Financial Wellness Is Now a Requirement, Not a Perk

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One of the most stressful aspects of being an entrepreneur is knowing exactly what you need to do, but lacking the time and money to do it when it’s needed. And sadly, it doesn’t get any better as your business grows bigger. You’re always going to face tough choices. The only difference is, as you grow, your decisions will affect hundreds of people instead of just you and your family.

Here’s one example that’s near and dear to me as a CPA and financial counselor: Almost all employers know their employees are struggling with personal debt, and if they could fix that, productivity would skyrocket. Yet they do nothing, even though inexpensive and even free programs exist that may help.

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What is financial wellness?

Financial wellness is shorthand for employers offering financial education to their employees. If you’re an employer who doesn’t offer a financial wellness program, you’re now in the minority.

That’s not my opinion, either. It’s a fascinating fact I plucked from Bank of America’s 2020 Workplace Benefits Report. Nearly 1,000 employees and more than 800 employers gave

detailed answers to a slew of financial questions. One big contradiction stood out. While more than 80% of employers "believe financial wellness tools lead to greater productivity," only around half actually offer those tools.

The pandemic isn't one of the reasons for this gap, since Bank of America conducted the poll in February and March. Researchers concluded before Covid that offering both mental and financial education might pay off many times over. From the report:

The additional stresses related to the coronavirus have elevated the topic of well-being in many ways. Employees are likely facing increased stress levels, greater demands on their time and potentially the added complexity of simultaneously working from home and serving as a full-time caregiver. While the effects of these unprecedented times have yet to be fully understood, employees have already noted an increased strain on their physical and mental health, a greater impact on the interactions between all aspects of their well-being and increased impact of overall well-being on productivity. These trends are likely to continue until things return to normal.

I'll go one step further and say these trends will keep growing even after the pandemic passes. The economic repercussions of Covid have placed a keen sense of urgency on Americans who were once glib about personal debt. Like the Great Depression did to its generation, it's quite likely Covid will make long-lasting changes in this generation.

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One of those might be an expectation that the workplace will assist its employees more than it currently does. In the case of financial wellness, this is what's called a win-win. Let's count the ways …

Productivity

Past studies ranging from John Hancock to Boston College have definitely shown that financial stress among employees leads to more absenteeism. Even when they're at work, financial stress in their personal lives distracts them from their tasks.

Other studies have shown that financially stressed employees lose three hours each week dealing with their money problems – a 7.5% decrease in productivity per employee. That causes project delays, poor customer service experiences, and, of course, lost revenue.

Diversity

That Bank of America study makes an interesting point. "Unfortunately, women continue to lag in financial wellness. Women are less likely to say they feel financially well." In the study, 65% of men said they've got a handle on their personal finances, compared to only 43% of women.

When you offer your employees a financial wellness program, you're helping all of them – but especially your female employees.

Recruitment

Good benefits recruit the best talent for your business – and benefits mean more than medical insurance. Believe it or not, a robust and proven financial wellness program can appeal to job candidates. Why? Precisely because it's new and novel, so it stands out from the standard dental-and-vision discussions.

The cost

Here’s what employees told Bank of America they want:

- Advice from a professional, such as a financial advisor, planner or accountant
- Online financial tools or calculators
- Developing financial skills and good financial habits

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Many firms that specialize in financial wellness charge thousands of dollars, but for that money, you can offer your employers access to certified credit counselors. But if you’re just dipping your toes into financial wellness, or you run a small but growing business and need to reinvest every dollar into your venture, you can get something for nothing. Many companies that help Americans get out of debt through credit counseling, education and other programs have packaged their services into modules that are tailored for employers that deal with the concerns mentioned above.

The pandemic only heightens an urgency that existed beforehand. You know this will work. Smart entrepreneurs don’t wait when they know what success looks like and they don’t need to spend a dime to get it. You deserve this, and so do your employees.

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