

10 Reasons Why You Need A Financial Wellness Program

The idea of providing a financial wellness program to employees seems to be a recent development, but if you consider that the 401K is also a financial wellness benefit, we can agree that the history of financial wellness programs is older than it appears to be at first glance.

The great change in financial wellness programs of the 2010s is the move beyond the sole offering of retirement account contributions. In the wake of the Great Recession, employers began recognizing the value of adding personal finance services and products to their employee benefits packages, not only as a way of attracting and retaining the best talent but also in order to support their employees in reaching their personal goals.

While previous generations would likely have appreciated personal financial services in their employee benefits packages, the sheer size of the Millennial generation means that they have the power to exert pressure on the workplace to provide options they find attractive. As Millennials have moved from the dorm room to their parents' basements to apartments and now into their own homes, employers are seeing the value of offering financial wellness programs that attract and retain skilled and dedicated workers.

Here are 10 reasons why you and your company need a financial wellness program that goes well beyond a 401k investment package:

1. Improved employee productivity: Number one on most employer lists of positive results is the bump in employee productivity that a well-rounded financial wellness package can provide. In addition to retirement account options, a program that offers budget counseling, credit building assistance, debt reduction programs, student loan repayment support, home ownership preparation, and even options for basic banking will allow the employee to reduce personal financial hardships and the distractions they create. Comprehensive financial wellness programs reduce the disruptions of the employee's time from concerns over debt, collection calls, missed payments and poor credit scores.

2. Moderated employee stress and improved health: This one is so obvious that we too often overlook it. Surveys regularly show that finances are the leading cause of stress for Americans, above family obligations, health, and even work. While sweaty palms and increased heart rates might be symptoms of situational stress, chronic stress leads to increased fatigue, an inability to concentrate, heightened irritability, not to mention the physical manifestations of headaches and greater susceptibility to serious diseases. Additionally, many employees with chronic stress turn to very unhealthy habits as coping mechanisms, such as smoking, overeating and drinking. When we consider our physical and psychological reactions to stress, it is no wonder employers are turning to financial wellness programs to help their employees minimize and eliminate financial stress. For employers that offer health insurance plans, financial

stress is no longer a personal matter since its consequences can lead to an increase in plan premiums.

3. Increased employee satisfaction: Employees report greater personal and professional satisfaction when they have access to tools that help them set and achieve personal finance goals, including building an emergency fund, preparing for vacations and holidays, paying off student loans and consumer debts, and contributing to an investment plan. An employee who is financially prepared for expected and unexpected eventualities will exhibit greater engagement at work with less to worry about in their finances.

4. Greater employee longevity and retention: By offering financial wellness programs that include budget counseling, credit building and debt reduction services, employers are helping their employees to build more stable and secure financial lives. One likely result is an increase in home ownership among employees, which, in turn, leads to greater longevity in the workplace.

5. Reduced paycheck garnishments: When employees are able to regain control of their finances through healthy financial habits such as budgeting and the appropriate usage of credit and debt, they are less likely to overextend themselves with large car and personal loans. Too often, such situations result in a court judgment against the employee, whose wages are then garnished by the creditor. Garnishments require extra time and effort on the part of human resources to process, decreasing their own productivity.

6. Fewer payroll advances: Similarly, improved personal finance behaviors among employees lead to fewer payroll advances, saving HR time and lost productivity. Managing payroll advances may or may not be time consuming in your organization, but they are disheartening and embarrassing for employees. Financial wellness programs need to promote basic personal finance habits that minimize the chances that the employee will need a payroll advance.

7. Fewer 401K loans: Even more costly than payroll advances, loans against the employee's 401K savings can lead to frustrating scenarios for the employee. Once fees and interest start to add up, the employee may need to supplement his or her income by seeking additional employment or a higher paying job elsewhere.

8. Stronger employee recruiting: In an era of extraordinarily low unemployment, employers are seeking all available options to attract and keep the best talent. Benefits matter to a great deal of job seekers who understand the value of good health insurance. Additionally, companies show they value potential employees through their willingness to provide support for the employee's personal financial life. Feeling valued is a common job requirement among Millennials.

9. Reduced absenteeism: One result regularly noted in studies on the impact of financial wellness programs is the decrease of employee absenteeism. Employees are

not going to miss work because they are researching the best stock to add to their 401K plan. However, if their car is being repossessed, or if their bank has frozen their account for overdrafting, or if they need to seek a new apartment because their rent payment bounced, they will probably miss at least a half if not a full day or two of work. Debt management, budget counseling and bank account education can help minimize such scenarios.

10. Employee loyalty and commitment: What good does it do to offer paid vacation days if the employee is not able to afford travel because, like 60% of the US population, they have not progressed beyond the paycheck-to-paycheck subsistence level? Offering a financial wellness program that promotes the centrality of saving for emergencies and short-term goals, in addition to the important long-term investment opportunities, allows the employee to develop healthy financial habits that will permit him or her to take advantage of other benefits. An employee that can afford to enjoy a vacation or two each year will be much more likely to stay loyal and committed to the employer that helped them get to that point.

Whatever the reason you choose to add a financial wellness program to your employee benefits package, the great news is that you open yourself and your company up to benefit from all of the reasons listed above. In a world whose short-sighted views on the housing bubble and related investments led to the Great Recession, isn't it about time your company took the long-view of helping your employees to a better place financially? It will only result in helping them become better employees.

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