Reaching the Most Vulnerable:

How to Engage Financially Stressed Workers

by | **Greg Ward**

Employer-sponsored financial wellness programs can be effective in improving financial resilience and reducing financial stress, but employees must engage in these programs to reap the benefits. Targeting specific populations of employees, including the financially vulnerable, may boost the chances of success.

benefits
MAGAZINE

The prevalence of financial stress in the workforce is probably nothing new to most human resources (HR) and benefits professionals. According to a recent MetLife survey, 86% of employees cite finances as a top source of stress,[1] and a PwC survey found that 63% of employees say their financial stress has increased since the start of the COVID-19 global pandemic.[2] Both surveys find the highest levels of financial stress among the youngest employees and, with respect to race and gender, MetLife reports that women and Black and Latinx employees are most worried about their financial health.

The detrimental effects of financial stress are well-documented. The MetLife study reports that 27% of employees say they are less productive because of financial worries. Financial stress has also been linked to delayed health care, poor mental and physical health, and unhealthy coping behaviors.[3]

If there is any good news, it's that repeat engagement in an employer-sponsored financial wellness program can improve financial resilience and reduce unmanageable (i.e., "high" or "overwhelming") levels of financial stress.[4] Many employers already offer something like this to employees and see the verifiable success that comes from it, but they may still be questioning a common issue: How can so many employees still seem to lack financial resilience and struggle with financial stress? The answer comes down to lack of engagement.

This article will look at strategies for engaging financially vulnerable employees—i.e., those who struggle with managing cash flow and suffer from high or overwhelming levels of financial stress—but these efforts can be effective in reaching all workers.

TABLE I

Level of Engagement in Financial Wellness Benefit

		Eligible Workforce	Engaged in Benefit
Household Income	Under $60,000	48%	39%
	$60,000-$100,000	26%	35%
	Over $100,000	26%	25%
Gender	Women	46%	53%
	Men	54%	47%
Ethnicity	African American/Black	21%	18%
	Asian American/Asian	10%	9%
	Caucasian/White	52%	55%
	Hispanic/Latinx	13%	9%
	Other/Prefer not to answer	4%	8%

takeaways

- Financial stress is a top source of stress for many employees, and the highest levels of stress are experienced by younger employees, women, and Black and Latinx workers.
- Repeat engagement in an employer-sponsored financial wellness program can improve financial resilience and reduce unmanageable levels of financial stress.
- Communication and curriculum that target specific employee populations can help boost engagement in financial wellness programs.
- Steps that employers can take to reach low-wage workers include coordinating financial wellness initiatives with subsidized benefit programs and mandating the use of time during the workday to participate in financial wellness benefits.
- Employers may achieve optimal engagement when they use these strategies as part of an overarching corporate objective to promote diversity and inclusion within the workplace.

Who Is (and Is Not) Engaging?

A glance at the engagement rates by employee demographic reveals some good trends and some that are not so good (Table I). On the positive side, engagement among female employees is greater than expected relative to the population of eligible employees. This is significant given the additional financial challenges faced by women. Unfortunately, several financially vulnerable populations, such as Black and Latinx employees, along with low–household income employees, are engaging below expectation. At present, this may seem like bad news, but it represents a great opportunity for the future.

If Lack of Engagement Is the Problem, What Is the Solution?

Attracting employees to a financial wellness benefit requires an understanding of the conscious and subconscious roadblocks that may be squelching their participation. For example, many employees simply admit a lack of trust when speaking with someone else about their finances. Others have expressed a fear of being judged for their lack of acumen. Following are some common reasons why employees may not be engaging with your financial wellness benefit.

- Fear of being sold a product or service
- Worry of not being able to understand the guidance
- Believing a financial issue is too simple or too complex for the benefit to address
- A false expectation that one must be financially stable before engaging in financial wellness
- Concern that information is being shared with the employer

All of these can be addressed with simple, direct communication regarding the benefit, but until employees experience it for themselves, they may never overcome that initial hesitation.

How Can Employers Get "Over the Hump?"

Several strategies have been used to promote engagement with specific populations of the workforce, including the financially vulnerable. The following examples are taken from employers that offer holistic, multichannel financial wellness programs.

Example 1: Closing the Racial and Gender Financial Wellness Gap

In 2020, a national insurance company launched an initiative to help reduce the financial wellness gap—and ultimately the wealth gap—for women and minority employees. To garner the level of engagement necessary to reach its goal, the company employed the following strategy.

- Created a marketing and communication campaign that aligned with the company's position on social justice
- Developed curriculum specifically for target audiences. Based on an assessment of the workforce, the following topics were deemed essential for improving financial wellness for the most financially vulnerable:
  –Establishing financial priorities
  –Eliminating debt
  –Building an emergency fund
  –Insurance
  –Women and money management
  –Budgeting
  –Improving credit scores
- Showed executive support through influential program champions
- Offered an attractive incentive that motivates employees to take action. For example, employees who completed an online assessment were entered into a raffle featuring a day of paid time off as the prize. Webcast participants received $25 to use in the corporate reward program.

Through these efforts, the employer achieved higher rates of utilization among groups that had previously been more difficult to engage. For example, 27% of webcast participants had "high" or "overwhelming" levels of financial stress, 52% of employees who engaged a financial coach were African American/Black, and 79% of online users were women.

After one year, employees who completed a financial wellness assessment before and after the program exhibited remarkable improvements in financial confidence and behavior, especially those who worked with a financial

TABLE II

Financial Wellness Improvements After Engagement

	Before	After
I have "high" or "overwhelming" levels of financial stress	26%	23%
I have a handle on my cash flow	57%	69%
I have an emergency fund	35%	49%
I am comfortable with the amount of nonmortgage debt I have	44%	56%
I regularly pay off my credit card balances in full	37%	53%
Overall financial wellness score* (all users)	5.1	5.8
Overall financial wellness score* (financial coaching participants)	4.9	6.0

*Financial wellness scores range from 0-10 with 10 indicating optimal financial wellness.

coach (Table II). In fact, 100% of employees who worked with a financial coach reported feeling "more confident about their financial future," and 98% of employees who attended a webcast reported feeling "better prepared to make a financial decision."

Example 2: Improving Financial Wellness for Low- and Moderate-Income Employees

In 2018, a Fortune 500 health care company sponsored an initiative to offer lower out-of-pocket health care costs and assistance with education expenses to low- and moderate-income (LMI) employees. To receive enhanced benefits through the program, employees had to meet the following criteria.

- Have a total household income that was at or below a federal benchmark
- Complete at least one well-being program on nutrition, mindfulness or community volunteering
- Complete a financial fitness program that involved taking a financial wellness assessment and having a one-on-one financial coaching session

TABLE III

Financial Wellness Improvements Among Low- to Moderate-Income Employees After Engagement

	Before	After
I have "high" or "overwhelming" levels of financial stress	32%	24%
I have a handle on my cash flow	60%	69%
I have an emergency fund	29%	35%
I am comfortable with the amount of nonmortgage debt I have	46%	52%
I regularly pay off my credit card balances in full	38%	46%
Overall financial wellness score*	5.1	5.5

*Financial wellness scores range from 0-10 with 10 indicating optimal financial wellness.

Once qualified, employees received the following.

- Medical benefits
  –Enrollment in any available medical plan for the cost of the least expensive plan
  –$0 premium medical coverage for the employee and their dependents (subject to completion of optional steps)
- Education benefits
  –Prepayment of eligible expenses under an employee tuition assistance program (ETAP) (subject to annual limitations)
  –Reimbursement for course books under the ETAP (subject to annual limitations)
  –Enrollment in college planning services at no cost to the employee

The enhanced benefits helped reach employees who were formerly sitting on the sidelines—17% of participating employees engaged in their employer-sponsored financial wellness program for the first time. Nearly all (95%) employees who engaged with a financial coach took at least one action step following their session, with the majority (68%) completing multiple action steps. In addition, 89% of employees who worked with a financial coach reported feeling "more confident about their financial future."

Top action steps taken included reducing monthly expenses (42%) and credit card debt (34%), starting to save for financial goals (e.g., home down payment, college) (29%), increasing 401(k) plan contributions (27%) and setting up an emergency cash reserve (25%). Employees who completed a financial wellness assessment before and after speaking with a financial coach saw remarkable improvement in financial behavior and confidence (Table III).

Example 3: Improving Financial Resilience

In 2020, a large, privately held insurance company launched an initiative to build awareness of its financial wellness program and to provide education aimed at improving financial resiliency

learn more

Education
Certificate Series
September 27-October 2
Orlando, Florida
Visit *www.ifebp.org/certificateseries* for more details.

From the Bookstore
Financial Tools for the Trades: Trainer Toolkit
Port Jobs. 2015.
Visit *www.ifebp.org/books.asp?9101* for more details.

and reducing financial stress among all of its employees. To accommodate employees forced to work from home because of the COVID-19 pandemic and to achieve its objectives, the company made the following adjustments to the financial wellness program.

- Gave employees access to a tool kit and COVID-19 resources
- Developed a summer webcast series based on key financial vulnerabilities:
  –Building emergency savings
  –Reducing debt
  –Insurance planning and reviewing coverage
- Shortened webcasts to 30 minutes (instead of 45-60 minutes) and adjusted the schedule to optimal times for employees to attend
- Integrated clear action steps into the curriculum to motivate employees to reduce debt and save for emergencies
- Offered prescheduled one-on-one sessions with a financial coach
- Incentivized employees to complete a financial wellness assessment
- Solicited feedback to evaluate program effectiveness

By engaging employees through multiple channels, the company saw a 20% increase in the number of financial wellness assessments completed, a 17% increase in the number of calls made to the financial coaching line and a 19% increase in the average number of attendees per event.

Employees who completed a financial wellness assessment before and after participating in the summer webcast series reported notable improvements in financial resiliency and confidence (Table IV).

How Can Employers Reach the Most Financially Vulnerable?

Drawing on the above examples, following are eight steps that employers should consider taking in their efforts to reach financially vulnerable populations.

1. **Make social and economic justice part of the corporate mission.** Prepare a strategic goal to end systemic racism and promote social and economic justice that can garner support from employees and business leaders within the community.
2. **Offer workshops and webcasts coupled with one-on-one financial coaching to address financial vulnerabilities.** Employers offering these services have seen above-average utilization and accelerated improvement in financial health among financially vulnerable employees.
3. **Work with local wellness champions to identify underutilized benefits and unreached groups.** If you have a distributed workforce, local benefit managers will be more familiar with employee needs and obstacles and can help build a strategy for reaching targeted populations.
4. **Provide benefit information in multiple languages.** This has worked well for employers with Asian and Hispanic employees in highly industrial environments.
5. **Hold business leaders within the organization accountable for meeting corporate goals.** Executive support for financial wellness programs and initiatives is a key driver of success.
6. **Create friendly competition between locations within the same business unit.** Gamification is a powerful motivator for individuals and groups.
7. **Coordinate financial wellness initiatives with subsidized benefit programs for low-wage workers.** This has proved to

TABLE IV

Improvement in Financial Resilience for Engaged Employees*

	Before	After
Building an Emergency Fund Step-by-Step Course		
I have an emergency fund to cover unexpected expenses	54%	64%
I save enough to cover anticipated health care expenses in my health savings account (HSA)	68%	72%
I have “high” or “overwhelming” levels of financial stress	16%	13%
4 Steps to Demolish Your Debt Course		
I have a plan to pay off my debt	57%	71%
I regularly pay off my credit card balances in full	57%	66%
I am comfortable with the amount of nonmortgage debt I have	57%	65%
I have “high” or “overwhelming” levels of financial stress	22%	15%

*Results displayed are among participants who completed two specific financial wellness courses.

lower financial stress, increase benefit participation and appreciation, and promote productivity.

8. **Mandate time during the workday to participate in financial wellness benefits for low-wage business units (e.g., call center, manufacturing plant).** This will drive up engagement, especially for employees who are unwilling to take time outside of work to address their financial health.

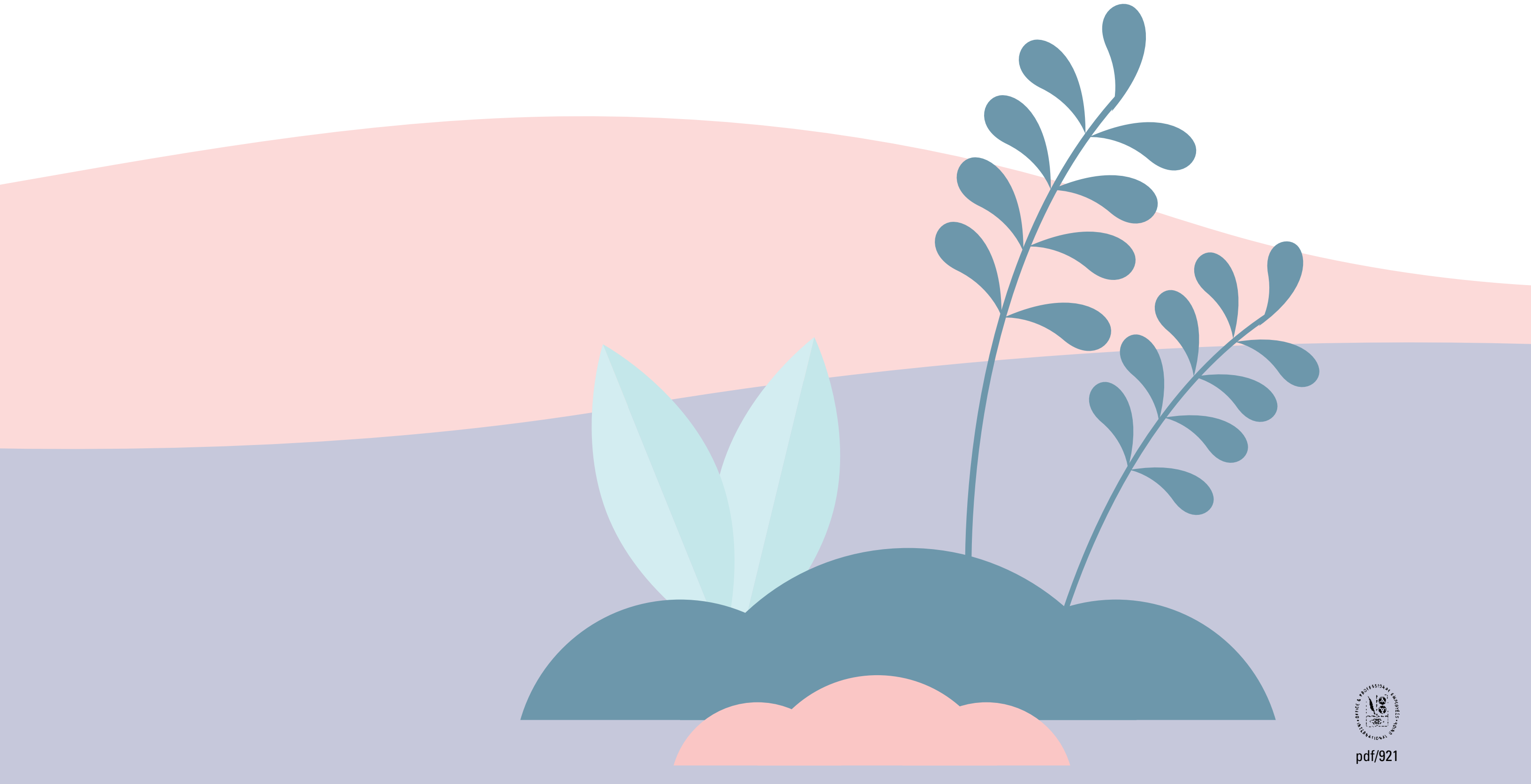
Each of these steps by itself can help engage an unreached part of the workforce, but employers may achieve optimal engagement when they use these strategies as part of an overarching corporate objective to promote diversity and inclusion within the workplace.

Endnotes

1. *Redesigning the Employee Experience: Preparing the Workforce for a Transformed World*, MetLife.
2. *Employee Financial Wellness Survey,* PwC, 2021.
3. "Coping With Financial Stress in Your Life," https://www.verywellmind.com/understanding-and-preventing-financial-stress-3144546.
4. *2020 Financial Wellness Year in Review,* Financial Finesse.

bio

Greg Ward, CFP®, is the director of the Financial Wellness Think Tank at Financial Finesse, where he guides the Think Tank team's research on workplace financial wellness best practices and employee financial trends. He is the vice chair of the Employee Benefit Research Institute (EBRI) Financial Wellbeing Research Center and a frequent resource in the media on workplace financial wellness and employee financial challenges, including *USA Today,* the Huffington Post and BenefitsPro. Ward has developed comprehensive industry standards for designing, delivering and measuring the return on investment of workplace financial wellness programs delivered as an employer-paid benefit. For more information about Ward, visit www.financialfinesse.com/financial-coaching/greg-ward.



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