



Financial Well-Being Fact Sheet

This document is part of a set of fact sheets that employers can use to begin, restart, or enhance initiatives to promote a culture of well-being at the workplace. Each fact sheet focuses on one of the six areas of workplace well-being: physical, emotional, social, community, financial, and career.

What is financial well-being?

Financial well-being is defined as a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.¹ Struggling or suffering financial well-being is the single strongest predictor of daily worry and stress for people with jobs.²

Why is financial well-being important to an employer?

Financial well-being profoundly affects employees in the workplace. For example:

- Employees who are troubled by their finances are twice as likely to be in poor health as those who declare themselves financially “unworried.”²
- Studies show that employees who are worried about their finances are less engaged and productive at work.³
- Employers have observed that employees are increasingly borrowing against their 401Ks to pay down their debt.³
- Employees are more likely to stay with an employer who offers support to help them achieve financial well-being.⁴

Why is financial well-being important to an employee?

More than half of employees are stressed about their financial situations, with financial matters still the top cause of stress in their lives.⁵ This challenge is not limited to the lower thresholds of income, as workers at all income levels struggle in their ability to manage money.¹ Financial well-being allows employees to:

- “Make ends meet,” earning more each month than they are spending
- Have the economic means to live their desired lifestyle day to day
- Be prepared for unexpected changes
- Have saved enough for a home, college, retirement
- Avoid borrowing from their retirement (IRA, 401K) to “make ends meet”
- Have financial goals and a plan to reach them

To achieve financial well-being is to reach a state where one is living within their means, is on track to deal with unexpected emergencies, and is planning and investing for retirement. Obtaining financial well-being is the ability to live according to one's values and ensure that one is prepared for life events and retirement.

What can employers do to help promote financial well-being at the workplace?

Employers have an opportunity to improve productivity, increase employee engagement, and position their employees to save more in their retirement accounts.² There are many digital and worksite-based vendors that can provide guidance and expertise to an employer's workforce. A good first step to understand employees' needs and wants for financial planning is to engage in a workforce survey.

Employers can consider some of the following options:

- **Employer Finance Departments**

Employers can look to their own finance departments to develop financial well-being solutions and/or evaluate existing and potential vendors.

- **Digital Vendor Solutions**

Full financial-spectrum solutions, from daily budgeting to saving for college and retirement.

- **In-person Seminar Vendors**

Seminars to teach basic financial-planning tools and create awareness.

- **Employee Assistance Programs**

Most EAPs offer two to four telephonic financial-counseling sessions, which can be followed by a referral to a professional if necessary.

- **Benefit Management Vendors**

Resources and tools to help employers and employees manage health-related costs (HSA, FSA, HRA) and/or provide curated vendor products.

- **401K Firms**

Resources and tools for employees to learn about budgeting, financial planning, and preparing for retirement.

- **Community Resources**

Employers can check in their own communities to identify community-based financial-planning and assistance programs, such as contacting local credit unions and banks.

Sources

¹ Getting started with measuring financial well-being – Consumer Financial Protection Bureau, January 2019.

² Clifton, J, Harter, J. Well-being at Work. Gallup Press; 2021.

³ Financial Well-being: Key Insights from the January 2020 Employer Benchmarking Call Series – Business Group on Health.

⁴ PwC's 8th annual Employee Financial Wellness Survey, 2019.

⁵ PwC's 9th annual Employee Financial Wellness Survey, 2020.

⁶ Work Redefined: A New Age of Benefits, MetLife's 15th Annual U.S. Employee Benefit Trends Study. May 2017.



Additional ideas and information are available on the sites linked below:

- WELCOA: [Financial Wellness](#)
- [GreenPath Financial Wellness](#)
- [Consumer Financial Protection Bureau](#)
- [SaverLife](#)
- CalCPA: [Dollars & Sense](#)

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