

Better for Employees, Better for Business:

Providing the Tools to Meet the Financial Health Needs of Employees

In a survey of 1,000 employees of mid-sized and large U.S. firms, the Financial Health Network uncovered insights about employees' wide-ranging financial needs – and their interest in accessing a variety of financial wellness benefits from their employers. By offering financial guidance, emergency savings, and debt management benefits, employers can distinguish themselves, create a more productive workforce, and better help their employees to thrive.

EMPLOYEES DESIRE SUPPORT FOR A WIDER RANGE OF FINANCIAL NEEDS

Employees are financially stressed and are looking to their employers for support. However, most employees do not have access to a holistic set of financial wellness benefits that can help them with their short- and long-term financial needs.

Employees report that their employers **offer a median of three financial wellness benefits**, with the top offerings being a 401(k) or other retirement plan (86%) and tuition reimbursement/professional development (48%). After these common benefits, access drops precipitously: no more than one-third of employees reported access to any other financial wellness benefit. (For more detail, see [“Better for Employees, Better for Business: The Case for Employers to Invest in Employee Financial Health.”](#))

Notably, these typical benefits don't address short-term financial challenges, which can significantly limit an employee's ability to plan for the long term. For example, young workers with college debt have half as much saved for retirement by age 30 as those without loans.¹

Three of the most critical wellness needs identified by survey respondents are a desire for financial guidance, help building emergency savings, and support for managing debt. When employers offer benefits that address these needs, they can help workers address critical short-term challenges, while effectively helping them prepare for long-term goals. Because people's financial needs are complex and interrelated, employers should consider offering these benefits as part of a holistic approach to help their employees improve their financial health.



* Employees were asked whether their employers offered a variety of potential financial wellness benefits.



¹“Do Young Adults with Student Debt Save Less for Retirement?,” Center for Retirement Research, Boston College, 2018.

EMPLOYEES ARE EAGER FOR BENEFITS THAT OFFER FINANCIAL GUIDANCE

Planning ahead for expenses and saving for long-term goals are key components of financial health, yet many employees do not have access to benefits that help them navigate these important needs. **Currently, less than one-third of employees report having access to any given financial guidance benefit, even though a majority of employees express interest in these benefits.**

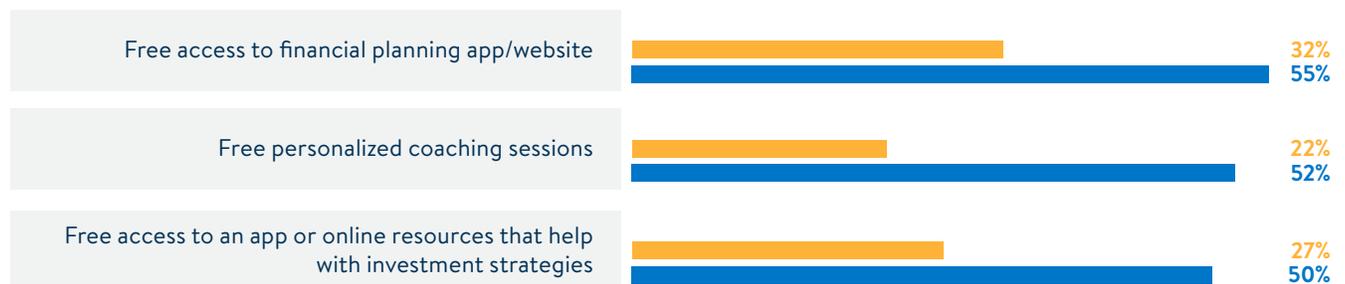
Research clearly shows that financial education alone does not improve financial health outcomes.² To be effective, employers should go beyond providing financial education to offer guidance that is relevant, timely, actionable, and ongoing, paired with tools that enable employees to take action to improve their financial health.

Employees indicate interest in accessing financial guidance through a range of delivery channels: 66% say they like online calculators, 62% like live meetings with a financial advisor, and 55% enjoy in-person seminars. Relatively fewer are comfortable with webinars, social media, and online chat rooms (43%, 31%, and 31%, respectively), though younger workers express greater interest in such digital channels than their older colleagues. (For more detail about comfort with digital channels, see [“Better for Employees, Better for Business: Supporting Financial Health for Millennials and Women in the Workplace.”](#))



* Answered “a great deal” or “some.”

Gap in Access and Interest: Benefits that Offer Financial Guidance



EMPLOYER OFFERS • EMPLOYEES INTERESTED

Percentages for “Employees Interested” are based on the question, “How likely would you be to use the following financial wellness benefits?” (Very/somewhat likely). Percentages for each benefit are based on those who do not currently have access or who have access but don’t use it.

² Fernandes, D., Lynch Jr., J.G., Netemeyer, R.G., “Financial Literacy, Financial Education, and Downstream Financial Behaviors,” *Management Science*, Volume 60, Issue 8, August 2014.

MANY EMPLOYEES HAVE LITTLE CUSHION TO WEATHER FINANCIAL SHOCKS

Another critical component of building financial health is addressing short-term needs. Many employees are woefully underprepared for unexpected financial shocks such as a car breakdown or medical expenses. These events can have long-lasting and devastating implications for an employee's overall financial security.

In our survey, **unexpected expenses and insufficient savings are primary causes of stress**, cited by 59% and 51% of financially stressed employees, respectively.

Emergency savings benefits from employers are still rare, with only 23% of employees indicating that they currently have access to an employer match for emergency savings. Yet **emergency savings is the most in-demand benefit of any offered in the survey**, with 61% of employees expressing interest.

Gap in Access and Interest: Emergency Savings Benefits

Building an Emergency Savings Fund Through Payroll Deduction with an Employer Match



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21%

of employees have less than 2 weeks of living expenses in savings.

Only 38%

have enough funds to cover six months or more.

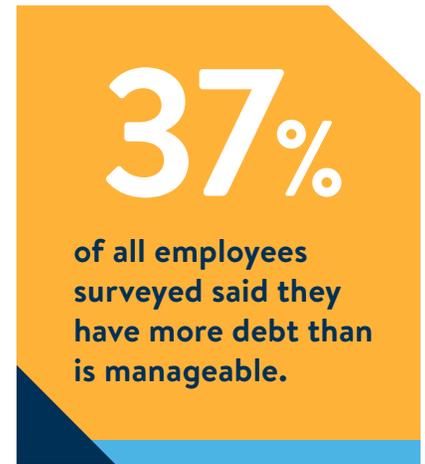


EMPLOYEES ARE FEELING THE WEIGHT OF RISING DEBT

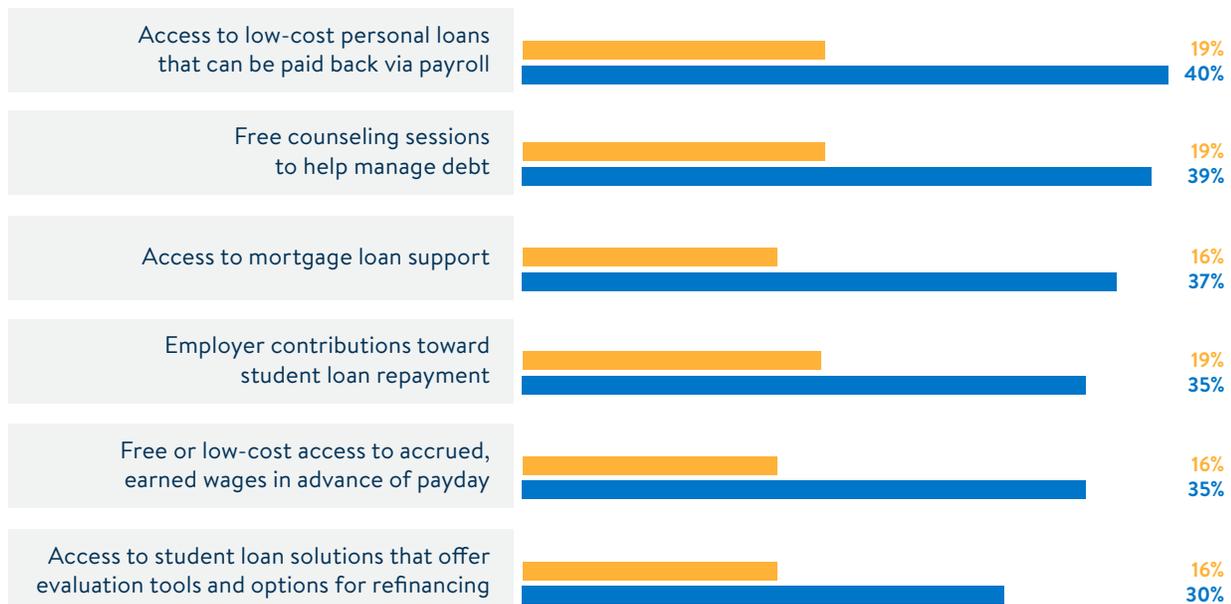
Many employees are struggling under the weight of too much debt – in fact, total U.S. consumer debt in 2019 has surpassed pre-2008 levels.³

Debt is a major driver of financial stress: Nearly 70% of employees facing high financial stress say they have more debt than is manageable.

Employees express interest in benefits that provide affordable credit options, like low-cost personal loans that can be paid back via payroll, as well as tools that help them address existing debt. Unfortunately, those benefits are not widely available today; less than 20% of employees say that they have access to any given debt or credit benefit. **Debt-related benefits are of interest to employees across the income spectrum** – even higher-income employees want support for managing their debt.



Gap in Access and Interest: Debt and Credit Benefits



EMPLOYER OFFERS • EMPLOYEES INTERESTED

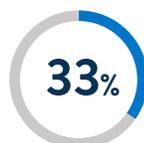
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Among employees with household income of \$100,000 or more

Which tools are they interested in?



Mortgage loan support



Employer contributions toward student loan repayments



Credit counseling



Low-cost personal loans

³ “Household Debt and Credit Report, Q2 2019,” Federal Reserve Bank of New York.

Meeting Critical Employee Financial Needs

Employees are increasingly turning to their employers for support with their financial needs. Financial guidance, emergency savings, and debt management are three key areas where employees are struggling and looking for help. When these benefits are offered as a part of a holistic approach to improving employees' financial health, employers can set themselves apart and help employees thrive.

To learn more about workplace financial health, visit
finhealthnetwork.org/research/workplace-financial-health.

ACKNOWLEDGMENTS

Data comes from a survey of 1,000 U.S. workers employed full-time for companies with more than 500 employees. The survey was conducted on behalf of the Financial Health Network in November and December 2018 by Greenwald & Associates, with strategic contributions and financial support from Morgan Stanley.

This infographic is the third in a series highlighting key findings from this research. Morgan Stanley Smith Barney LLC. Member SIPC. CRC 2928808 4/2020.