

## **Why Including Financial Education in your Wellness Plan Helps Ease Employee Stress**

If your business offers a retirement plan for employees, congratulations on setting up a valuable and popular employee benefit. There's just one problem: according to the Pension Rights Center, only about half of American workers are participating in an employer-sponsored retirement plan.

Unfortunately, many U.S. workers feel so burdened by existing debt, bills, and household financial obligations that they are unable to find funds to put toward their company's retirement plan.

Last year, PWC issued a report on financial stress. Almost half of surveyed U.S. workers said that financial issues cause the most stress in their lives. This employee stress is costing your company.

- Almost 30% of respondents said their health has been impacted by financial stress
- 22% of respondents have experienced decreased productivity at work due to money worries
- 12% have missed work due to financial stress
- Of employees who are stressed about finances, half spend at least three work hours per week dealing with financial issues

### **Support financial wellness**

To help your employees reduce their financial stress and get in a position to start saving for their future retirement, consider incorporating a financial wellness plan into your employee benefits package.

Like other wellness programs, a financial wellness program aims to improve financial health, reduce stress, and improve employees' overall well-being.

Since many employees don't have the means or knowledge to solicit advice from a wealth advisor, a financial wellness program supplies them with the tools, information, and support they need to improve their finances and start saving for the future.

To reach the employees who need financial help the most, start small. Begin with financial basics, then build toward saving for retirement and other future goals. Consider offering seminars from financial advisors and other guest speakers, online tutorials, smartphone tools, and information on topics such as:

- Managing and eliminating debt
- Creating and adhering to a monthly budget
- Building an emergency fund
- Saving for retirement
- Saving for children's college expenses

In 2017, I took on a new 401(k) business client. Company owners told me that employees were not contributing to the 401(k) as they should be, but I knew efforts to increase the plan's participation or contribution rate had to wait until we addressed some underlying problems.

Employees were preoccupied with how to pay their rent or mortgage and still have enough to cover their car payments every month, so they didn't see saving for retirement as a possibility, let alone a priority. The most pressing need was to help employees improve their financial situations overall.

We created a financial wellness educational curriculum, beginning with bi-monthly meetings to explain financial topics such as basic budgeting, paying off debt, and establishing an emergency fund.

The plan worked. About eight months after we began our educational program, company owners reported that they noticed a definite positive change in employee morale and productivity. The positive changes extended to the 401(k) plan, where participation increased after the financial education curriculum had been in place for one year.

### **Help your employees help themselves**

Sometimes a financial problem requires a solution that solves for more than the initial issue. In the case of financial wellness programs, financial education can help your employees do the work necessary to begin saving for retirement and establish the financial future they deserve.

Financial wellness programs reward employees with stability and a better future, while your business is rewarded with more focused and productive employees.

By Gil Castillo