



November 2017

# Workplace Financial Wellness

## *A Promising Tool to Boost Workers' Financial Stability*

### Executive Summary

Too many Texas workers are living in financial insecurity. Approximately half of Texans have little or no savings, and nearly 60 percent of Texans have subprime credit scores. In addition, 67 percent of Texans fail a nationally assessed basic financial literacy quiz.

Financial insecurity leads to financial stress, which takes a toll on Texas workers. Research shows that financial stress can lead to reduced productivity, distractions in the workplace, absenteeism and, according to some reports, higher employer healthcare costs.

Workplace financial wellness programs can play an important role in opening up more doors for Texas workers to become more financially secure. Such programs, which help workers manage their finances, include employer-based lending programs and automatic savings opportunities.

### Financial Wellness Programs Benefit Workers and Employers

Many important financial decisions are made at work, which makes the workplace a natural platform to offer financial wellness programs. Research explores a variety of benefits for employees and employers that offer such programs:

- Increased employee productivity: 74 percent of surveyed employers use benefits to increase employee productivity.
- Increased ability to retain talented employees: 77 percent of surveyed employers use benefits to retain employees, while 54 percent use benefits to attract new employees.
- Greater employee retirement wealth accumulation: Research finds that employees that are the least financially knowledgeable were 29 percent less likely to participate in their company's 401(k) plan.

### Promising Financial Wellness Programs to Implement in the Workplace

There are several recommended financial empowerment programs and resources that employers can provide to employees.

***Provide comprehensive onboarding for new employees that educates them on all employer benefits, including selecting a retirement plan.*** Onboarding is the perfect time for employees to select financial empowerment programs and products that can assist them in becoming more financially stable. Employers can educate employees about retirement savings plan options, educate other workplace benefits, and also provide information on available financial wellness activities that the employer offers.

**Promote split allocation of paychecks between checking and saving.** An automatic savings program – which is an option for employees to split their pay check between a checking account and a savings account through direct deposit – can be a great way to encourage employees to save for emergencies and short-term needs. Many employers have bank partners or community programs like Bank On (<http://www.joinbankon.org/#/about>) that can help employees open a savings account, if they don't already have one.

**Offer in-person financial advice and support.** Employees prefer to receive financial advice in person. There are many types of in-person financial services for employees to take advantage of, depending on each employee's personal financial situation. These include financial counseling, financial coaching, and financial advising. Those employees that might be in a dire financial situation, such as facing bankruptcy or a foreclosure, would benefit from meeting with a financial counselor who can help the employee put together an action plan to get back to a better financial place. Employees that have a personal financial goal would benefit from financial coaching services. Financial advising through education classes, tools and other resources can also provide employees with important financial opportunities to build their financial knowledge and skills to increase their overall financial stability.

**Provide annual financial check-ups.** Annual financial wellness check-ups, similar to annual health check-ups through health wellness programs, can be an important element of a workplace financial wellness program. These check-ups enable employees to assess their financial needs and priorities on an ongoing basis.

**Offer employer-sponsored small dollar lending programs.** Many Texans have short-term credit needs and are unable to access traditional forms of short-term credit such as credit cards and personal loans from banks and credit unions. Texas employers can help meet the short-term credit needs of their employees by offering reasonably-priced small dollar loans. One example of an employer-based small-dollar loan program is the Community Loan Center Small Dollar Loan Program (CLC) administered through local nonprofits in different parts of Texas. There are an expanding number of CLC locations, including in the Rio Grande Valley, Dallas, Austin, Brazos Valley, Houston, Heart of Texas, East Texas and the CLC of Texas which partners with employers in areas that do not have a local CLC yet. For employers not located in a CLC program area, there are other options such as Kashable ([kashable.com](http://kashable.com)) and TrueConnect ([trueconnectloan.com](http://trueconnectloan.com)).

Read the full paper, *Workplace Financial Wellness: A Promising Tool to Boost Workers' Financial Stability*.

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**RAISE Texas** works to promote policies and programs that advance financial success and economic stability for all Texans. RAISE Texas acts as a resource and catalyst for local and state leaders as well as community organizations, helping them provide asset-building services throughout Texas.

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The **Center for Public Policy Priorities** is an independent public policy organization that uses research, analysis and advocacy to promote solutions that enable Texans of all backgrounds to reach their full potential.

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