

MetLife



Financial Education

An Essential Component of
Your Wellness Strategy

PlanSmartSM
a financial education series for employees

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When considering their wellness strategies, many employers typically look to programs and services designed to help their employees lose weight, stop smoking or control high blood pressure and cholesterol. And indeed these, and similar wellness initiatives to encourage a healthier workforce, are being adopted by many companies as a way to help improve employee productivity and apply the brakes to escalating health care costs.¹ However, it is likely that an important wellness initiative will not be considered at all; that of providing employees with financial education in support of *financial* wellness.

Financial wellness, or the lack of it, is an increasing challenge for many workers. If employers are not considering ways to boost financial wellness alongside physical wellness, they may be missing a critical opportunity for realizing their wellness objectives. The following information will show how taking wellness to the next level — with the addition of a financial wellness component — can offer significant advantages for a company's bottom line and increase appreciation for the benefits they already offer.

How Does Financial Wellness Contribute to Wellness Goals?

A CONNECTION BETWEEN FINANCIAL HEALTH AND PHYSICAL HEALTH

For the most part, company efforts to improve employee physical health and financial health have operated on unrelated tracks. Yet, connecting the two is not as incongruous as it might seem; personal financial stress can contribute to poor health, and poor health can in turn deplete financial resources. The underlying rationale for the move to wellness — that a healthier employee population will have fewer sick days and fewer disability incidences — also applies to financial wellness. Investing in employee financial wellness can contribute to better physical health and in turn improved productivity.

Investing in financial wellness means helping employees feel more confident and in control of their personal financial situations, and providing financial education is a key way to achieve this. Studies indicate that an investment in financial education can realize a 3:1 return in improved workplace productivity as measured by reduced absenteeism, and workplace distraction.² Yet despite such evidence, only 56% of employers identify “helping employees make better financial decisions” as an important benefits strategy.³

Investment in employee financial education can realize a 3:1 return in improved workplace productivity.

¹ 9th Annual MetLife Study of Employee Benefits Trends.

² Personal Finance Employee Education Foundation.

³ 9th Annual MetLife Study of Employee Benefits Trends.

PREVENTION IS BETTER THAN CURE

A key axiom for good health is that prevention is better than cure, and wellness programs endorse this concept. By encouraging small changes in daily habits and behaviors, such as regular exercise and mindful eating, a wellness program can help prevent the onset of chronic disease and set employees on a path to a longer, healthier life. In a similar way, financial wellness incorporates a strong focus on preventative measures. By prioritizing and implementing healthy financial habits and behaviors, employees can enhance their current financial well-being and proactively build a financially secure future. And all levels of employees can benefit from a greater focus on preventative financial wellness — whether they are new entrants to the workplace or seasoned executives.

Why Does Financial Wellness Belong in the Workplace?

AMERICANS LOOK TO EMPLOYERS FOR HELP

Most Americans have stated that they lack a financial cushion — 55% could not take care of expenses for more than two months should they lose their job.⁴ This situation together with deepening pessimism about having enough retirement income⁵ shows that many employees need help if they are to truly realize financial wellness.

Financial skills such as budgeting, credit management and saving for the future, are skills that can be learned, but many people simply lack this necessary knowledge. Moreover, they do not have access to trusted and knowledgeable sources to provide it.⁶ Almost three out of four (73%) employees are very interested in their employer providing programs to help them make decisions about their financial needs.⁷ Employers are well positioned to provide this education, and there are significant advantages to doing so.

Employees who participated in a financial planning seminar through work in the last two years are more likely to say that they feel loyal to their employers.⁸

⁴ The MetLife Study of The American Dream, 2010.

⁵ 2011 Retirement confidence survey, EBRI.

⁶ 9th Annual MetLife Study of Employee Benefits Trends.

⁷ 9th Annual MetLife Study of Employee Benefits Trends.

⁸ 9th Annual MetLife Study of Employee Benefits Trends.

ADVICE AND GUIDANCE CAN INCREASE THE PERCEIVED VALUE OF THE BENEFITS PROGRAM

Financial education through the workplace is both convenient and flexible, making participation more likely. There is also the added advantage that these programs can create a more seamless connection between employees’ personal financial plans and other benefits they receive at work.

A solid educational foundation, when combined with the ability to take action, is a recipe for financial wellness, and can result in employees having a greater appreciation for the relevance and usefulness of other benefits at work.

73% of employees are very interested in their employer providing programs to help them make decisions about their financial needs.⁹

LOYALTY AND RETENTION

Financial wellness in the workplace is also valuable to employers because financial advice and guidance programs are associated with higher levels of benefits satisfaction. And benefits satisfaction is strongly correlated with job satisfaction and loyalty. Employees who participated in a financial planning seminar through work in the last two years are more likely to say that they feel loyal to their employers.¹⁰ In a rebounding economy, where one in three employees say they are hoping to be working elsewhere in 2011,¹¹ employers need to focus on maintaining employee loyalty if they are to retain qualified workers. Financial wellness programs can contribute to this effort.

SATISFACTION WITH BENEFITS PROGRAMS CORRELATES WITH GREATER JOB SATISFACTION AND LOYALTY		
Employees who report they are:	Very satisfied with their job	Very loyal to employer
Very satisfied with benefits	76%	71%
NOT satisfied with benefits	24%	25%

9th Annual MetLife Study of Employee Benefits Trends

⁹ 9th Annual MetLife Study of Employee Benefits Trends.
¹⁰ 9th Annual MetLife Study of Employee Benefits Trends.
¹¹ 9th Annual MetLife Study of Employee Benefits Trends.

What Makes a Financial Wellness Program Successful?

Introducing financial education into the workplace is less costly and not as difficult as might be expected. As a guide, consider established best practices for traditional wellness programs and build from there.

1. COMMITMENT FROM THE TOP

Visible support of company leadership is a key element of any successful wellness program. In fact, there is a strong correlation between senior management support and program participation.¹² Senior management endorsement of the program through words and actions can encourage employee involvement. For example, providing time off during the work day to participate in a financial planning workshop is an excellent way to show that the company is “walking the talk.”

Financial wellness should not be a once and done, “flavor of the month” corporate initiative; by planning workshops throughout the year, employers can help their employees take advantage of times when certain financial decisions are most relevant.

2. EDUCATIONAL WORKSHOPS THAT MEET EMPLOYEES’ DIVERSE NEEDS

The benefits of learning in a group are well documented. In the same way that group weight-loss classes improve motivation, financial workshops allow attendees to benefit from sharing insights.

One size does not fit all when it comes to financial education so it’s important that financial wellness programs provide a range of topics. As today’s workforce grows increasingly diverse so do their financial needs, concerns and expectations. And although all ages value help in planning for retirement, cultural and age preferences may make for varied financial attitudes and behaviors. For example, generation Y, fast becoming the largest group in the workforce, is the most diverse to date — 40% are Hispanic, Black, Asian or other minorities compared to 27% of Boomers.¹³

It’s important the topics offered through financial education programs recognize and address these employee variations, yet the MetLife Study of Employee Benefits Trends shows that only 27% of employers have a strategic focus on different generational needs.¹⁴

3. OPPORTUNITIES TO TAKE ACTION ON WORKSHOP LEARNING

Financial wellness is not just about *acquiring* knowledge in financial matters; financial wellness results when employees *act* on their acquired knowledge. Group workshops provide valuable information but they cannot address individual situations — nor would employees want to share personal information in a group setting. Thus providing post-workshop paths that help employees actualize their goals is important. Whether an employee has a simple question or is in need of more comprehensive solutions, opportunities for in-person meetings with a financial professional to discuss their individual circumstances, is a valuable follow-up to a workshop experience.

¹² HERO Employee Health Management Best Practices Scorecard, Mercer, 2011.

¹³ Census Bureau 2000 & 2010 Current Population Surveys.

¹⁴ 9th Annual MetLife Study of Employee Benefits Trends.

It is also helpful to identify useful online tools and calculators that employees can use for general assessment of their own situations. Many of these aids are available at no cost on government and carrier websites.

4. A STRONG COMMUNICATIONS PROGRAM

Effective communications are key to driving participation, which is critical for effective results. Employees need help understanding the value and how they can benefit from the program. This requires promoting the financial wellness program internally in a way that demonstrates the connection between achieving financial control and their long-term objectives. Further, using a variety of communication methods and enrollment vehicles can help make it easy for employees to take the first step and get started.

Which Employees Would Benefit Most From a Financial Wellness Program?

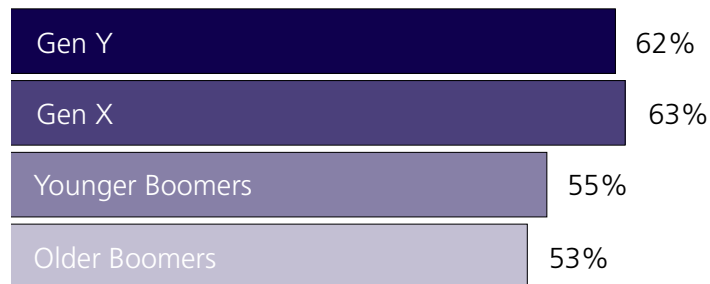
Financial wellness is not just about retirement planning, although of course that is foundational. Think more broadly about what is meant by financial advice and guidance. As noted above, workers have distinct and different situations that require specific solutions and information. Recognizing diverse employee needs will help to determine which programs are right. For example, consider the following employee situations where financial advice and guidance in the form of workshops or contact with skilled advisors could be very beneficial — these needs are likely to exist in many companies.

EMPLOYEES WHO NEED HELP IN PREPARING FOR RETIREMENT

Given the lack of retirement preparation by most American workers, retirement planning workshops are a given. More than half of employees who say they are behind in saving for retirement report that it would be helpful if their employer provided assistance with money management and financial education.¹⁵ However, not all retirement planning requirements are the same — interests cover a wide gamut from how to help recover from recession losses, to understanding investment options and learning about estate planning. So in addition to retirement 101, consider adding topics to serve specific interests. Also when promoting retirement planning activities don't forget younger employees; many are interested in early preparation after seeing first hand their parents' concerns about outliving their retirement savings.

¹⁵ Caregiving in the United States, National Alliance for Caregiving in Collaboration with AARP, November 2009.

EMPLOYEES WHO EXPRESSED INTEREST IN FINANCIAL PLANNING/ RETIREMENT IN-PERSON SEMINARS



9th Annual MetLife Study of Employee Benefits Trends

EMPLOYEES WHO LACK BASIC FINANCIAL LITERACY

Many American families are not comfortable talking with their children about money and how to manage it. As a result, younger workers may lack basic money management skills. They need help learning to spend smarter, establish a budget and set realistic financial goals. Basic financial literacy workshops can be eye-opening for them and a critical first step toward achieving their goals.

EMPLOYEES FACING CHALLENGING FAMILY SITUATIONS

More than 30% of Americans are caregivers and three-quarters of them also work outside of the home.¹⁶ These workers are often juggling many demands on their time and facing stressful pressures on incomes and savings.¹⁷ As a result, they can be less productive for their employers. According to a survey published by the MetLife Mature Market Institute, 10% of caregivers missed at least one day of work in the last two weeks.¹⁸ Included in the category of caregivers are 9.24 million parents who are caring for special needs children. 64% of working parents in these families say that they believe that their responsibilities have affected their work performance.¹⁹

Employees facing these situations often welcome advice and guidance regarding sources of support as well as planning for future care and funding after they are gone. Advice and guidance for caregivers can help provide peace of mind as well as minimize time away from work.

64% of working parents caring for a special needs child believe that their responsibilities have affected work performance.²⁰

¹⁶ Caregiving in the United States, National Alliance for Caregiving in Collaboration with AARP, November 2009.

¹⁷ Evercare Survey of the Economic Downturn and Its Impact on Family Caregiving, National Alliance for Caregiving, April 2009.

¹⁸ MetLife Study of Working Caregivers and Employer Health Care Costs, Mature Market Institute 2010.

¹⁹ State of Care Index, Care.com & National Family Caregivers Association, 2009.

²⁰ State of Care Index, Care.com & National Family Caregivers Association, 2009.

WOMEN EMPLOYEES WITH INCREASED FINANCIAL RESPONSIBILITIES

The traditional picture of the American family has changed. In a third of all married couples, the wife makes more money than the husband, and half of households in the U.S. are now headed by women.²¹

This means that women are also frequently the primary financial decision makers — and they may feel under-educated or unprepared for what this entails. Compared with men, women are more concerned about their financial security and less likely to perform financial planning or to consult with anyone on personal finances.²² Workshops targeted to women can be welcome and the convenience of participating or meeting with advisors in the workplace can fit more easily with their demanding schedules.

EXECUTIVES AND HIGHLY COMPENSATED INDIVIDUALS

Having a high income does not preclude financial concerns, and high earners may be as worried as other workers about the personal financial risks that they may face. The MetLife Study shows that less than half of those with personal incomes of more than \$100,000 per year feel confident in their ability to make the right financial and investment decisions for themselves and their families.²³ Surprisingly, given this lack of confidence, only a third says that they consult with a personal financial advisor.²⁴

Providing convenient and customized solutions and services that address the unique financial needs of executive talent is one way employers can foster loyalty and demonstrate commitment. And, when surveyed, highly compensated employees report greater interest in in-person seminars for retirement/financial planning than those who earn less.²⁵

HIGHLY COMPENSATED INDIVIDUALS ARE ESPECIALLY INTERESTED IN FINANCIAL EDUCATION IN THE WORKPLACE



Personal income of those interested in financial planning/retirement in-person seminars

9th Annual MetLife Study of Employee Benefits Trends

EMPLOYEES EXPERIENCING LIFE-CHANGING EVENTS

Life-changing events — such as divorce, a death in the family or a change in employment status — are often accompanied by the need to make major financial decisions at a particularly stressful time. In addition, such events may also require rethinking company benefit elections. These employees can greatly benefit from having access to specially trained financial professionals and may appreciate valuable support while working through the issues.

²¹ Census Bureau 2000 & 2010 Current Population Surveys.
²² 9th Annual MetLife Study of Employee Benefits Trends.
²³ 9th Annual MetLife Study of Employee Benefits Trends.
²⁴ 9th Annual MetLife Study of Employee Benefits Trends.
²⁵ 9th Annual MetLife Study of Employee Benefits Trends.

A Checklist for Evaluating Financial Wellness Programs

✓ A program that can be delivered effectively within your budget.

Look for programs that provide the services at no cost to employees; some programs may come at no cost to the company as well.

✓ A program that is developed and delivered by well-credentialed advisors and organizers.

Ensure that the people delivering the programs are experienced and can provide a full range of product and service solutions.

✓ A broad range of “turnkey” educational solutions that are easy to implement and well-designed.

Benefit from the fact that the program can meet the diverse needs of the workforce while minimizing time and effort on the part of company organizers.

✓ A program that is available nationally.

A nationally organized program is more likely to provide a more consistent experience regardless of location — an important consideration for companies with multiple geographies.

Conclusion

A company wellness program can be significantly enhanced by the addition of a financial wellness component, especially when such programs are offered at the work site; 58% of surveyed employees state a preference for in-person financial planning/retirement seminars provided by their employer.²⁶ By offering financial advice and guidance through educational workshops, personal consulting and assistance for life-changing events, employers can help employees achieve their financial objectives and an overall sense of financial wellness. In turn, employers can profit from a more productive workforce and increase the appreciation of the benefits they provide.

²⁶ 9th Annual MetLife Study of Employee Benefits Trends.

Metropolitan Life Insurance Company (MLIC), New York, NY 10166.

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New England Life Insurance Company

A MetLife Company
Boston, MA 02116

New England Securities Corp.

A MetLife Company (member FINRA/SIPC)
1095 Avenue of the Americas
New York, NY 10036

Metropolitan Life Insurance Company

New York, NY 10166

MetLife Securities, Inc. (member FINRA/SIPC)

1095 Avenue of the Americas
New York, NY 10036

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