



Retirement Plan

NEWS AND INFORMATION FOR **EMPLOYERS**

EMPLOYEE ENGAGEMENT EDITION

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**Financial Stress Has
More Impact** on Your
Company Than You Think

Is **Financial Education** on
Company Time Worth It?

4 Ways Employers Can **Create**
a Culture of Wellness



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Financial Stress Has More Impact on Your Company Than You Think

In today's economy, financial stress is having a profound impact on working Americans. Stressed employees are feeling the pinch; this can affect productivity, retention and engagement at work. Financial education could be an easy solution that helps your employees and overall business.



Employees are financially stressed.

Weathering the last several years – a pandemic, geopolitical tensions and economic uncertainty – has only exacerbated their stress levels.

Unsurprisingly, elevated stress carries into the workplace impacting operational costs including retention, mental health expenses, productivity and the company's bottom line.

INFLATION, DEBT AND ECONOMIC UNCERTAINTY

Over the past year, inflation has been a significant source of stress. Its effects reach far and wide – from influencing spending decisions to impacting retirement security.

This is evident in revolving credit card debt. American consumers seem to be reaching for the plastic with more gusto. Between 2021 and 2022, the average credit card debt rose by 15%, the highest rate of increase in more than 20 years.¹ This brings the average credit card debt per person to \$5,525.²

¹ Federal Reserve Bank of New York. "Total Household Debt Reaches \$16.51 trillion in Q3 2022; Mortgage and Auto Loan Originations Decline." 15 Nov. 2022.

² Hanson, Savannah. "Average Credit Card Debt in the U.S.: Statistics for 2022." Annuity.org. 5 Dec. 2022.

As an alternative to credit cards, a new debt source, “buy now, pay later” services are gaining popularity. Online shoppers may be drawn in by the attractive promise of interest-free payments. But this may be a trap. Users may end up paying more for their purchases as fees are added to late payments, sometimes leading to a much steeper cost than anticipated.

Americans also feel their retirement savings affected by the current state of the economy. More than half say they are not where they need to be for retirement with one-third indicating they are “significantly behind.” They overwhelmingly point to inflation as the reason.³

FINANCIAL ISSUES FOLLOW EMPLOYEES TO THE WORKPLACE

One thing is certain: financial stress does not stay at home. Employees have long brought money issues into work. Terms such as “quiet quitting” and “the Great Resignation” have entered the business lexicon, seeking to explain recent worker trends and employment changes.

A recent survey found that employees say that financial stress and money worries over the past year have had a severe or major impact on their mental health, company loyalty and overall work performance.

Financially stressed employees are:⁴

- 2x as likely to look for another job
- 6x more likely to say stress has reduced their productivity
- 7x more likely to say stress has impacted their attendance
- less likely to feel valued at work

Financial security has a powerful impact on employees within the workplace. There seems to be an undeniable connection between financial worry and employee satisfaction, indicating that managing finances is critical for job concentration and success.

FINANCIAL WELLNESS AND EDUCATION FOR THE WIN

Introducing or enhancing your company’s financial wellness program can be a great way to help ease the financial strain on employees and bolster loyalty. Since money management skills are often the root cause for financial stress, a financial wellness program could help employees where they need it the most.

More than ever, lowering your employee’s financial stress is not only important for their mental well-being but also for their contributions to the workplace, your business and beyond.

Ask us how we can incorporate the Financial Fitness for Life tools & services to improve morale in your organization.

³ Royal, James. “Survey: 55% of working Americans say they’re behind on retirement savings.” Bankrate. 24 Oct. 2022.

⁴ PwC. “2022 PwC Employee Financial Wellness Survey.” May 2022.

Is Financial Education on Company Time Worth It?

Financial education is becoming increasingly important in today's world, but is it worth the company's time and resources to provide such a service? Helping employees reduce financial stress can help improve wellness, retention and productivity – and cost a fraction of the time lost from overwhelmed employees.



Financially stressed employees may be costing you more than you think. Not only do financial issues affect employee productivity, they can also impact your ability to retain staff.

A recent survey found that more than half of stressed employees (55%) are distracted by their finances at work. Additionally, they spend an average of three hours per week dealing with their finances – likely during the workday.¹

Comparatively, if companies offered just one hour of financial education to workers per quarter to help alleviate financial stress, the savings and bottom-line results could be significant.

FINANCIAL EDUCATION VS. PRODUCTIVITY LOSSES

Financial stress affects almost every aspect of an employee's life including mentally, socially, physically and in the workplace. Notably, quarter of stressed employees say that financial worries over the past year have had a severe or major impact on their work productivity.²

Companies can help reduce stress levels of employees at a relatively low expense – and impact the bottom line – by offering quarterly financial education. Financial Fitness for Life (FF4L) is a financial education and wellness solution owned by Prime Capital Investment Advisors. FF4L offers monthly webinars, remote or in person learning and a robust software solution that can be gamified for Participants. Campaigns are custom designed for each Client's goals and budget. Visit us at www.ff4life.com

¹ PwC, "2022 PwC Employee Financial Wellness Survey," May 2022.

² PwC, "2022 PwC Employee Financial Wellness Survey," May 2022.

For example, using the Bureau of Labor Statistics, the average hourly pay for a worker in the private sector is \$32.82:³

- $\$32.82 \times 3 \text{ hours spent by employees on financial matters each week} \times 52 \text{ weeks} =$
\$5,120 in lost wages annually per employee.
- Conversely, if a company offers one hour of financial education per quarter the annual cost per employee would be just about **\$130 per employee**.

Outcomes will vary, but that's a potential internal **cost reduction of \$4,990 per stressed employee!**

THE LINK BETWEEN RETENTION AND FINANCIAL STRESS

While trying to increase worker productivity by alleviating financial stress is an important outcome, employee retention is also a critical factor.

Many businesses are still reeling from the effects of the Great Resignation and research shows that financially stressed employees are twice as likely to look elsewhere for a job. One survey found that three-quarters of stressed employees are attracted to other companies that care more about their financial well-being.⁴

According to experts, the average cost per hire is nearly \$4,700. However, employers say that the total cost to hire a new employee can be three to four times the position's salary. So, if the salary is \$60,000 annually, a company could spend upward of \$180,000 to fill that position.⁵

Keeping in mind the high cost of employee turnover, including recruiting and training plus the loss of institutional knowledge, it pays to take care of your team. By promoting benefit programs that make it easier for employees to manage their money, employers can boost morale while saving time and resources in the long run. That's a win-win situation everyone will appreciate.

HOW FINANCIAL EDUCATION CAN UNBURDEN EMPLOYEES AND EMPLOYERS

Financial education in the workplace may create numerous benefits including reducing financial stress, increasing productivity and contributing to happier employees.

For a company size of 25 employees, if you were to offer quarterly financial education during work hours, it would cost around \$3,250 in payroll expenses. Compare this to the estimated yearly average of \$128,000 in wages for the weekly hours that employees spend on personal financial matters each week.

The question is: Can you afford **not** to offer a financial education program to your employees?

3 Bureau of Labor Statistics. "Average Hourly and Weekly Earnings." 06 Jan. 2023.

4 PwC. "2022 PwC Employee Financial Wellness Survey." May 2022.

5 Navarra, Katie. "The Real Cost of Recruitment." SHRM. 22 Apr. 2022.

4 Ways Employers Can Create a Culture of Wellness

To compete for top talent, companies are looking for innovative ways to stand out in a competitive labor market. Employees are looking for beefed up benefits that support their social, physical, mental and financial well-being.



Creating a culture of wellness in the workplace is a trend that's catching on with employers across the country. A culture of wellness encourages employee health and well-being holistically by helping them adopt healthier habits in their personal and professional lives, such as exercising consistently, eating more nutritious foods, developing healthy interpersonal relationships and taking care of their mental health.

Cultivating workplace wellness leads to happier, healthier and more productive employees, resulting in greater job satisfaction, loyalty, lower rates of absenteeism and reduced healthcare premiums.

Employees want holistic support including workplace programs that support their social, physical, mental, and financial well-being.¹ Here are four ways employers can create a culture of wellness:

SOCIAL HEALTH

Social health is the ability to form satisfying interpersonal relationships with others.

Employers can improve social health by supporting the creation of affinity and employee resource groups (ERGs). These employee-led groups aim to foster a more inclusive, diverse culture.

Generally, ERGs are composed of employees who share common interests, affiliations or identities. These groups help encourage loyalty and greater job satisfaction for employees from diverse backgrounds to feel seen, heard and included.

Additional opportunities to boost social health include encouraging volunteer opportunities, hosting networking and team events (in-person and online for remote employees), while offering family-friendly activities, such as company picnics and scavenger hunts.

¹ MetLife. "20th Annual U.S. Employee Benefit Trends Study." 2022.

PHYSICAL HEALTH

Employers can help employees improve their physical health by offering fitness and preventive care programs. Offering perks like on-site fitness facilities or subsidized gym memberships, access to nutrition programs and resources to help employees manage chronic conditions like diabetes and autoimmune diseases are proactive ways to support employees' physical health. On-site or virtual yoga or group exercise classes are another way to bring employees together and encourage them to focus on getting and staying healthy.

Fitness challenges are another fun way to encourage employees to be more active. It also encourages camaraderie and healthy competition throughout your organization.

MENTAL HEALTH

No longer taboo, mental health has become a key priority for employers and employees due to the pandemic and recent legislation. Employees' mental health, which includes psychological and emotional well-being, has experienced a backslide in recent years, with increasing numbers of workers reporting burnout, stress and depression.

Flexibility is a key component of mental health. In fact, workers whose employers support a healthy work/life balance are significantly more likely to say they feel mentally healthy (82%) vs. those that don't have such flexibility (45%).²

Employers unable to accommodate flexible work schedules or remote work options, for instance, may consider offering creative, competitive perks such as:

- More time off
- Expanded benefits menu
- Caregiver subsidies
- Well-being programs
- Commuter or transportation subsidies
- Additional social opportunities

FINANCIAL HEALTH

Nearly 60% of employees are stressed about their finances, and 45% can only cover six months' worth of expenses.³ Employees want and expect help overcoming money challenges; 66% believe their employers are responsible for their financial well-being.⁴

Employers can meet these expectations by offering financial resources and benefits to help employees prepare for the unexpected, such as emergency savings accounts. Additionally, financial wellness education can reduce money stressors by helping employees gain confidence in their money management skills and cultivate good spending and savings habits. Providing access to a financial advisor can help ease employees' anxiety about money so they can be more focused, productive and happier in their personal and professional lives.

GETTING STARTED

Creating a culture of wellness in the workplace is designed to promote healthier lifestyles for employees and improve the overall social, physical, mental and financial health of your workforce. If you're considering launching a workplace wellness program, here are some helpful tips to get started:

- **Start small:** Pick one or two programs and build from there.
- **Get employees' input:** Survey your workforce to find out what they want and what would be most helpful.
- **Make it fun:** Prizes and competition can help encourage participation.
- **Promote the program to boost engagement:** Send regular reminders and updates about wellness activities and let employees know how they can get involved.
- **Get leadership buy-in:** Leaders must be on board for wellness programs to succeed.

Take the first step towards creating a culture of wellness by requesting information on our retirement plan services.

² MetLife. "20th Annual U.S. Employee Benefit Trends Study." 2022.

³ TIAA. "2022 Financial Wellness Survey." 2022.

⁴ Employee Benefit Research Institute and Greenwald Research. "2022 Workplace Wellness Survey." 2022.

ABOUT FINANCIAL NETWORK LIMITED

Financial Network Limited (FNL), a Prime Capital Investment Advisors Company, was founded to provide personalized investment strategies for individuals and families, and distinctive employee benefit programs for employers. Nearly 30 years later, our mission and commitment remain the same - to provide comprehensive and innovative client solutions with the highest levels of professionalism and integrity. We deliver extraordinary value through clear analysis and fiduciary focused oversight so our clients can concentrate on the things that matter most to them.

As part of the Prime Capital Investment Advisors network, we offer tools with the added support of a dedicated research and analysis team intent on building strategies to help promote superior client outcomes. No consultant-speak, no complicated explanations. Just simple, accountable results.

For more information on how we support retirement plan sponsors and participants, visit our website or contact us directly.




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