

# Benefits Insights

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## A Primer on Employee Financial Wellness Programs

In today's rapidly changing and competitive business landscape, companies are considering how employee well-being is crucial to achieving long-term success. One aspect of well-being that has gained significant attention in recent years is financial wellness. As such, financial wellness programs have emerged as a valuable tool for employers to support their workforce and enhance employee engagement and satisfaction.

A lack of financial knowledge can hold anyone back. When left with few reliable financial resources, employees may continue to struggle. As diverse as the workforce is, so are their financial knowledge and competency levels. Programs that aid employees in their financial wellness may help them with related difficulties. And, when employees' well-being thrives, employers may see several advantages."

This article explores why financial wellness programs are important and provides an overview of the types of benefits these programs generally offer employers.

### Financial Wellness Program Overview

Employers may offer a financial wellness program to help combat employee stress around money matters. These programs aim to educate employees to help them manage their money and reduce financial burdens. Financial wellness programs often include the following topics or components:

- Credit management
- Debt management
- Household budgeting
- Retirement planning
- Investments

- Savings
- Taxes
- Insurance

Resources may be personal financial coaching or counseling, online education, budgeting tools and credit resources. In addition to financial wellness programs, employers may offer an employee assistance program (or EAP) that includes financial wellness services or a retirement plan. Lastly, financial well-being could be a core component of an employee wellness program, as healthy behaviors are encouraged.

### Why These Programs Matter

The cost of living continues to rise, significantly impacting employees' financial well-being. According to a 2023 report by Bank of America (BoA), not even half (42%) of employees rate their financial wellness as good, which was an all-time low for the company's data. Furthermore, thinking about finances in the long term is proving to be more difficult for employees. Just 31% of employees still prioritize their retirement, down from 45% in 2022. Also, many (45%) say they are not saving for future health care costs and, instead, are paying off debt, saving for unexpected expenses and managing caregiving costs.

While many employers feel somewhat responsible for their employees' financial wellness, only some have begun offering financial wellness programs. The BoA report found that about 2 out of 5 employers offer financial wellness programs. With



so many financial obligations straining employees, there's an opportunity for employers to step up and help boost their workers' financial education and overall wellness.

### Program Benefits for Employers

While financial wellness programs have obvious benefits for employees, such support is also advantageous for employers. Consider the following reasons more employers are considering financial wellness programs:

- **Alleviated employee stress**—Financial stress is a silent productivity killer. Employees who are constantly worried about their financial situation are more likely to be distracted, anxious and less focused on their work. This stress can manifest in various ways, such as decreased morale, reduced job satisfaction and even strained colleague relationships. Financial wellness programs provide employees with the tools and knowledge to manage their finances more effectively, reducing stress and creating a more relaxed and focused work environment.
- **Reduced absenteeism**—Financial woes can lead employees to take unplanned days off. Whether it's to deal with a financial emergency, attend court hearings or manage personal financial matters, absenteeism can disrupt work schedules and affect team dynamics, decreasing overall workforce productivity. Financial wellness programs can equip employees with the skills and resources they need to prevent these financial emergencies, ultimately helping them show up to work.
- **Boosted employee productivity**—Financial stress can be a major distraction at work. Financially secure and confident employees are better equipped to focus on their tasks and fulfill their job responsibilities. A financial wellness program that provides effective budgeting and investment planning tools can help employees regain control over their finances, often leading to improved productivity and job performance.
- **Improved employee well-being**—Financial stress is a common concern among employees. Unsurprisingly, worries about debt, budgeting and retirement planning can negatively impact their overall well-being. Financial wellness programs contribute to a

holistic well-being approach; when employees are financially secure and knowledgeable, they are more likely to experience improved overall well-being.

- **Increased employee attraction and retention**—Amid a competitive job market, offering comprehensive financial wellness programs can make an organization stand out as an employer of choice. This can help attract—and keep—top talent who are not only looking for a paycheck but also for support in building a secure financial future. Financial education can positively impact employee loyalty and job satisfaction.

Financial wellness programs aren't just an advantage; they are an investment that pays off in a myriad of ways, benefiting both employees and employers.

### Summary

Financial wellness programs are a valuable investment in an organization's workforce. By addressing the financial needs of employees, employers not only enhance workers' well-being but also create a more engaged, loyal and productive team. As employers, it's essential to recognize the positive impact that financial wellness programs can have on both a company's success and employees' lives. Implementing a comprehensive financial wellness program is a step toward building a happier and healthier workplace for all.

Contact us for more information about financial wellness programs.