Building A Business Case for Your Financial Wellness Program
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Executive Summary

- Employees are bringing their financial stress to the workplace—and it’s hurting your organization’s bottom-line. According to one estimate, a company with 1,000 employees suffers a loss of $5,665,500 per year due to stress-related absenteeism, accidents, and attrition.

- Progressive companies are taking action by helping employees take control of their financial health with comprehensive financial wellness programs.

- Implementing a cloud-based financial wellness solution reduces costs while lowering employees’ financial stress and boosting their engagement and productivity. Statistics suggest even a 10% reduction in workforce stress can lead to significant annual savings of upwards of $500,000 for a company with 1,000 employees.

- A financial wellness solution needs to be a complete employee communications platform that provides:
  1. **End-to-End Financial Wellness Program Enablement**
  2. **Comprehensive Employee Financial Wellness Assessment**
  3. **Personalized and Engaging Financial Education Action Plan**
  4. **Analytics-based Insights**
  5. **Enterprise Scalability via Cloud Technology**
Introduction: The State of Financial Wellness in the Workplace

Today's economic landscape is leaving individuals with more responsibility for their financial well-being—and they're even bringing their concerns to the workplace.

According to the American Psychological Association, money is Americans’ #1 stressor, and workforce stress is costing companies with 1,000 employees $5,665,500 per year, based on an assessment by Pension Consultants, Inc.

**Q: Financial stress is hurting your company’s bottom-line—what are you planning to do about it?**

Leading companies are pursuing financial wellness programs to help their employees take control of their finances. By providing their workforce with a personalized assessment—and the financial education and resources they need to fill their knowledge gaps—progressive enterprises are reducing their employees’ financial stress while boosting their engagement and productivity.

Employee Education: Helping You Beat the High Costs of Financial Stress

Supporting employees' financial wellness is now a bigger priority for organizations. GuideSpark research revealed financial wellness is the third most important type of wellness program to employees, at 82%, behind stress management (86%) and physical fitness (85%). In fact, according to Aon Hewitt, 75% of companies are currently planning to focus more on financial wellness.

A Financial Wellness Program Can Yield a Significant ROI

A 10% reduction in workforce stress can mean an annual savings of $566,500 for a company with 1,000 employees. When extrapolated across a larger enterprise with upwards of 40,000 employees, those savings can exceed $22 million dollars per year. The Consumer Financial Protection Bureau estimates that companies that offer financial wellness could save $3 for each dollar they spend. And in his paper, [The Business Case for Financial Education](https://www.pfEEP.org), Thomas Garman of the Personal Finance Employee Education Foundation (PFEFP) estimated an over 300% return on a company's initial investment of $200,000 in a comprehensive workplace financial education program.
Results of this magnitude are a win-win for employers and their workforce. By helping their employees take control of their financial future, enterprises are driving the type of behavior change required to reach long-term goals—and enjoy a more stress-free workplace today.

The question becomes…

Q: Can your organization afford not to invest in a comprehensive financial wellness solution?
This white paper will help you understand the costs of financial stress to your organization—and how to implement a winning solution.

Understanding the High Costs of Financial Stress

Financial stress can be a significant distraction at work, draining employees’ energy, zapping morale, and taking time away from their day-to-day responsibilities—and employers can’t ignore the impact on their bottom line. Let’s take a closer look at the various costs of financial un-wellness in the workplace:

Employee stress costs
A financially-stressed employee will spend 20 hours per month dealing with financial issues at work—costing the company $7,000 annually in lost productivity.*

Seven out of ten American workers say financial stress is the most common cause of stress, according to the Consumer Financial Protection Bureau. Employees who suffer from “money worries” tend to be less productive, less engaged, and can even raise employer health care costs—medical as well as disability and workers’ compensation. In fact, the AMA reports that 60% of illness and disease is caused by stress.

And what’s more, about 70% of workplace accidents are stress-related. Companies with 1,000 employees see about 23 stress-related accidents per year—each costing around $29,000 for an annual total of $667,000.*

*Pension Consultants, Inc.
Absenteeism costs
Personal financial distress can cause employees to call in sick. Unscheduled absenteeism costs roughly $3,600 per year for each hourly worker and $2,650 each year for salaried employees, reports Circadian. Even if stressed-out employees do show up in the office, they're likely to demonstrate some degree of what PFEF refers to as “presenteeism,” or being at work but performing sub-optimally due to an inability to concentrate. PFEF estimates this costs companies $500,000 each year.

Employee engagement costs
Financially stressed workers are less likely to engage in the workplace. And disengaged employees are less satisfied with their jobs more likely to go looking for career opportunities elsewhere. Average employee turnover is 15%, and 40% of that is due to stress. The cost of replacing them is at least $3,500 per hourly employee for an overall annual total of $210,000.*

Employees who are financially stressed are more tempted to steal from their employer, and 4.2% of workers have been caught doing that. When you consider the average dollar loss per employee theft case is $1,762 (not including the costs for security, HR, legal expenses, and employee replacement), a company with 1,000 employees stands to lose $18,500 annually due to theft.*

Employee benefit costs
What’s more, when employees don’t understand their benefits and fail to appreciate their role in overall wellness, they don’t take full advantage of them. HR sees lower participation in retirement plans, consumer-driven health plans, and other financial benefit programs; they’re also likely to see incorrect use of compensation and equity incentive programs. Case in point, a UBS study found that equity plan participants whose program education contextualized equity compensation as part of their overall financial life found more value in their equity awards.

The bottom-line: workforce stress is costing companies with 1,000 employees $5,665,500 per year.*

*Pension Consultants, Inc.
Financial Stress and Your Employees

Your employees are facing a number of financial challenges, and it’s important to understand the breadth and depth of what’s creating their stress. Only then will you be able to target a financial wellness program to ease their worries and set them on the path toward increased productivity and engagement. Consider these statistics:

- 90% of the nearly 128 million workers in the US have difficulty managing their money and are not consistently saving for retirement. (National Institute of Personal Finance Employee Education)
- In 2012, 56% of people in the US had no ‘rainy day funds.’ (FINRA Investor Education Foundation)
- Employees today are more likely to request a defined contribution plan loan and defined contribution savings plan hardship withdrawal. (SHRM)
- More than half of Millennials (about 54 percent) say debt is their “biggest financial concern.” (Wells Fargo Bank) and 39% of Millennials worry about their financial future “at least once a week.” (Fidelity Investments)
- Only 14% of baby boomers have a written retirement strategy and 41% of baby boomers expect their standard of living to decrease in retirement. (Transamerica Center for Retirement Studies)

Making “Sense” of the Dollars and Cents: Financial Literacy

Progressive enterprises are moving towards providing financial literacy programs so employees are empowered and can proactively manage, reduce stress, and improve productivity. You want your benefit communications to inform, educate, and inspire people to take action. But financial topics can be intimidating, making connecting with employees that much harder. And many people have low financial literacy that keeps them from grasping the material and seeing how it relates to them.

Consider your younger employees who lack money-managing experience as well as your more seasoned workers who never got into the spirit of saving: finance, like health care, has its own lexicon. Communications need to be simplified for maximum comprehension and engagement.
The 5 Key Requirements for a Financial Wellness Solution

Your goal is to help your employees figure out where they have gaps in financial knowledge so you can develop a targeted program that’s at once comprehensive, engaging, and personalized to your workforce. You’ll find this in a complete, purpose-built employee communications platform—and it will forever transform the way your HR team manages your financial wellness program.

Companies in pursuit of an effective financial wellness solution are first and foremost looking to reduce costs. The costs associated with workforce stress impact shareholder value—and the dollars spent on stress-related productivity losses could be better spent elsewhere in the company’s budget. Conversely, the investment you make in a financial wellness solution can result not only in lower costs, but it can also lead to increases in employee productivity and retention, advantages that can be immeasurable—but highly rewarding.

When considering investing in a financial wellness solution, you’ll want to look for an employee communications platform meeting these 5 key requirements:

1. **End-to-End Financial Wellness Program Enablement**
   A financial wellness solution should provide your HR team with everything they need across the communications spectrum to administer a successful financial wellness program. It should be complete—and comprehensive—from providing an employee assessment through education and beyond. And for a financial wellness initiative to be effective, HR needs to reach and actively engage employees. A best-in-class solution will provide built-in marketing tools designed around communications best practices to help HR to raise awareness and drive participation in their program.

2. **Comprehensive Employee Financial Wellness Assessment**
   A Purchasing Power survey looking at workplace financial education programs concluded that regardless of what components make up a company’s program, the first step must always involve some sort of financial assessment for the individual employee. This includes outlining their current financial situation, identifying areas for improvement, and prioritizing action steps. A comprehensive financial wellness assessment tool
will include:

- **Assessment questions** covering a wide range of financial topics measuring an employee's awareness of their financial health
- **Financial stress scores** benchmarking the employee's financial health against her peers’

3. **Financial Education Plan**
After taking a financial assessment, employees know where they need to focus their energies so they can immediately start taking care of their financial health. They should feel empowered to take action. Your financial wellness solution should deliver:

- **Interactive content recommendations** so they can point, click, and quickly fill their knowledge gaps
- **Educational content** that's accessible around-the-clock, engaging, and easy to consume
- **Next-step resources** like links to the company's preferred financial services providers so it's very simple for them to act on the knowledge they've obtained

4. **Analytics-based Insights**
As a web-based solution, your financial wellness platform should provide your team with aggregate assessment data and metrics based on geography and demographics around employees' engagement with the content. These key insights can be used to build more targeted financial wellness programs and drive higher levels of employee engagement.

5. **Enterprise Scalability**
Your investment in financial wellness needs to provide ongoing, long-term value to your organization. A cloud-based SaaS product is at once easy to implement and will grow with your company—without requiring extensive in-house IT development resources.
**GuideSpark’s Financial Wellness Solution**

**Transform your employees’ mindset about financial wellness with GuideSpark’s Financial Wellness Solution.** GuideSpark’s Financial Wellness platform lets you offer your employees financial education based on personalized financial health feedback. It helps them think about their financial health in a new way, making them more aware of their financial situation through a comprehensive financial wellness assessment and empowering them to easily take control of their spending and saving with a very personalized action plan and customized list of resources.

**Platform Components**
The GuideSpark Financial Wellness Solution is everything your HR team needs to make employees aware of their financial knowledge gaps and set them on the path to less stress and greater productivity. It includes a GuideSpark-administered online Financial Wellness Assessment and a library of more than 30 educational videos that can be easily customized to your company’s wellness strategy and approach. It also arms your HR team with the data and marketing communication tools they need to manage and promote a successful, engaging program. It meets the 5 key requirements for a financial wellness solution:

1. **Complete Financial Wellness Communications Platform**
2. **Comprehensive Employee Financial Wellness Assessment**
3. **Personalized and Engaging Financial Education Action Plan**
4. **Analytics-based Insights**
5. **Enterprise Scalability via Cloud-based Technology**
Employees complete a Financial Wellness Assessment to quickly and easily understand where their gaps in financial knowledge lie. Financial health scores help individuals understand how financially healthy they are relative to their peers.

Based on results from the Assessment, employees receive personalized action plans with content recommendations from a library of over 30 short, engaging, topic-based videos. Content ranges from Credit & Debt to Estate Planning & Retirement, ensuring that key financial areas are covered. Employees point, click, and quickly fill knowledge gaps.

Armed with the knowledge needed to take action, individuals easily access additional resources provided by the employer to take next steps to improve their financial health.

Employers use marketing and communications tools built into GuideSpark’s platform to help drive employee participation in the Financial Wellness Solution. Best practices, case studies, and playbooks enable employers to more easily extend their reach to diverse, remote workforces.

Employers use aggregated reporting and analytics based on geography and demographics to gain key insights into their workforce’s financial health.

Employers use insights to refine their financial wellness programs based on a deeper understanding of their workforce to drive higher levels of employee engagement and productivity.
As a cloud-based service, the GuideSpark Financial Wellness Solution can be easily scaled across the organization. It offers:

- Monthly recurring subscription model reduces initial upfront investment requirements
- 24/7 web-based access across all devices speeds implementation, administration, and accessibility
- Automatic, ongoing content and platform updates ensure up-to-date communications and minimal maintenance time and cost.


About GuideSpark

GuideSpark, the leader in employee communications and engagement, transforms how organizations communicate and engage with their employees through customized video and mobile experiences for every stage of the employee life cycle, from onboarding to benefits, compensation and more. The solution is accessible via a robust platform that provides an interactive user experience and deep analytics on employee engagement. GuideSpark, named to the Inc. 5000 list of “America’s fastest growing companies,” serves hundreds of enterprise customers across all industries and millions of employees. By leveraging content and technology, GuideSpark helps its customers transform their employee communications to increase engagement, create efficiencies by saving time and money, deliver consistent messaging and get peace of mind knowing that their employees understand the value of working for the company. For more information, contact Sales@Guidespark.com.