

Taking Aim at Employee Stress, Employers Expand Financial Education Benefits



From credit card debt to saving for retirement and paying for children’s education expenses, stress over finances is taking a major toll on employees — and it’s also taking a major toll on the workplace as a result.

That’s among the takeaways from new research from the International Foundation of Employee Benefit Plans, which found that employees’ financial stress is causing an inability to focus on work, physical health concerns and absenteeism.

Julie Stich, associate vice president of content at the International Foundation of Employee Benefit Plans, says an employee’s personal financial stress — whether long-term, like saving for retirement, or immediate, like paying this month’s rent — can have a direct impact on their performance at work.

As a result, employers are taking action. More are beefing up their financial wellness benefits, offering financial education to help employees manage their money, understand their workplace benefits and improve their investment decisions.

When asked to rate the financial status of their workers, 40% of employers say their employees are only a little bit or not at all financially savvy. Additionally, 36% of employers say their employees are only a little bit or not at all prepared for retirement once they reach retirement age.

More than two in five employers report an increased demand for financial education from employees in the past two years. To help combat their workers' financial challenges, 63% of employers currently provide financial education for their workforce, and an additional 19% are considering such education for the future.

The report found that employers are strengthening their commitment to financial education programs by devoting a budget to such initiatives. Among the employers that offer these programs, 24% report that they have a financial education budget in 2018, which is significantly higher than the 14% of employers that had such a budget in 2016.

An additional 20% of employers are considering adding a financial education budget, and more than half of employers with existing budgets are planning to increase those over the next two years.

Of employers with a financial education budget, 20% currently measure the return on investment of their initiatives, and another 29% are considering measuring ROI in the future.

The most popular financial education methods used by employers include voluntary classes or workshops, free personal consultation services, retirement income calculators, links to informational websites and projected account balance statements or pension benefit statements.

Employers offer financial education on a wide variety of topics, from life insurance and identity theft to student loan debt and end-of-life planning, the report found. However, the top five most common topics covered were retirement plan benefits, preretirement financial planning, budgeting, investment management and retiree healthcare.

Employers are making sure their education is impactful to their workforce by taking steps such as:

- Providing financial education to employees' spouses
- Asking their workforce which areas they are most interested in
- Providing education in other languages; and
- Providing education by generation

Additionally, employers are beginning to target financial education around life events such as funding education, getting married, purchasing a home, getting divorced or having a child. Seventeen percent of employers currently offer such education, and 23% are considering doing so in the future.

Of employers offering financial education, 57% report their program is successful. Just 6% say their financial education program is unsuccessful. Most commonly, employers measure success through increased participant deferral rates in defined contribution plans, overall participation rates in DC plans and participation in specific initiatives such as in-house seminars.

By Cort Olsen