What Keeps Employees Up at Night?

Seven Tips for Evaluating Their Financial Well-Being

businessolver

A dynamic economy

It wasn't long ago that the U.S. experienced the longest period of economic growth in history. **January 2020 marked the 23rd straight month with more job openings than available workers.**[1] In fact, jobless claims for the week ending Feb. 1 hit a new record of only 202,000—the lowest unemployment rate in 50 years.[2]

Then, Americans were asked to stay home to prevent the spread of the novel coronavirus (COVID-19).

Within weeks, 45 states[3] had issued some form of stay-at-home order while unemployment claims skyrocketed to 6,867,000.[4] And, in late March, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act allocating nearly $2 trillion in economic relief for individuals, corporations, small businesses, state and local governments and others.[5]

A dynamic economy indeed.

Americans struggle in any economy

According to a 2018 Federal Reserve report, 4 in 10 adults say they would not have the money to cover an unexpected $400 expense.[6] **Considering the economic whiplash we experienced in early 2020, that number is now certainly much higher.**

Regardless of the economy, Americans are struggling. And it's evident when they elect their benefits. During the 2020 annual enrollment season, employees using Businessolver's MyChoice™ Recommendation Engine were asked how they would handle a large unexpected expense. More than 37% said they would go into debt, dip into their retirement savings or simply not know what to do.

Now more than ever, HR teams need to focus on their employees' financial well-being. They need to find out what's keeping them up at night.

1 Job Openings and Labor Turnover Survey, Highlights January 2020. Bureau of Labor Statistics. March 17, 2020.
2 US weekly jobless claims drop to a 9-month low. CNBC. February 6, 2020
3 See Which States and Cities Have Told Residents to Stay at Home. New York Times. March 30, 2020.
4 U.S. Department of Labor News Release. April 9, 2020.
5 S.3548 - CARES Act. Congress.gov. March 19, 2020.
6 Report on the Economic Well-Being of U.S. Households in 2017. Federal Reserve. May 2018.

Financially fragile employees hurt your organization

We all know that supporting employee financial well-being is the right thing to do, especially in an economy as dynamic as this one. **But it also makes good business sense.** Consider these statistics from PwC:[7]

- **Productivity:** 44% of financially stressed employees deal with money problems 3+ hours each week while on the clock.
- **Absenteeism:** They are two times more likely to miss work due to personal financial issues.
- **Healthcare costs:** They are more inclined to experience health issues caused by financial stress.

The direct impact to HR

The data also suggests that poor employee financial well-being has a direct impact on your organization's ability to attract and retain top talent in any economy. The same PwC study found:

- **Retention:** 76% of financially stressed employees would be attracted to an employer who cares more about their financial well-being.
- **Compensation:** 58% feel their pay isn't keeping up with the rising cost of living.
- **Competitiveness:** 40% of financially stressed employees believe their employer's benefits offerings are not competitive.

Think beyond retirement benefits

Traditionally, employers have approached financial well-being by helping their workers prepare for retirement, whether through a pension, a 401(k) plan or any number of long-term savings arrangements. Retirement is still a priority, but one with a long tail.

These days, most employees' main financial stressors—the issues that keep them up at night—are rooted in the here-and-now. These include worries over making rent, paying for school, car repairs, a marriage or divorce, etc. Credit card debt is also a big stressor and medical expenses still account for 62% of all personal bankruptcies.[9]

Financial Well-being Defined:

"The ability to meet all financial needs, today and over time; feel secure in the financial future; absorb a financial shock; and have the financial freedom to make choices to enjoy life."[8]

Consumer Financial Protection Bureau (CFPB)

7 Special Report: Financial stress and the bottom line. PwC. September 2017.
8 Financial Terms Glossary. Consumer Financial Protection Bureau. Accessed April 2020.
9 Top 5 Reasons Why People go Bankrupt. Investopedia. October 25, 2019.

Start by listening

To address your employees' most pressing financial concerns and priorities, start by listening to them. **Done right, a simple survey can yield a lot of actionable information.** And, since fewer than half of employers (48%) make an effort to gather input from their employees, reaching out to them via an all-employee survey makes you stand out from the crowd.

More importantly, it's a demonstration of empathy. It shows you care.

Seven tips for a successful survey

With so many resources at employers' fingertips these days, deciding to conduct a survey is the easy part. The challenge lies in knowing which questions to ask and how to ask them. **This guide provides you with seven tips for conducting a financial well-being survey that will yield the most actionable data**

Tip 1: Demonstrate empathy

Your employees already spend enough time and energy—too much, they would say—thinking about money. **Acknowledge that.** Make sure they know you're available to help and that the first step in doing so is to learn about their challenges and needs.

> **Example:** *At ABC Company, we care about your financial well-being. Nobody should lose sleep worrying about money. We're here to help. And, that starts by listening.*
>
> *Can you please take five minutes to complete a short, anonymous survey about your financial priorities? This will help us know how to best meet our employees' needs beyond helping them prepare for retirement. We want to know how we can help you today.*

Make sure to provide talking points to supervisors and others who can champion your efforts. Some may not have a natural capacity for empathy (although this *can* be strengthened[3]). Others may be concerned about whether the time spent taking the survey will impact their team's productivity.

Whatever the case, provide your internal influencers with a script and let them know the importance of promoting your survey. Make sure they know that your organization's ultimate goal is to help your employees.

Done right, a simple survey can yield a lot of actionable information. And, it's a demonstration of empathy.

Acknowledge your employees' struggles and let them know you're here to help.

Tip 2: Build trust through transparency

Employee surveys sometimes fail due to assumed motives. Even before they open the questionnaire, employees will ask themselves (or each other) why you're interested in their information. And, why now? **A survey written and promoted with transparency can reduce negative assumptions.**

Also, make sure employees know their privacy will be respected. Use words like "anonymous," "confidential," and "private," in your communications and in the survey, itself. And, back up those words with actions by ensuring that electronic responses can't be traced back to individual employees and that paper responses are collected securely.

> **Example:** *Your responses to this survey are confidential. Our engagement team will use your anonymous answers to develop financial well-being programs designed to support you and your coworkers. We'll share the aggregate results in the 3rd quarter employee newsletter.*

Above all, promise you'll share aggregate survey results. We'll talk more about this in tip #6, but this is vital to gaining your employees' trust, especially if you plan to make this survey an annual activity—a best practice for helping you create a long-term strategy.

EXAMPLE

How does this statement describe you? Check (✓) one.

Because of my money situation, I feel like I will never have the things I want in life.

- ☐ Completely
- ☐ Very well
- ☐ Somewhat
- ☐ Very little
- ☐ Not at all

Tip 3: Focus on emotions, not numbers

Unlike bank statements that are defined by ledgers of deposits, withdrawals and balances, financial well-being is all about our sensitivities toward our resources—when we will need them and how they impact our sense of security and freedom. **Make sure your questions focus on your employees' relationship with their financial situation, not the finances themselves.**

Also consider using metaphors to help employees describe their feelings about their finances. During annual enrollment, Businessolver's MyChoice™ Recommendation Engine asks employees how they would "weather" an unexpected medical expense with response choices like "I'd get soaked," "A light sprinkle," and "I've got an umbrella."

EXAMPLE

How does this statement describe you? Check (✓) one.

I am concerned that the money I have or will save won't last.

- ☐ Completely
- ☐ Very well
- ☐ Somewhat
- ☐ Very little
- ☐ Not at all

Tip 4: Consider using ranking scales

Asking employees to rank their views on a list of financial priorities helps you understand which programs might be most popular with your employee base. **This is especially helpful if you are already considering a set of solutions based on your research.** Ranking scales also allow you to introduce topics the respondent may not have considered, thereby fulfilling an educational component.

The disadvantage to using ranking scales is that they can't tell you why something is important or unimportant to respondents. They only address items in relation to each other rather than individually. However, the results derived from questions like these can help with your messaging when introducing solutions, as we'll see in tip #6.

Tip 5: Be sensitive to life stages

A hallmark of employee financial well-being is that employees' priorities change throughout their life stages. With four generations of employees in the workforce today, it's unlikely you will find a one-size-fits-all financial solution for your diverse employee population.

And, because today's benefits technology can be used to target specific groups of employees (e.g., those who have recently added a dependent child), it's helpful to understand financial priorities across various age ranges. **This will help you promote the right benefits and programs to the right employees at the right time.**

Allow for age differences but be careful not to generalize. Yes, Baby Boomers are primarily concerned about retirement, but they also have day-to-day financial concerns. Generation X are the least happy at work due to financial pressures, but the origins of those money problems may differ based on factors unique to your employee population. Millennials are saddled with the highest student loan debt our nation has ever seen but they struggle with much more than that. As for Generation Z, they have experienced their own generalizations.

Your task—and the main purpose of your survey—is to determine which benefits and programs will work best for your unique population of employees.

EXAMPLE

Please rank your top 5 current financial priorities.

- Emergency fund for unexpected expenses
- Retirement savings
- Saving for a house down payment
- Paying down debt
- Other near-term goal (e.g., wedding, vacation, something for yourself or your kids)

EXAMPLE

How old are you? Check (✓) one.

- ☐ 18 or younger
- ☐ 19-25
- ☐ 26-35
- ☐ 36-45
- ☐ 46-55
- ☐ 56-65
- ☐ 66 or older

Tip 6: Share and act on your findings

In tip #2, we talked about sharing your survey results to build trust through transparency. While you may be tempted to cherry pick the findings to suit your organization's narrative, this will be obvious to your employees and may result in a lack of trust for future surveys. It could also compromise the success of your financial well-being programs. **So, share the results—all of them.**

More importantly, share them in the context of how they informed your plans to address your employees' financial well-being priorities. Thank your employees for their feedback and let them know how important it was in helping you introduce benefits and programs to meet their needs.

> **Example:** *In April, we asked employees to tell us about their main financial priorities. More than 40% said they were concerned about paying for medical expenses. Thanks to your feedback, we're excited to announce a company match up to $500 per year for all health savings accounts.*

Tip 7: Score, repeat and adjust

To help you track your progress over time, apply a score to your results. For example, each year you may ask how the following statement applies to the respondent:

- "Giving a gift for a wedding, birthday or other occasion puts a strain on my finances for the month."

  ☐ Always ☐ Often ☐ Sometimes ☐ Rarely ☐ Never

- In the background, apply these point values to each response:

  Always = 4 Often = 3 Sometimes = 2 Rarely =1 Never = 0

Let's say in the first year of your survey, the average score is 3.7. After introducing a financial preparedness program or setting up optional savings goal accounts. A lower score would be cause for celebration, while a higher score may suggest you try a different approach.

Whether your year-over-year results indicate progress or uncover opportunities for improvement, consider sharing your results. Management would certainly want to see the fruits of your efforts, and employees would likely appreciate the additional layer of transparency.

For more ideas on how to score the results of your survey, check out the free resources available from the Consumer Financial Protection Bureau whose robust survey measures financial well-being on a 100-point scale.[10]

Share your survey results in the context of how they informed your plans to help your employees.

Share your year-over-year results to indicate progress and demonstrate the need for continued efforts.

10 Financial Well-Being Scale, CFPB, Accessed April 2020.

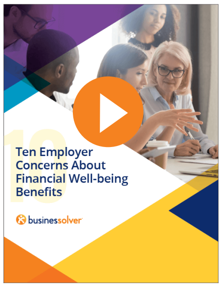
Final Thoughts

Approximately 70 percent of employers say they are "moderately" to "very" concerned about their employees' current financial well-being. Unfortunately, only 54% say they have any initiatives in place.[11]

While this may be bad news for employees, it presents forward-thinking HR teams with an opportunity to show that they truly care about their workforce. HR professionals who advocate for supporting employee financial well-being also demonstrate to leadership that they are valuable strategic partners in achieving their organization's larger business goals.

To help your employees adapt to this dynamic economy, increase their productivity at work, and convey HR's value to leadership, start by focusing on meeting your employees' needs in the "here and now."

And, it all starts by asking what's keeping them up at night.



Learn more

Check out Ten Employer Concerns About Financial Well-Being Benefits. It includes national data on how employers and employees address financial well-being, and provides tips for helping you evaluate some of the most popular benefits and programs available today.

11 EBRI's 2018 Employer Financial Wellbeing Survey, Employee Benefit Research Institute, 2018.

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