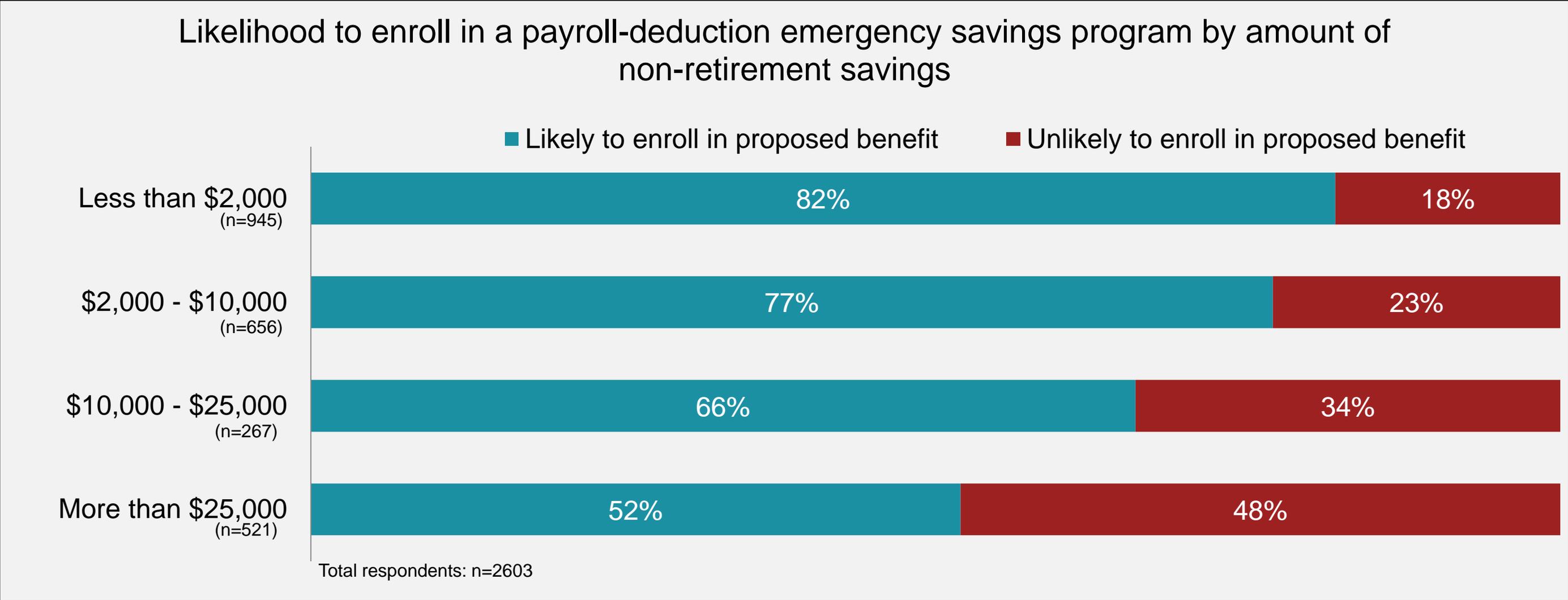
# Individuals' attitudes and opinions are more important drivers of participation than demographic factors

Regression analysis showed that, overall, likelihood of enrolling in the rainy day savings program is driven primarily by psychographic factors as opposed to demographic factors.

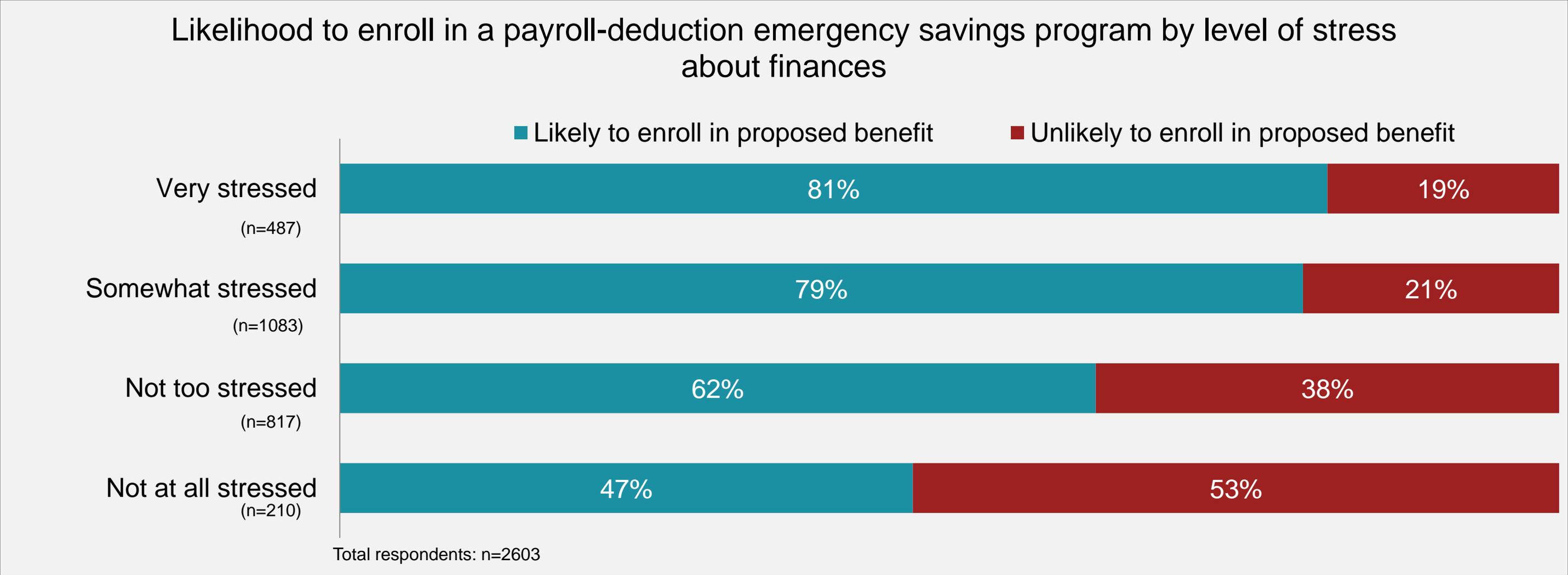
Effect of factors on likelihood to enroll



# Employees with lower non-retirement savings are more likely to participate



# Stress about finances makes employees more likely to participate



# Difficulty covering an expense equal to one month's pay makes employees more likely to participate

Likelihood to enroll in a payroll-deduction emergency savings program by response to question: "If you needed to pay for an unexpected expense costing one month of your household income, would it be...?"

■ Likely to enroll in proposed benefit    ■ Unlikely to enroll in proposed benefit



Total respondents: n=2603

The top five messages that resonate with employees speak to control, peace of mind, and ease of saving

- “Easily start saving through an account that you control”
- “Having money tucked away out of every paycheck for emergencies will relieve some stress”
- “Routinely set aside money for unexpected events”
- “Access your savings quickly and easily whenever you need to”
- “Automatically deposit money from each paycheck into a separate account in your name”

# About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit [www.aarp.org](http://www.aarp.org) or follow @AARP and @AARPadvocates on social media.

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