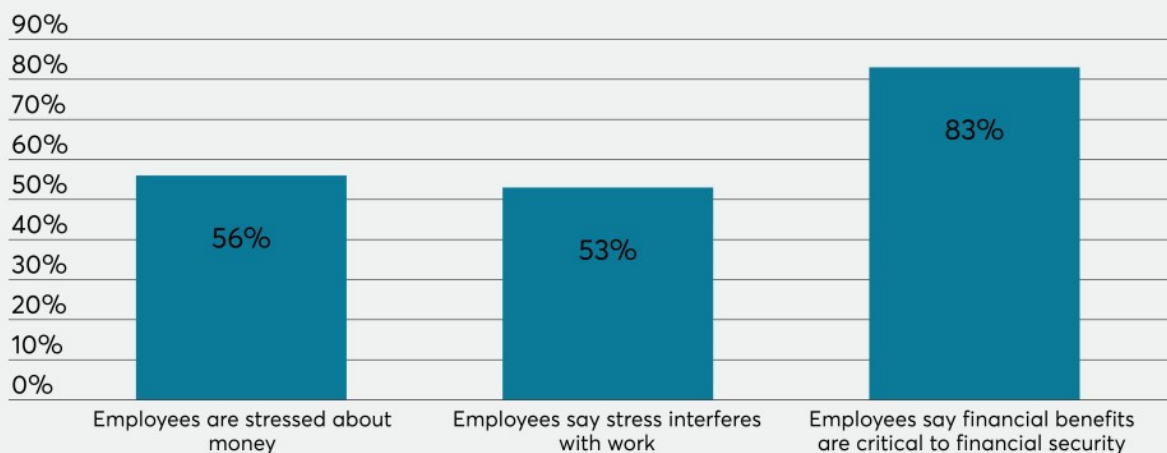




A step-by-step guide to helping your employees combat financial stress

Financial wellness benefits can impact employees' lives



Source: Bank of America

With the virus dominating everyone's thinking and many employers concentrating on keeping their businesses afloat, it may be hard to focus on your employees' financial future. Even before COVID-19, employers saw the link between financial stress and decreased workforce productivity. With COVID-19 creating business pressures, it's imperative that your workforce meet the needs of your customers, and they can't do that effectively if they are worried about their own or their family's finances.

Millions of Americans are struggling due to the economic backslide stemming from the pandemic. The first months of the COVID-19 pandemic largely wiped out three years of financial gains in the United States, with more than half of Americans reporting their financial health has been compromised, according to Prudential's 2020 Financial Wellness Census. While some are focused on making it day-to-day, the economy has also shaken others who considered their finances stable for the future. Although your employees still have a job, you must not lose sight of the fact that their spouse or partner may have lost their job or been furloughed, reducing their incomes by half, which can set any family back.

No matter how bleak things may look right now, you can still help your employees plot a path back to being financially well. Here are four steps to help restore your employees' financial confidence.

Help them build a strong foundation

Employees must take stock of the money that is still coming in and create a budget. Many employers offer budgeting tools as part of their financial wellness program, so consider ramping up your email communications to remind employees of these tools, which can help them categorize expenses as essential or discretionary. If you offer any form of debt management support, you can remind them to take advantage of that too. You may also want to provide them with education on how to create a will, something many people overlook. Finally, encourage employees to designate beneficiaries on insurance and financial accounts.

Use open enrollment season to protect them against income and expense shocks

Open enrollment season, which is underway for many companies right now, is the perfect time to reinforce non-health workplace benefits, like life insurance, long-term disability insurance, hospital indemnity insurance, critical illness insurance and accident insurance. Emphasize your paid family leave policy too if you have one. This is especially timely right now for workers who are without childcare options but must return to the office after months of remote working.

Assist them in planning for their future and retirement

Some employers who have implemented financial wellness programs have partnered with providers to create financial wellness assessments so they can understand how their employees are faring. If you have this tool and notice that your employees have the basics down, they should be comfortable expanding their financial safety net. Consider encouraging them to increase their retirement contributions and use email campaigns to empower them to take advantage of the company match, if you offer one. If your employees have access to Health Savings Accounts, Flexible Spending accounts and Dependent Care Accounts to help manage healthcare and childcare expenses, be sure to emphasize their importance in your open enrollment email communication campaigns and virtual open enrollment education sessions.

Educate your employees on how to secure their financial future

Once employees have rebuilt their financial base, it's time to help them strengthen the protections they've created. Consider hosting virtual webinars to educate them on how to protect themselves from market volatility by maximizing the options in their retirement savings plans. Common options include target date funds or other asset allocation tools as well as in-plan retirement income options and other retirement draw-down strategies. If your financial wellness program includes financial advising or counselling, encourage them to leverage an advisor or financial planner to minimize their non-mortgage debts and calibrate their life insurance coverage to create lifetime income for their surviving dependents.

By Suzanne Schmitt, Employee Benefit News