



## ***How to Launch a Workplace Financial Wellness Program***



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### ***The guide includes:***

- Eight Steps to Launch a Financial Wellness Program
- Why Financial Well-Being Matters



## ***Section One: Steps to Launch a Financial Wellness Program***

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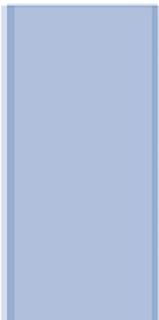
*Financial wellness programs differ from organization to organization, but how they are developed, implemented, and measured can be consolidated into eight standard steps.*

- 1. Focus on your human resources (HR) strategy*
- 2. Identify possible internal challenges*
- 3. Understand your workforce's unique needs*
- 4. Decide which financial topics to highlight*
- 5. Leverage existing employee benefits*
- 6. Expand your employee offerings with more financial education resources*
- 7. Use existing or new channels and opportunities to deliver resources*
- 8. Establish metrics for success for your financial wellness program*



## ***Step 1: Focus on Your Human Resources Strategy***

Since an employee's performance and job satisfaction can be influenced by financial stress, the implementation of a workplace financial wellness program can be a powerful tool to help you achieve your organization's strategic goals.



*As you develop your human resources strategic plan, consider including a financial wellness program that helps you address one of the root causes of employee stress and a resulting decline in productivity and morale. It can also be a strong element in your recruiting and retention efforts as it helps you distinguish your organization from others that are seeking to recruit and hire employees with the same skill sets.*

## ***Step 2: Identify Possible Internal Challenges***

There are several challenges you might want to consider and address before implementing a financial wellness program.

Money and time are always challenges, regardless of your organization's size. To help overcome limits on money and time, consider leveraging existing resources and services available from your current benefits providers, and learning from other employers that already have financial wellness benefit programs.

Another common challenge is the need for management support to obtain the resources to undertake and implement your program. Managers may be more willing to support the program if they believe it is good for the organization – at a reasonable cost – and if it is the right thing to do. Providing management with research that shows the impact poor employee financial health can have on an organization in areas such as productivity, client focus, absenteeism, presenteeism, retention, and recruiting can go a long way in securing senior-level support. For a start, see Section Two: Why Financial Well-Being Matters.



Measuring your financial wellness program's effectiveness can also be a challenge. Consider using the CFPB Financial Well-Being Scale when you start your program and administer it again every six to 12 months. You can also look at retirement plan participation levels or 401(k) loans at the start of your program and compare the results at regular intervals. Or, consider adding questions to regular employee satisfaction surveys.



*Another challenge is a lack of understanding of your organization's fiduciary responsibilities and potential liabilities with regard to the content and providers of financial educational materials. This may be another reason to partner with organizations you already have relationships with to provide financial educational services.*

### **Step 3: Understand Your Workforce's Unique Needs**

Be sure you know your audience. Regardless of size, your workforce's financial circumstances and needs are not uniform; employees are at different levels of knowledge, awareness, and financial well-being. (See page 10 for an explanation of financial well-being and financial wellness.)

The best way to serve and support your employees striving to achieve their financial goals is to understand the financial realities they are facing. A proven way to do this is to simply ask them through a survey. Be sure your survey is anonymous so it is clear to employees their responses are private. For many, talking about finances is a sensitive and stressful issue. Anonymity not only helps you get candid answers, it also prompts more employees to respond. The result will be a more accurate picture of their financial conditions and needs.

By surveying your employees, you may determine their level of financial literacy and their perceived level of financial well-being. Additionally, you will likely find employees in different stages of their careers have

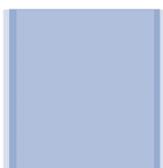


different financial stresses and need different financial tools and resources to address them.



For example, employees with young children may have a higher degree of financial stress. These “sandwich generation” employees may be concerned about the cost of child care, saving for college, tuition, preparing adequately for their own retirement needs, and, increasingly, assisting with the finances of immediate family members, such as a spouse with medical issues or an aging parent.

You can also look at data you already have on your employees as an indicator of their financial condition. For example, do your employees have a large number of 401(k) loans? What is the average loan balance? What is the rate of missed loan payments? How many of your employees contribute at the highest matching levels? If you automatically enroll eligible employees in your 401(k), how many employees increase their contribution rate over time? If you offer employees the option to split their paychecks via direct deposit into savings accounts as well as checking accounts, how many take advantage of this feature and what does that indicate about steady savings? How many employees understand and use tax-advantaged benefits such as a flexible spending account (FSA)?



*Knowing this information will not only help you define elements of your financial wellness program, it will allow you to set a baseline to measure your program’s effectiveness over time.*



### ***Step 4: Decide Which Financial Topics to Highlight***

After surveying your employees and assessing their current levels of financial well-being you should be in a position to identify topics that would be of most interest to them. More than likely you will include the basics such as earning, saving and investing, protecting your financial situation, spending, and borrowing. You should not make assumptions about your employees' knowledge. Again, survey your employees and use what you know about your organization and your workers and select topics based on their needs.



Also, remember that education alone without action and positive behavior change generally does not help employees make decisions for their financial situation and goals. Your program should drive toward encouraging employees to take positive actions to improve their financial situations.

### ***Step 5: Leverage Existing Employee Benefits***

With information in hand about your employees' needs and what you want to focus on, you can identify existing HR and employee benefit resources that can be leveraged as part of your financial wellness program. Taking time to review resources your organization is already paying for can be a significant cost and time saver.



*Start by identifying existing financial education tools and resources that match your employees' interests. Consider how to make use of the ongoing relationships your organization has with its current employee benefit service providers. If you have a benefit consulting firm, look at its service offerings to see what they might bring to the table. Talk with your 401(k) plan administrator, your life insurance provider, and your organization's banking partner for help.*

### **Step 6: Expand Your Employee Offerings with More Financial Education Resources**

Knowing when and how to find reliable information to make a financial decision is very important for everyone, including for your employees. Provide them with ways to find reliable information that can assist them with the financial decisions they're making. In this way, taking time to gather already created resources and repackaging them might be the best way to economically and quickly begin to establish a credible and effective employee financial wellness program.



When it comes to finding new resources, information, and tools to expand your program, there is no need to reinvent the wheel. As mentioned above, your organization's financial, banking, and life insurance partners may have resources for your employees. Integrate the new financial wellness program topics with other education you currently offer, like retirement savings education employees may receive from your organization's 401(k) administrator.



For additional vetted and tested resources, look over the tools and information available from federal, state, and local governments and nonprofit organizations.

### ***Step 7: Use Existing or New Channels and Opportunities to Deliver Resources***

Organizations use various channels to deliver information to their employees. How your organization does it depends on factors such as its resources, size of your employee population, employees' preferred method to receive information, and how widely dispersed they are geographically, among other factors.



Some organizations that offer financial wellness programs have found providing financial educational seminars led by outside speakers during work hours to be very popular and effective. It requires minimum time and the content is already developed and may have already been vetted for compliance and accuracy. Lunchtime seminars could be effective in some organizations, for example where there are high-density

workforce populations such as call centers, warehouses, and production facilities.

For organizations that are geographically dispersed, webinars can be a viable and cost-effective option. Webinars can be delivered either live or recorded and placed on your organization's intranet for viewing at a time and location that best suits the employee. Recorded webinars also allow employees to share the content with family and others who share in their financial decision-making. Another option is to piggyback on other regularly scheduled meetings to provide financial educational seminars and one-on-one sessions.



*Paper-based delivery of information is also still popular and effective for small to mid-size organizations where the workforce is geographically concentrated. Pamphlets and handouts can easily be taken home to share, which is an important aspect of any financial wellness program.*

Because of the amount of financial wellness content and tools that has already been developed and placed online by nonprofit and profit-making organizations (these include federal, state, and local government agencies, as well as banks, credit unions and other financial institutions) consider delivering your program using these tools. It takes a little effort to research and organize what is available. Using existing materials can save a lot of development time and effort, and can help control your liability.

Another potential approach to consider is financial coaching. In a coaching relationship, employees set their own goals and can feel accountable for achieving results. Meetings with coaches can either be face-to-face or by phone, depending on your organization's size and number of locations. While this might initially sound like an expensive solution, it is not unusual for employee assistance program providers, retirement plan administrators, and banks and credit unions to provide one-on-one personalized help. Offering coaches on a first-come, first-serve basis can ensure the help is going to those who need and want the assistance.

New employee onboarding is the best time to introduce financial wellness benefits and encourage employee participation. As an example, a large organization interviewed by the CFPB that offers financial wellness benefits said onboarding is a "milestone" event when employees are open to ideas about change.



After new hire orientation, make your financial wellness program an ongoing educational experience. This proves to be much more effective than a "one-and-done" program.



*A financial wellness program should be approached in the same way an organization runs a marketing campaign. Multiple touch points over an extended period of time are needed to result in behavioral changes. Programs that are broad-based and institutionalized into the organization's culture get the highest employee participation.*



Connecting employees to information that is timely, relevant and actionable is important. People will be more likely to pay attention to information if it is connected to an upcoming life decision or to their desire to achieve a goal. If the information is timely, employees are more likely to act on it while it is fresh in their minds. A strategy for achieving this can be to offer “just in time” financial education that is customized to the employee and their situation. People are also more likely to take action if specific details of what they need to do are clearly stated.

Whatever content you deliver and whenever you deliver it, keep it short. Seminars and webinar sessions should be one hour or less. Printed materials should be brief. A single-page fact sheet or short Q&A brochure is more likely to be read than a long one.

*Use a modular approach to increase options for employees. Some employees may have time only during their lunch break to participate, while others may have free time only in the evenings or weekends. With employee availability in mind, decide whether to use scheduled options versus on-demand options.*



## ***Step 8: Establish Metrics for Success for Your Financial Wellness Program***

When planning your program, keep in mind how you are going to measure its effectiveness. A good way to do this is to make sure there is some kind of measurable outcome. This important step enables you to determine if the resources included in the program are being utilized and whether you are achieving the goals established for your program.

Using anonymous surveys before and after offering a benefit can be quite effective. A survey given to employees prior to launching your program should explore what topics to include in the program, while a post-launch employee survey would focus on employee satisfaction and behavior changes.

Consider looking at quantitative data and see how it changes over time. This might include things such as 401(k) participation, participation levels at different matching rates, loan utilization, absenteeism, and contributions to health savings accounts and flexible spending accounts.



*Ask your employee assistance program provider to tell you how many employees participate in its financial education and counseling offerings, including website volumes, financial tool visits, phone outreach, and more. Also, if your company has or plans to develop a financial wellness website for employees, look at the web analytics to see what employees find of interest and if the volume of visitors is affected by other financial wellness benefits you provide.*

Use the Workplace Financial Wellness Program Planning Worksheet on the next page to help organize your thinking about your program.



## ***Section Two: Why Financial Well-Being Matters***

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### Background

According to the 2016 FINRA Investor Education Foundation's National Financial Capability Study, more than one in five people in America (21 percent) have unpaid medical debt, 29 percent of 18- to 34-year olds with a mortgage have been late with a mortgage payment, and 50 percent of respondents say they do not have money set aside to cover expenses for three months.

In light of these statistics, it is unrealistic to expect that employees can leave their financial worries at home and that the concerns will have no effect on employee performance in the workplace. This is where workplace financial wellness programs come in. Research has shown meaningful improvements in employees' financial well-being can be achieved – and stress reduced – by providing a few straightforward, cost-effective financial educational resources to employees.

### ***Financial Wellness and Well-being***

Financial wellness is a workplace benefit that helps employees fulfill their short -term and long-term needs and goals by giving them the knowledge, skills, tools, and resources to improve their financial well-being.

The CFPB defines financial well-being as a state of being in which a person can fully meet current and ongoing financial obligations, feels secure in their financial future, and can make choices that allow enjoyment in life.



Employees who have difficulty paying everyday expenses and recurring bills, or who have few options for improving their financial condition, or who feel that their financial condition limits their choices, can feel stress and that stress can carry over to the workplace. Telltale signs of financial stress include high levels of absenteeism, presenteeism, retirement plan loans, and payday advances. Because financial stress can also negatively impact job performance, the employer might experience difficulties with retention efforts and achieving performance goals, and higher health care costs.

### ***Why Provide a Financial Wellness Program in the Workplace?***

Work is where many employees in America make critical decisions about how to allocate their wages to current needs, savings, insurance options, investment opportunities, and long-term goals. These decisions made without the proper knowledge can have an immediate negative effect on job performance and a life-long impact on the employee's financial well-being.



*Because of the complexity and changing nature of decisions employees have to make regarding benefits, it makes sense that employers provide employees with educational programs, tools, and materials that help them make better financial decisions based on their needs and circumstances.*

### ***A Financial Wellness Program Is More than Retirement Planning***



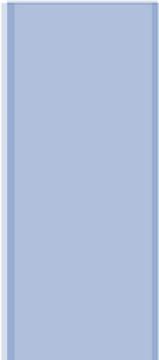
Often, a financial wellness program is mistakenly thought to be synonymous with either retirement benefits – such as a 401(k) plan – or a response to an employee's specific or unexpected financial need. But it's much more comprehensive; it



proactively addresses an employee's overall financial health.

HR professionals at several organizations that have successfully implemented financial education benefits programs found that their employees often lacked an understanding of financial concepts such as budgeting, compound interest, insurance coverage levels, investment options, and how to pay education costs. As a result, not only were employees reluctant to contribute to their retirement programs at the highest levels, they were often reluctant to participate at all because their financial well-being was so low.

Rather than expending their limited resources on educating their employees about their retirement plans, the HR professionals refocused their efforts on providing tools and educational materials about topics such as investment planning; medical and health care costs planning; general budgeting guidance; privacy, security and fraud protection options; educational planning; credit restoration or repair resources; and home-buying information, among other topics.



*Financial wellness is increasingly recognized as an important feature of an employee's overall benefits package and can be used by employers for a competitive advantage with their retention and recruitment efforts. Because of the impact stress can have on an employee's performance and job satisfaction, there is not only value in including financial wellness programs in employees' benefit packages, it can help the organization, as well.*

### ***Is There a Standard Financial Wellness Program?***

Employee financial wellness programs come in all shapes and sizes. Every employee population is different. For a program to be beneficial, it should address your employees' specific needs and interests.



Employees entering the workforce may be interested in managing student debt, starting a family, and purchasing homes. Mid-career employees may be interested in paying for their kids' higher education, controlling health care costs, and starting to evaluate retirement options. Those approaching retirement may be focused on how they can get the most out of their retirement savings and benefits, caring for their aging parents, and planning their own long-term care.

For these reasons, employers should first understand their employees' financial condition before designing and implementing a financial wellness program. Using the CFPB's Financial Well-Being Scale can be an excellent way to measure your employees' financial well-being. The scale is designed to allow users to accurately and consistently quantify the extent to which someone's financial situation and the financial capability that they have developed provide them with security and freedom of choice.

The size of the sponsoring organization also matters when it comes to financial wellness programs. Large organizations may be better resourced to implement tailored programs to meet a diversity of needs among their employee populations. But small organizations can also implement effective programs by leveraging their relationships with benefit providers they are already working with, and by using the abundance of free information and resources available from nonprofit organizations and federal, state, and local government agencies. See Section Three on the next page of this resource guide for suggestions.

### ***A Workplace Financial Wellness Program Probably Costs Less Than You Think***

The help employees are seeking does not need to be expensive or complicated to implement and maintain. An effective financial wellness program can simply be a more proactive, cost-effective method of delivering help that employers are already providing. A few hours of additional productivity per year or a one-day reduction in absenteeism per participant could be more than enough to cover the employer's per-person training and resource costs.



## ***Section Three: Resources***

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### Report: Financial Wellness at Work

The CFPB report on how innovative companies are leveraging technology, peer-to-peer relationships, and other promising practices to find low -cost, high-impact ways to promote financial wellness at work. This report is a resource for employers, nonprofits, and others interested in establishing financial wellness programs in the workplace.

<http://www.consumerfinance.gov/data-research/research-reports/financial-wellness-at-work/>

### Report: Financial Well-Being and Financial Well-Being Scale

This CFPB report provides a conceptual framework for defining and measuring success in financial education by delivering a proposed definition of financial well-being, and insight into the factors that contribute to it.

<http://www.consumerfinance.gov/data-research/research-reports/financial-well-being/>

## Campaigns and Public Awareness

### Website: Save 10

Save 10 is a business -to -business, peer-to- peer effort to encourage employers to enable their workers to save 10% of their income for a secure retirement. The Save 10 initiative reinforces a "Save 10" rule of thumb and recognizes employers who put their employees on the path to saving at least 10% of their income. Automatic enrollment and automatic contribution escalation are encouraged, to help employees reach their savings goals. <http://save10.org/>