

May 21, 2020

The COVID-19 pandemic has created significant levels of anxiety, depression, and stress in the employed population. All of us are experiencing the pain and uncertainty of the COVID-19 pandemic, and it is creating new employee concerns about their financial status, including 401(k)s becoming 301(k)s, job insecurity or unemployment, pay cuts, or the need to postpone retirement. Prior to the spread of the virus, a sizable number of Americans were living paycheck to paycheck and personal finances were the major cause of workplace stress. Financial insecurity has significantly increased in the COVID-19 pandemic and we recommend employers design and implement a financial wellness program to become a cornerstone of your employee benefit program.

What Employees Need

Financial wellness services have a strong appeal to non-C-Suite employees, regardless of age/demographics. Virtually all employees experience stress due to financial concerns, including new COVID-19 driven financial issues and longer-term concerns about financing of college, retirement and health care costs. Issues vary by age group:

- Millennials and Gen Z struggle with student loan repayment, credit card debt and lack of an emergency fund.
- Gen X must deal with aging parents, college savings and planning for retirement, often without the support of an employer-based pension plan.
- Baby Boomers focus on savings for both retirement and health care costs post-retirement, in addition to providing caregiving to aging parents.

Some employers may have access to financial assistance through their employee assistance program, but those services provided may be limited and are often underutilized.

Designing a Program

Pre-COVID-19 financial wellness programs often include in-person meetings, but for the immediate future, all programs could be virtual. Services in a financial wellness program may include:

- Virtual or on site presentations to employees on selected financial topics. Program content is generally tailored to the demographics of the workforce, either local or national.
- Virtual meetings through Zoom, Webex, or Skype with a financial expert. Meetings may be 30 minutes in duration and target the leading financial concern of the employee.
- Programs should focus on employees, but may include spouses. Inclusion of spouses may facilitate necessary changes in family budgeting, spending priorities, and savings.
- Personalized knowledge assessment.
- Content can include self-directed learning; instructor led virtual classes and hard copy materials.

Best Practices in Financial Wellness Programs

- Program materials must be advertisement free without selling of financial and insurance products.
- Content and delivery system must be tailored to workforce demographics and the size of employee work locations.
- Employers should conduct a brief digital survey of employees following participation to determine satisfaction with vendor performance and preferences for future content and program focus.
- Inclusion of spouses increases buy-in to changes in family finances necessary to achieve long-term financial objectives.
- Employee privacy must be a guiding principal of a successful financial wellness program.

Coronavirus Advisory

Helping Employees with Financial Insecurity



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What is the Vendor Market for Financial Wellness Programs?

Employers may be reluctant to add yet another vendor to their employee benefits program. McGriff recommends starting with your existing business partners to determine their capabilities and experience in the design and execution of a financial wellness program. 401(k) providers, third party vendors and certain brokers offer solutions such as Momentum onUpSM offered by McGriff's parent Truist Bank.

If you would like to consider additional options, there are a variety of stand-alone vendors with experience in program management. Some vendors have the capability to manage a student loan repayment program, which can be helpful in the recruitment and retention of key millennial age employees. It is customary that programs be financed on a per participant or per active user basis.

Conclusion

If employers conduct a digital survey of both remote and worksite employees, financial insecurity is likely to be identified as a top three concern. Designing and implementing a financial wellness program can be an effective tool to recruit and retain employees, and implementation would be timely for a workforce deeply concerned about their financial well-being.

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