Creating a successful financial wellness program

Moving from art to science

A Mercer Point of View

The financial turmoil experienced in light of the COVID-19 pandemic has clearly highlighted the importance of considering the different dimensions of financial wellbeing of your employees. The CFPB[1] defines four elements of financial wellbeing:

	PRESENT	FUTURE
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of Choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

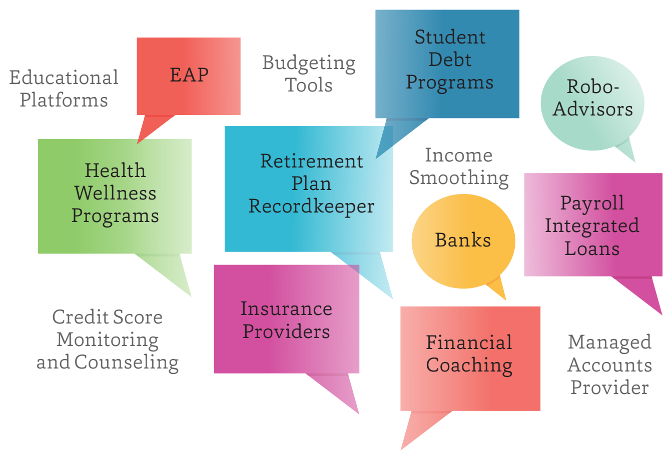
We are hearing more employers talk about financial wellness and it's clear with hindsight that some financial wellness initiatives would have prepared employees better to deal with the financial challenges created by the COVID pandemic. There's little doubt that financial wellness challenges will be a reality for many employees for some time to come.

But how does one go about creating and implementing a successful financial wellness program? And do you know what success means?

In order to see success from a financial wellbeing program, there are a number of important issues to consider. It's not enough to put a program in place and expect an improvement in your employees' financial wellness. However, if you understand what your people need, what you have, what your organizational objectives are and develop a program from there, you'll have much better prospects for success. This will increase even more if you are prepared to iterate because successful financial wellness programs need to be continually reassessed, reevaluated, and improved.

From our experiences working with different clients on these issues, we've seen examples where employers have all the best intentions, roll out a new program, but are disappointed when they don't see the desired impact. We've seen more success in circumstances where employers embrace a methodical and scientific approach and account for the various challenges that are associated with these efforts.

Match employees' needs with financial programs and providers



There are many places where you can find financial wellness resources to serve your employees' needs. Some may be current vendors that you have partnerships with, some may be in-house functions, and some may be new programs or vendors that you are considering adding.

As we all know, this is a busy space and the capabilities, expertise, and financial status of financial wellness service providers are evolving and changing rapidly. It can be difficult to determine which of these programs are going to make a positive impact for employee outcomes, as well as positive outcomes for the employer.

Keys to unlocking a financial wellness strategy

Understand your business objectives

Before you start talking about ROI, consider how financial wellness aligns with the goals of the organization, and especially with your talent goals. Know what you want financial wellness to achieve for your organization. There is no one-size-fits-all solution that's appropriate for every organization.

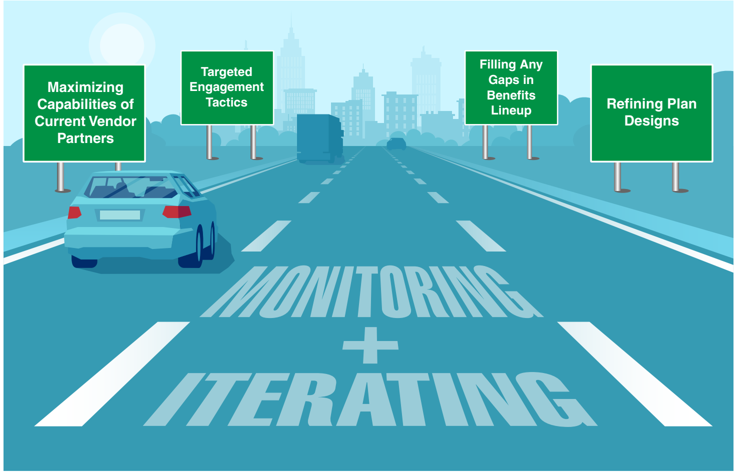
Understand your employees

Similarly, there's no one-size-fits-all solution to address all employee needs. You have to understand the diversity of your employees, what they need, and how they want to engage, in order to start building an appropriate strategy. It's important to understand and acknowledge your employees' unique challenges so you can identify the barriers that must be overcome in order to see improvements in financial wellbeing.

Understand the market

This space is growing and changing rapidly as capabilities are evolving, but this can be challenging. There may be a lot of financial wellness resources available to you right now, which you and your employees may not be aware of. In order to make the right choices in programming and benefits, you'll need to understand the vendor market, as well as the competitive market in which your firm sits.

Once you understand the key elements that should drive the strategy, you're ready to build a roadmap. This may include maximizing the capabilities of current partners and suppliers that you have in place, refining and revising plan designs to better meet employees' needs, implementing targeted engagement tactics, and filling gaps that exist in your benefits lineup for emerging areas.



As you pursue these initiatives, it's not going to be a process that has a finish line, it's going to be a continuous process where you'll be monitoring how the strategy is working, if your roadmap is appropriate, and iterating to improve your programs. Stay flexible and nimble to fine-tune your strategy as time goes on.

How can Mercer help?

For further information,
contact your local Mercer office,
email us at DCFWResearch@mercer.com, or visit our website at www.mercer.us.

LEARNING CURVE

An employer identified that student debt was a pain point, causing financial stress for a number of employees. With the best intentions, the employer decided to introduce a student debt refinancing program, to enable affected employees to refinance their loans resulting in lower ongoing payments.

However, many of these employees applied for refinancing and were rejected due to a poor credit rating. As a result, employees with high financial stress levels ended up more stressed about their situations.

Student debt refinancing can certainly provide a lot of value for some segments of the employee population, but it is not going to help everyone. It's important to do your homework to determine the issues your employees are facing and what solutions are going to be a good fit.

[1] https://www.consumerfinance.gov/data-research/research-reports/financial-well-being/

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