NEWS REVIEW

Heartland Institute of FINANCIAL EDUCATION

The Heartland Institute Of Financial Education
8301 E. Prentice Ave., Unit # 312
Greenwood Village, CO 80111
Phone: 303-597-0197 Fax: 303-369-3900

August 2014

Financial Well-Being: A Missing Health Promotion Element?

Elisabeth A. Doehring, CWWPM, GPHR, PHR, Worksite Health International

Employee financial security crashed along with the world economy in 2008. Since that time, employers have watched employees struggle with their financial obligations and its impact on productivity and overall engagement within the workplace. Therefore, many companies have taken a more proactive approach to their traditional financial benefit offerings (e.g., defined-contribution retirement plans) into broader financial well-being programs.

The Shift to Greater Financial Self-Management

Over the past decades, traditional defined-benefit pensions have been replaced by defined-contribution plans where saving and investment decisions have shifted more to the employee. As such, employees are required to have greater knowledge and skills in making appropriate saving and spending decisions based on their unique situations and stage in life.

These retirement plans are usually in parallel with employee healthcare benefits where employers have shifted more of the cost to employees and have enacted high-deductible plan designs combined with pretax savings vehicles such as health savings accounts. Again, this shift places a greater responsibility on the employee to make better-informed decisions regarding savings, spending behavior, and long-term investment.

The bottom line?

Inappropriate financial (and health) decisions can not only have a detrimental impact on the employee (and households) but also can significantly impact organizational engagement and productivity.

Consider the following:

❖ According to the "Personal Finance Employee Education Foundation," Americans who are able to handle their finances "well" has significantly dropped from 42 percent down to 24 percent between 2006-2012.

❖ Employees are living longer. After age 65, life expectancy reaches well into the 80s for people living in any of the 34 countries making up the OECD (Organization for Economic Co-operation and Development). In addition, for a variety of reasons, employees are staying in the workforce longer and delaying retirement.

❖ According to the 2009 study— "Research Works: Partnership for Workplace Mental Health Report,"—money is a significant source of stress for 81 percent of people, the economy was second at 80 percent, work was third at 67 percent, family health problems made up 67 percent, and housing costs were at 62 percent.

❖ A poll from the Associated Press-AOL Health Poll: "Debt Stress: The Toll Money Takes on the Body," demonstrates that people with high levels of financial stress experienced 39 percent insomnia/sleep issues. High blood pressure prevailed among 33 percent of these respondents. Over one-fourth (27 percent) reported stomach ulcers. More than half (51 percent) encountered muscle tension/back pain while 29 percent had severe anxiety and another 23 percent noted severe depression. Migraines and headaches were noted by 44 percent of respondents.

❖ In a 2012 study by Merrill et al., they found that stress associated with financial concerns was significantly associated with high levels of presenteeism—with nearly 40 percent of respondents reporting their inability to concentrate on work due to personal financial issues.

Adding Financial Well-being to the Health Promotion Mix

Today, educational incentives and programs that focus on financial well-being have become more popular and prominent within progressive organizations. Here are four leading examples of this movement:

Aetna Corporation

Based in Hartford, Connecticut Aetna is a health insurance provider with 49,000 employees. With "Aetna Wellness Works," employee physical wellness has been front and center for many years.

Heartland Institute of FINANCIAL EDUCATION

People with financial stress have more health issues explains Stacy Romano, Senior Benefits Consultant with Aetna. “We found a trend in employees facing financial hardships that lead them to take loans from the 401(k) plan and that created concern for HR and Aetna’s leadership alike. “If our employees are not well, we are not successful.” “We are a health insurance company. We need to live and breathe wellness,” adds Romano.

While ramping up their overall wellness program, the company wanted to incorporate physical and emotional wellness along with a new financial well-being strategy. Aetna launched their “Financial Wellness Works” program with Suze Orman in 2007. Orman delivered an educational presentation from corporate headquarters that was streamed to all Aetna team members throughout the country. Excitement over this new program grew.

In 2008, Aetna offered a program that consisted of large group financial presentations, small group presentations, and one-on-one personal financial consultations. Aetna worked with two providers for these services on the basis that neither would sell anything to Aetna’s employees. This service was to be strictly educational and that principle remains in place today.

“When the program began we had no infrastructure as we never really knew how big this program would become,” says Romano. In order to build sustainability, team members from human resources and benefits manage the day-to-day operation of the program and have developed related financial wellness campaigns based on needs and interests. This was a very manual and time-consuming undertaking. Over time, the program has evolved significantly. Today, with a large number of employees working remotely and with 50+ offices across the country, most of the program is delivered virtually over live webcasts and one-on-one phone consultations, although in-person events are certainly still part of the program.

A unique feature of the program is that the company offers financial workshops geared toward different generations as well as different career stages. This helps employees determine their starting point and provides them with a track of follow-up education to help them become financially well.

Another key component to the program is the Financial Wellness Assessment, which provides employees with a baseline for gauging and tracking their financial wellness and progress on that journey. The Assessment is a requirement of the Healthy Lifestyles program that provides incentive dollars to employees who participate in healthy activities, like healthy eating, exercise, wellness coaching and financial webcasts and one-on-one personal financial consultations.

Satisfaction ratings from employees in 2013 showed that 97 percent feel that financial wellness is an important part of their overall benefit package, while 98 percent would recommend the workshops/consultations to a colleague. In addition, 98 percent of employees now feel better prepared to make a financial decision as a result of the program. These results reflect 7,500 workshop/webcast participants and 1,800 one-on-one personal financial consultations.

Heartland Institute of FINANCIAL EDUCATION

Meredith Corporation

Financial wellness numbers are compelling at Meredith Corporation based in Des Moines, Iowa. A leading media and marketing company, Meredith employs 3,400 employees. Meredith launched its financial wellness program in 2010, with initial participation rates starting at 30 percent. Today, participation stands at 80 percent.

Initially, Meredith conducted independent assessments that showed that one in five employees were behind on their bills. "Many workers were faced with balancing their work obligations with the stress of worrying about creditor calls. Today, this rate has now been reduced by half," according to Tim O'Neil, Manager of Employee Health & Financial Wellness.

Adds O'Neil: "Leadership is the key driver at Meredith. Steve Lacy, Meredith Chairman/CEO, wants Meredith employees to get the most out of their financial and physical wellness programs. It's Mr. Lacy's legacy."

O'Neil enlisted human resources, compensation/benefits, and corporate communications through a cross-functional, team-directed approach to help Meredith employees improve their Personal Financial Wellness Score by 60 percent. Prior to 2010, nearly 40 percent of Meredith employees were living paycheck to paycheck. In just two years, those numbers were already down to 29 percent as well as an 18 percent reduction in lost workdays.

The Biltmore Company

The Biltmore Company, situated in Asheville, North Carolina, employs 1,800 employees and is home of the largest private residence "The Biltmore," built by Industrialist, George Vanderbilt in 1895. The "Biltmore's® Passport to Property (BPP) Program" was branded and initiated in 2010 as part of its "Habits of Health/Safety/Happiness" signature well-being program.

Employees with two years of full service are eligible for the program that matches two dollars for every employee dollar for first-time home purchases. Once selected, employees are enrolled in the "On Track" credit-counseling program.

"The response has been tremendous!" says Vicki Banks, SPHR, Director of Risk Management and Human Resources. "Day in and out we take care of our 1,800 employees. Our leadership team believes in financial wellness. It goes back to the Vanderbilts. It's hard to get an employee to smile who is stressed about finances. We want our team members passionate and happy. Helping our employees with wellness—including financial wellness, continues to help us make Biltmore an oasis for our guests."

Heartland Institute of FINANCIAL EDUCATION

Recently, BPP has implemented a new automatic 401(k) enrollment match (with a participation rate that has jumped up from 49 percent to 87 percent in twelve months) providing employees with additional tools needed to reduce financial pressure and associated stress.

Turnover at Biltmore Company was at 20 percent when they began BPP. Today, this metric is down to 14 percent. Ms. Banks credits the new financial well-being program with this improvement.

Intersil

A semiconductors manufacturer that supplies parts to Apple, Intersil is based in the Silicon Valley with 1,000 employees. When Intersil assessed its workforce 18 months ago, the median age of its workforce was over age 50, with a significant group staring at retirement in the near future.

In addition, Intersil experienced a surplus in its ERISA budget funds. Management made the decision to invest the surplus first by contributing $100 into each employee retirement account and then funding the "Wealthy Living" financial well-being program. "Wealthy Living" is based on three organizational success factors: support and commitment from leadership, an active and engaged decision-making committee, and a human resources and payroll team ready to implement and work with Intersil employees.

In turn, the program is comprised of the following elements:

❖ Seminars (e.g., onsite meetings for educating employees on topics such as maximizing social security payment at retirement).

❖ Desk drops that encourage employees to take advantage of financial counseling, meet with planners, or take online surveys. Spouses or significant others are also eligible.

❖ In 2013, a giveaway incentive included a first month's free rent or monthly mortgage payment along with an IPad giveaway for completion of a financial assessment survey.

Intersil believes that the program has paid-off due to its increased incentives, information, and professional support. The average employee payroll deferral rate is 10 percent compared to the national average of less than 6 percent. In addition, when the program started—the average employee 401(k) balance was $125,000—it's over $200,000 today.

Pay Me Now, Pay Me Later

Today, companies are realizing that financial well-being programs through the combination of incentives, information, and professional support services can not only ease the financial distress among its employees but also improve their personal bottom line, as well as their own—by reducing financial barriers to employee engagement and productivity.

NEWS REVIEW

Heartland Institute of FINANCIAL EDUCATION

Worrying, But Failing To Save For Retirement

Marlene Y. Satter, benefitspro July 2014

It’s no wonder Americans are stressed. Almost three-quarters of the working population (74 percent) is losing sleep over worries that they may not be able to afford to retire.
It’s not hard to see why sleep is so hard to come by. While 69 percent said in a Harris poll that saving for retirement was a priority for them, the reality is that many aren’t socking anything away — under the mattress or otherwise.

The situation is ever-so-slightly improved from 2012. That's when 47 percent of adults said they were so busy living paycheck-to-paycheck that retirement savings were a mere pipe dream. This year, that number is down by 1 percent.
Broken down by age groups, the picture worsens.

Among people in the 68+ age group who are not yet retired, 51 percent say they are worried about having enough money to retire and 61 percent say planning for retirement is a key priority. Yet only 29 percent of that age group — just three out of every 10 — is managing to put any money away to that end.

Other age groups are even worse off, at least as far as the worry factor goes. Among boomers (ages 49-67), three-quarters are worried, yet only 43 percent are saving, thanks to that paycheck-to-paycheck problem. GenXers (37-48) are more worried (77 percent) but are also doing a tad better on saving (48 percent). Millennials (18-36) are a little more confident, at 72 percent, but only 46 percent of them are saving.

And when it comes to Social Security, even those mature folks of 68+ aren’t all that confident about being able to rely on it (86 percent) when they finally kiss the office goodbye. The number drops with age; fewer than half of boomers (46 percent), less than a third of GenXers (30 percent), and just 27 percent of millennials have any faith in the system.