



PLAN SPONSORS PRIORITIZE FINANCIAL WELLNESS FOR EMPLOYEES

With the pandemic affecting employees who may decide to dip into retirement accounts for money to cover potential short-term losses, plan sponsors can play a key role in encouraging financial wellness.

More Plan Sponsors Are Offering Wellness Support

In fact, recent key findings from MassMutual's Financial Wellness Trend Study reveal that plan sponsors see a large need for employees to focus on their financial health and think it's important for employers to offer that support. Nine of 10 plan sponsors surveyed agreed that companies offering financial wellness programs demonstrate that they care about their employees. Large majorities also agree that these companies are on the cutting edge of benefits offerings and that these programs are a way to support employees at minimal cost to employers. The study indicated 42% of responding plan sponsors already offer a wellness program, 19% were in the process of implementing such program, and 19% said they planned to implement one. Based on employer responses, retirement savings, insurance and online retirement planning tools are the top components in financial wellness programs.

Employees Seek Guidance on Spending

However, contrast these findings to those in PwC's 9th Annual Employee Financial Wellness Survey, that asked employees what the top cause of their stress is, and half said that finances have been a distraction at work. Employees also said they are seeking guidance on how to prioritize spending, which bills to pay and how to handle creditors. The study also revealed that, 38% of employees overall had less than \$1,000 saved for unexpected expenses. Of even greater concern, according to the annual survey on the economic health of U.S. households conducted by the Federal Reserve, 37% of those surveyed indicated they would have trouble covering a \$400 expense completely with cash or its equivalent.



Employee Debt Often Prevents Saving

Lack of emergency savings is a common thread in industry studies that ask employees about debt and their ability to save for emergencies and other goals like retirement. In the Employee Benefit Research Institute (EBRI) Annual Retirement Confidence Survey, when asked, seven in 10 said non-mortgage debt has impacted their ability to save for retirement or emergencies.

Fast forward to an economy dealing with the fallout of the coronavirus and record numbers of employers having to furlough, layoff or even terminate employees, which leaves workers even more stressed and financially vulnerable. This pandemic has confirmed the tenuous financial situations of many American workers who lack savings to sustain them during this unprecedented crisis.

Recordkeepers Creating Savings Solutions

As things evolve, will a vehicle to encourage emergency savings surface as a new workplace benefit? The likely answer is yes, as companies and organizations want to help their workers with both short- and long-term well-being. Creating new solutions is what some recordkeepers are doing via pilot programs within retirement plans designed to help workers save for retirement and emergencies.

Another little known or used resource is establishing an employee hardship fund, which allows employers and employees to contribute to, and then the employer can distribute money in the form of grants to employees who request one due to a disaster or financial emergency.

Redefining Financial Wellness

While talking about emergency savings seems like an inadequate fix to the larger financial issues plaguing employees right now, those in the benefit and retirement industries seem to agree on one thing—millions of American workers were not prepared for the current situation with adequate savings to carry them through a drop in income. It may also change how many plan sponsors define and view financial wellness.

Talk to Your Retirement Plan Solutions Team

At Mariner Wealth Advisors, our retirement plan solutions team is here to advise plan sponsors on educational tools and resources they can offer their employees to promote financial well-being.

Sources:

[MassMutual Financial Wellness Trend Study](#)

[PwC 9th Annual Employee Financial Wellness Survey](#)

[Report on the Economic Well-Being of U.S. Households in 2019](#)

[2020 Retirement Confidence Survey Summary Report](#)

[“Emergency Savings: The Next Workplace Benefit,”](#) InvestmentNews

[“Illuminating a Hidden Safety Net: Lessons from Research into Employee Hardship Funds,”](#) aspeninstitute.org

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