



WORKPLACE FINANCIAL EDUCATION WORKS





KEY FINDINGS

Even before the intervention, employees who previously used EFE's services¹ were more likely to have "good financial health" compared to those who hadn't used EFE's services. They were more likely to have emergency funds, save for retirement, and manage their debt well.



EFE service users were 70% less likely to have "poor financial health" than non-users.

Employees with stronger financial literacy were



OUR RESEARCH PROGRAM, AT A GLANCE



We first created a snapshot of employee financial knowledge and health and uncovered employees' financial challenges. Employees were surveyed on many factors including but not limited to:

Financial knowledge

Quiz employees on three fundamental financial concepts (the "Big Three"):

- Inflation
- Numeracy
- Risk diversification

Financial health

Assess employees on 5 key aspects of financial health:

1. Ability to manage debt
2. Ability to make ends meet
3. Level of financial fragility*
4. Possession of an emergency or rainy day fund
5. Retirement planning and readiness



Next, we categorized employees based on their financial wellness through the development of a proprietary "FinHealth" score, taking into account the 5 aspects of financial health noted above:



Good Financial Health

Healthy in all 5 aspects of financial wellness.



Fair Financial Health

Healthy in 3-4 aspects of financial wellness.



Poor Financial Health

Healthy in 0-2 aspects of financial wellness.



*Defined as the ease with which employees could raise \$2,000 in case of emergency.

During the six-week challenge, we provided employees with articles, webinars, and access to financial counselors to offer support tailored to each employee's financial wellness level:

Targeted resources

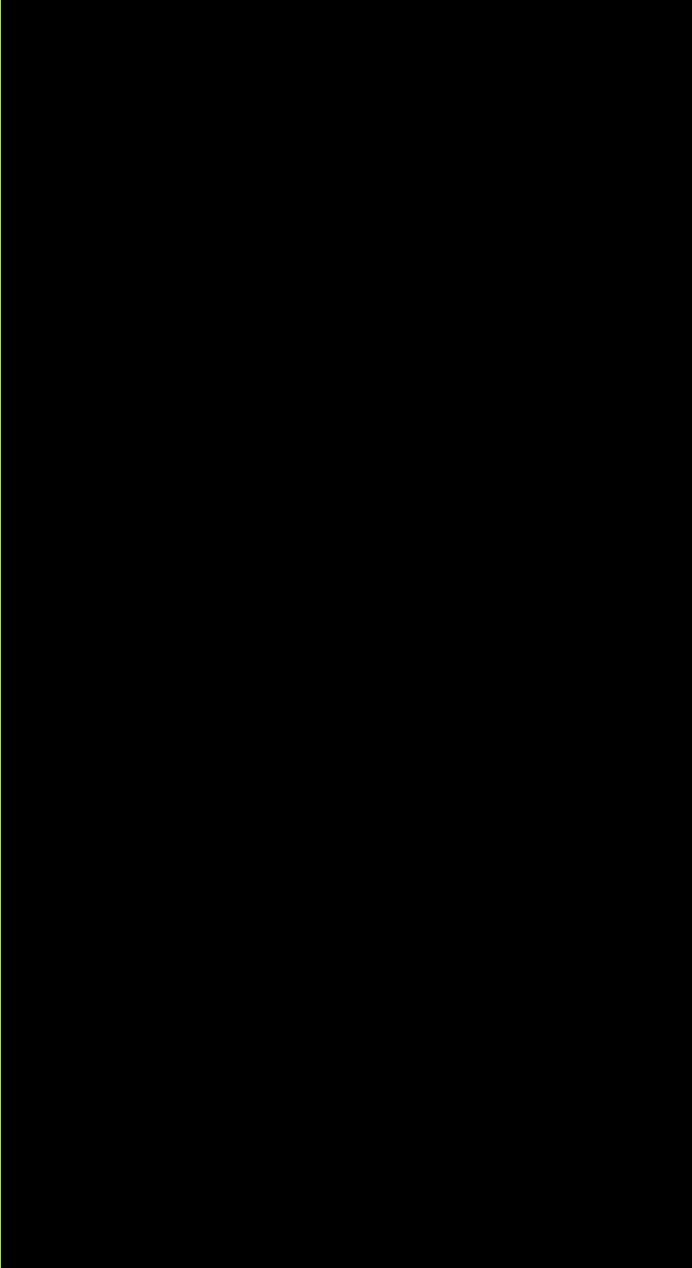




SNAPSHOTS OF EMPLOYEE FINANCIAL WELLNESS

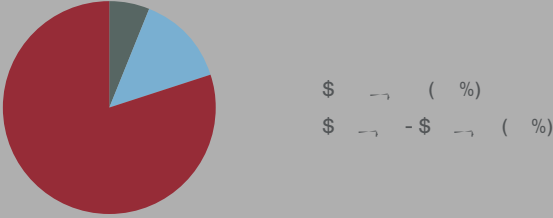
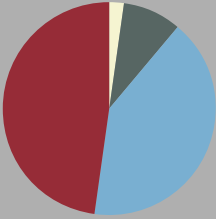
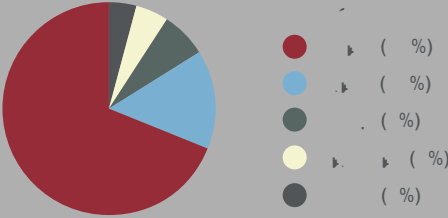
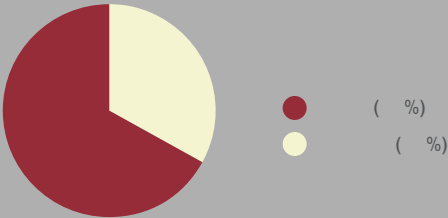
Gaining a sense of where employees stood





Who were the employees?

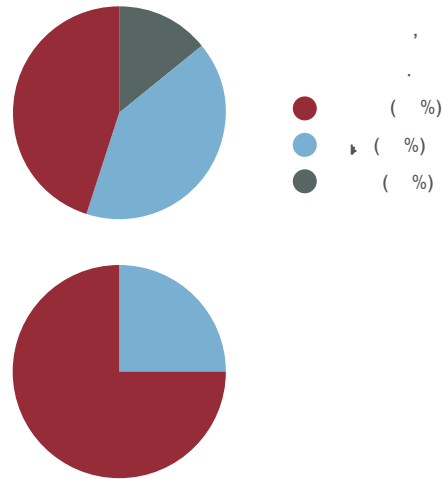
2,792 salaried employees participated in the initial program survey:





OVERALL, EMPLOYEES HAD A STRONGER-THAN-AVERAGE GRASP ON THEIR FINANCES

Employees at this organization already had ongoing access to workplace financial solutions through EFE, and many kicked off the challenge with a strong financial foundation already in place. The vast majority of employees were assigned good or fair financial health scores, with nearly half achieving the highest level of "good" financial health.

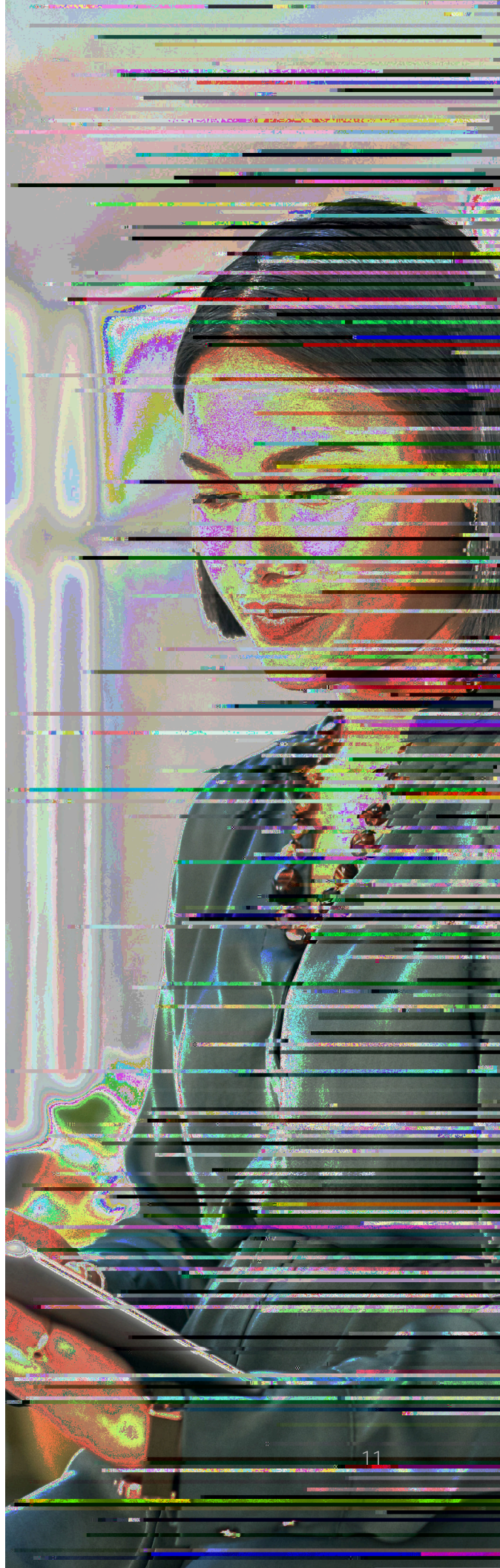




HOWEVER, SUBSETS OF EMPLOYEES WERE MORE LIKELY TO STRUGGLE

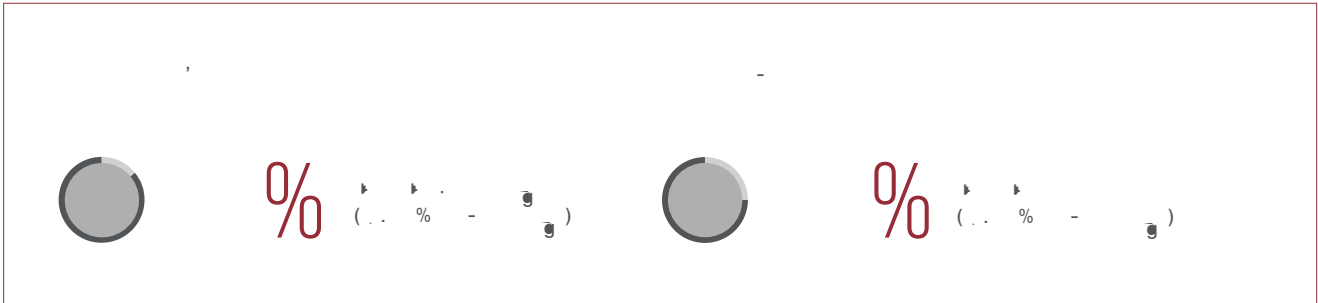
Although all looked well on the surface, as we delved into how employees fared across gender and racial lines, some troubling trends emerged. Women, we found, disproportionately struggled with financial literacy, and were 14% less able to correctly answer the “Big Three” questions compared to their male colleagues.

1. —



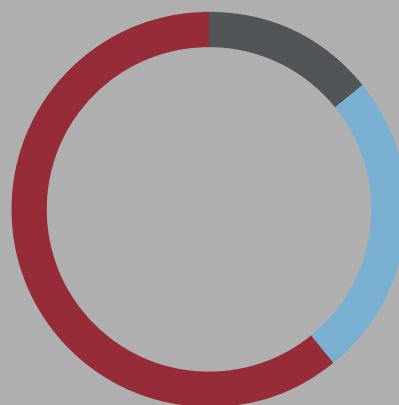
ACCESSING FINANCIAL RESOURCES ENHANCED EMPLOYEES' FINANCIAL KNOWLEDGE AND CONFIDENCE

After just six weeks, employees who engaged saw an uptick in both their financial knowledge and confidence. These improvements are not trivial given that employees had already started out knowledgeable about their finances and, by and large, possessed relatively good financial health.



OFFERING A RANGE OF SOLUTIONS WAS KEY TO THE CHALLENGE'S SUCCESS

Over the course of the challenge, employees had a range of resources at their disposal – and they had strong preferences for how they accessed financial advice.



Although discussing financial concepts with a counselor

EMPLOYEES WHO ENGAGED WITH THE CHALLENGE PLAN TO ADOPT POSITIVE

Beyond the more immediate improvements to financial knowledge and confidence, employees also made strides when it came to forward-looking behaviors. Although six weeks was not long enough to significantly change one's financial health score (as had been expected), we did see that employees had started making positive changes that are likely to improve their financial security. In particular, employees were significantly more likely to plan for retirement after being exposed to the six-week challenge, and also indicated they were likely to make other behavioral changes in the future.



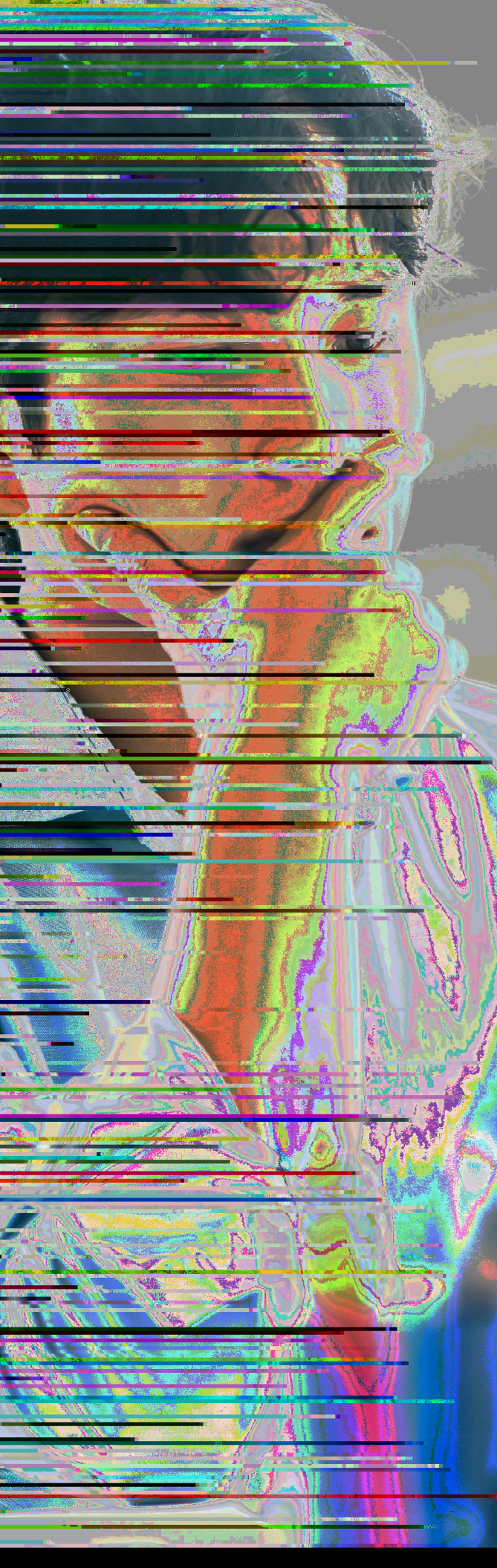
KEY TAKEAWAYS FOR EMPLOYERS

Not surprisingly, we saw that employees who were most engaged saw the most significant benefits: they saw the biggest boost to their financial literacy and were more likely to adopt positive financial behaviors.

However, those who were most engaged during the challenge were also the most likely to start off with good financial health – and they're also the employees with the highest benefits satisfaction. This means that employers who wish to reach less satisfied employees or those struggling the most financially may need to consider additional approaches to help employees make the most of their benefits.

The results of this research demonstrate the almost-immediate positive impact that workplace financial solutions can have on employees' financial wellness. But they also highlight the need for more outreach to connect with employees who struggle with their financial health and who may be most hesitant to engage with their financial wellness benefits.





Employers looking to enhance employee engagement with financial wellness solutions should consider the following:

1. Highlight the impact of positive behaviors on financial wellness

FAST-TRACK YOUR EMPLOYEES' FINANCIAL HEALTH

While it's often difficult to measure the effectiveness of short-term interventions, this data demonstrates that even just six weeks of high engagement with financial resources is enough to make a meaningful difference. Not only did employees enhance their financial literacy and confidence over the course of the challenge, they started forming positive financial habits — ones that pay off months, years, and even decades down the road.

In short, investing in financial wellness benefits works. Supplementing your ongoing benefits with short-term challenges can help elevate your employees' financial well-being, as well as boost productivity and job satisfaction.

As the #1 managed accounts provider⁴, Edelman Financial Engines can offer innovative workplace financial solutions that accelerate your employees toward their financial goals. [Visit us online](#), or contact a representative to discuss how we can help your employees build a brighter financial future.



References

1. Edelman Financial Engines conducted an online survey of America's employees on January 6-25, 2022, focusing on subjective measures of what employees want across 1,075 employees, including 972 retirement plan participants. Qualified survey participants were full-time employees with access to a retirement plan. Aggregate data is reported at 95 percent confidence with plus or minus 3 percent margin of error. Fielding was conducted on the Qualtrics Insight Platform. Demographics are available upon request.
2. Hasler, A., Lusardi, A., Orellana, N., & Sconti, A. (2022). Are your employees in good financial shape? Evidence from a Fortune 25 company.
3. Hasler, A., Lusardi, A., Orellana, N., & Sconti, A. (2022). Financial wellness programs in the workplace: Evidence from a Fortune 25 company.
4. Cerulli Associates Q3 and Q4 survey of DC managed account providers. Largest managed account provider by DC assets and market share as of Dec. 31, 2021.