

FINANCIAL WELLNESS a silver lining: How The Pandemic Has Helped Employees Manage Their Finances

COVID-19 may have caused a lot of financial stress, but for some employees, it actually helped them improve their situation.

Before the pandemic, one in five adults over the age of 18 didn't have a financial plan in place, according to recent data by financial services company Northwestern Mutual. In the year since, 32% of Americans say their financial discipline has improved during the pandemic and 95% say they expect their newfound habits will stick.

“We’re seeing that the pandemic has caused many Americans to reconsider their approach to financial planning,” says Christian Mitchell, executive vice president & chief customer officer at Northwestern Mutual. “It’s in times of financial uncertainty that people tend to look within and revisit financial plans and rethink their financial decision making.”

Overall, 83% of people were prompted to either create, revisit or adjust their financial plan during the pandemic, the data found. Among top

behaviors Americans have adopted are reducing their living costs, paying down debt and increasing their retirement savings and contributions.

Tackling financial wellness has been a steadily growing trend exacerbated by the pandemic. More and more businesses are adding benefits such as financial coaching, access to affordable loans and virtual educational programs to improve financial literacy — companies such as Kashable and HoneyBee partner directly with companies and HR departments to provide these resources directly to employees.

“Financial wellness programs can be really effective in helping people to approach their finances holistically,” Mitchell says. “That’s why we’re seeing these programs growing in demand. They can also help companies differentiate themselves in the increasingly competitive talent environment.”

Employees have shown they want information beyond plan-specific features — last year Schwab saw a 54% increase in attendance for virtual sessions on holistic personal finance topics versus a 37% increase for plan-specific topics, according to data from the custodian.

Whether it's by providing supporting resources on topics such as 401(k) planning and workplace benefits, employers will have a big role to play in order for employees to stay on track moving forward, according to Mitchell. "Employers must be supportive of employees no matter where they are along their financial journey," Mitchell says. "The path to financial security starts with developing a plan, and encouraging employees to take those first steps emboldens them to take additional actions with their finances."

By Paola Peralta