ALL THINGS WORK

Employers Help Workers Get Financially Fit

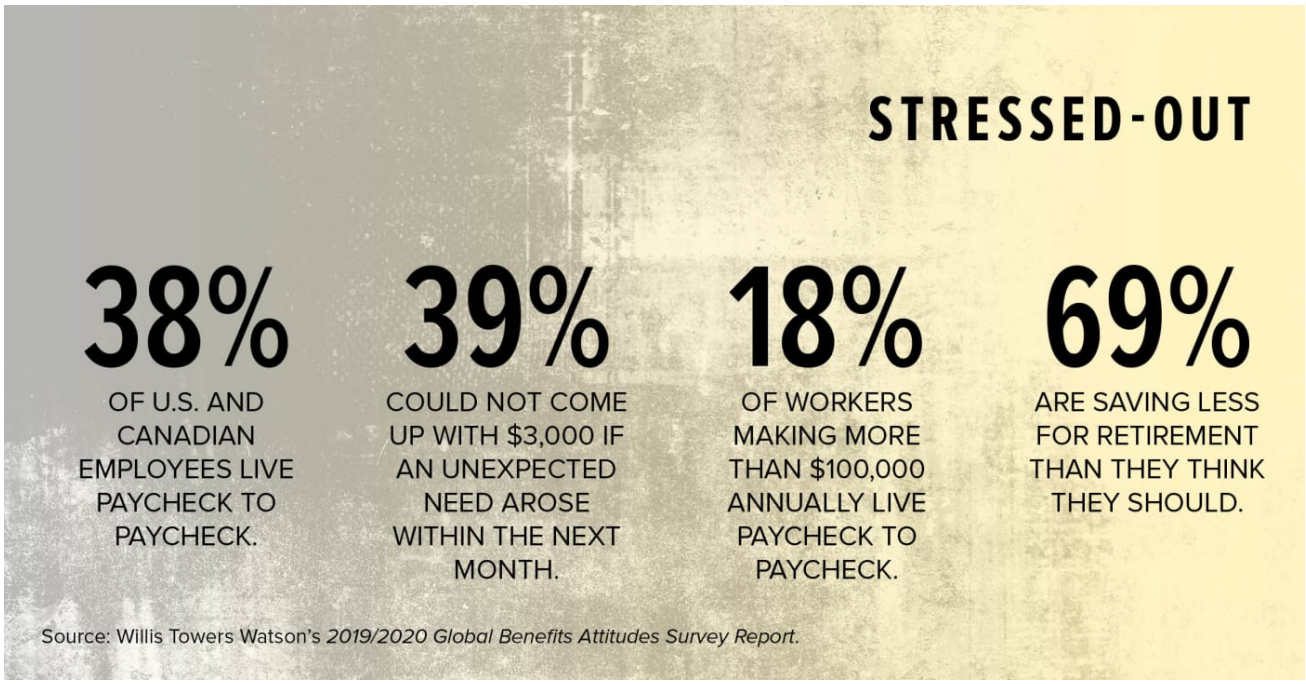
Four tips for corporate leaders who want to create wellness programs that comprehensively address employees' holistic financial fitness.

By David Tobenkin | October 10, 2020

The end of the longest economic expansion in U.S. history has exposed just how fragile many American families are financially.

Millions of Americans experience financial insecurity. Nearly 40 percent of U.S. workers live paycheck to paycheck, according to a 2019 survey by Willis Towers Watson. Many employees worry about covering unexpected bills and saving for retirement.

The coronavirus pandemic has exacerbated the situation, and it's becoming clear that the public health crisis is likely to persist and many jobs that have been lost will not return soon. In a May survey from NerdWallet, 7 out of 10 Americans said their household income had been negatively affected by the coronavirus pandemic.



The precarious financial state of the American worker has led employers, in many cases themselves under enormous financial stress from the pandemic and resulting economic downturn, to look for ways to support their workers. The goal is to help employees improve their general financial wellness and ability to weather hard times.

Increasingly, company leaders are expanding employee benefits beyond the traditional bastions of health insurance and defined contribution retirement plans. They're creating wellness programs that comprehensively and systematically address employees' financial fitness. The task is formidable, but focusing on the following objectives should help.

1. KEEP WORKERS WORKING

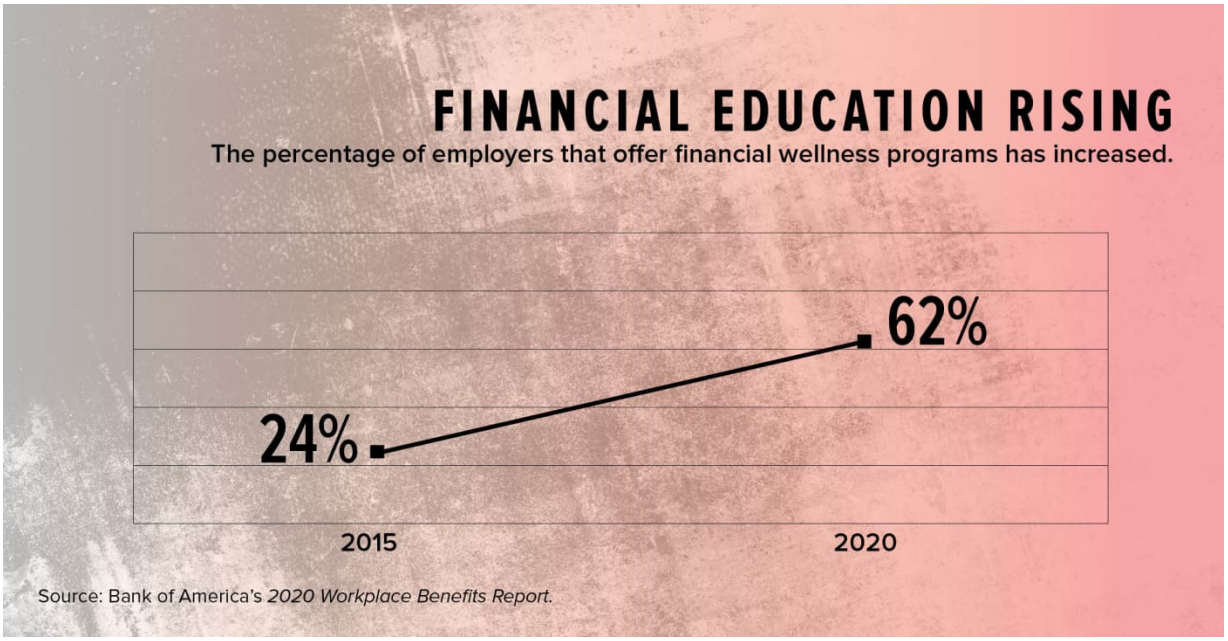
Some CEOs say their most important role, particularly in a COVID-19 environment, is to keep their employees on the payroll. They recognize the importance of jobs to financial wellness and want to avoid laying off employees unnecessarily in down cycles.

At global management consultancy PricewaterhouseCoopers (PwC), that means reducing executive compensation. "PwC is committed to protecting our people's jobs and livelihoods by reducing discretionary costs and having our partners shoulder the financial burden" during downtimes, a company spokesperson says. "Our partners have reduced their income in order to minimize the impact to the rest of the employees and prioritize our long-term strategy in order to take care of our people. We have committed to layoffs as a last resort."

To free up resources to compensate and retain top employees, PwC partners will continue to receive reduced income through 2021. Meanwhile, the company is still awarding promotions on schedule and providing performance-based bonuses.

During economic downturns, it's also important to remember that spouses and family members of employees may be out of work and need support, says Anna Langford, SHRM-SCP, director of total rewards strategy and initiatives at BrightSpring Health Services, a 45,000-employee health and pharmacy services provider based in Louisville, Ky. (Last year, it merged with PharMerica.)

"We have an internal division, Workforce Services, which specializes in career support," Langford says. "They shared information on how family members who had lost their jobs could search for new employment." The team's outreach included information about Steady, an application that contains listings of part-time jobs that might fit family members' schedules and help them through difficult times, Langford says.



2. HELP WORKERS PREPARE FOR THE UNEXPECTED

Some companies are offering incentives, rainy day accounts and income-advance programs to help employees prepare for financial challenges.

For example, Truist Financial Corp. (which was created when SunTrust and BB&T merged last year) offers a $750 incentive to workers who complete a financial education program, says Brian Nelson Ford, head of financial wellness at the Charlotte, N.C.-based company.

And in Burlington, Vt., Rhino Foods is helping its employees deal with and prepare for financial bumps in the road. Since 2008, the company, in a local partnership with the North Country Federal Credit Union, has offered loans of up to $1,000, which are repaid with $50 debits from employees' paychecks.

These income advances have helped more than 500 Rhino Foods employees access about $500,000 in emergency funding, build credit and start saving for the future, says Caitlin Goss, director of people and culture. Unless workers opt out, the debits continue to be deposited in a credit union account after the loan is paid off, allowing them to accrue funds to cover future obligations. Nearly all employees (97 percent) continue automatic withdrawals into the rainy-day accounts after paying off the loans, Goss says.

In addition to being appreciated by participating workers, these programs have helped improve employee retention. Ford says the one-year retention rate of new hires who completed the Truist program rose to more than 90 percent, compared with about 60 percent among those who didn't participate. Rhino Foods' annual retention rate rose to 85 percent from 65 percent after the company

launched its program.

The pandemic has prompted some employers to add new financial wellness benefits. "It has been interesting to see how COVID-19 has changed the game with respect to what employers are doing for employees," says Trey Muller, a New York City-based senior vice president of employee engagement at Edelman, a public relations firm with headquarters in Chicago. For example, he has seen numerous employers start reimbursing or subsidizing child care expenses for employees who are working from home during the public health emergency.

3. PROVIDE FINANCIAL EDUCATION

Fair pay and good benefits are vital to financial health and stability. But they aren't likely to translate into financial security unless employees have basic knowledge and skills regarding issues such as investments, budgeting, debt management and saving.

Organizations don't have to go it alone when providing financial education on these topics. Multiple programs are offered by third parties.

Truist offers a national financial wellness program called Momentum onUp. It was originally offered to SunTrust employees and is now provided at cost by Truist to more than 230 organizations. The program features a financial wellness curriculum and instructions regarding finances customized to the needs of individual employers and their employees. For participating companies, Momentum onUp provides program support, including experienced speakers, and individualized tracking and impact-reporting dashboards.

Gas South, an Atlanta-based natural gas distributor, launched Momentum onUp for its workforce in 2017. "We have 235 employees, and all of them are eligible to participate. About 75 percent signed up, and roughly 56 percent of those that signed up received a $200 bonus for completing the program," says Secret Holland, the company's vice president of human resources and community affairs.

(www.shrm.org/resourcesandtools/tools-and-samples/quiz/pages/quiz-how-much-do-you-understand-about-financially-stressed-employees.aspx)Gas South's annual costs for providing the program include $18 per enrolled employee, $400 to $800 to bring in Momentum onUp speakers for employee kickoff sessions, and approximately $5,000 in bonus payments to participants. "Based on the feedback we've received from those participating, we certainly feel it's worth the investment," Holland says.

Some financial giants, such as Fidelity Investments Inc., which manages corporate retirement plans, offer financial wellness services to their clients' employees as an add-on service free of charge.

"One of the first things we do for participants in our programs is to have them take a financial wellness assessment," says Farzin Karim, a Fidelity senior vice president and head of financial wellness in Boston. "By starting there, we can give each participant a personalized action plan and point them to the specific educational tools and resources that will allow them to take their next step" to plan for and

navigate important life events.

About 23 million Americans participate in the Fidelity program. In 2019 alone, more than 600,000 took a financial wellness assessment. Fidelity also lets plan sponsors select a set of tools that best meets the needs of their unique workforce.

Kingsport, Tenn.-based materials producer Eastman Chemical Co. deployed the Willis Towers Watson myFiTage financial wellness Web application in 2016. It provides personalized financial suggestions to users based on their profiles. At the time, Eastman was "looking for something that was simple, relevant, personal," says Lori Glawe, vice president of total rewards. As a Fidelity client, Eastman has since added Fidelity's financial wellness offering as well.

Third-party provider Prudential Financial incorporates employers' benefits offerings into its financial education program. "We educate the employees of our customers about financial wellness topics, and we integrate the full employer-provided benefits package into our presentations," says Julie Brandon, vice president and head of financial wellness distribution at the insurance and investment service company, which is headquartered in Newark, N.J. "That helps employees better understand and appreciate what their employer provides, drives benefit utilization and makes it easy for employees to take meaningful action toward improving their financial health."

4. PROMOTE RETIREMENT PLAN BEST PRACTICES

For many employers, retirement plans represent the best-developed financial wellness benefit they offer. Being thoughtful about plan design can dramatically improve employees' chances of accumulating wealth and achieving a secure retirement.

"What I have seen over a few decades, and something that has accelerated over the past five years, is plan sponsors adopting smart plan designs that feature automatic default components in plans," says Dave Stinnett, head of the Vanguard strategic retirement consulting team that offers plan design and participant experience advice to plan sponsors. Stinnett, based in the Philadelphia area, says these components include:

- Auto-enrolling employees in plans.
- Setting automatic payroll deductions.

- Automatically escalating employee contributions over time.
- Adopting automatic asset-allocation features, such as placing employees in target-date funds that feature low-cost, diversified assets and a risk profile appropriate to their age.

Stinnett says those actions have addressed three big fiduciary problems that plagued defined contribution retirement plans for years: "First, how do we get people to participate in plans? Second, how do we get them to save enough? And finally, how do we get them to invest appropriately for their age?"

Roughly half of the 1,500 plan sponsors Stinnett's group advises have adopted smart plan designs, he says. "The 50 percent who have not done so feel it's too aggressive and are more comfortable communicating best practices rather than mandating them," Stinnett says.

For corporate leaders, employee needs and the extraordinary circumstances brought about by the coronavirus pandemic present unique challenges. But with some imagination and a focus on providing meaningful resources and services, they can help employees become more financially resilient and secure.

David Tobenkin is a freelance journalist based in the greater Washington, D.C., area.

Explore Further

SHRM provides advice and resources to employers to help employees become financially fit.

Employers Feel More Responsible for Employees' Financial Wellness (www.shrm.org/resourcesandtools/hr-topics/benefits/pages/employers-feel-more-responsible-for-employees-financial-wellness.aspx?_ga=2.265879046.849626713.1601908518-2133937249.1582579250)
More employers feel responsible for helping improve employees' financial wellness as workers experience more stress due to the COVID-19 pandemic, new research shows. (www.shrm.org/resourcesandtools/hr-topics/compensation/pages/pandemic-could-worsen-gender-pay-gap.aspx)

Emergency Savings Accounts Fundedby Payroll Deductions Boost Financial Wellness (www.shrm.org/resourcesandtools/hr-topics/benefits/pages/emergency-savings-accounts-funded-by-payroll-deductions-boost-financial-wellness.aspx?_ga=2.227941908.849626713.1601908518-2133937249.1582579250)
Some employers are taking steps to ease employees' financial burdens by creating emergency savings accounts that allow automatic deposits through payroll deductions—much like how employees fund their 401(k) accounts.

How Income-Advance Loans Help Financially Stressed Employees (www.shrm.org/resourcesandtools/hr-topics/benefits/pages/income-advance-loans-help-financially-stressed-employees.aspx?_ga=2.126956804.849626713.1601908518-2133937249.1582579250)
Income-advance loans help employees who need assistance the most. And access to emergency loans prevents 401(k) hardship withdrawals.

COVID-19 Upends Retirement Expectations Across Generations (www.shrm.org/resourcesandtools/hr-topics/benefits/pages/coronavirus-upends-retirement-expectations-generations.aspx?_ga=2.126956804.849626713.1601908518-2133937249.1582579250)

The economic turmoil caused by the COVID-19 pandemic has shattered many employees' confidence in their ability to retire comfortably. To recoup their losses, workers may be on the job for longer than they'd planned while older workers confront new challenges.

Well-Being Programs, Voluntary Benefits Help Stressed Employees Cope (www.shrm.org/resourcesandtools/hr-topics/benefits/pages/well-being-programs-voluntary-benefits-help-stressed-employees-cope.aspx?_ga=2.126956804.849626713.1601908518-2133937249.1582579250)
Employers are investing more of their benefits budgets in well-being programs and voluntary benefits offerings to help alleviate employees' financial and emotional stress, and they expect to continue doing so, two recent surveys show.

Converting PTO Funds to Student Loan Relief Is a Timely Benefit (www.shrm.org/resourcesandtools/hr-topics/benefits/pages/converting-pto-funds-to-student-loan-relief-is-a-timely-benefit.aspx?_ga=2.126956804.849626713.1601908518-2133937249.1582579250)
While employers want to help employees with student loan debts, many can't justify additional benefit expenses—especially during an economic downturn. One option is to let employees convert unused paid time off (PTO) into loan-repayment funds or cash that can be used for other pressing needs.

Provide Security with Personalized Employee Benefits (www.shrm.org/hr-today/news/hr-magazine/fall2020/pages/provide-security-with-personalized-employee-benefits.aspx?_ga=2.231332246.849626713.1601908518-2133937249.1582579250)
Each demographic group of employees, and indeed each individual in each group, has unique priorities and needs when it comes to employee benefits. Personalized benefits can contribute to employees' sense of security and well-being.