

Financial stress can impact every aspect of a person’s life, including their physical and mental health and their ability to be productive on the job. According to PWC, [58% of employees admit they’re stressed about finances](#) and distracted at work, and 63% say their financial stress has increased since the start of the pandemic. Employers who are able to offer a financial wellness program can provide real value to their employees and stand out as an employer of choice.

Benefit of Financially Secure Employees



Work Better



Lower Absenteeism



Reduced Distractions



Higher Productivity



Higher Retention

With lean operating margins, small business may assume providing financial wellness benefits to their employees is beyond their reach, however much they want to help. This tip sheet provides an overview of ways to support this aspect of employees’ lives without breaking the bank.

Financial Wellness – The Basics

The foundations of financial wellness are simple, but not always easy to practice, which is why financial wellness programs can be so beneficial to your employees. The elements of an effective financial wellness program include:

1. Debt management

With over 45 million Americans in debt, financial security seems unattainable for many. Abbot estimates that 2017 college graduates [owed \\$40,000 in student loans](#). Employers who can become an ally in debt management and consolidation can experience a boost to their bottom line through increased employee engagement and productivity. Many benefit administrators offer solutions that allow employees to automatically deduct student loan payments from their paychecks, refinance their loans, and allow employers to contribute to loan payments in creative ways.



Small Employer Tip: Partner with organizations that offer credible debt counseling and student loan repayment options. Offering local and [national](#) resources for debt management can assist your staff with their debt obligations.

2. Short and Long-Term Savings

CNBC reports that 56% of Americans are unable to cover an unexpected \$1,000 bill with their savings. Often, individuals use their retirement savings to survive emergencies. A successful financial wellness program helps employees save for the short term as well as the long term. Consider offering an [emergency savings accounts](#) in your benefits package. An ESA helps employees build a short-term savings account with automatic deductions from their paychecks. It's equally important to offer long-term savings options such as a 401(K). An Amino and Earnest study found that nearly [70% of millennials are not saving for retirement](#). Even small contributions can have a big impact over the long-term. Consider options to match your employees' contributions or set up auto-enroll to incentivize participation.



Small Employer Tip: Check your state to see if they've created a Work and Save option for small employers. The Work and Save program is a federal retirement savings initiative offered at no cost to the employer. This program allows you to enroll employees in a 401K-like savings program with automation paycheck deductions. While you can choose to match employee contributions, the program doesn't require it. Also, you can help employees plan for major life events such as retirement using tools such as the [AARP Retirement Calculator](#).

3. Protect assets

In the digital age, identity theft and fraud run rampant. According to Corporate Wellness Magazine, identity theft costs an employee between 58-165 business hours in remediation and “costs companies and employees more than [\\$54 billion each year](#).” Consider an employee benefit solution that assists in the identity restoration and reimbursement process. A successful financial wellness program includes protection tools and monitoring tools, with a heavy focus in prevention.



Small Employer Tip: If someone has heard about a particular scam, they are 80% less likely to engage with it, and if they do engage, they are 40% less likely to fall victim.¹ Vigilance against scammers is our number one weapon. By being informed about the latest scams and knowing what red flags to look for, you and your employees have the power to protect yourselves and your families. Visit the [AARP Fraud Watch Network](#) for tips and other information to help protect against scams.

4. Budgeting

In addition to encouraging emergency funds and retirement savings, a successful financial wellness program offers resources on budgeting. Consider solutions that offer hands on resources for budgeting, including financial coaching, counseling and workshops.



Small Employer Tip: Look for free tools and resources such as the AARP Money Map: www.aarp.org/moneymap. You can also sign the [Employer Pledge or contact us](#) for access to additional employee financial tip sheets on topics such as creating a budget, improving your credit, and cutting costs – all available to you and your employees for free.

¹ Source: The State of Financial Fraud Conference (Oct. 2, 2019). “Exposed to scams: What separates victims from non-victims?”

- Audit your current employee benefit package**

Before making any changes to your current package, assess the employee utilization of each benefit. Understand which benefits are the most and least popular based on employee needs. Audit your current financial wellness benefit for the four elements of a successful plan listed above.

- Circulate Employee Survey**

Start with an anonymous workforce survey to capture the financial benefits your employees want (or value) most, as well as financial concerns and priorities. Ask questions on the four elements of a successful financial wellness plan, listed above. Consider benefits such as tuition assistance, retirement savings, identity protection, emergency savings etc. If you're not sure where to start with a survey, download our [Employee Survey Template](#).

- Financial coaching**

Attitudes around financial security are shifting among business leaders, [Alight Solutions](#) reports that "96 percent [of employers] said they would focus on basic financial education." Find an employee benefit vendor that offers financial coaching on budgeting, credit repair, savings and planning. Consider a financial services vendor that offers personal coaching, workshops and planning.

- Diversify offerings**

Your employees find themselves at different life stages when working in a multigenerational workforce. Don't stereotype your employees based on their age, but do focus on life events or life stages as a guide to what offerings might be useful. An older employee may choose to go back to school or a younger employee may have caregiving demands. Refer back to your survey results and make sure you are creating a program that covers different life stage needs.

Financially secure employees positively impact your organization's bottom line, regardless of age. Financial wellness benefits must address the needs of a multigenerational workforce to be truly effective. For more information and resources on how employers can be age-inclusive, visit aarp.org/employers.