

Employee Financial Wellness and the Employee Experience

THE GREATER GOOD

Advocate . Educate . Engage . Inspire



LeadingAge®
Washington

1



Robert Moore

Director of Training
Time Equipment Company



INTRODUCTION

Over 20+ years of experience in a variety of organizations, including Finance, Non-Profit, Manufacturing, and Software as a Service

BA in Drama, MBA, and Certified HR Professional

Member of the Work Wellness Institute and 4-Day Week Global

Married for 25 years with two children, 26 and 23

2

AGENDA



Why talking about Financial Wellness is Important

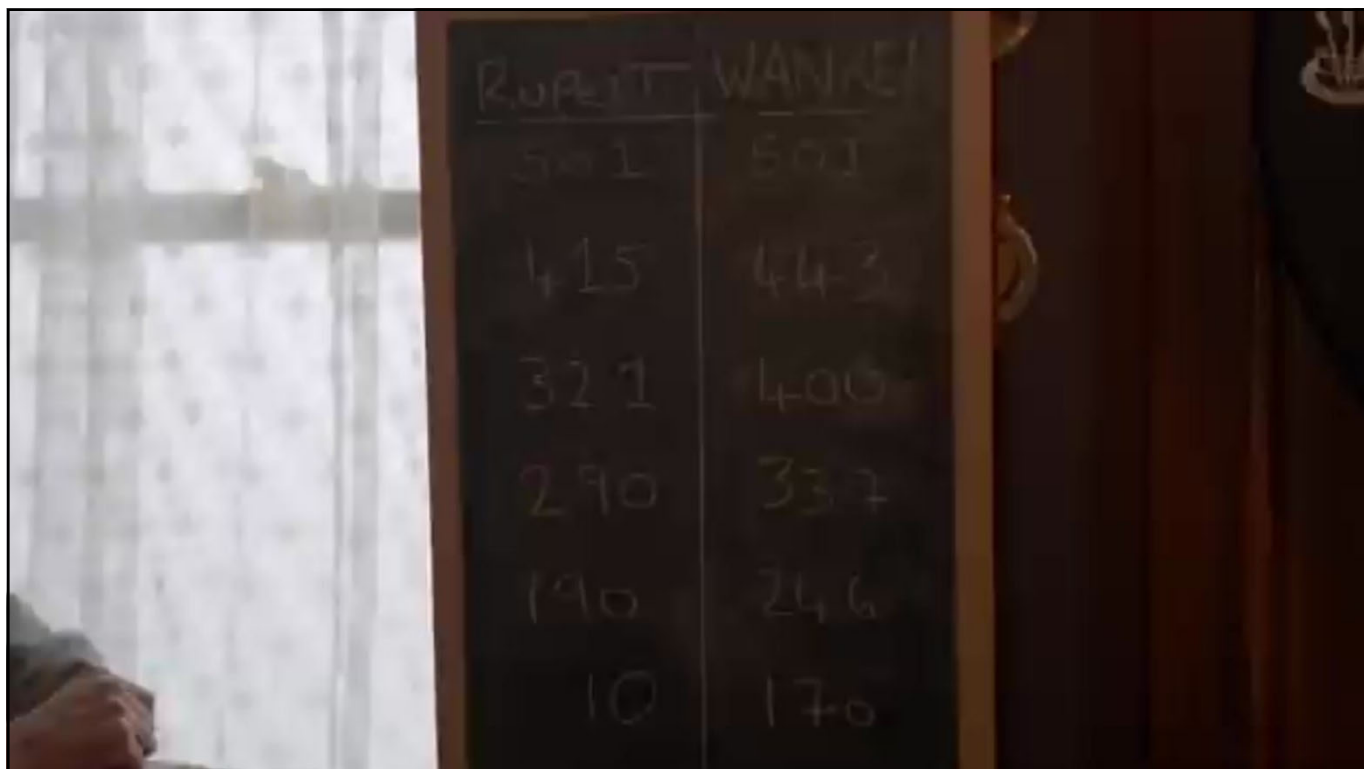


Indicators of a Change in Financial Wellness



Action items you can do to help Financial Wellness

3



4

FINANCIAL WELLNESS IS JUST A PART OF THE PUZZLE



Source: [Dr. Peggy Swarbrick](#)

5

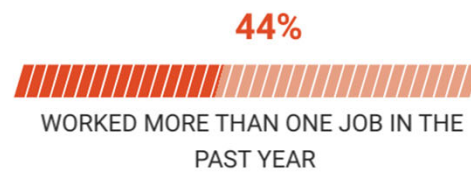
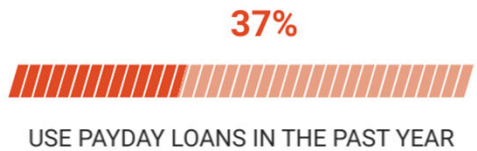
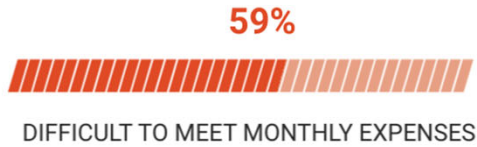
WHAT IS FINANCIAL WELLNESS?

Financial wellness is having a good state of mind about the ability to manage finances, financial responsibilities, and future financial status.

- Having financial literacy
- Being able to pay bills on time
- Having a safety net to deal with emergencies

6

EMPLOYEES WHO ARE FINANCIALLY STRESSED



Financially stressed employees are 2x more likely to be looking for different employment

Source: [2022 PwC Employee Financial Wellness Survey](#)

7



Indicators Showing Employees Have a Change in Financial Wellness

8



INDICATORS IN A CHANGE OF FINANCIAL WELLNESS

- Productivity
- Retention
- Attendance
- Requests for Advance or More Money

9

PRODUCTIVITY



55% of workers say they worry about their personal finances *daily*.



Gen Z



Millennials

Source: [SmartDollar Employee Benefits Study, 2002](#)

10

PRODUCTIVITY



56% spend three hours or more per week at work dealing with or thinking about issues related to their personal finances

Source: [PwC Employee Financial Wellness Survey, 2002](#)

11



REDUCED PRODUCTIVITY

Financial stress has ripple effects

- **Reduced Task Completion**
- **Reduced Efficiency**
- **Increase Errors**



36% of Employees have missed work due to a financial problem

[2022 SmartDollar Employee Benefits Study](#)

12

RETENTION



73% of financially stressed employees say they would be attracted to another employer that cares more about their financial well-being

Source: [PwC Employee Financial Wellness Survey, 2002](#)

13



REDUCED RETENTION

- **Increased Recruitment Costs**
- **Increased Overtime Costs**
- **Decreased Customer Service Scores**
- **Declining Company Reputation**



The cost of replacing an hourly employee is 10% of their annual salary.

Source: [SHRM, 2002](#)

14

ATTENDANCE



36% of Employees have missed work due to a financial problem

This is 7x higher than employees who do not have financial stress.

Source: [PwC Employee Financial Wellness Survey, 2002](#)

15



ATTENDANCE

- Absenteeism
- Tardiness
- Leave Early
- Need to Change Schedule



Employees with high financial stress averaged 19.2 more lost hours annually than those not stressed

Source: [CIPD Employee Financial Wellbeing Report, 2023](#)

16

MORE MONEY



53% of employees say they are most worried about their expenses increasing

Source: [Employee Financial Wellness Survey, 2023](#)

17



INFLATION

- Higher Housing/Rent Costs
- Higher Interest Rates
- Higher Gas and Food Prices
- Wage Compression



22% of renters in Washington State spend more than 30% of their income on rent.

Source: [SHRM, 2022](#)

18



Areas to Improve Financial Wellness

19

WHAT IS FINANCIAL WELLNESS?

Financial wellness is having a good state of mind about the ability to manage finances, financial responsibilities, and future financial status.

- Having financial literacy
- Being able to pay bills on time
- Having a safety net to deal with emergencies

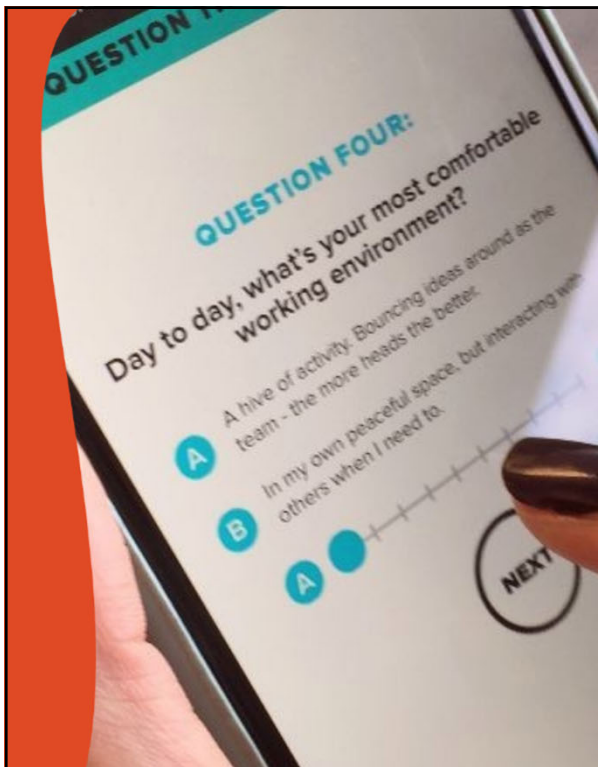
20

AREAS TO IMPROVE FINANCIAL WELLNESS

- **Communication**
- **Invest in Financial Wellness Resouces**
- **Create Career Progressions**
- **Align Benefits with Financial Wellness Needs**



21



REGULAR COMMUNICATION

- **Normalize talking about finances**
- **Open communication with their manager about work and home is the most critical factor when developing trust.**



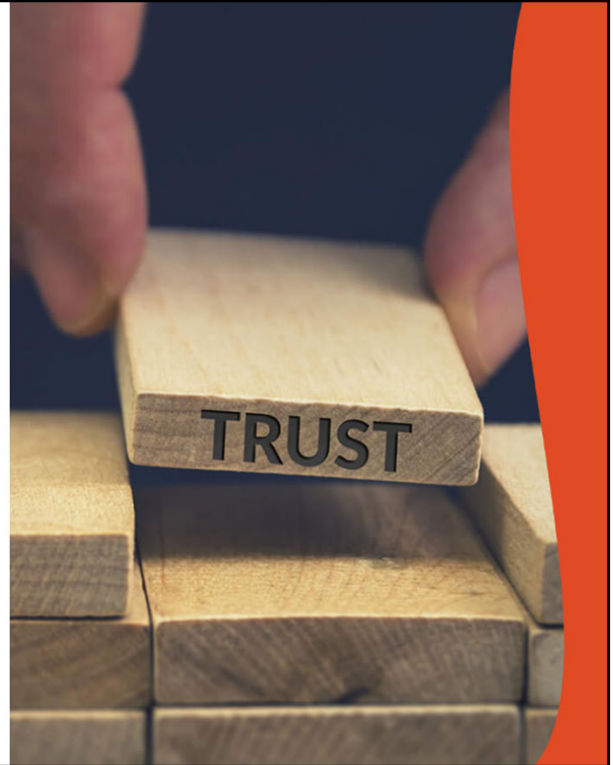
70% feel uncomfortable discussing a pay raise with management

Source: [PwC Employee Financial Wellness Survey 2022](#)

22

BUILD AN ENVIRONMENT OF TRUST

- Consistency
- Transparency
- Lead by Example
- Involve Employees in what they need for Financial Wellness



23

INVEST IN FINANCIAL RESOURCES

- Financial Counselor
- Workshops/Lunch and Learns
- Employee Assistance Programs
- Lead by Example
- Earned Wage Access



70% feel uncomfortable discussing a pay raise with management

Source: [PwC Employee Financial Wellness Survey, 2022](#)



24

BUILD AN ENVIRONMENT OF FINANCIAL EDUCATION



68% of employees use financial services provided by their employer

However, only 40% know about all of the financial services provided.

Source: [PwC Employee Financial Wellness Survey, 2023](#)

25

FINANCIAL EDUCATION COURSES

- **Budgeting**
- **Retirement**
- **Debt Management**
- **Student Loan Assistance**
- **First-time Home Buyer**
- **Savings**



26



EARNED WAGE ACCESS

Earned Wage Access (EWA) services allow employees to access wages they have already earned but have not yet been paid. This is done without the employer changing their current payroll process.

Consumers who contract with a delivery service expect to receive their funds within 24-48 hours.



80% of U.S. Employees want access to their paychecks before payday

Source: [EY Research, 2022](#)

27

IF YOUR EMPLOYEE NEEDED \$300 IN 3 DAYS, THEIR CURRENT OPTIONS TODAY ARE:

- Pay up to \$150 in interest/fees to borrow from a payday lender
- Drive for a delivery service before/after work and come to work exhausted
- Call in sick and find an odd job that pays same day
- Borrow from friends or family



29% have completely drained their savings, including 2 out of every 5 women

Source: [Salary Finance, 2022](#)

28



TWO TYPES OF EARNED WAGE ACCESS MODELS

- With Direct Deposit
- Without Direct Deposit

29

Traditional Pay Scenarios

Traditional Pay: Employer runs payroll to calculate net wages after taxes and deductions

Traditional Draw: Employee receives Draw against Earned Wages

Gross wages

\$1000

Benefits Deductions

- \$100

Tax Withholdings

- \$200

Net Pay Deposited to Employee's Account

\$700

Gross wages

\$1000

Draw

\$500

Tax Hold

- \$100

Left

\$400

Benefits Deductions

- \$100

Tax Withholdings

- \$100

Net Pay Deposited to Employee's Account

\$200

30

How Earned Wage Access Works

Pay on Demand with Direct Deposit: Third Party provides wage advance by no-interest loan

Pay on Demand with Direct Deposit: Third Party provides wage advance by no-interest loan with fee

	Advance	Advance
Gross wages	\$1000	\$1000
Benefits Deductions	-\$100	-\$100
Tax Withholdings	-\$200	-\$200
Pay Deposited to Employee's Account	\$700	\$700
Loan Repayment	-\$200	-\$200
Net Deposit	\$500	\$500

	Advance	Advance
Gross wages	\$1000	\$1000
Benefits Deductions	-\$100	-\$100
Tax Withholdings	-\$200	-\$200
Pay Deposited to Employee's Account	\$700	\$700
Loan Repayment	-\$200	-\$200
Net Deposit	\$500	\$500

Note: In the second table, a \$200 advance is shown with a \$200 fee and a net deposit of \$198-\$195.

31

How Earned Wage Access with Direct Deposit companies make money

Every time a user spends \$100 using their EWA Debit Card, this is how it is split:



MERCHANT



MASTERCARD/VISA



EWA BANK

These EWA companies can offer free wage advances because employees use their Debit Cards for everyday purchases.

32

Earned Wage Access creates a better Employee Experience



Reduction in Absenteeism



Reduction in Turnover



See Improvement in Job Performance

Source: [Benefitspro, 2021](#)

33

CAREER PROGRESSION

- Promotion
- Additional Education
- Move to more desired shift
- Recognition



17% of candidates say their manager facilitates the process of applying for internal jobs

Source: [Gartner Research, 2022](#)



34

CAREER PROGRESSION



68% of Employees would stay longer with more growth opportunities

2022 PwC Employee Financial Wellness Survey

35



ALIGN BENEFITS

- Retirement Plans
- Employee Assistance Programs
- Education Assistance
- Paid Time Off



60% of employees say quality benefits were important to their satisfaction at work

Source: Morning Consult, 2023

36

SAVINGS ACCOUNTS

- **Emergency Savings Account**

Payroll deductions set aside after taxes for employees to access when needed.

- **Auto Save Program**

Employees are auto-enrolled at hire into a savings program with payroll deductions. Opt-out is available. Employers contribute once savings gets to a certain level.

- **Health Savings Account**

Pre-tax contributions to account if employees have HDHP. Employer can contribute.

- **Flexible Spending Account**

Payroll deduction pre-tax dollars for use of medical expenses. Employer can contribute.

- **Sidecar Account**

An after-tax cash account that builds to a designated level, then any additional funds go into their 401 (k).

37



ACTION ITEMS

- **Review your own Financial Wellness**
- **Involve Employees in what they need for Financial Wellness**
- **Execute a plan to communicate Financial Wellness with your staff**
- **Schedule experts to share financial education**
- **Review your Benefit offerings**

38



***"Be curious,
not judgemental"***

39



**Thank You For
Your Time**

Robert Moore



robert@timeequipment.com



linkedin.com/in/robert-e-moore/



425.301.7657



40

Employee Financial Wellness and the Employee Experience

THE
GREATER
GOOD

Advocate . Educate . Engage . Inspire



LeadingAge®
Washington