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FINANCIAL WELLNESS



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Improving Productivity and Reducing Employee Stress with Financial Wellness Programs

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It is undeniable that a large segment of the U.S. workforce is under financial stress. From managing rising health care premiums and retirement savings (or lack thereof), to tackling increasing student loan debt, and providing for basic living expenses while trying to raise families and save for a home purchase and/or college costs, most workers are overwhelmed by their financial situation and do not know where to begin to get it under control. There is also a lack of financial literacy among many segments of the population which make it even more difficult for individuals to navigate financial issues or take advantage of their existing employee benefits. As a result of these types of factors, employer-sponsored financial wellness programs are gaining traction. Employers recognize that while employ-

ees need competitive compensation and benefits, it is becoming apparent that they also need the tools to understand how to manage their money and save for retirement, health care, and overall financial needs. In turn, employers that can assist their employees with competitive wages and benefits as well as mechanisms to understand their finances and reduce their financial stress will increase productivity in the workplace and their bottom line, reduce turnover and absenteeism, reduce health care costs and disability claims, increase retirement plan participation and actual retirements, and improve overall employee wellness. Employers that can provide these kinds of benefits will be in high demand in the war for talent and will help secure the financial well being of their workers.

How Should an Employer Design a Financial Wellness Program?

There is wide latitude in designing a financial wellness program but thought should be given to the overall goals of the program. While provision of retirement savings education tools are helpful to employees, financial wellness programs can be much broader in scope than offering employees education solely in a retirement plan context. Financial wellness programs can be used to drive change on a macro level. Therefore, often the business case for offering these programs directly ties to improving the overall health of the employees as they reduce their stress to manage their lives better. Employers that connect their financial wellness program with their health and

welfare offerings may consider including financial wellness tools and services in their Employee Assistance Programs. When these programs under the health and welfare umbrella are coupled with retirement plan programs, employees can obtain a robust and well-rounded financial wellness program.

Which Services and Tools Should Comprise the Program?

Financial wellness programs may include a variety of elements. Employers interested in a comprehensive financial wellness program should consider the following types of services, tools, and plan features when determining the scope of their program:

- On-demand topical webinars, web-based educational/literacy tools, and unbiased financial coaching

Employers can assist employees by providing them with access to independent, on-demand tools that they can view at any time on a variety of topics such as tips on saving money and setting short and long-term financial goals, buying a home, saving for college and paying back student loans, or managing a budget. Various life events can be addressed with these types of tools. Basic financial literacy tools can also be part of these on-line services and serve to fill in the gaps for workers who may not have had any prior training with, or exposure to, financial concepts or investments. Some vendors also offer access to live consultants and coaches.

- Paid leave

Paid time off to address important life events can help reduce employee stress in stressful times such as time to care for a child following birth/adoption, care for an elderly or disabled parent or family mem-

bers, or bereavement leave, for example.

- Tuition reimbursement and student loan debt repayment programs

Employers can assist their employees by offering tax qualified educational assistance programs in accordance with applicable tax code rules. Recently, many employers are also considering student loan debt repayment programs but employer payment of student loans would be taxable income to an employee unless the tax law is changed as it relates to these types of programs. There is also legislation being discussed to allow employers to make special contributions to 401k plans to assist those employees with student loan debt and these developments should be monitored.

- Access to financial planning and estate planning tools and services

On-demand tools can provide education regarding the importance of having a will or financial planning concepts. For employers that wish to provide further assistance, access to financial planners and even tax-qualified group legal services plans can be designed.

- Savings Plan features that promote savings

Plan features such as automatic enrollment and auto escalation often provide employees with the assistance they need to enroll and continue their participation in a retirement savings plan. In addition, employer matching contributions and/or profit sharing contributions can provide an additional boost to employees' savings. Consideration can also be given to limiting the number of plan loans that can be taken at one time. When these features are combined with retirement and investment educational tools and/or access to

advice, employees can become further engaged and take an active role in retirement savings. Further, as the prominence of health savings accounts increases under various health care proposals, similar tools may come to fruition to boost employees' ability to save for healthcare costs.

- Other services

Employers may be able to provide their employees with access to group discounts for various types of personal insurance, banking/credit services, tax preparation or even identity theft services.

These options are not exhaustive. Employers should be creative and consider which types of services and tools would appeal to, and be helpful for, their workers considering their industry, geography, culture and age of the employees.

Next Steps

Employers that are interested in financial wellness programs should work with their service providers to develop an approach that makes sense for their organization. Consider a holistic approach from the health and welfare as well as retirement side. In addition, build the case as to why this is a worthwhile, voluntary employee benefit with internal stakeholders and employees. Develop a communications plan that will enable employees to understand that the benefits exist and how they can take advantage of them. These efforts will help promote a workplace culture that eases employees' stress so that employees can focus on their jobs and not the distractions of their personal finances.

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