NEWS REVIEW

Heartland Institute of FINANCIAL EDUCATION

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Getting Employees (Financially) Fit: Why Employers are Stepping In

By Paylocity, December 2, 2014

It's no secret that employees who are healthy and happy are more productive and engaged at work. Wellness also keeps heath care costs down. It's a strong argument for employee wellness programs. More and more, employers are adding financial wellness programs to supplement the physical ones, remembering that employees who are stressed out may not be contributing to the bottom line.

Earlier this year, the U.S. Consumer Financial Protection Bureau published a report advocating for these programs, which found it's well worth investing in your employees' fiscal fitness.

"The return on investment to employers from comprehensive health wellness programs, though hard to pinpoint, appears to be large, ranging from $1 to $3 or more per dollar invested," the report found.

Not only can improving personal finances help employees focus at work - it can also prepare them for rising healthcare costs, like deductibles and premiums, writes Warren S. Hersch on LifeHealthPro.com. Employees are interested in such programs, as well as benefits like short-term loans to help during an unexpected emergency, Hersch writes.

Employers are concerned, too, writes Melissa A. Winn on Employee Benefits Adviser's website, that "their existing benefit packages are not adequately meeting employees' most critical needs." For these programs to work, advisers should help employers focus on educating their employees and encouraging them to learn about retirement savings and other financial best practices. Another positive result: such education helps employees "better appreciate the benefit offerings their employer is providing," Winn writes, quoting Tony Franchimone, a Principal with Retirement Benefits Group. "The more comfortable people are with their understanding of their financial benefits," Franchimone told Winn, "the more comfortable they are going to feel that they are on the right path and the more satisfied they are going to be with their work experience."

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To implement such programs successfully, the U.S. Consumer Financial Protection Bureau suggests starting early - when employees are hired. "When employees are new to a company, they are generally more open to change. As a result, this can be a good time to work on financial wellness priorities as new employees are focused on making important decisions about tax withholding, retirement savings, and employer-offered health insurance," according to the bureau. "Successful programs that begin at employee onboarding can include financial education workshops and individual financial coaching."

The bureau also recommends that finance programs allow coworkers to support each other as they improve their finances: "As employees form small teams, they often encourage each other and that peer support may help individuals adopt and sustain sound financial habits."

Understanding Generational Traits Can Boost Benefit Enrollment

By Nick Otto, ebn, Employee Benefits News, December 2014

Employers who tap into the specific generational needs of their employees and address certain desires could provide an upswing in benefit enrollment.

Applying knowledge of each different generation's characteristics and habits could provide a boon to an employer's strategy, according to new research from the Group Insurance division of Securian Financial Group.

"Different generations respond to different approaches," said Paula Bilitz, director, group life marketing at Securian. "Employers who tailor their benefits communications to employee preferences have a better chance of persuading them to enroll."

For example, different strategies the paper recommends include:

- Baby boomers (born 1946-64) appreciate honest, simple language and financial scenarios. They also want information about estate planning.

- Approach Generation X (born 1965-81) with virtual marketing and a focus on significant life events such as marriage, having children or changing jobs.

- To effectively market to millennials (born 1982-93), use online resources to reach out to them while opening lines of communication to HR to provide support.

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Understanding Generational Traits Can Boost Benefit Enrollment continued…

To fulfill employer and employee expectations, communication and education on benefits must be tailored – in both "style and delivery" – to educate employees on the need benefits serve, the "gaps" they fill and the value they offer.

For example, there's a significant insurance gap – the median amount of insurance coverage employees have and the amount they should have based on their self-reported needs.

When compared to all generations, the report notes that Generation X shows the widest gap between their life insurance needs and the amount they currently have in place. Generation X is showing a gap of about 40% greater than the population as a whole, the report notes, which is a 24% increase since 2008.

That is going to require a team approach, notes Deloitte's Center for Financial Services. "Employers and their group life insurance benefits providers need to formulate a plan that takes into consideration the Generation X profile."

Focusing on casual informational sessions will leverage the social connectedness of Generation X, while reducing general skepticism, the report notes. Just be sure to set up informal sessions within a trusted environment, the report recommends.

In addition, to reach Generation X, the report says to jump on the bandwagon of significant life events – marriage, divorce, having children or changing jobs – will remind this generation of the impact these changes are having on their financial status and what can be done to protect the current lifestyle.

"By understanding unique benefit needs and preferences across generations, employers can ensure employees are better informed – and better protected," the report notes.
Being direct also helps. Another approach to increasing benefit enrollment is to simply ask what employees like and don't like about the current enrollment process.

"Employees are often willing to share critiques of their company's benefits communications and provide suggestions for making them better," Bilitz said.

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Retirement Benefits in 2015: What Employers Need to Know

By Andrea Davis, ebn, Employee Benefit News   December 2014

2015 will usher in an organic shift among employers toward devoting more mind share to retirement programs. “Employers can spend more time on retirement because they’re starting to figure out health care reform,” says Doug Fisher, senior vice president with Fidelity Investments. As the DC plan becomes the primary retirement vehicle and employers address their health plans to mitigate the effects of the Cadillac tax, employers are bringing health and retirement together. “Employees have to make a health care decision, a health savings decision [with an HSA] and they have to make a retirement decision, and many of those decisions involve the same paycheck,” says Fisher. “It can be very confusing if you’re not providing the right tools and guidance to integrate those decisions.”

Only 1% of the organizations that offer DC and health savings account plans set their contributions in an integrated fashion, according to Towers Watson’s recently released North American defined contribution plan sponsor survey report. In addition, of the employers that offer both plan types, just 19% educate workers about the wealth accumulation benefits of saving through the DC plan instead of the HSA.

Fisher sees a trend toward a simplification of investment funds in 401(k) plans, either through lowering the number of options available or adding managed accounts and target-date funds. “Employees are generally not appropriately invested,” he says.

Indeed, more than two in five companies (43%) have streamlined their investment offerings in the last five years with a strong bias toward continuing to decrease their options in the next 12 months, according to the Towers Watson report.

Retirement readiness will also be a theme in 2015, with 78% of employers surveyed by the consulting firm saying retirement readiness has become a top issue for their employees.

Additionally, 82% say retirement security will become a more important issue for employees in the next three years.

Besides typical auto features, which might not move the savings needle enough, some employers are planning to do more employee education about savings and investing, says Robyn Credico, defined contribution practice leader, North America, at Towers Watson. She encourages plan sponsors to rethink how they deliver that information in 2015.

“Not a lot of employers use mobile apps and other types of communication methods that younger people might relate to,” she says. “Maybe even change the method of communication to be more specific to a given population’s needs. Don’t assume everyone’s the same, and they’re going to act on the message the same way.”