



How to Keep Your Employees' Finances from Flat Lining & Retain Top Talent



Overview

The next time someone tells you, “my job is killing me,” it may not just be a figure of speech. **Healthcare employees rank the absolute lowest in financial wellness**, with below average grades in the areas of financial stress, retirement planning, investing, debt, and money management. But they’re not always at fault. Hospital employees deal with life and death situations every day and their inherent mentality is to put others first. This extends beyond their careers and into managing their personal lives and finances. Consequently, it has become the employer’s responsibility to empower employees with the resources necessary to save their financial future, or risk losing them to a competitor.

What can you do to keep your medical professionals from leaving? Many hospital executives are trying to accommodate the growing demand for care without hemorrhaging expenses and employees. Patient volumes are set to grow rapidly as the number of Americans 65 and older climbs from about [41 million in 2011](#) to more than 71 million by 2029. At the same time, nursing turnover has [steadily risen to over 17% in 2015](#) as demand for healthcare increases and the nursing workforce ages into retirement. Nursing turnover is especially expensive for hospitals **as the average turnover cost for one bedside RN ranges from \$38K-\$58K resulting in the average hospital losing over \$6 million a year**, while each additional percentage increase in RN turnover costs hospitals an additional \$370K a year.

As healthy staffing levels are critical to strong patient care and minimizing medical errors, many organizations are re-examining their HR and benefits strategies to find creative ways to enhance their value proposition. **Offering an employee financial wellness program is proving to be a cost-efficient driver for recruiting and retaining top talent**, and a key component of a best-in-class benefits strategy. The immediate goal is to increase the financial stability of all employees and minimize financial stress. Over time, providing employees with a Financial Wellness Benefit is proven to:

- Cultivate a more productive and engaged workforce
- Reduce healthcare costs, absenteeism, and liability risks
- Increase deferral rates and retirement preparedness
- Collectively promote the wellbeing and ROI of the organization as a whole

Key HR and Benefits Challenges

✓ **Healthcare Employees Need Help**

Employees who once had a pension plan and rich medical benefits to ensure financial security must now fund their own retirement and healthcare needs at a much greater level than ever before, with limited knowledge and resources to help. According to the Bank of America Merrill Lynch [2016 Workplace Benefits Report](#), **83% of employees say their benefits are critical to their financial security, yet more than half say they need help understanding how to use them.**

✓ **Busy Schedules Make It Hard to Engage & Help Employees**

Time is another obstacle employees must balance. Shift work with long hours often leads to a stretched-thin and stressed out workforce. This puts further strain on financial situations as there simply isn't the time or energy to address personal financial needs. As a result, they require an on-demand solution to assist them in reaching their personal financial goals.

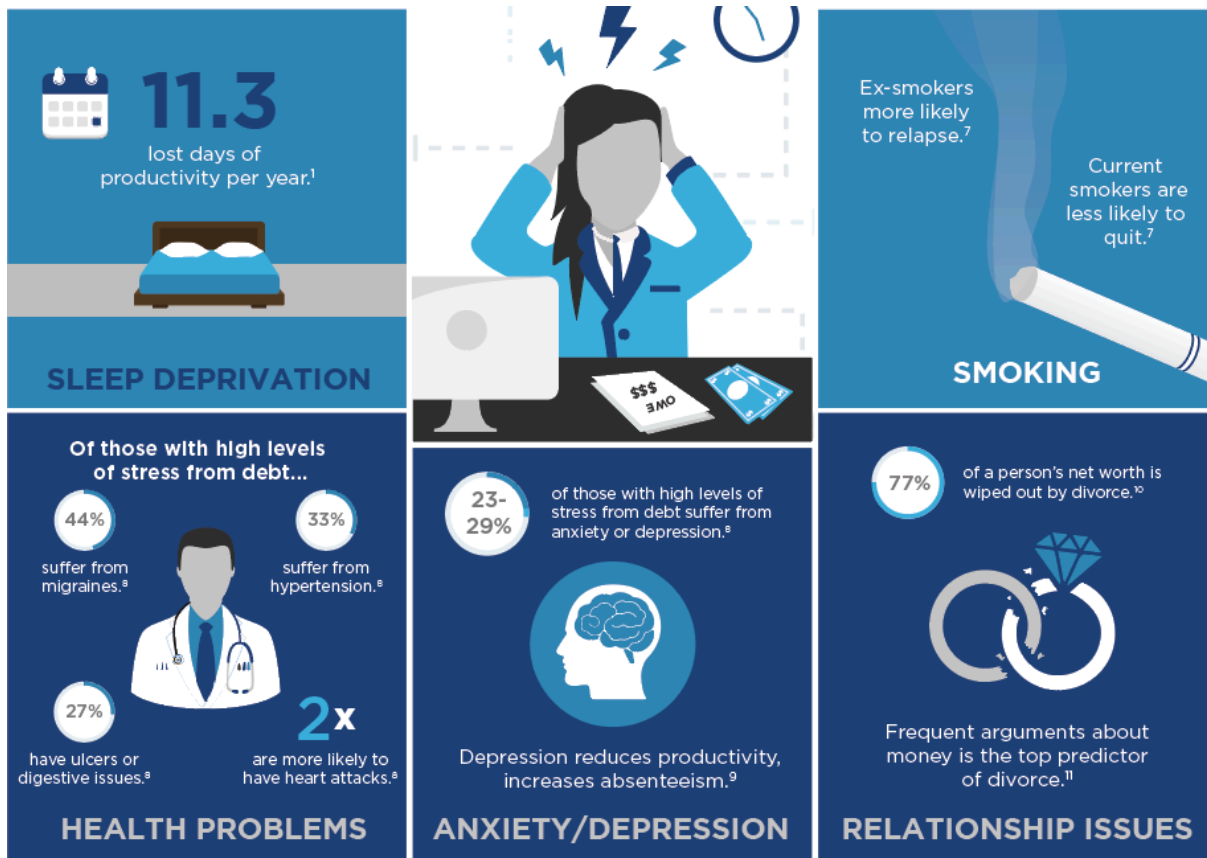
[A recent Fidelity study](#) shows that 92% of female healthcare workers want to learn more about financial planning. However, time is the most cited barrier preventing female health care professionals from taking advantage of a workplace financial education program.

✓ **Financially Stressed Employees Are a Danger to Themselves and Their Patients**

Financial stress provokes both fatigue and lack of mental presenteeism, both of which are especially dangerous for employees who administer medical treatment for patients on a regular basis. [Fatigue-induced errors or oversights](#) can start a chain reaction of improper care, resulting in financial and legal liabilities. The potential for errors can be reduced by helping employees reduce stress and fatigue, and by empowering them to be mentally sharp when on the clock.

Solution

A workplace Financial Wellness program is a natural fit to help accommodate the unique pain points of the healthcare population. **We work with over 200 hospitals** to help bridge the gap between where they are today and where they need to be: employers who attract and retain top-tier talent that is 100% focused on saving, extending, and improving lives.



*See [page 12](#) for references.

BEST PRACTICES MODEL

While every hospital is unique, **we have created a best practices model based on 17 years of industry specific research and implementation** that accounts for the individual issues hospitals and healthcare organizations face on a daily basis; the issues that ultimately impact the quality of care provided and can dictate an organization's reputation and future within the healthcare community.

Our model is similar in scope to the most successful physical wellness programs that many organizations offer now—an **assessment to track progress, customized education and guidance available via multiple channels, and on-demand, unlimited access to a dedicated**

financial coach. Like proactive healthcare, we recognize that financial wellness must also be an ongoing endeavor in order to eventually become habitual. Together with each employee, we create a customized plan based on their personal goals, current condition, and individual aptitude to master the habits and behaviors needed to connect the two.



Results

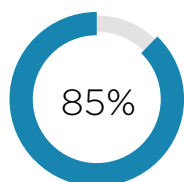
COLLECTIVE RESULTS OF HEALTHCARE CLIENT CASE STUDIES

To determine the effectiveness of their financial wellness programs, we evaluated these indicators:

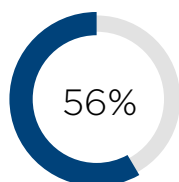
1. Actions employees took to improve their finances within 30 days of participating in the financial wellness program.
2. Improvements employees made to their finances over time with increased interactions with the financial wellness program.
3. Cost savings to company from the program, based on comparing users and non-users on key metrics, such as absenteeism, garnishments, and Flexible Spending Accounts participation.

SHORT-TERM EMPLOYEE FINANCIAL PROGRESS

Eighty-five percent of employees who participated in the program made at least one change within 30 days.



Participants took at least
1 ACTION
to improve their finances
within 30 days



Participants took
2+ ACTIONS
to improve their finances
within 30 days

Top Changes:

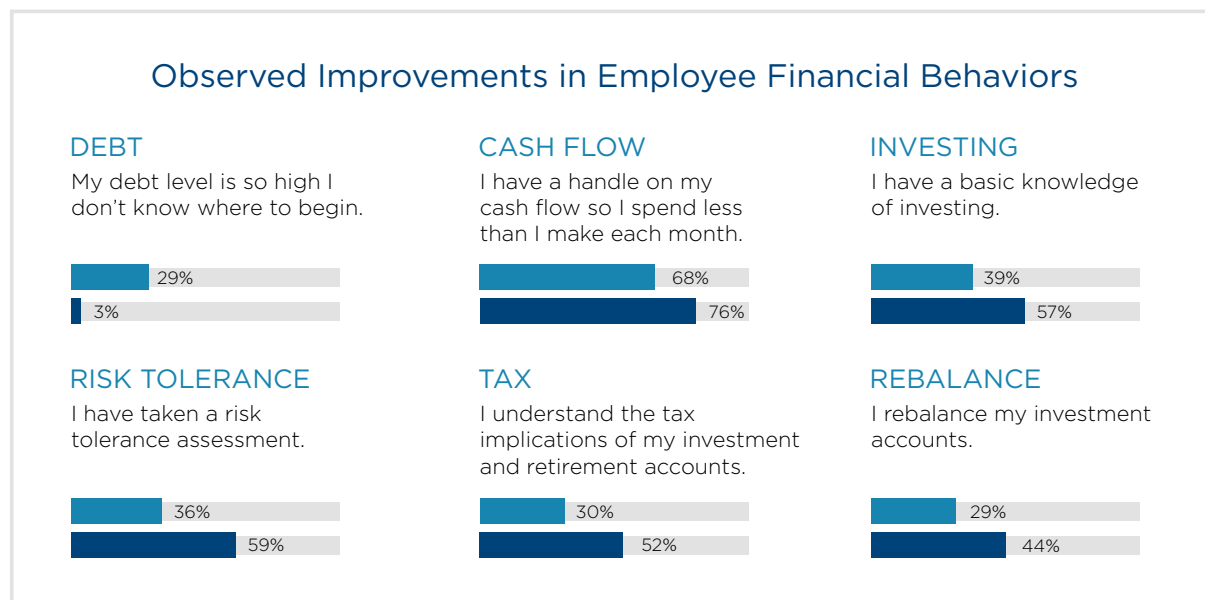
- Reduced my credit card debt
- Reviewed my asset allocation in my retirement plan
- Used calculators and/or worksheets sent by Financial Finesse
- Made changes to the way I'm investing for retirement
- Set up an emergency cash reserve
- Increased contributions to my 401(k), 403(b) or 457 plan



LONG-TERM EMPLOYEE FINANCIAL PROGRESS

Based on the results of a financial wellness assessment which is part of the overall financial wellness benefit available to the hospitals, employees who used the program on an ongoing basis, over a longer period of time, built upon the process they initiated within the first 30 days to make more significant improvements to their finances. The chart below aggregates results from 1,220 long term users of the program, who used the assessment to measure their progress over time.

BEHAVIORAL CHANGE RESULTS

The below data illustrates the improvements made by employees using our patent-pending Financial Wellness Assessment over a year's time.

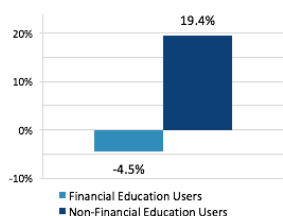


 = Initial Financial Wellness Assessment
 = Assessment Taken After Year One

FINANCIAL WELLNESS BENEFIT USERS GENERATE A SIGNIFICANT RETURN ON INVESTMENT FOR EMPLOYERS

A little education and guidance can go a long way toward reducing costs significantly impacted by employee financial stress. For one healthcare client, we examined the average cost savings between financial education users and non-users over a two-year span. In a study of over nine thousand employees, **a combined cost savings of over \$3 million was attributed to the program.**

HEALTHCARE COST SAVINGS



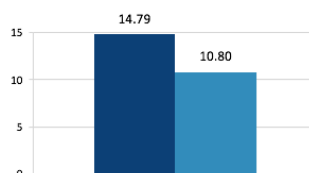
Reducing Financial Stress Lowers Health Costs

\$271.50 (23.9% net savings per employee)

x 9,083 (# of employees in study)

\$2,466,034

ABSENTEEISM IS REDUCED



Financially Secure Employees Are More Present

3.99 (observed improvement in hours)

x \$25.24 (median hourly salary for one employee)

x 9,083 (# of employees in study)

\$914,727







AVERAGE 401(K) DEFERRAL RATE



*Source: Financial Finesse - 2015 Return on Investment Case Study

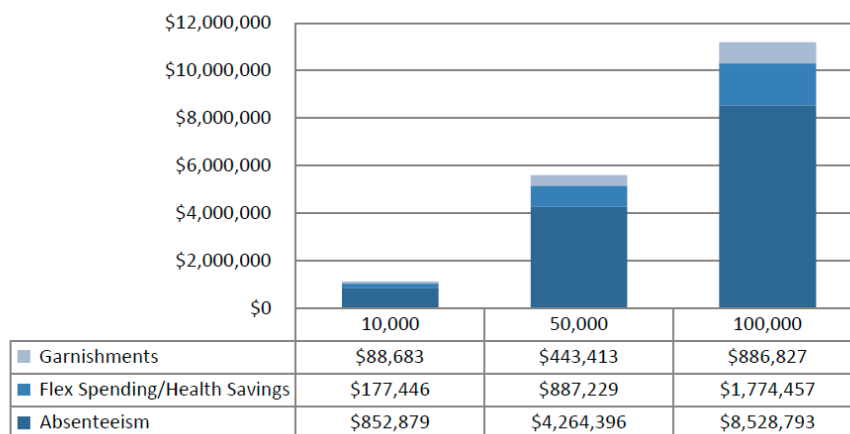
2016 PREDICTIVE ROI MODEL AND WHAT IT MEANS FOR HEALTHCARE ORGANIZATIONS

For a 2016 ROI Special Report, we conducted a case study of a Fortune 100 company's comprehensive workplace financial wellness program from 2009 to 2014. The study found that employees who suffer from overwhelming financial stress or struggle to maintain financial stability tend to incur both immediate and future financial costs for their employer in the form of absenteeism, garnishments, payroll taxes, and delayed retirement. As employee financial health improves these costs diminish. From the case study, we are now able to estimate the potential cost savings of an incremental shift in the median workforce financial wellness score.

	SUFFERING	STRUGGLING	STABILIZING	SUSTAINING	SECURE
					
FINANCIAL WELLNESS SCORE RANGE	0-2	3-4	5-6	7-8	9-10
WHERE THEY STAND	In financial crisis. They are often behind on bills and overwhelmed by debt.	Lack emergency savings and uncomfortable with debt. One unplanned event could throw them into financial crisis.	Have a handle on cash flow but are not on track for long-term goals like college or retirement.	On track for long-term goals but lack wealth protection.	Have taken steps to build and preserve wealth.
KEY IMPROVEMENT NEEDED	Stop the bleeding and get cash management immediately under control.	Pay off high-interest debt and build up emergency savings.	Use financial calculators to estimate savings needed to achieve long-term goals.	Acquiring adequate insurance protection and procuring estate planning documents.	Review financial plan regularly and seek second opinions to avoid financial pitfalls.
OPTIMAL OUTREACH	Need one-on-one financial counseling with a credit counseling specialist.	Need help with budgeting and debt management.	Financial planning on how employees can use employer-sponsored benefits to achieve long-term goals.	Advanced financial planning on wealth protection strategies.	Ongoing education on benefits and tax-law changes.
AVERAGE FINANCIAL WELLNESS SCORE	1.7	3.6	5.4	7.4	9.1
AVERAGE ANNUAL COST PER EMPLOYEE	\$198	\$94	\$0	-\$82	-\$143

The majority of healthcare employees fall in the “struggling” range. **By increasing their financial wellness score by just 2 points, an employee can generate an annual cost savings of \$94 for their employer.**

Projected Cost Savings of Incremental Shift in Workforce Financial Wellness Score From 4-6 (by employer size)



HOW IT TRANSLATES TO YOUR BOTTOM LINE

Fifty-four percent of the population studied had a financial wellness score of 4 to 6. The most common steps taken by employees that improved their financial wellness score from 4 to 5 were:

- Establishing an emergency fund (+50%)
- Calculating the need for and/or purchasing life insurance (+39%)
- Paying off credit card balances in full (+38%)

Employee Feedback

Financial Wellness garnered the highest employee appreciation levels among those that use the service on employee benefits satisfaction surveys.

- ✓ Using the net promoter scale, which measures how much consumers appreciate a product or service, our financial wellness programs garner a 92% from hospital employees. For perspective, an excellent net promoter score is considered 50+.
- ✓ Hospital employees who participated in our financial wellness programs rated the experience a 4.8 on a 5-point scale.
- ✓ Hospital employees also overwhelmingly indicated they planned to use the service again, with a 4.8 out of 5.0 rating when asked their likelihood to re-engage.
- ✓ Ninety-four percent of hospital employees said they were better prepared to make a financial decision.
- ✓ Ninety-eight percent said they felt that financial wellness was an important part of their employee benefits package.

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