

## Instructor's Tutelage

In October 2015, HR 1314, also known as the Bipartisan Budget Act of 2015, was passed by Congress. That legislative Bill called for some modifications to the Social Security program which are to take effect on May 1st 2016.

One change applies to Social Security's "file and suspend" strategy, which allowed couples to maximize their combined benefits by having one spouse file for Social Security upon reaching full

retirement age (currently 66), then immediately suspending the benefits. This allowed the other spouse to claim a spousal benefit while their deferred Social Security grew 8 percent per year until age 70.

The file-and-suspend strategy will no longer work after May 1st, 2016. At that time, a person must file for Social Security and actually receive benefits in order for a husband or wife to get a spousal benefit.

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## 4 reasons employers should offer financial wellness programs

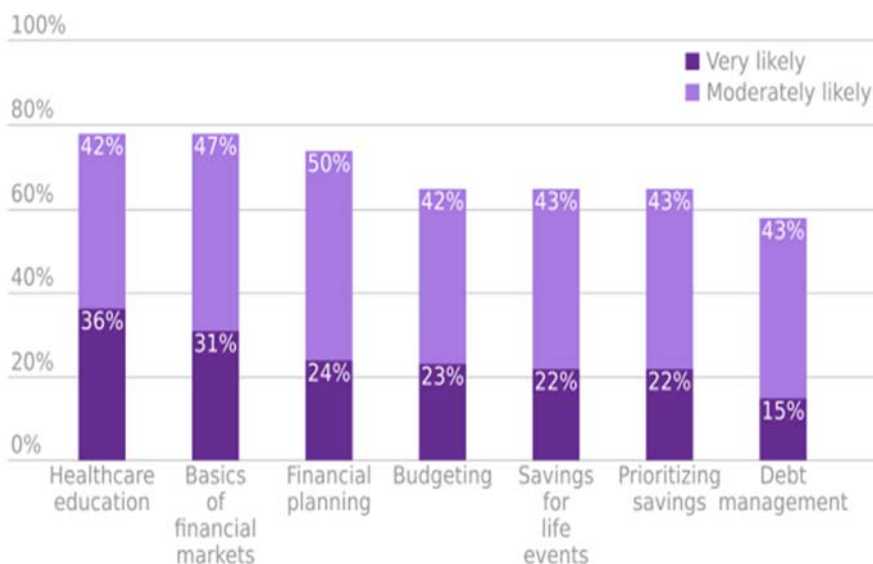
Adam Potter, ebn, Employee Benefit News Feb. 2016

The term "financial wellness" has received a lot of buzz over the past few years, and corporations are jumping on board at accelerating rates. According to a 2015 Aon Hewitt survey, 93% of employers intend to increase focus on the financial well-being of their employees in a way that extends beyond retirement. This expansion of benefits could take the form of new plan features, mobile apps or online tools to assist individuals with understanding financial concepts and financial planning, as well as access to affordable funding.

Where did this increased interest in employee financial wellness come from? In the aftermath of the recent economic recession, today's workplace remains fraught with financial stress. According to SHRM's Financial Wellness in the Workplace Survey, 38% of surveyed

### Striving for financial wellness

Financial well-being service/tools employers plan to offer in 2016



Source: Aon Hewitt Hot Topics in Retirement and Financial Well-Being report

## 4 reasons employers should offer financial wellness programs (cont.)

employees have more financial challenges now than they did in the early part of the 2007 recession. What's more, 7 out of 10 HR professionals say that personal financial challenges have at least some impact on overall employee performance.

### Why prioritize financial wellness programs?

By offering financial wellness education and counseling programs, companies can help lighten the load for employees, improve morale and increase workforce performance and efficiency. When workers are making wise choices about spending, saving and investing, they enjoy more stability and the company's culture flourishes.

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Specifically, financial wellness programs can benefit your organization in several ways:

**1. Productivity.** According to a survey by MetLife, Inc., 81% of workers say financial problems hamper their productivity at work. From the managerial perspective, 61% of human resource professionals report that financial stress has some effect on employee performance.

It's clear that personal financial difficulties are distracting a significant portion of the American workforce — but how can financial wellness programs make a difference? According to a report from the Consumer Financial Protection Bureau, 40% of employees say they want help in achieving financial security, and wellness programs can aid their journey. When workers learn how to create a personal budget and build an emergency fund, they stop worrying about the next financial crisis — because chances are, they've averted

that crisis before it happens. They're empowered to take control of their financial situation, and that means they're happier and more focused at work.

**2. Contagious engagement.** Engaged employees are those who go the extra mile — they're not just satisfied with their jobs and employers, they're committed to the mission of their company with an enthusiasm that's contagious. Worker engagement has a mighty impact on business growth: high-engagement firms experience a growth rate of 28% per share, while low-engagement firms see an 11.2% decline, according to a global workforce study by Willis Towers Watson.

How can you inspire that kind of enthusiasm in your workers? It depends on a combination of factors: inspiring trust, showing deep care for employees, and striving to communicate clearly about company goals. Financial wellness programs can play a vital part in creating a work environment that's supportive and low-stress — two elements that contribute to employee engagement.

**3. Long-term retention.** When workers are productive and engaged, excited about their jobs and supportive of company goals, they're likely to stay put. Sixty-five percent of employers report that overall financial wellness for their workforce means increased loyalty from employees, according to a study by the Personal Finance Employee Education Foundation.

QLI, a nonprofit organization in the rehabilitation industry, noticed a decade ago that many of its employees faced financial crises. The organization responded by offering a financial training program. Since its introduction, 70% of QLI's staff has participated in the financial wellness program — and the organization's turnover rate for the employees it wants to keep hovers between 6% and 9%, a very low rate in the

rehabilitation industry.

**4. Differentiation and reputation.** Offering a financial wellness program — or a better financial wellness program — can help your company stand apart from competitors, building your reputation as a desirable employer. A recent survey conducted by Harris Poll found that 86% of employees said it was important for employers to offer financial wellness programs. But 46% of the same employees said their current employers do not offer those programs.

By creating even a modest financial wellness program and communicating its availability to your workers, you'll set yourself apart, gaining a competitive advantage against other employers.

Creating a financial wellness program is a win-win decision — when your employees benefit, so does your company. And the investment isn't as great as you might think — according to the Consumer Financial Protection Bureau, private employers spend an average of \$144 per worker per year on financial wellness programs.



Add up the combined benefits of higher productivity, engagement and retention, and you'll find that a financial wellness program will more than pay for itself.

## In-person coaching important component of financial wellness programs

Paula Aven Gladych, ebn, Employee Benefit News, Feb. 201

Americans aren't saving enough for retirement and it is increasingly falling on employers to fill the gaps in their employee's financial education.

Many people carry too much debt, are living paycheck to paycheck or are not taking advantage of employer-sponsored benefits, says Linda Robertson, a certified financial planner with Financial Finesse. In the past, financial planners didn't worry about other factors that affected a person's ability to save for retirement. They were more concerned with investment options rather than establishing good money habits, she says.

But that's changing, with the emphasis now on helping employees develop positive savings habits that will then translate into retirement readiness.



We're seeing from most of our [employer] clients a much greater interest in going beyond traditional benefits, says Kathleen Kelly, managing partner at Compass Financial Partners, LLC. It is a way to stay competitive in today's marketplace.

Kelly's clients continue to expand benefits offerings beyond retirement education to a much more holistic, financial guidance program that is key to retaining the best talent and enhancing productivity on a go forward basis.

Robertson adds that when a company implements a financial wellness program, employers benefit as well. Employees who aren't stressed about finances are more productive at work and are much less likely to delay retirement, she says. They also are more satisfied with their company benefits package if they are able to maximize those benefits to reach their financial goals.

Liz Davidson, founder and CEO of Financial Finesse, says that it is very easy to integrate a financial wellness program into a company's existing benefits program. The best way is to take a personalized approach and integrate a personalized financial assessment.

One way to promote financial wellness programs within a company is through incentives. Davidson says that in her experience, competitions, raffles or giveaways are a great way to encourage employees to participate. On-site financial coaching is another big benefit and having single sign-on, which means combining financial wellness with health benefits in one place that is fully integrated.

The more integrated the program is into the fabric of your benefits, the more seamless it is for the employee because they are not jumping around to different areas and are not confused about which vendor to use for what purpose, she says.

Robertson adds that financial wellness is an ongoing process, not a one-time event.

If employees take a financial wellness assessment, it will tell

them where their vulnerabilities are and how to tackle them, she says. Many people don't manage debt well or they don't have a budget for day-to-day expenses. Others don't have an emergency fund to help pay for unexpected expenses, like a catastrophic health care event.

Davidson says she gets asked all the time why financial wellness programs can't be entirely online. While an online approach is integral to most programs at many companies, she says, a face-to-face component is still very important.

She likened financial wellness to physical wellness. Everyone has a scale and the scale is an effective tool in helping people realize they've been eating too much, but my scale is not what is helping me become healthier. It is the actions I'm taking because I want to make sure the number on the scale doesn't become too large. The psychology of accountability and coaching is where we get exponentially more behavioral change, she says. That's why we have personal trainers to supplement and help with our financial health.

Kelly agrees, saying that not everyone learns the same way. There are still folks who prefer personal interaction on a one-on-one basis or a one-on-one call or having the ability to participate in live [seminars], not just a self-serve basis.

It helps if employers know their employee base, that way they can utilize various approaches and mediums to improve outcomes, she says.



**THE HEARTLAND INSTITUTE  
OF FINANCIAL EDUCATION**

**8301 E Prentice Ave.  
Ste. 312  
Greenwood Village, CO 80111**

**Phone: (303) 597-0197  
Fax: (303) 369-3900  
Email: [info@hife-usa.org](mailto:info@hife-usa.org)  
[www.hife-usa.org](http://www.hife-usa.org)**



**In-person coaching important component of financial wellness programs (cont.)**

Gamification has come into its own as part of financial wellness programs. If you make learning fun, employees are engaged. They get very competitive, Robertson says. Employers continue to say that helping employees save for retirement is important so they are looking for ways to really get them to take advantage of their 401(k) benefits, Kelly says.

One way to do that is to keep it simple from the start. The key being to help more employees engage in retirement savings and ultimately

that will lead to a higher probability of success she says.

Features like auto enrollment and auto escalation, stretching the employer match and limiting loans from retirement plans are all ways employers can help employees ready themselves for retirement.

Employers should take advantage of employee inertia. Make them opt out of a plan rather than opt in, Kelly says.

**Source: <http://www.benefitnews.com/news/in-person-coaching-important-component-of-financial-wellness-programs>**

**Empowering Organizations and Their People Through Financial Education**