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Executive Summary:
Financial Wellness in the Workplace
2014 SHRM Survey on Financial Wellness and Education

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1. Employee Financial Challenges

Despite the economic recovery, the impact of the recession is having a lingering effect on organizations as well as employees. This study reveals that employees are looking for help to manage their overall financial wellness. Employees are facing ongoing struggles for a variety of reasons, such as medical expenses, credit card debt, and child and elder care expenses. Employees continue to need financial education. This research shows that nearly two out of five workers (38%) are facing more personal financial challenges now compared with the onset of the Recession in late 2007, and slightly less than one-quarter (23%) of respondents indicated employees are experiencing more personal financial challenges now compared with 12 months ago.

A potentially alarming finding was that 62% of HR professionals agreed or strongly agreed that employees were more likely to request a defined contribution plan loan in the past 12 months compared with previous years, and 44% agreed or strongly agreed that employees have been more likely to request a defined contribution savings plan hardship withdrawal. Given these findings, it is pertinent that organizations offer some type of financial education/counseling program to their employees.

2. Overview of the Impact of Financial Education Offerings

Given the potential negative impact of financial challenges on employee performance (e.g., the ability of employees to focus on work), organizations may find value in offering financial wellness programs to their workforce. More than one-half of organizations (57%) provide financial education to their employees, and just over one-fifth (21%) of organizations that currently do not offer financial education programs indicated they have plans to do so in the next 12 months.



Among HR professionals who indicated their organization provides financial education, 72% reported the financial education initiative has been somewhat or very effective in improving their employees' financial wellness. However, more than one-quarter (28%) reported that financial education has been somewhat or very ineffective, indicating an opportunity for improvement.

Fewer than one out of five HR professionals (16%) from organizations that provide financial wellness programs indicated their organization has conducted an employee needs assessment (e.g., surveys, focus groups) to determine what financial education offerings would be the most beneficial to their employees. These types of internal studies may help organizations provide the tools their employees would find the most useful, enabling them to use their financial education budget as effectively as possible. In fact, HR professionals whose organization had conducted an employee needs assessment reported a higher rate of financial education effectiveness (somewhat or very effective) than those whose organizations had not conducted an employee needs assessment (88% vs. 67%).

3. Types of Financial Education

Of HR professionals whose organization offered financial education in 2013, more than one-quarter (27%) indicated their organization increased these offerings in 2013 compared with 2012; only 1% reported their organization had decreased these types of programs. The vast majority (88%) reported their 2014 financial education budget will be about the same as their 2013 budget. Among organizations that provide financial education, retirement planning was the most commonly cited financial education tool offered to employees, with almost four-fifths (79%) indicating they offer this type of financial education.

In addition, 75% reported they offer access to an employee assistance program (EAP), and 56% provide financial investment planning. When HR professionals were asked which two generations were most likely to participate in financial education offerings at their organization, more than two-thirds (70%) indicated Baby Boomers (born 1946-1964; 49 to 67 years of age) and more than one-half (53%) said Generation X (born 1965-1980; 33 to 48 years of age). This study showed that, according to HR professionals, Baby Boomers were most interested in retirement planning, whereas Generation X and Millennials were most interested in financial investment planning. Thus, when developing a formal financial education program, it is pertinent that HR professionals tailor this benefit to different generations in the workplace.

Figure 1. Types of Financial Education Organizations Provide to Employees



Note: n = 208. Only respondents whose organizations offered financial education were asked this question. Percentages do not equal 100% due to multiple response options. An asterisk (*) indicates that the EAP includes financial counseling/resources.

Table 1. Types of Financial Education Most Interesting to Employees by Generation, according to HR Professionals

	Baby Boomers (n=144)	Generation X (n=105)	Millennials (n=29)
Retirement Planning	77%	20%	14%
Medical/health care costs planning	9%	7%	10%
Financial investment planning	9%	44%	31%
General budgeting advice	1%	12%	24%
Credit restoration/ repair resources	1%	9%	7%
Home buying seminars	1%	4%	3%
Privacy, security and fraud protection	1%	1%	3%
Education planning	0%	4%	0%
Other	0%	0%	7%

Note: Only respondents whose organizations offered financial education were asked this question. Respondents who answered “Not sure” were excluded from this analysis. Percentages may not equal 100% due to rounding. Respondents were asked to select one financial education topic for the generation that was most likely to participate. Data are sorted by the “Baby Boomers” column. Results on Traditionalists are not included due to a small sample size (n = 20).



4. How Financial Education Is Shared with Employees

Organizations use various tools to provide financial education to their employees. Sixty-one percent of HR professionals whose organizations provide financial education indicated they offer seminars led by outside speakers during work hours, showing no significant change from 2011 (60%) and 2009 (57%). Just over one-half (51%) indicated using paper resources, such as pamphlets and handouts, and 44% reported they include financial education as part of their new-hire orientation, again showing little change from 2009 (47%).

Table 2. How Organizations Provide Financial Education to Employees

	2014 (n=208)	2011 (n=219)	2009 (n=256)
Seminars during work hours led by outside speakers	61%	60%	57%
Paper resources (pamphlets, handouts, etc.)	51%	-	-
New-hire employee orientation	44%	44%	47%
Self directed e-learning	37%	-	-
Intranet	36%	40%	42%
Seminars during work hours led by in-house staff	25%	17%	31%
In-house newsletter	23%	25%	30%
Seminars outside of work hours	20%	22%	15%
Employee assistance program (EAP)	5%	-	-
Mandatory seminars/training	-	11%	17%
Other	6%	9%	2%

Note: Only respondents whose organizations offered financial education were asked this question. Percentages may not equal 100% due to multiple response options. A dash (-) indicates that the response was not asked that specific year. An asterisk (*) indicates that the response option was modified from previous years. A double asterisk (**) indicates that the response option was developed from open-ended responses.

5. Challenges Organizations Face in Providing Financial Education Initiatives

One-quarter of HR professionals whose organizations offer financial education to their employees reported facing obstacles in this effort, with the greatest challenges being the cost (33%), up eight percentage points since 2009, and a lack of interest among employees (28%), down nine percentage points since 2009. The biggest obstacles cited by organizations that do not currently provide financial education include cost (24%) and a lack of staff resources to pursue offering financial education (22%).

Table 3. Biggest Obstacles to Financial Education Initiative

	Organizations currently offering financial education			Organizations not currently offering financial education		
	2014 (n=43)	2011 (n=48)	2009 (n=171)	2014 (n=86)	2011 (n=150)	2009 (n=132)
Cost of providing financial education	33%	33%	25%	24%	25%	27%
Lack of interest among employees	28%	27%	37%	16%	23%	19%
Lack of staff resources to pursue this offering*	16%	10%	-	22%	0%	-
Concern about perceived violation of fiduciary duty if providers of financial education are not objective*	7%	6%	11%	8%	9%	14%
Lack of support from organization's leaders	5%	8%	11%	15%	15%	14%
Not sure how to create or find financial education resources	2%	4%	8%	2%	14%	7%
Lack of need in the workplace	0%	6%	6%	7%	8%	17%
Other	9%	4%	2%	5%	6%	2%

Note: An asterisk (*) indicates that the survey choice was changed from prior survey years. Percentages may not equal 100% due to rounding. A dash (-) indicates that data are not available. Data are sorted by "Organizations currently offering financial education" in 2014.



6. What Do These Findings Mean for HR Professionals?

Even in an improving economy, many workers continue to struggle with their finances. This research shows that nearly two out of five workers (38%) are having a harder time with personal financial challenges now compared with the onset of the Recession in late 2007.

Armed with this information, organizations should consider offering a financial counseling program for their employees. Other SHRM research has shown that most employers do not leverage their benefits programs as a retention/recruitment tool (just 18% use them as a retention tool and 26% as a recruitment tool). However, organizations that do leverage these benefits frequently cite their retirement savings and planning benefits as a means of keeping or attracting workers (57% of organizations that leverage benefits programs use retirement savings and planning benefits for retention, and 70% use them for recruitment).

When developing a formal financial and/or retirement counseling program, organizations should tailor it for different generations in the workplace. Baby Boomers and members of Generation X are most likely to participate in a financial education program at work. But younger workers, such as Millennials, represent a fast-growing segment of the labor force, and other research has shown that they value an assortment of retirement options and other types of financial planning they receive through their jobs.

Methodology

The 2014 SHRM Survey on Financial Wellness and Education, conducted by SHRM and sponsored by McGraw- Hill Federal Credit Union, collected responses from 401 human resource (HR) professionals with the title of assistant director and above. The purpose of this research was to determine the impact of employees' financial challenges on the workplace and to identify the types of financial education resources employers provide to their employees.

An email including a link to the online survey was sent to 3,000 randomly selected SHRM members with the title of assistant director and above. The survey was fielded from December 17, 2013, through January 27, 2014. During the data collection period, several email reminders were sent and a small incentive was offered to increase the response rate. Of the 3,000 email invitations, 2,889 were successfully delivered, and 401 HR professionals responded, yielding a 14% response rate and a 5% margin of error.



Data Highlights from the 2014 SHRM Survey on Financial Wellness and Education:

What are the top personal financial challenges for employees?

Forty-two percent of HR professionals reported medical expenses as the personal financial challenge affecting employees at their organization the most, up seven percentage points from 2011; 41% reported that an overall lack of monetary funds to cover personal expenses is affecting employees at their organization the most, although this estimate was down eight percentage points from 2011.

Do personal financial challenges have an impact on overall employee work performance?

Seven out of 10 HR professionals indicated that personal financial challenges have a large or some impact on their employees' performance, with about one-half reporting that employee stress (50%) and the ability to focus on work (47%) are the aspects of employee performance most negatively affected by personal financial challenges.

Do organizations offer financial education to their employees?

More than one half (57%) of HR professionals indicated their organization provides financial education to their employees, down from 64% in 2009. Nonprofit organizations were more likely than privately owned for-profit organizations to provide financial education to their employees.