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Money Starts Here CEO Denise Winston says financially stressed workers hurt companies due to higher healthcare costs and lost productivity.

Q&A

Why financial wellness can no longer be an afterthought

By Nick Otto

Financial wellness: It's an HR buzzword. But with a number of players involved — from the C-suite to benefits managers to brokers and employees — there often is confusion regarding the best kind of program, the best way to implement it and how to get employees engaged. That's leading to a lot of discussion — but few concrete solutions.

"There are competing priorities, and not everyone is talking with one another," says Denise Winston, CEO of Money Starts Here, a California-based financial education company. "There's a lot of noise in this space, and there are so many demographics that we're dealing with. It can be so confusing."

Employee Benefit News spoke with Winston on how employers can cut through some of the confusion, as well as her take on where financial wellness programs are, where they can go, and challenges and opportunities for employers.

Financial wellness has been a hot topic the last few years. What's driving its popularity?

It used to be all about health and wellness. Employers have finally made the correlation between financial stress and what it does on the health and wellness side. Not only is financial stress impacting healthcare costs, but also productivity. And the Affordable Care Act put additional financial stress on everyone that has made it hard to ignore. There's a lot more cost-sharing. We need to be educated consumers, and the ACA has put a magnifying glass on the fact that we have a financial problem in our nation.

FINANCIAL WELLNESS

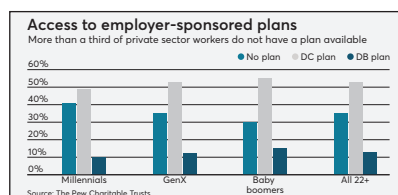


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What is something you want employers to recognize about financial wellness?

It's important to understand that we're all in this together. When employees are hurting, it hurts your business and your profit margins. And it hurts our economic growth, because the lack of financial wellness has an extreme impact on people's lives, on their employer's profitability, the communities they live in and our nation's overall economic growth. When someone isn't financially stable, it limits an individual's purchasing power and their ability to secure basic needs.

And that creates financial stress, which suppresses immune systems, which can make people sick. A financially stressed and sick workforce impacts business profitability with higher healthcare costs and lost productivity, and that in turn can drain public resources and restrict our economic growth.

It speaks to how all these employee benefits talk to each other, and why financial wellness has expanded to overall well-being.

I think we kind of have it backward. When people are financially stressed they self-medicate, which very rarely means, 'Let me go to the gym.' It usually means, 'Give me more food, give me more alcohol, give me a pill' ... all of those have an impact. I feel like we had it backward and now it's starting to unravel. What if employees could get the financial help they need? What could happen if people were financially stable? What would happen to our productivity and profit margins?

There are concerns that financial wellness programs are falling short or are not helping workers with their financial problems. Is this something you're seeing?

Basically, some benefits have not been what organizations thought they were getting into. So the outcomes haven't been what they thought, or there have been security issues identified with them.

For example, there have been some financial services that have come into an organization and they want to integrate and they get too much data ... so there are data breaches. Or they thought they were doing one program but when they got into it, it was something else.

And because financial wellness emerged as a new class of benefits so quickly, many organizations originally thought it was single-product approach. But they're finding it isn't a single-issue solution. They thought it would be a check in the box for that quick fix.

So do you think there is a misconception about what financial programs are?

Yes. It's a very crowded space, and there are a lot of competing financial programs for different demographics. Financial wellness is not just a budgeting app or tool; it's not just a short-term payday loan or financial adviser. It's all those products and services and more.

There's a very big difference between a budgeting app, which is a product, a service — which might be the financial adviser or coach — and a program, which is actually organizing the education, tools, resources and existing employee benefits into an ongoing strategic annual program.

Financial problems don't just go away. They get buried and they get bigger.

We have health and wellness programs where you schedule it out and say, "This is what we're going to do all year long." That's the same way it should be with all employee benefits, including financial wellness. Giving employees a simpler way to get financial help, understand their benefits and get the most out of them solves major challenges for all parties — the broker, the CFO, the HR manager, the employee. It's a win for everyone when you do this right.

We cannot regard financial wellness simply as an optional situation anymore. Financial problems don't just go away. They get buried and they get bigger. It's no longer an afterthought. It's essential for smart organizations.

What are some of the dangers employers should look out for?

Oftentimes you can inadvertently offer products to employees that can harm them, and they could make a bad financial decision that could risk their ability to secure their basic needs. There is a real danger in not fully understanding the product, service and programs you offer employees.

Take a short-term paycheck loan, for example. There can be a definite need for that, especially in this climate with a lot happening, like high-deductible health plans. If we do a short-term payday loan that's deducted out of an employee's paycheck, that could be a risk to their ability to secure basic needs. The employee no longer has the ability to make a decision about making the loan payment, and that means they may not be

able to pay their rent when it's due or buy gas for their car to get to work.

How can employers build a successful financial wellness program?

[They] need to map it all out. Don't leave money on the table. Utilize what you already have and enhance from there.

Again, I think it's such a crowded space, and there is so much coming down the pipe — budgeting apps, student loan programs, identity theft. People are drowning. A good financial wellness program takes a more integrated approach by aggregating all the benefits a company already offers and organizing them into an annual strategic plan.

The good news is that many organizations already have a lot in place. They've got the dental, disability and life. They have an EAP — which often has financial counselors in there — they've got telemedicine and a lot more. But unfortunately the participation and utilization has been low in the majority of those. By adding an education element, adding tools and resources, a communication plan and potential incentives — kind of like with health and well-being programs — and a strong engagement strategy around it, that's what rounds out the best programs. Capturing the participation in the program and utilizing all the benefits in the program will also help organizations calculate the hard and soft ROI.

Speaking of ROI, how important is it to evaluate the effectiveness of these programs?

Absolutely evaluate the effectiveness of your programs and track the ROI. Attitude and behavior surveys are one way to measure the outcomes from an employee perspective. But gathering some benchmark data in key categories will help you track the effectiveness of a program from the soft and hard ROI for stakeholders.

For employers who do financial wellness right, what's the result?

Helping employees with their financial problems leads to better profit margins and loyal employees that make the most of their paycheck and appreciate their benefits. We've got a tight job market, and there is a battle for recruiting and retaining employees, so doing this right has the ability to really impact a lot of people in the organization and the industry. [EBN](#)

Nick Otto is senior editor of Employee Benefit News. Follow him on Twitter at @Ottografs.