Why Are Companies Still Slow To Offer Financial Wellness Benefits To Hourly Workers?

Employers recognize that asking financially stressed workers to pay for benefits creates a lose-lose scenario, but they're unsure what to do.

Some of the unsung heroes of the past two years have been the hourly workers that deliver our countless packages, cash us out at the grocery store, make sure the shelves are stocked and help us with everyday chores/tasks. And while the pandemic has been a factor in the war on talent it has not been the only reason employers have been struggling to attract workers.

Employees are finding, and employers realize, that financial stress is taking its toll and more needs to be done. A survey conducted by Even and produced by Human Resource Executive called Financial Benefits for Hourly Workers, shows that more than 70% of respondents agree or strongly agree that hourly workers need more benefits to address their financial stress. HR and benefits leaders know that the longer they go without putting such benefits into place, the more it impacts their bottom lines.

Currently, few businesses are taking a progressive, multifaceted approach to their hourly employees' financial wellness, according to the report. The most common benefit offered is retirement savings plans and/or preparation. Seventy-one percent of those surveyed offer a 401(k) plan with a match, which unfortunately doesn't have the greatest impact on hourly employees in times of need.

Nearly three-quarters (74%) of employers agree or strongly agree that sponsoring financial benefits would drive higher adoption than making employees pay for them. According to the survey, it shows employers recognize they need to strategically add financial benefits to create lasting impact across recruiting, retention, and engagement. Also, it shows employers recognize that asking financially stressed workers to pay for benefits creates a lose-lose scenario. It works against employees 1) adopting the benefit, and 2) making lasting progress with it.

So what's happening now? One of the most important questions the survey asked employers is "Where employers are in budgeting financial benefits." At 34%, the majority of respondents said are in their exploration phase.

However, a strong 22% have their budgeting in place and know which department will pay for it. Another 12% are closing in; only needing to set a budget or decide which department will pay for employees' new financial benefits. Twenty-two percent of those surveyed said they have budgeted for it and know which department will pay for it. Sixteen percent have neither budgeted nor decided which department will pay for it and 15% said they have explored financial benefits and decided not to offer them right now.

And yet a gap still remains even as employers understand and are seeing the challenges in real-time. Forty-six percent of employers say they don't plan to add any sponsored financial benefits within the next two years.

Even with such uncertainty, employers do plan to add financial benefits. In some cases, this could mean a doubling or even tripling of the rate employers' offer them. Based on this survey, emergency savings programs would grow from 9% to 29%, and earned wage access would grow from 10% to 23% of employers offering it.

The biggest takeaway from the report seems to be: "Employers recognize hourly workers are struggling, and know employer-sponsored financial benefits would have the most impact on reducing financial stress. But many employers are unsure which benefits to offer, delaying employees from getting the relief they need — and at the same time, employers miss out on the competitive advantage from offering the right benefits."

Investing in things like earned wage access, automatic budgeting, emergency savings and schedule based pay project to help with planning, will go a long way in giving employees the financial help they need, reduce stress and hopefully attract employees in the future.

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