Where is the Fine Line Between Employee Wellness and Employee *Wealthness*?

BY ALEX P. KLINE, CFP®, RICP®

When I started in this business 32 years ago, any semblance of corporate wellness was limited strictly to the executive level, and very often it constituted no more than a membership at the local gym. It was also a time when everyone dreamed of retiring in their 40s and 50s, with perhaps a company 401k dangling like a carrot in front of them, leading them down that long and winding road to a perceived life of 18-holes on a Florida golf course.

Eventually companies warmed up to the idea that maybe they should also concentrate on the physical well-being of their employees, offering smoking cessation plans, health club memberships, afternoon stretch time and granola bars replacing Ring Dings in the break room vending machines. But still, in the battle for their employees' hearts and minds, the impetus was still on just strengthening the body and not the mind. That, however, started to change when the tech bubble burst in the mid-1990s and the housing market crumbled in 2008 like a deck of cards, with retirement plans and savings accounts all caught in the collateral damage. And for some inexplicable reason, while earnings and savings and retirement plans were in a devastating free-fall, colleges were still *increasing* their tuitions. As a result, an employee working in a saw-mill, or an accountant trying to balance the company books, were all being distracted on the job, not by a few extra pounds or the need to step out for a smoke, but by worrying about how to pay their mortgage, where the next credit card payment is coming from, and whether or not they are going to have to work until 75 or 80, just to make ends meet.

A report by the Consumer Financial Protection Bureau (CFPB) revealed that in the wake of the recession, many employers have come to the realization that financial distress reduces worker productivity, increases absenteeism, and threatens employees' health. And according to an Aon Hewitt survey of more than 2,800 workers and their dependents, an individual's financial situation is the most commonly cited stress factor, and 51% of workers surveyed said that stress caused them to be less productive at work.

Financially stressed-out workers aren't good for businesses, and in some cases even raise employer health care costs. Employees worrying about their own finances sometimes cannot give the necessary attention to their work, which may set the stage for potential injuries on the job and increased Workers' Compensation costs. So it is fortunate that employers have begun to take action, implementing various approaches to enhance employee financial well-being.

A recent Bank of America Merrill Lynch report indicated that over 90% of large employers plan on implementing or expanding some type of financial wellness program. This is a promising sign for both employees and companies because workplace financial wellness programs give employees access to financial education and guidance, increase employee morale, and have been proven to improve employee financial well-being while also reducing stress levels. Companies have a vested interest in promoting financial wellness initiatives because financial wellness is also linked to higher worker productivity, reduced absenteeism on the job, and reduced health care costs. In fact, workplace financial education programs have a high return on investment for corporations implementing these programs with some estimates indicating up to a 3-1 return on investment.

The numbers tell the story. For many companies health care costs can run as high as $500,000, but many employers don't seem to mind because they see the tangible results; slimmer waistlines and less people congregating outside the back door smoking. On the other hand a financial wellness plan might only cost $5-10,000 per year, but also promote the same ROI. But it can only be effective if it's implemented correctly.

Let's start with the realization that different people have different levels of financial stress. If you're a baby boomer, the idea of retiring comfortably before your 70th birthday is at the top of your bucket list, so you want to work for a company with a strong retirement plan in place. If you're a Gen X baby, then it's all about how much little Sarah, cooing away in her bassinet, is going to have to pony up for Harvard in about 18 years, so a company's payroll savings plan is key. And if you're a millennium baby, then your biggest concern might only be which new app to download on your SmartPhone. But this group can't be ignored, because even they may want to retire someday or send their child to UCLA.

Having a work-based financial plan is one thing, but implementing it successfully can be a challenge. First, just handing your employee a URL, user name and password so they can set up their own plan will be a waste of time, because nobody has that much free time at the end of a work day. In order for this to work you need an *on-site financial wellness coach*, someone who can clearly and succinctly spell out what's being offered and what its benefits are, both to the employee and the employer. There are no "one size fits all" approaches to a financial wellness program. An on-site coach can tailor a program to a certain group of employees in order to ensure the highest levels of participation. A particular program can focus on such areas as retirement accounts, income tax planning, identity theft, education funding, estate planning, debt analysis and Social Security & Medicare strategies, among others.

It's also important to point out that even if some employees seem uninterested at the beginning, they may come around based on certain events in their lives. Just as a 20-year high school class reunion makes us turn to our workplace wellness plan to shed some waistline inches, a major life event, such as a wedding, the death of a parent, or impending road trip to visit colleges, can bring a financial wellness plan to the forefront. Employers need to realize that just because people don't get on board immediately doesn't mean they won't eventually as need dictates.

Although we are in the midst of a long and sustained economic recovery, it's unrealistic to think that this alone will reverse the growing retirement savings deficiency. Therefore, employers will need to continue to help their employees strive to be more financially healthy. And this can only be accomplished by having the proper tools at their disposal to put together a financial plan that not only works but one that also invites maximum participation. Because only by giving their workers the financial peace of mind they need will employers begin to reap the rewards, which will include lower employee turnover, lower health care costs due to less financial stress affecting a worker's personal health, and lower absenteeism. The bottom-line: a win-win scenario for both sides.

This article is adapted for an article by Alex P. Kline, CFP®, RICP®, a Senior Vice President, Retirement Division, Duncan Financial Group, Pittsburgh, PA. This article in its entirety appeared in *Health Insurance Underwriter* magazine, *Occupational Health & Safety* magazine, *Foundry* and *American Machinist*. This material is provided as general information and is not a substitute for legal or other professional advice.

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