

Winter 2020

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### Recommended Citation

Rubleski, Jeff S. (2020) "A Growing Benefit Trend in the Workplace – Employee Financial Wellness," *Seidman Business Review*: Vol. 26: Iss. 1, Article 7.

Available at: <https://scholarworks.gvsu.edu/sbr/vol26/iss1/7>

# A Growing Benefit Trend in the Workplace — Employee Financial Wellness

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With unemployment hovering below 3% in West Michigan and 3.7% nationally through August 2019<sup>1</sup>, employers of all sizes are looking for ways to retain and recruit staff in tight labor markets. To differentiate themselves in the competition for talent, employers are turning to proactive workplace employee financial wellness education and focused employee benefits education to help employees to better manage their personal finances

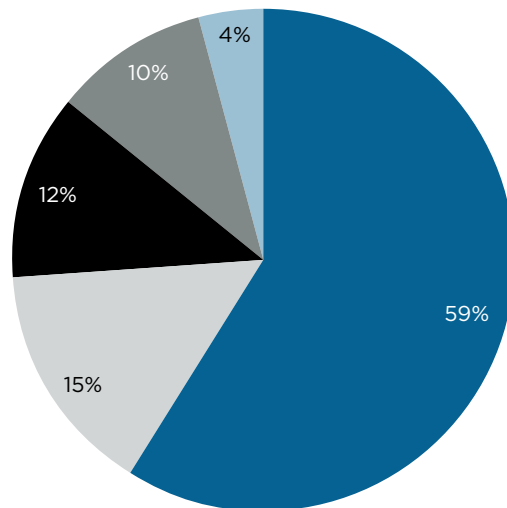
and to help employees to optimize existing benefits programs.

In its 8th annual Employee Financial Wellness Survey, the employee benefits consulting firm PwC asked employees what caused them the most stress. By a wide margin, employees listed financial and money challenges as the leading cause of stress. **Exhibit 1** shows the magnitude that financial challenges have on employee reported stress from the PwC survey, with 59% of total reported stress linked to financial and money challenges.<sup>2</sup>

*“Employees report financial and money challenges drive their stress fifty-nine percent more than other life stressors combined!”*

**Exhibit 1: Leading Causes of Employee Stress**

■ Financial or Money Challenges ■ My Job ■ Relationships ■ Health Concerns ■ Other



Source: Employee Financial Wellness Survey, PwC, 2019

<sup>1</sup> U.S. Bureau of Labor Statistics, September 2019

<sup>2</sup> Employee Financial Wellness Survey, PwC, 2019

### Evaluating the signs of employee financial distress

At the workplace, employee financial distress manifests in a variety of ways and is a threat to the overall wellbeing of the employee. A CareerBuilder 2017, survey of 3,000 U.S. employees illustrated how close to the financial edge surveyed employees live by exposing the following:

- 78% of U.S. workers live paycheck to paycheck
- 6 in 10 Americans don't have enough savings to pay for a \$500 car repair or a \$1,000 emergency room bill
- 44% of Americans couldn't cover a \$400 unplanned expense with savings

**Exhibit 2** illustrates some of the common signs of distress in the workplace.

### Exhibit 2: Common Signs of Employee Financial Distress

• Increased absenteeism	• Decreased productivity
• Wage garnishments	• Calls from creditors
• Overuse of 401(k) plan loans	• Inappropriate use of employer-sponsored benefits
• Excessive employee turnover	• Not having enough financial resources to retire on time

### Consider linking financial wellness programs to existing benefits and wellness programs

Assess the current workplace benefits package and any general wellness-type programs you are offering to employees. From a benefit plan perspective, an area that is usually "opportunity rich" for financial education involves the 401(k) or similar retirement plan. When evaluating your retirement plan consider the following key questions to measure the performance of your plan:

- What percentage of eligible employees contribute enough to take advantage of the full employer matching contribution?
- What percentage of eligible employees have a current plan loan or have received a hardship withdrawal?
- Does your plan offer automatic enrollment of eligible plan participants and auto escalation of annual employee contributions to the retirement plan?
- Are employees selecting the best investment options for their age and risk tolerance?

Take a similar approach to other employer-sponsored benefit plans and you'll find areas of opportunity to proactively educate employees to better utilize the benefits available to them.

From a programming perspective, start with a personal finance survey of your workforce. Find out where your employees struggle. Common areas where additional help is needed will include budgeting, setting up an emergency fund, getting control of credit card debt, paying off student debt, understanding investment options in the 401(k) or retirement plan, knowing how to determine financial net worth, planning for big-ticket purchases like buying an automobile or a home and funding college education and retirement. Chances are the listed areas for help are likely to be of interest to broad segments of your employee population and can serve as the foundation for your financial education efforts.

### The benefits of a financially savvy workforce

When employees understand the key drivers of financial wellbeing, (budgeting, managing debt, planning large purchases, having an emergency fund, etc.) they will be receptive to better utilizing company-sponsored benefits that are available to them. Be sure to measure current plan participation and use these metrics to establish a "baseline" from which you can evaluate the success of your future education efforts. Consider utilizing the resources of existing vendors to help in your financial education efforts. These vendors (health plan, retirement plan, ancillary benefit plan, EAP, and consultants) often have great resources and staff available to help in employee education efforts.

Building a financially savvy workforce is something that needs to be embedded in the core of your existing benefits and employee wellbeing programs. Successful worksite financial wellness programs need to be *ongoing, evolving and measured*. There needs to be a long-term commitment to enhancing the financial wellbeing of your workforce through thoughtful programming and education of your employees. By committing to the long-term viability of worksite employee wellness education, you will establish financial wellness as a core value for your employees, and the benefits of your efforts should set your business apart from your competitors and improve the lives of the employees in your organization. ■