When two very disparate news sources identify an emerging trend in the same week, there must be something to it, right? Well, according to the trade publication Employee Benefit News and the national newspaper Wall Street Journal, here’s the scoop:

Human Resources experts have concluded that the inability of employees to manage their personal finances negatively impacts a company’s performance. Research suggests that employees under financial strain are less productive, more likely to miss work, and have shorter job tenures. Considering a 2014 survey of over 40,000 workers in the U.S. and Puerto Rico found that nearly 80% saw themselves as being under “moderate or high levels of financial stress,” (reported in an April 8, 2015, WSJ article), there’s a lot of lost productivity.

To address this challenge, a number of employers are copying the format of physical-wellness programs, with HR departments offering “financial health” services and incentives for participation. Megan Yost, a “participant engagement” executive for a company that provides administrative services for retirement plans, told EBN in an April 1, 2015, article that “Employees are experiencing a lot of stress related to managing their finances. One of the big themes we’re seeing in the benefits space is taking a more holistic look at financial planning, generally toward financial wellness.”

Typical financial wellness offerings are self-evaluations, retirement planning workshops, finance classes, and individual counseling sessions. While most of these programs address the fundamentals of personal finance, some companies may include customized options for their unique workforce. Examples: classes on foreclosure, assistance with medical and property insurance claims, even in-house videogames that encourage budgeting, paying down debt or saving for retirement. Spouses are also encouraged to participate, and many programs reward employees with additional prizes or benefits for completion (one company lowers out-of-pocket health insurance premiums for participants who accumulate enough financial-wellness points).

A big issue in these financial-wellness programs: Helping employees get a handle on personal debt. In the EBN article, Annamaria Lusardi of the Financial Literacy Center declared that debt management and retirement savings go hand in hand: “Employers who help employees manage their current debts will enhance the ability of those employees to make contributions to retirement in the future. For many people, it might be important to first address other savings needs before contributing to a retirement savings account.”

Can Companies Solve Workers’ Money Woes?

That was the title of the WSJ article, and it’s an interesting question. This rise of financial-wellness offerings by employers is, in part, an attempt to offset other forms of financial security many companies no longer provide for their employees. In the heyday of the American worker after World War II, the expectation of steady employment and a lifetime pension mitigated against a lot of financial stress; “financial planning” was simply showing up for work for 30-40 years, paying your bills, and fishing a pension check out of the mailbox each
YOUR EMPLOYER AS FINANCIAL COUNSELOR?

The Next Step: Your Own Wellness Program

While company wellness plans can go a long way toward helping individuals develop a holistic approach to personal finance, the assistance from company programs is inherently limited to the education and resources offered by one’s employer. If you’re really interested in maximizing your financial fitness and achieving your goals, you might be better served by selecting a financial professional whose services and philosophies are the best match for your situation.

A personal financial wellness program is not only unique, but portable. Change jobs, move, or retire, it can stay with you – and change as you do.

Here’s a short list of financial wellness objectives culled from various sources. Even though the items are pretty basic, it’s rare for financial households to get a perfect score.

How do you rate?

Your Own Financial Wellness Checklist

- A written budget?
- A formal plan detailing your short- and long-term financial objectives?
- A current assessment of your financial status, typically in the form of a net worth statement and monthly/annual cash flow reports?
- Personally-owned “financial insurance” benefits, such as life, disability, and liability umbrella policies?
- A schedule for paying off debt?
- Up-to-date legal documents, such as a will, a trust, and Durable Power of Attorney authorizations?
- A clearly-defined savings and investment strategy, including funding amounts and the types of products to be used?
- Regularly scheduled reviews to assess your progress?

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