

5 reasons to rethink financial wellness

Starting a financial wellness program can help increase employee productivity and lessen presenteeism.



Employees are worried about their finances. They worry about them in the evenings, on weekends and during working hours. Plus, with the increased stress caused by the pandemic, it's no secret your workforce could use some help.

More than meets the eye

Many employees struggle with cash for emergencies. In a recent 2020 study, they found that 47% of respondents had difficulty finding \$250 for emergencies¹ and had to resort to credit instead. While millennials are saddled with loan debt, members of the “sandwich generation” are burdened with dividing their limited resources between themselves, their children and their parents, while still trying to prepare for their own retirement.

Each employee demographic is struggling with their own financial challenges, which is why a dynamic financial wellness program needs to span the generations and provide potential solutions for each unique situation.

How can employers help?

Often, one of the major problems is a lack of access to financial literacy resources. And it's a problem that

employers can help solve by providing financial wellness programs for their employees. Here are five advantages of a financial wellness program:

1. Engagement

Are your employees going through the motions or are they creating and sticking to their financial plans? Financial worries can increase employee stress which leads to distraction at work. It has been shown that offering a financial wellness program breeds loyalty and focus. Six in ten workers say they are more committed to their employer and more productive at work when they have a financial wellness program.²

2. Lower health care costs

Financially unhealthy, stressed employees frequently have higher health care costs. Financially stressed employees may increase corporate health care budgets, as their health care costs run 46% higher than non-stressed employees.³ Lowering overall health care expenses tend to lead to lower employer costs.

3. Fewer incidents of “presenteeism”

“Presenteeism” is a term that describes lost productivity by employees who are physically present,

but not working. They are distracted by outside work stressors. This stagnant time costs employers in lost wages, lost productivity and reduced job performance.

4. Retention and attraction

As stated, employees say financial wellness programs demonstrate that their employers care about them, encouraging commitment to the company. Losing employees costs money in recruitment efforts and the training of new hires. Turnover can cost employers 120-200% of the salary of the positions affected.⁴ The presence of this program in your employee benefits package may also help attract new talent.

5. Retirement saving

Employees who have their budgets and debts under control are much more likely to save via their 401(k) plan and increase their contributions as their financial situation improves. These employees are also less likely to take a loan from their 401(k) plan.

Becoming an employer of choice

Joining the employers that offer a financial wellness program can help you demonstrate your understanding that happy, healthy employees are vital for a highly productive company. But keep in mind, helping your employees become financially healthy is a little more complex than it might seem at first glance.

Here are four tips for increasing employee financial literacy:

1. Choose resources relevant to your specific workforce

What works for the millennials may not work for baby boomers.

2. Ask your employees

Priorities often differ between genders, age groups, married, single, families, lifestyle, homeowners, renters and so on. Send out an anonymous poll with targeted questions to better understand your employees and what resources they need to confront their financial challenges.

3. Learn the boundaries

Employees want their employers to provide and facilitate the program but don't want them to be overly involved in their personal lives. So set clear expectations and firm boundaries to help prevent overstepping from work life into personal space.

4. Contact H&H

Our education specialists use online surveys to identify the financial and retirement topics that mean the most to our clients' participants. Working with plan sponsors, we use the survey data to develop a customized financial wellness approach specific to your employees' wants and needs. [Contact us to learn more >](#)

The ultimate goal is financial well-being. It's not enough for employees to learn about what constitutes financial well-being; they must put it into action to achieve success.

Having a financial wellness program can benefit your employees in the form of improved employee morale and boost their productivity at the same time. It's a win-win situation for all.

¹ C. J. Marwitz. "[Employee Financial Wellness: Looking Ahead to 2021.](#)" BenefitsPro. December 4, 2020.

² Prudential. "[Wellness Programs Earn Their Place in Human Capital Strategy.](#)" June 2019.

³ Jane Clark. "[Offering financial wellness education could improve employee productivity.](#)" January 29, 2019.

⁴ Umass Lowell. "[Financial Costs of Job Stress.](#)" 2019.

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