MetLife

Financial Wellness Programs Foster a Thriving Workforce

A report based on MetLife's 17th Annual U.S. Employee Benefit Trends Study 2019

metlife.com/ebtsfinwell

Financial wellness is the state of being in strong financial health so that individuals can successfully manage day-to-day finances, protect against unplanned expenses and financial shocks, and plan and save for future milestones.

Employees have always brought personal stress into the office. But as work and life continue to blend, employees' lives outside of work — and the stress that comes with them — make more of an impact on their work life than ever before. Employers have a vested interest in helping employees manage their personal stress, ensuring that it doesn't affect their ability to thrive in the workplace.

Across generations, life stages, and socioeconomic statuses, all employees agree that personal finances is their number-one source of stress.

Financial stress can lead to distraction at work, absenteeism, and high turnover. These challenges can have a significant financial impact on a business's bottom line.

For a company of 10,000, this can mean 1,922 hours and $28,830 in lost productivity every week. Overall, employers report $250 billion lost each year due to stressed employees at work.[1]

1 in 3 employees admit to being less productive at work because of their financial stress

[1]*Source: Inside Employees' Minds — Financial Wellness, Volume 2, Mercer, 2017.*

The stress that employees feel is significant — but so is the disconnect between their relatively strong perceptions of their finances and their actual financial wellness.

Considering the impact financial stress has on business priorities, and employee engagement and well-being, financial wellness has become a top focus for employers.

Employers report their top objectives include...

To help employees protect their families and plan for their short- and long-term goals, many employers offer a range of medical, voluntary, and retirement-related benefits. Yet, financial stress remains for employees. Employers are now recognizing they should help employees holistically connect the dots between these benefit offerings so they understand how to use them to improve their financial wellness. Financial wellness programs are designed specifically to address this emerging need.

The most successful financial wellness programs are holistic, tying together retirement and employee benefits with guidance and resources. By taking a holistic approach, these programs can not only maximize the impact of employers' investments in their benefits programs, but help employees meet their short- and long-term financial goals, too.

But despite these advantages, many employers haven't been able to gain traction in offering these programs. This is understandable, given that there are so many financial wellness solutions available. It can be challenging to determine which programs meet employees' needs, create meaningful improvements, and drive clear business value.

Still, it's a missed opportunity for employers. Financial wellness programs are not only in high demand, but, when delivered effectively, can serve as a differentiator in employee satisfaction, productivity, and loyalty.

80% **of employees want access to financial planning workshops or financial wellness tools**

but only

20% **of employers offer these programs today**

At MetLife, we are committed to supporting financial wellness in the workplace. In our **17th annual U.S. Employee Benefit Trends Study**, we've uncovered insights that can help employers understand the positive impact financial wellness programs can have and how employers can develop best-in-class programs to meet their employees' needs.

01

Employees' Financial Perceptions Don't Match Reality

The majority of employees report they are confident about their personal finances; however, personal finances remains their number-one source of stress.

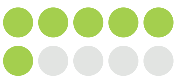
63% **of employees feel financially confident**

but

#1 **source of employees’ stress: Personal finances**

What explains this paradox? While employees say they are confident, their actions and circumstances do not match their perceptions. Many are not successfully managing their short-term expenses, and therefore, are not on track to reach their long-term financial goals — causing a sense of financial insecurity that leads to stress.

This gap between what employees say and the reality of their day-to-day lives highlights the importance of educating employees and providing them with the right resources and tools to assess their true state of financial health. This way, employers can encourage employees to better manage their finances to prepare for situations that are most likely to cause stress.



over 6 in 10 employees feel they are in control of their finances

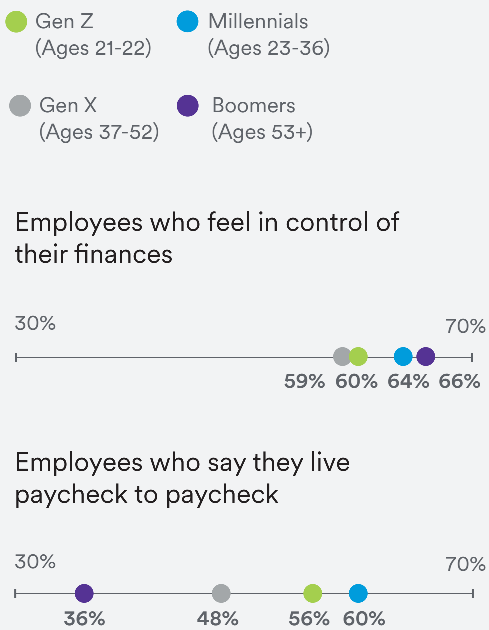
but

5 in 10 live paycheck to paycheck

This disconnect is particularly noticeable among younger employees, who, relative to their older counterparts, have a higher rate of overlap in both feeling in control of their finances and living paycheck to paycheck.

This perception gap inhibits employees from truly understanding their financial situations and taking the appropriate action to plan and save.

How do different generations perceive their financial situations?



Employees' actions don't match their desire to save for the future

76% **of employees say they are willing to make short-term financial sacrifices in order to have a secure retirement (consistent across age and gender)**

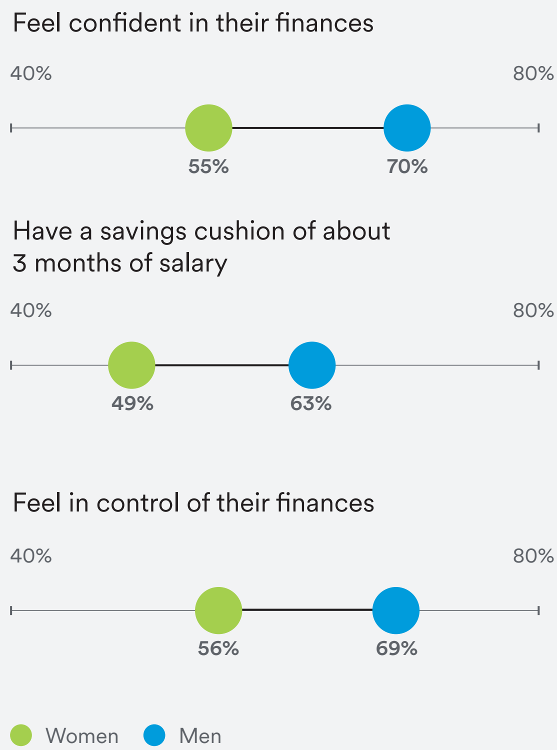
but

50% **of employees are directly allocating part of their paycheck to a savings account**

Only 60% of employees have a budget or plan for how to spend their money on an ongoing basis — and actually stick to it. Older workers (Gen X and Boomers) and women in particular are less likely to have an ongoing budgeting plan in place.

There are other pronounced disparities between men and women, with women more likely than men to report living paycheck to paycheck — 55% to 44%. The disparity between men and women increases further when looking at their confidence levels and savings.

Women are less likely to...



Many employees may prioritize their short-term needs at the expense of their long-term goals

Employees are not only failing to save enough of each paycheck to meaningfully contribute to their retirement goals, but they are also often dipping into retirement plans to cover immediate financial needs. These actions suggest that employees aren't able to balance unexpected costs with planning for the future, which are two of the key elements needed to achieve financial wellness.

30% **of those with a defined contribution retirement plan have dipped into it**

Most employees who took a loan from their defined contribution plan say it was to pay off unplanned general expenses, suggesting that employees are not able to fully protect themselves against unexpected financial shock, whether it's a flooded basement or a broken bone.

Medical bills are a significant burden, showing there is opportunity for employers to offer voluntary benefits — and educate employees on their value — to help ease out-of-pocket costs.

Immediate needs and future planning often compete for the same dollars. Because of this, most employees — 63% — are behind on their retirement savings goals, even among those older employees nearing retirement. Many younger employees haven't even begun to put money away for retirement. Surprisingly, among employees who are confident, only half are on track or have already reached their retirement saving goals. Due to their financial situation, employees are increasingly postponing retirement.

52% **of employees say they expect to postpone retirement due to their financial situation**
▲ up 15% since 2015

Although employer-offered health and retirement benefits are an essential ingredient in solving for financial wellness, employees are not taking full advantage of these programs. Stress remains for employees, and they're not making progress against their financial goals.

Financial wellness programs can do something salary and benefits alone can't: help employees better understand their financial situations and leverage their benefits, so they can take action to set themselves up for success today and in the future.

By offering a financial wellness solution and connecting it to their benefits offering, employers have an opportunity to help improve employees' financial health — and in turn, reduce employee stress and increase productivity.

Top 5 reasons employees dip into their retirement funds:

Unplanned general expenses

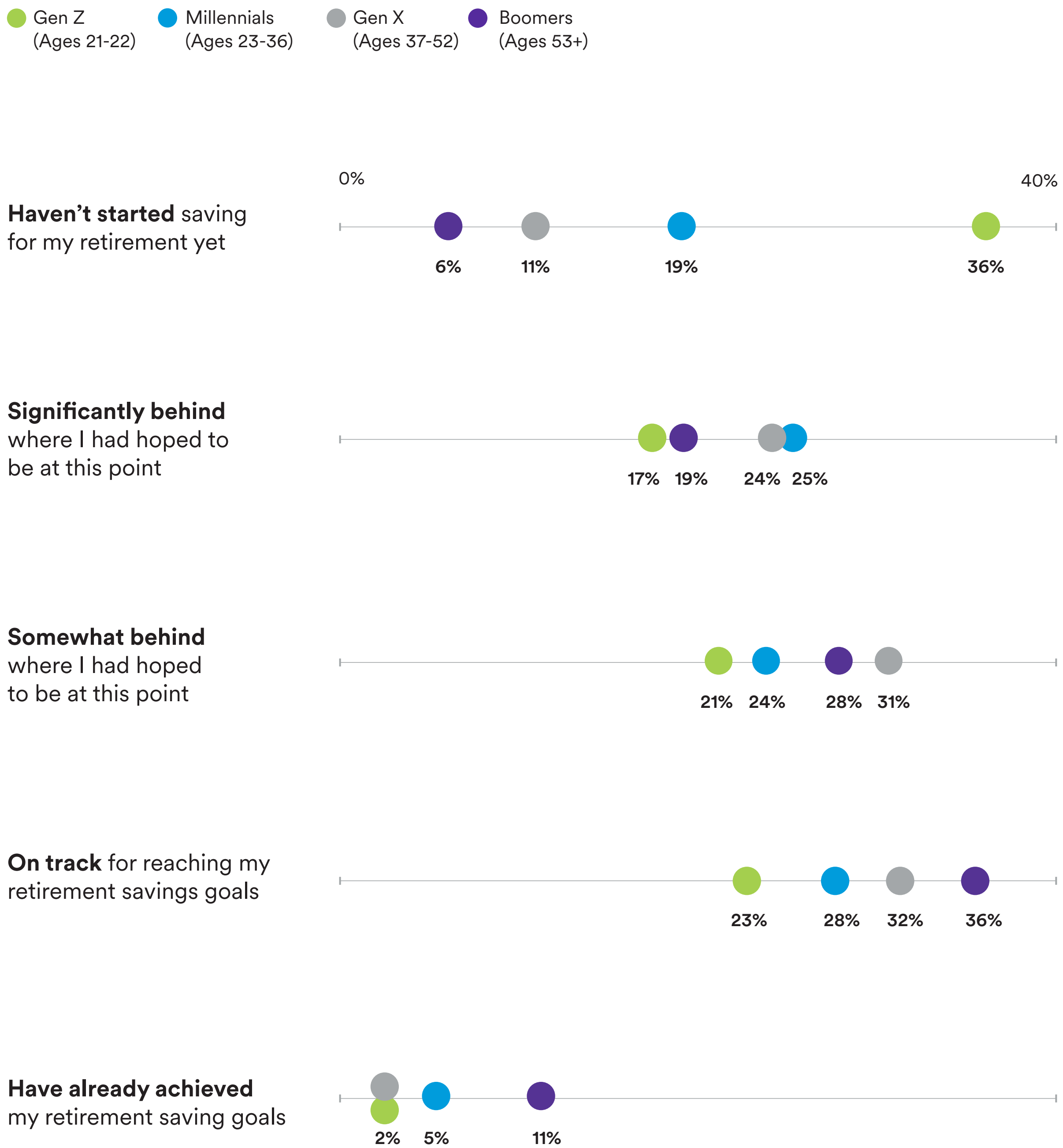
Debt repayment

Home purchase/home improvements

Medical bills

Vehicle purchase

How do employees describe their retirement savings progress?



02

Financial Wellness Programs Benefit Employees and Employers

Employers have a vested interest in improving the financial health of their employees. Employees who are financially unprepared to deal with both short- and long-term needs are more likely to be stressed. That stress has a direct impact on productivity in the workplace — distracting employees and taking their focus away from work.

Through financial wellness programs, employers can help employees get a better handle on their finances in order to mitigate their financial stressors. More broadly, employees who are on track with their finances tend to be more productive, engaged, and loyal — reflecting top business objectives for employers today.

What's more, improving financial wellness can also improve employees' physical and mental well-being. Stress can physically manifest as headaches, fatigue, and trouble sleeping, and can also cause mental irritability and depression. All these factors prevent employees from bringing their full focus and energy to work.

As work and life continue to blend, employers need to help alleviate the stress employees feel so they can thrive in and out of the workplace. Financial wellness programs can significantly contribute to these objectives. Through these programs, employers can target employees where they need financial assistance, helping to drive overall engagement. It's a win-win for employees and employers.

Many employees expect their employers' help with their financial wellness — particularly younger generations — and employers agree they have a role to play.

The majority of employees say financial wellness programs will help them understand their needs and achieve their goals. But they lack awareness around whether or not their employers are offering these programs and how they can use the programs to address their individual needs. As a result, employees are not taking advantage of the programs when their employers do offer them, hindering their financial progress.

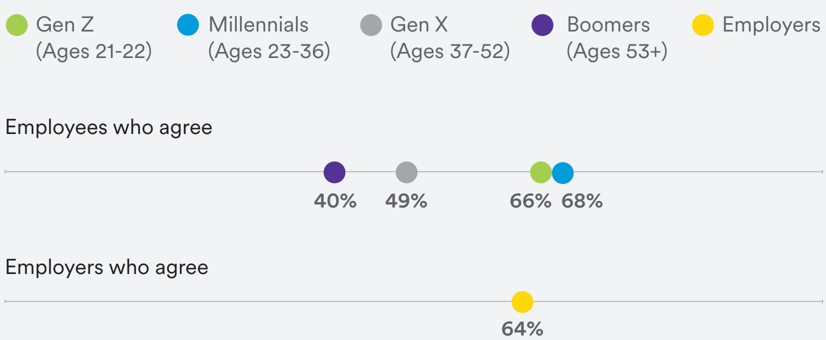
80% **of employees say "financial planning tools to help them understand their options and achieve their financial goals" is a must-have or nice-to-have benefit**

but only

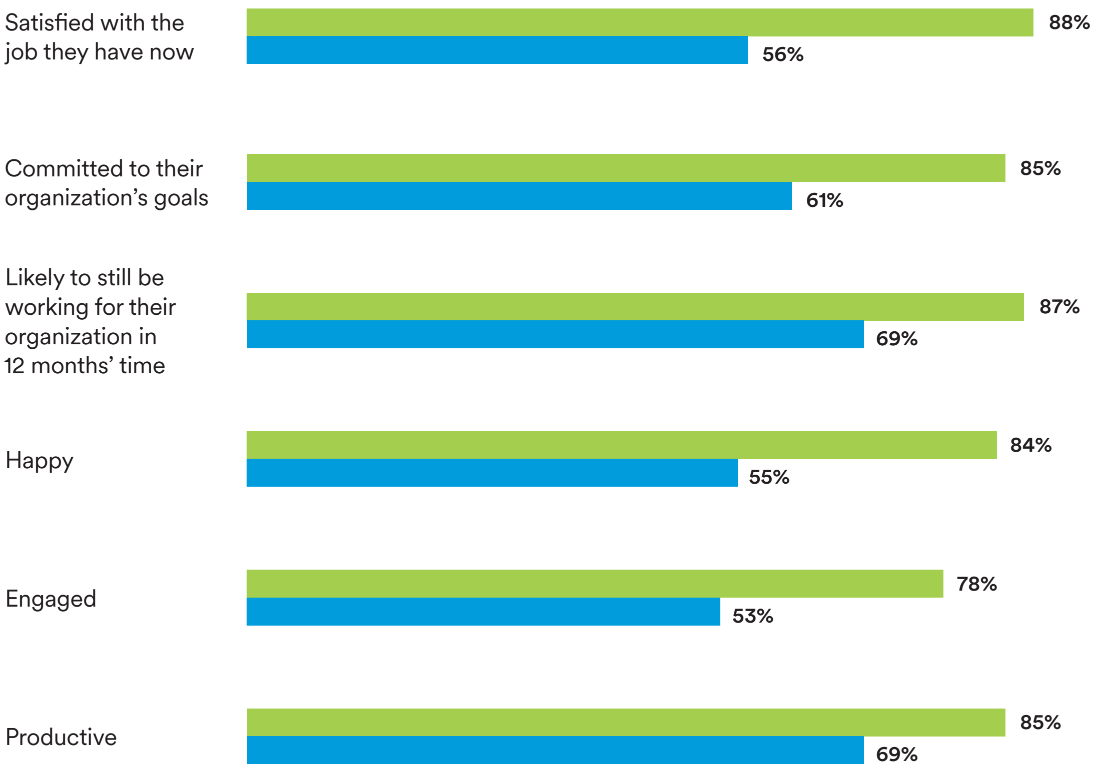
19% **of employees are taking advantage of the financial wellness programs offered by their employer**

By creating holistic financial wellness programs that tie together benefits and guidance, employers can set their employees up for continued financial success, while at the same time advancing their own organizational goals.

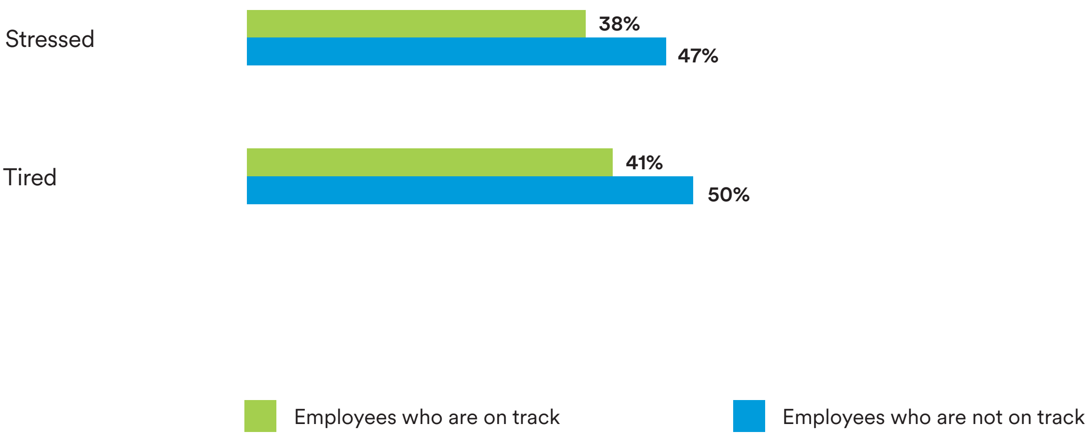
Employers have a responsibility for the financial well-being of their employees



Employees who are on track with their financial goals are *more*…



They are also *less*…



03

How to Build a Best-in-Class Financial Wellness Program

Many employers already offer a variety of benefits that could help employees address their financial challenges. What tends to be missing is a holistic program that ties benefits (both traditional and supplemental) together with multi-channel guidance, tools, and education that empower employees to take meaningful action towards improving their financial wellness in both the short and long term.

Employers have a wide range of options to consider when deciding what financial wellness programs are best suited for their diverse workforce. What may be right for one organization may not be right for another, so it's important to take a holistic and employee-centric approach in evaluating potential solutions.

A successful financial wellness program must be comprehensive and focus on the three key factors of financial wellness:

Short term

You can manage day-to-day finances. (Budgeting, debt, bills, savings)

Protection

You're protected against unplanned expenses. (Emergency funds, insurance coverage)

Long term

You're able to plan and save for future milestones. (Buying a house, planning for retirement, paying for college)

Employers can take action today to develop best-in-class, employee-centric programs, keeping four key principles in mind:

1

Start by gathering and assessing employee data

The first step employers can take to create a successful financial wellness program is to conduct an employee financial needs assessment. It's necessary to uncover the magnitude to which employees experience financial anxiety and the extent to which those anxieties may be affecting the organization. **Only through a detailed assessment can companies truly identify employees' priorities and preparedness, including any gaps in knowledge or skills.**

When conducting a financial-needs assessment, employers should gather demographic data — generation, life-stage, family structure, and financial circumstances — and analyze existing benefit plan data — such as retirement plan contributions and loans and disability claims — to assess the financial health and coverage of employees. Employers should, of course, adhere to strict data-privacy practices, keeping sensitive information confidential or anonymized.

This quantifiable data can help employers define their financial wellness program objectives and tailor benefits accordingly to best help their employees.

2

Ensure a personalized approach

Because today's workforce is diverse and multi-generational, and employees often have unique career paths, **employers need to offer and communicate solutions in ways that meet employees' individual needs and support their whole selves.**

Boomers who are behind in retirement might need personalized guidance to help them get on track to meet their goals. Gen X employees sandwiched between caring for children and caring for aging loved ones might have a higher need for both child care and elder care. Millennials starting families and buying homes might need some education on how life insurance can provide financial protection and how legal plans could assist with real estate matters and wills. Gen Z employees, more recently out of college, might value student-debt reduction programs.

3

Make it easy and enticing for employees to participate

A key to continued success of a financial wellness program is its ability to draw employees into the program and encourage them to take ongoing action.

Employers must consider a multi-channel approach, giving employees the flexibility to choose how and when they want to engage and take action — whether it's online at their own pace or with trained professionals over the phone or in person. Ideally, solutions should integrate existing employee benefits to deliver cohesive education and coaching across multiple channels.

An effective program also breaks down suggested actions into attainable, goal-based steps. Goals need to be manageable so employees can see the active progress they are making and feel encouraged to continue. Communications should also be optimized with clearly defined action steps to support ongoing engagement. For instance, if targeting a Millennial who has recently returned from parental leave, employers can highlight the importance of life insurance and legal plans, and then direct that employee to learn more.

4

Measure the impact and value of programs

The most successful financial wellness programs allow employers to understand the impact they have on the workforce so they can gain insights into employees' financial health and the return on their offerings. And because employees are constantly evolving, it's a good idea for employers to continuously review and evaluate their workforce and its needs and desires — and simultaneously implement a measurement program that helps evaluate their programs' effectiveness.

While the conventional return-on-investment (ROI) standard of measurement — in which dollars invested can be directly tied to cost savings — is important, it provides only a limited view of a program's success.

Increasingly, companies are using value-of-investment (VOI) to evaluate workplace financial wellness programs. VOI considers more than just hard-dollar savings. It measures elements such as employee productivity, engagement, and overall job satisfaction, as well as costs associated with absenteeism, disability claims, and turnover. Key stakeholders across the company should work together to determine what metrics should be evaluated to assess program success.

Taken together, financial wellness programs help employers assess employees' financial wellness, holistically address employees' individual needs at scale, and measure and drive return on current benefits.

Employers can take action today to help employees

There are tangible ways to offer a holistic financial wellness program that addresses the short-term, long-term, and unexpected needs of employees through the methods discussed. Keep in mind that these benefits are tied together under a financial wellness program and should be evaluated using the best-in-class measures.

Financial Wellness Programs

Multi-channel access to help address the **three key elements** of financial wellness

Short-term expenses

- Make it easy for employees to allocate their paycheck to their savings
- Offer webinars and in-person sessions
- Offer programs to help employees manage and pay down their debt, including student-loan repayment

Unplanned expenses

- Connect voluntary benefits to financial protection (e.g., accident and disability insurance for unexpected injuries and income protection, home/auto insurance to protect your home and vehicle, etc.)
- Promote healthcare benefits that can help employees save (e.g., pre-tax accounts)

Long-term goals, including saving for big expenses and retirement

- Use auto-enrollment and auto-escalation in retirement plans
- Offer online tools that allow employees to view potential retirement outcomes
- Offer personalized financial planning services with one-on-one consultations
- Offer tools to help employees save for big expenses, such as purchasing a home and saving for college

It's not only an opportunity, but a business imperative that employers take action to reduce employees' financial stress.

Employers can differentiate themselves through a financial wellness program that supports employees in their financial decisions to encourage a more engaged, satisfied, and loyal workforce — one that thrives in both work and life.

A well-designed financial wellness program takes a holistic and integrated approach, connecting employer benefits and multi-channel resources to address both short-term and long-term employee needs. The right mix of resources, education, and communication goes a long way in meeting employees where they are in life to get them to take action.

Ultimately, financial wellness programs help all employees — no matter their confidence level, pay grade, or title — understand their current benefits and individual circumstances to take action and improve their financial wellness, now and in the future.

Methodology

MetLife's 17th Annual U.S. Employee Benefit Trends Study was conducted in October 2018 and consists of two distinct studies fielded by Engine Insights — a practice area of Engine, a data driven marketing solutions company.

The employer survey includes 2,500 interviews with benefits decision makers and influencers at companies with at least two employees. The employee survey consists of 2,675 interviews with full-time employees, ages 21 and over, at companies with at least two employees.

Employees

Gender	
Male	55%
Female	45%

Marital status	
Married	55%
Single, not living with partner	26%
Single, living with partner	9%
Divorced/Separated	8%
Widowed	2%

Ethnicity	
Caucasian	73%
African-American	12%
Asian	9%
Other	6%
Hispanic	16%
Non-Hispanic	84%

Family status	
Do not live with children under 18	55%
Live with children under 18	45%

Employer size (staff size)	
2-9	8%
10-49	12%
50-199	14%
200-499	11%
500-999	11%
1,000-4,999	17%
5,000-9,999	7%
10,000+	20%

Geography	
South	34%
West	25%
Northeast	21%
Midwest	20%

Age	
21-24	5%
25-34	24%
35-44	23%
45-54	22%
55-64	23%
65+	3%

Personal income	
Under $30,000	10%
$30,000-$49,999	23%
$50,000-$74,999	21%
$75,000-$99,999	18%
$100,000-$149,999	16%
$150,000 and over	9%
Prefer not to answer	3%

Industry	
Other Services	16%
Health Care and Social Assistance	11%
Educational Services	10%
Manufacturing	9%
Retail	8%
Information Technology	8%
Finance and Insurance	7%
Professional, Scientific & Technical Services	5%
Construction	5%
Transportation and Warehousing	4%
Accommodation and Food Services	3%
Public Administration	3%
Real Estate	2%
Wholesale Trade	2%
Utilities	1%
Administration and Support and Waste Management and Remediation	1%
Arts, Entertainment and Recreation	1%
Agriculture, Forestry, and Fishing	1%
Information	1%
Mining, Quarrying, and Oil & Gas Extraction	0%
Management of Companies and Enterprises	0%

Education	
Bachelor's degree	28%
Some college credit, no degree	22%
High school graduate or the equivalent	18%
Master's degree	17%
Associate degree	8%
Professional/Doctorate degree	7%
Some schooling completed/ No high school diploma	0%

Employers

Employer size (staff size)	
2-9	20%
10-49	20%
50-199	17%
200-499	5%
500-999	5%
1,000-4,999	13%
5,000-9,999	10%
10,000+	10%

Industry	
Professional, Scientific & Technical Services	11%
Other Services	11%
Health Care and Social Assistance	11%
Information Technology	10%
Manufacturing	10%
Finance and Insurance	7%
Educational Services	7%
Construction	7%
Retail	6%
Real Estate	4%
Transportation and Warehousing	3%
Wholesale Trade	3%
Public Administration	2%
Accommodation and Food Services	2%
Arts, Entertainment and Recreation	1%
Administration and Support and Waste Management and Remediation	1%
Agriculture, Forestry, and Fishing	1%
Information	1%
Management of Companies and Enterprises	1%
Utilities	1%
Mining, Quarrying, and Oil & Gas Extraction	0%
Not sure	0%

Geography	
South	33%
West	27%
Northeast	20%
Midwest	20%

ABOUT METLIFE

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates, is one of the largest life insurance companies in the world. Founded in 1868, MetLife is a global provider of life insurance, annuities, employee benefits and asset management. Serving approximately 100 million customers, MetLife has operations in nearly 50 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East. For more information, visit **www.metlife.com**.

ABOUT ENGINE

Engine is a new kind of data-driven marketing solutions company. Powered by data, driven by results and guided by people, we help our clients make connections that count—leading to bottom line growth, an inspired workplace and business transformation. With global headquarters in New York and 17 offices across North America, the UK, Europe and Asia-Pacific, Engine offers clients a vast range of marketing solutions—including insights, content, distribution, data and technology. Find out more at **enginegroup.com** or follow us **@Engine_US**.

Metropolitan Life Insurance Company
200 Park Avenue
New York, NY 10166
L0319513030[exp0520][All States]