



**EMPLOYEE FINANCIAL WELLNESS:
THE NEW SMALL BUSINESS PERK**



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If you're a small business owner, it seems like a giant wave of change is heading your way, when it comes to workplace perks. The new corporate behemoths – Facebook, Google, Pinterest, Tesla – appear to be redefining the workplace culture. In addition to generous salaries and in-house cafes, they are offering a growing variety of new perks like yoga classes, ping pong tables, and massages.

From the outside looking in, small business employers understandably wonder, how can I compete? How do I continue innovating my comp and benefits packages to keep my employees happy?

The truth is, there's a lot of noise out there. Much of what we hear about the workplace culture from these huge global enterprises isn't representative of mainstream businesses, especially small companies. In fact, if you look at the top 10 employee perks, according to Forbes magazine, many aren't really relevant to most businesses.

But there's one that most certainly is: **your employees' financial wellness.**



Personal Financial Stress Takes a Toll

Financial wellness is a vitally important issue for the majority of working Americans. According to a study by The Center for Financial Services Innovation, 6 of out 10 people say financial worries are their #1 stressor. Over 70% live paycheck to paycheck; each year, 60% will face a personal financial “shock.”

It’s not just the finance industry that’s looking at this. According to a survey by the American Psychological Association, 75% of Americans say that money is a great source of personal stress.

For most business leaders, the idea that financial stress is not just a personal problem but also a workplace problem—an expensive one—might not be so obvious. But financially stressed workers are less productive on the job, and they’re on the job less.

People who have financial stress have higher levels of insomnia, ulcers, migraines, back pain, anxiety, depression, and heart attacks. MetLife research estimates the incremental medical cost of a financially distressed employee at \$300 a year.

According to the Gallup studies, the annual cost of lost productivity – including sick days and unplanned PTO to deal with financial issues – ranges from \$840 to \$28,800 per worker.



Another study, by the Personal Financial Employee Education Foundation (PFEEF), found that employees in financial distress spend an average of 12 to 20 hours a month at work dealing with their personal financial problems.

You might think the problem is simply pay—not enough of it. According to the research, however, financial wellbeing isn't directly correlated with salaries or pay raises, but with overall financial security. Although salary is part of the equation, it's this sense of security that is linked to fewer sick days and lower health expenses. Workers who feel secure also have less “presentee-ism,” the problem of being unwell, unfocused, and unproductive while on the job.

With mounting evidence that financial stress takes an enormous toll on workplace productivity, more employers are seeking ways to help their workers.

Encouraging Financial Wellness

Employee wellness programs began as a way for employers to try to lower health care costs. Many organizations found that subsidizing gym memberships and smoking cessation programs and offering other preventive incentives improved workers' health and decreased their medical expenses.

As the definition of wellness has expanded to include financial security, wellness programs now include those that help employees to budget wisely and avoid crushing debt.



To detect employees who are struggling financially, employers can start by looking for the following behaviors in the workplace:

- Asking for pay advances
- Borrowing against 401k plans
- Missing work
- Wage garnishments
- Depression

If any of these behaviors are present, you should consider taking action and implementing programs that can improve employee financial health and wellbeing.

What can employers do if financial stress is affecting employees and the bottom line?

1. Identify the problem. Survey employees about financial stress.

2. Bring in information. Hold seminars to help employees learn the basics of financial literacy or learn more about specific topics such as managing debt and preparing for retirement.



3. Introduce a financial wellness program. Once you understand how financial issues are impacting your organization, you may want to take a strategic, long-term approach to the problem. A financial wellness program provides multiple resources to help employees resolve and avoid financial stress. These programs include web-based education, live workshops, and one-on-one credit counseling and financial coaching.

4. Be innovative. Introduce new perks that can help employees in times of financial distress. Learn about new products – such as 3rd-party zero-interest loans, where the business owner pays the interest directly to the lender on behalf of the employee. This can deliver powerful short-term financial relief to employees facing unplanned expenses.

Ultimately, financial wellness programs are a “win-win” proposition – leading to long-term financial wellbeing for both your employees and your business.