

# The Importance of Employee Financial Wellness Programs

Enhance the connection between personal  
finance and work performance





Financial wellness is like physical wellness; when it's in peak condition, it can positively impact a person. Employers are beginning to understand the direct connection between how a person's finances can relate to their work performance. When a person is confident in their financial situation, they are more likely to be happy, healthy, and have a positive outlook that impacts all areas of their lives.

On the other hand, employees who are worried about debt, what their retirement future may hold, or are just focused on making it from paycheck to paycheck, are often stressed. Over time, that stress can take a toll on their physical health. The problem is many people just don't know where to start when it comes to personal finances. Thinking about it can be like looking up at a mountain and not knowing where to take the first step to get to the top. Many may feel like getting to the top isn't even possible. While there is an overwhelming amount of information online, for someone who doesn't think they're financially savvy, all those articles or recommendations from different 'experts' can seem daunting. The information can be contradictory, and in many cases, may not be sound advice.

Offering an Employee Financial Wellness Program can be the most important stepping stone to ensuring your employees have the tools they need to be better consumers, understand the benefits of getting out of debt, know the best way to purchase large ticket items, and how to be actively involved in their finances. Taking the first step to understanding their personal finances and proactively working with money and debt doesn't need to be hard.



**“Many years ago when nobody would give me loan due a bankruptcy, Orange County's Credit Union stepped up and now my credit is excellent.”**

– Phillip, Member since 2009

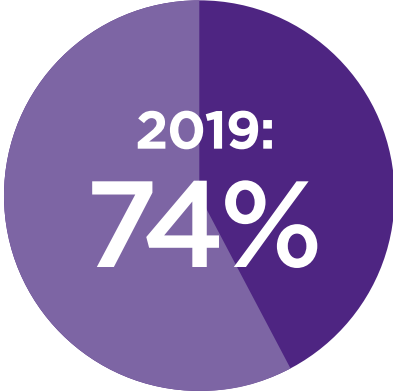
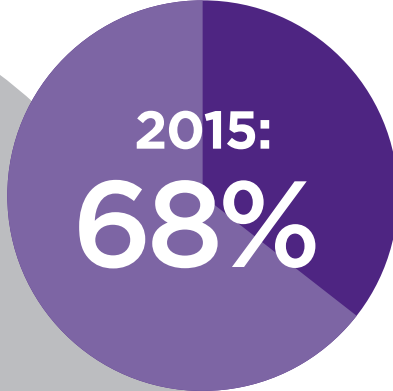
# What Are the Benefits of an Employee Financial Wellness Program?

## Increase Staff Productivity

When productivity increases, so does your ROI. Employees who are financially secure have less stress than those who aren't financially secure. A 2018 study by Northwestern Mutual<sup>1</sup> shows that more Americans are stressed about money than they are about relationships or problems at work. Respondents also noted that money causes emotions such as anxiety, insecurity, and fear. 87% of study respondents said financial security tops the list of what makes them happiest and most confident. When a person is confident in their financial outlook on life, that attitude translates to every other area of their life, including work. Less worrying about money means your employee can concentrate on their job with fewer distractions.

## Create Loyalty with Your Company

When employees know they work for a company that is concerned about their financial health, they are more likely to feel loyal. In MetLife's 17th Annual US Employee Benefit Trends Study<sup>2</sup> in 2019, 90% of respondents who were happy while at work said they were loyal to the company. In the same survey done in 2015, 68% of respondents stated they believed their employer was responsible for their health and well-being. In the 2019 survey, that number was up to 74%. As more and more employees rely on their employer for comprehensive benefits, employee satisfaction with company benefits is declining. For companies that include an Employee Financial Wellness Program, this can show employees what the company truly believes in: the employee.



**I believe my employer is responsible for my health and well-being.**

MetLife's 17th Annual US Employee Benefit Trends Study, 2019





## Reduce Company Turnover

Recruiting, hiring, and training new employees is costly, so keeping trained professionals is beneficial to all companies. The [2019 Training Industry Report](#)<sup>3</sup> shows just how costly training can be. In 2019, U.S. businesses spent over \$83 billion on training alone. As part of a comprehensive benefits package, an Employee Financial Wellness Program can help to round out a benefits package that can not only attract quality candidates, but help to retain them, meaning less money is being spent annually on training new employees.

## Reduced Healthcare Costs

When employees are healthy, they cost employers less money. However, stress over money greatly impacts people in all sectors of the workforce. In 2017, according to the [Peter G. Peterson Foundation](#),<sup>4</sup> the cost of healthcare was rising 5.5% each year and was predicted to continue that trend for the next 10 years, which means healthcare spending is expected to grow faster than the U.S. economy.

Studies have shown that health care costs are directly related to stress from finances. According to [Wellmark Blue Cross and Blue Shield](#)<sup>5</sup> in an article dated April 2020, stress is caused by finances more than any other stressor. That stress not only impacts the health of an employee, but productivity as well. According to [World at Work](#)<sup>6</sup> in March 2019 quoting a Salary Finances survey, 11% to 14% of payroll expenses are due to poor financial wellness of employees.

## More On-Time Retirements

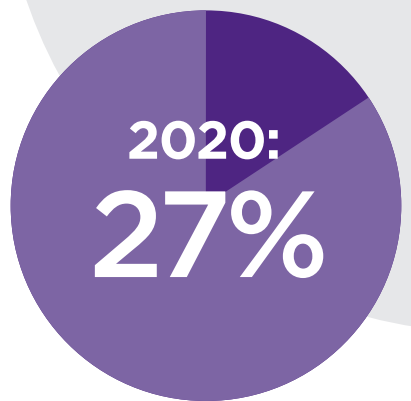
When it comes to retirement, those who are financially ready to leave the workforce on schedule end up saving their employers an average of \$50,000, according to [Prudential](#).<sup>7</sup> This figure is based on payroll and benefits of a long-standing employee versus a new hire. On-time retirement typically happens when the employee doesn't tap into their retirement accounts early due to unforeseen emergencies, and the account has had years to grow and earn compound interest.

According to a 2020 survey by [Bankrate](#),<sup>8</sup> 27% of people have tapped into their 401(k) or IRA this year alone. Of those people who contribute to a retirement plan, 20% of them are putting in less than they did last year, meaning less financial security later in life.

In an [executive summary by Prudential](#),<sup>9</sup> employees who aren't financially able to retire when they want can experience financial stress, lower productivity, and less engagement at work, which also costs the employer money.

**I have had to make an early withdrawal from my 401(k) and/or my IRA.**

Bankrate, 2020



## Knowledge is Power

As the saying goes, knowledge is power. When employees are able to understand their finances and the many benefits of paying off debt, saving for a rainy day, paying for college, and how to invest for the short and long term, they feel more powerful and can grow financially as they begin to make more solid decisions with their money.

Financial literacy is more important than ever right now. People are trying to manage a wide range of debt, everything from student loans to credit cards to mortgages. Others are being passed the ball when it comes to managing their investment choices, and personal debt is skyrocketing.

The bottom line is - when people understand their own personal finances, it can help them to reach their goals. Whether they want to purchase a home, help their kids get through college, or invest for the future, understanding the best ways to accomplish those goals can help people to stay on track and stay out of debt. According to the [2020 TIAA Institute-GFLEC Personal Finance Index](#),<sup>10</sup> most Americans lack enough financial education to make sound financial decisions. Unfortunately, many people think knowing or being savvy about their finances requires some special degree or mathematical aptitude, but that's just not the case. The good news is anyone who is truly interested can learn everything they need to know.

## An Employee Benefit at No Cost to the Employer

Offering a good benefits package can be costly. Whether it's paying for insurance, time off, or other perks, it all adds up to money off the bottom line. Adding an Employee Financial Wellness Program sponsored by Orange County's Credit Union can be an attractive addition to any benefits package. It costs nothing, but the rewards are many.

### Offer Orange County's Credit Union to Your Employees for Free

By partnering with us and offering your employees a Membership with Orange County's Credit Union, they can take advantage of our low-cost alternative to more expensive banks and financial institutions. We are Member-owned, which means your employees will get excellent customer service while saving on fees and loan rates, all while getting a competitive return on their savings. Memberships are open for employees and their immediate family members. Other benefits for your employees include:



- Checking with Early Direct Deposit
- Savings Account with No Monthly Service Charge
- Instant-Issue Debit Cards
- Access to Nearly 30,000 Surcharge-Free CO-OP ATMs Nationwide
- Mobile Banking\* with Mobile Deposit and Facial Recognition
- Free Bill Pay
- In-Branch Notary and Free Cashier's Checks
- Concierge Auto-Buying Service
- Mortgage Total Cost Analysis
- Zero Down Home Loan
- Free Youth Accounts

## Employer Benefits of Partnering with Orange County's Credit Union

Not only do employees benefit from a Membership\* with Orange County's Credit Union, employers do too. Here are just a few benefits for employers:

- **Free Financial Workshops and Webinars for Your Employees**  
Orange County's Credit Union offers training on budgeting, debt management, saving and investing, advice on car and home buying, and other financial topics at no cost
- **Free Education Workshops for Your Employees' Children**
- **Employee Financial Counseling**
- **Same-Day Account Opening for New and Existing Employees**  
We can open a new account online or at any of our 10 branch locations



## How to Start an Employee Financial Wellness Program

An Employee Financial Wellness Program can be a beneficial, no-cost way to improve your employees' overall benefits package. By utilizing this program, you can increase productivity and loyalty while reducing turnover and health insurance costs. Your company benefits from more on-time retirements and empowering your workforce to be more proactive in their financial lives, resulting in happier, healthier workers.

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**Getting started or expanding your partnership with Orange County's Credit Union is as easy as calling (888) 354-6228 Ext. 7100.**

We invite you to contact us to find out more about how we can help position your company to increase ROI - and change the financial lives of your employees for the better.





[www.orangecountyscu.org](http://www.orangecountyscu.org) • (888) 354-6228 Ext. 7100

**\*Membership Qualifications** – Membership in Orange County's Credit Union is available to anyone who lives or works in Orange, Los Angeles, Riverside, and San Bernardino Counties. An individual may also qualify if their immediate family member banks with us. Ask for details. Membership fee is \$5. All accounts are subject to normal approval standards.

**\*Mobile Banking** – Message and data rates may apply. Contact your mobile provider for details.



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