

**The 2021**

# Financial Wellness

**Benefits Study**



**RAMSEY**  
**SmartDollar**

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# INTRODUCTION



## The Need for Financial Wellness

Employees need help with their money, and employers have never been better positioned to help them than they are now through the power of financial wellness benefits. For too long, employees have been barely surviving between paychecks. But with just a few commonsense money habits, they could be thriving. That's why at SmartDollar, we believe employers should offer financial wellness as an employee benefit as soon as possible.

Of course, there's a difference between just checking the benefits box and offering what we call *true financial wellness*. What is that difference? Many financial wellness benefits on the market offer incomplete solutions for employees, failing to meet their real needs and ultimately leading to disappointing results for both the employer and employee. Even worse, many financial wellness benefits encourage bad money behaviors by selling loan products, funneling users into more dangerous debt habits. That's not financial wellness. That's just a scheme to keep employees in debt. So, what is true financial wellness?

## True Financial Wellness

### When your employees:

- ✓ Have control over their day-to-day finances
- ✓ Have enough cushion to handle most financial emergencies
- ✓ Are out of debt and able to manage their expenses *without* using a credit card
- ✓ Are on track to meet retirement and savings goals



## Our Goals for This Study

At SmartDollar, we recognized that business leaders and human resources professionals needed more education on what true financial wellness is and how a financial wellness benefit can help their employees. As a result, we commissioned this study with the following goals in mind:

- 1 To give benefits decision-makers guiding principles and a working knowledge of financial wellness so they can make informed decisions about their benefits.**
- 2 To help benefits decision-makers visualize the role of benefits in one study.**
- 3 To demonstrate a provable return on investment of financial wellness benefits.**
- 4 To provide easy-to-reference facts and figures that are useful and shareable.**



# ABOUT US





## About Ramsey Solutions

Ramsey Solutions is committed to empowering people in the areas of money, business, leadership and personal development. Every day, Ramsey Solutions reaches millions with nationally syndicated radio shows and columns, #1 national bestselling books, products, courses and industry-renowned podcasts and video channels. Ramsey Solutions' world-class speakers and authors give inspiration, practical advice and hope to audiences across the country. More than 5 million people have used Ramsey's programs to get out of debt, take control of their money, save for the future, and retire with confidence.

## About Brian Hamilton, Senior Vice President of SmartDollar

Brian Hamilton is the founder and driving force behind SmartDollar, the financial wellness benefit from Ramsey Solutions that helps businesses improve the financial health of their employees and prepares them to retire with confidence. As senior vice president of SmartDollar, Brian leads the growth and development of the product while overseeing the brand's operations. Brian has been with Ramsey Solutions since 2013.





# RESEARCH METHODOLOGY





# Research Overview

## Research Methodology

While SmartDollar is known for offering uncommon solutions to common problems employers face, we also know that—sometimes—it's best to go by the book. And that's especially true when it comes to our research. So, here's everything you might not want or need to know about why and how we completed this study.

## Objectives of the Research

To understand the benefits landscape, the financial wellness market, the felt needs of benefits decision-makers, and the perceived financial health of their employee base.

To generate and publish a report that provides an overview of benefits, a common definition of financial wellness, an overview of the composition of financial wellness benefits, an overview of the barriers to financial wellness, and aids benefits decision-makers in understanding the impact of financial wellness and the impact of the coronavirus pandemic on benefits and employee financial wellness.

## The Sample

Ramsey Solutions conducted the study of more than 1,000 benefits decision-makers in companies of all sizes across the United States.

TOTAL SURVEYED		1,012
Have a financial wellness benefit		306
Don't have a financial wellness benefit		706

COMPANY SIZE BREAKDOWN	
Small (under 500 employees)	327
Medium (500–9,999 employees)	474
Large (10,000-plus employees)	211

## The Survey

Survey participants recruited from a third-party B2B research panel were asked a series of 64 questions covering topics ranging from financial wellness benefits, the impact of financial wellness, barriers to financial wellness, organizational health and the impact of COVID-19. Ramsey Solutions facilitated the survey beginning on Dec. 7, 2020, and ending on Dec. 30, 2020.

The background is a blue-tinted collage of various photographs of diverse people, including students, professionals, and families, all smiling. Some individuals are holding signs with text like "DEBT FREE", "STUDENT LOANS PAID OFF!", "DEBT FREE! SAVING FOR RETIREMENT ✓", and "BUH BYE".

# OVERVIEW OF BENEFITS



## Top Factors in Choosing Benefits

Employers put a lot of thought into choosing which benefits to offer their employees. The cost of the benefit to the employee is the top deciding factor, followed by the value the employee gets from the benefit. Then the impact the benefit has on the employer becomes the focus, with the cost of the benefit to the employer, employee participation (effectiveness) and ease of implementation rounding out the top five.

- 1 **Cost of benefit to the employee**
- 2 **Value brought to employees from the benefit**
- 3 **Cost of benefit to employer**
- 4 **Percentage of employees that will use the benefit**
- 5 **Ease of implementation**

## Top Indicators of Successful Benefits

While the value a benefit brings to employees is the second-most important factor as employers choose benefits, employers see it as the number one indicator of a successful benefit. **Simply put: Benefits decision-makers want the benefits they offer to add value to their employees' lives, so that's how they measure their success.** Other factors that contribute to a benefit's success include usage (26%), employee feedback (26%), reduction in health care costs (23%), impact to the bottom line (22%), reduction in turnover (14%), and reduction in absenteeism (9%).

**46%** *say the value the benefit delivered to employees is the top indicator of a successful benefit.*

## Benefits Satisfaction

Most benefits decision-makers say there's room for improvement for their current benefits packages. Only 4 in 10 are extremely satisfied with their current offerings. But for those who include a financial wellness benefit in their packages, that number jumps to 51%. And for those who don't offer financial wellness, the number drops to 36%.

### EXTREMELY SATISFIED WITH BENEFITS PACKAGE



## The Benefits Landscape

To get an overview of the benefits landscape as a whole, we asked decision-makers which benefits they currently offer their employees. Unsurprisingly, the most common benefits like health insurance, paid time off and retirement savings plans topped the list while mental health benefits rounded out the top 10. What's missing? Financial wellness. Only 3 out of 10 currently offer a financial wellness benefit.

### TOP 10 BENEFITS CURRENTLY OFFERED

- |                            |  |
|----------------------------|--|
| 1 Health insurance         | 6 Vision insurance                             |
| 2 Paid time off            | 7 Health and wellness programs                 |
| 3 Retirement savings plans | 8 Disability insurance                         |
| 4 Life insurance           | 9 Employee assistance programs                 |
| 5 Dental insurance         | 10 Mental health/emotional well-being services |

## Top 5 Benefits Considered

But financial wellness could soon claim a spot in the top 10 most common employee benefits. **It's the number one benefit employers are looking to add in the next 1–2 years** (of those who don't currently offer financial wellness). Student loan repayment assistance, professional development, diversity training and mental/emotional health benefits follow closely behind.

- 1 **Financial wellness benefit**
- 2 **Student loan repayment assistance**
- 3 **Professional development**
- 4 **Diversity training and initiatives**
- 5 **Mental health/emotional wellbeing services**

### *The Takeaway* BY BRIAN HAMILTON, SVP OF SMARTDOLLAR

With just 3 out of 10 employers currently offering a financial wellness benefit, it's clear that many companies can do more to improve the personal financial health of their employees. If it's a matter of benefits satisfaction, what we saw earlier says it all—51% who have a financial wellness benefit are extremely satisfied with their benefits package as a whole, while only 36% who don't offer one can say the same. So, if benefits satisfaction is driven by value provided to the employee, what else is there to say?

“ **The data makes it clear: Your employee benefits package just isn't complete without financial wellness.** ”





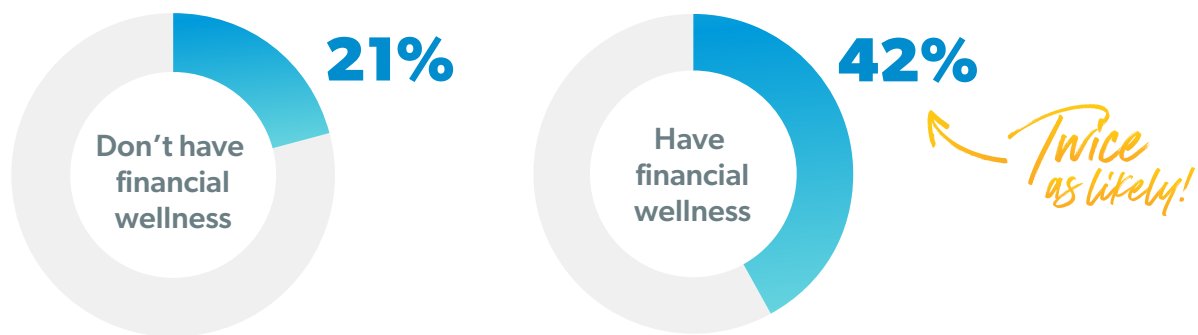
# **IMPACT ON ORGANIZATIONAL HEALTH**



## Awareness of Employee Financial Health

Are benefits decision-makers aware of the financial stress their employees are dealing with? It depends on who you ask. Overall, only 28% of employers say they have a great deal of awareness about their employees' financial health. But companies that offer financial wellness as a benefit are twice as likely to say they have a great deal of awareness than companies that don't offer financial wellness.

### GREAT DEAL OF AWARENESS OF EMPLOYEE FINANCIAL HEALTH



## Responsibility for Employee Financial Health

As we saw above, employers who offer financial wellness as a benefit are also twice as likely as those who don't to feel extremely responsible for their employees' financial well-being.

### FEEL EXTREME RESPONSIBILITY FOR EMPLOYEE FINANCIAL HEALTH



## Impact of Employee Financial Stress

Employers may not have a great deal of awareness about their employees' specific money problems, but they do recognize that their employees are dealing with financial stress. Nearly one-third of employers say their employees' level of financial stress is too high. Not only that, nearly half said stress has a significant impact on their employees.

**32%**

*of employers say their employees' level of financial stress is too high.*

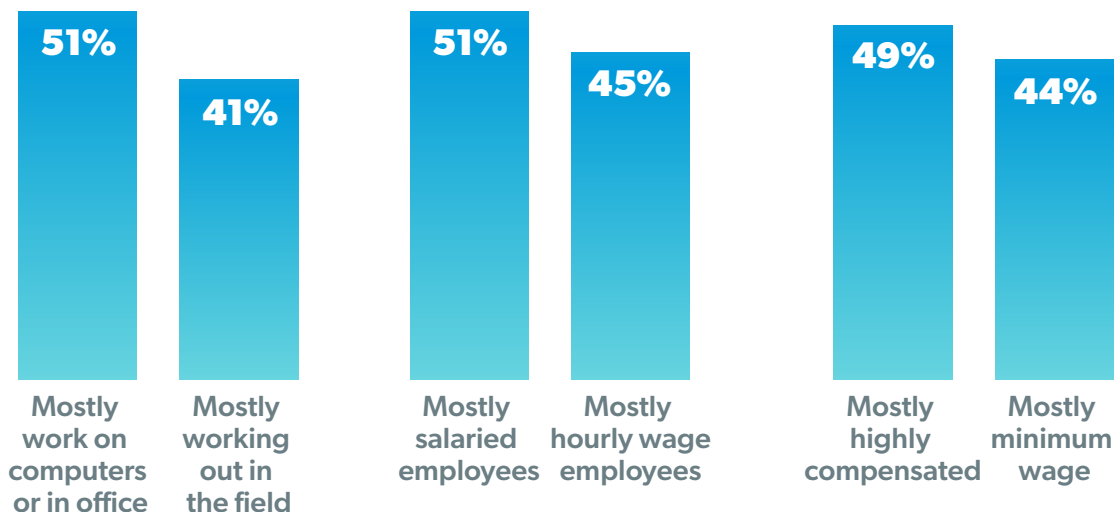
**48%**

*of employers say financial stress has a significant impact on their employees.*

## Which Employees are Struggling?

The reality is financial stress affects all types of workers. No industry, type of work, or level of payroll is immune to employee financial stress. It's a pervasive problem for all companies whether they know it or not.

### TYPES OF WORKERS SIGNIFICANTLY IMPACTED BY FINANCIAL STRESS



## The Perceived Impact of Employee Financial Stress on Businesses

Companies are also feeling the effects of their employees' financial issues on their bottom line. Many said they had significant concerns about high/increasing health care costs for employees, high employee turnover, low productivity and distracted workers—all symptoms of a team dealing with big financial problems.

### **THE IMPACT OF EMPLOYEE FINANCIAL STRESS ON BUSINESSES**

- High/increasing health care cost for employees
- Employees delaying retirement for financial reasons
- High turnover of employees
- Low productivity from employees
- Distracted employees
- Low participation in company-sponsored retirement savings

### **DELAYED RETIREMENT IS A BOTTOM-LINE KILLER**

**77%** *say they have employees delaying retirement because of their personal financial situation.*

## It's Worth Repeating

True financial wellness is when your employees . . .

- ✓ Have control over their day-to-day finances
- ✓ Have enough cushion to handle most financial emergencies
- ✓ Are out of debt and able to manage their expenses *without* using a credit card
- ✓ Are on track to meet retirement and savings goals

Can you say that about your employees? Your answer to that question has a massive, measurable impact on your business whether you know it or not.

### *The Takeaway* BY BRIAN HAMILTON, SVP OF SMARTDOLLAR

Financial wellness is a lot like fitness. Sure, there's a bit of technique involved, but for both, being successful means focusing on the right exercises, keeping up the commitment, and getting some encouragement along the way.

But the lack of awareness and sense of responsibility we saw in the data is clearly holding employers back from offering their employees what they truly need. To put it simply, employees are taking a beating when it comes to their money. You just read it above: There's no industry, type of work or level of payroll that's immune from employee financial stress—it's everywhere. And it's hurting your bottom line in the form of turnover, delayed retirements and lost productivity.

“ *Employees need help. They need true financial wellness.* ”



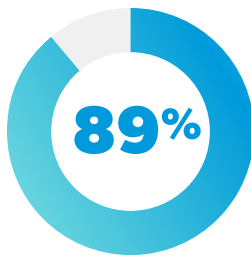
# **FINANCIAL WELLNESS BENEFITS**



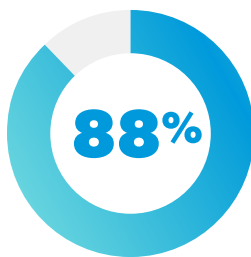


## The State of Financial Wellness Benefits

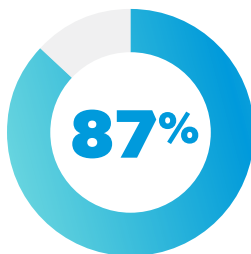
There's plenty of growth opportunity for financial wellness benefits. Only about 1 in 3 benefits decision-makers are extremely familiar with them, about the same number (30%) who said they currently offer financial wellness to their employees. But there's a clear trend emerging that indicates that growth is happening: **27% of employers who don't currently offer a financial wellness benefit said they're extremely likely to add it in the next 1–2 years.** Plus, one-third of the employers who currently offer a financial wellness benefit just added it in the last year. Even more importantly, employer sentiment about the importance of financial wellness as a benefit is extremely positive.



*say providing a financial wellness benefit is an important component of a comprehensive employee benefit package.*



*say it's important for an employer to provide resources and tools to help with employee personal finances.*



*say their organization has a responsibility to support the financial well-being of their employees.*

# What Goes Into Financial Wellness Benefits?

The majority of financial wellness benefits on the market include common features like benefit planning, a personal finance assessment, budgeting tools, investment advice and financial education—and many of these also top the list of must-have features for benefits decision-makers.

**INCLUDED FEATURES**

- Benefit planning
- Financial wellness assessment
- Budgeting tools and content
- Investment advice
- Personal finance education
- Virtual webinars
- Access to personal finance tools
- Individual financial coaching/counseling
- In-person seminars
- Access to purchase financial products

**MUST-HAVE FEATURES**

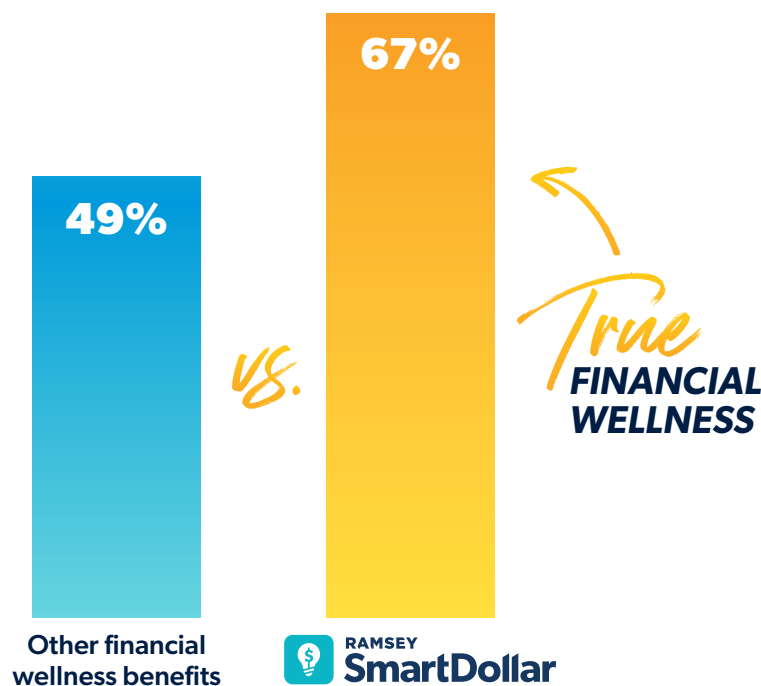
- Access to personal finance tools and services
- Budgeting tools and content
- Financial wellness assessment
- Benefit planning
- Personal finance education
- Individual financial coaching/counseling
- Investment advice
- Educational seminars
- Customization of promotional materials
- Ability to sync accounts



## Employer Satisfaction With Their Financial Wellness Benefit

In the *Overview of Benefits* section, we saw that employers who offer financial wellness benefits were more likely to be extremely satisfied with their overall benefits package. Drilling down a bit more, 49% said they were also extremely satisfied with their current financial wellness benefit. Of those who offer SmartDollar, 67% said they were extremely satisfied.

### EXTREMELY SATISFIED WITH THEIR FINANCIAL WELLNESS BENEFIT



## *The Takeaway* BY BRIAN HAMILTON, SVP OF SMARTDOLLAR

Even though only about a third of employers say they're extremely familiar with the concept of financial wellness benefits, they're hearing the rumblings—or feeling the consequences—of their employees' lack of financial wellness. You can see it in the trend—a third of those who offer a financial wellness benefit to their employees added it just in the last year. So, even though some might not know what financial wellness is or what it should look like, they see the importance of offering it.

But back up for a second. If they don't know what a financial wellness benefit should accomplish, how can they know what actually works? All the must-have features in the world can only take employees so far if they're not engaged. If your financial wellness benefit provider offers a set-it-and-forget-it solution without driving engagement, you won't see a long-term impact on your team. At SmartDollar, we know employee engagement is about more than the usual enrollment and usage numbers. We measure employees' actual life-change. That's what makes us different, and it's why companies who offer SmartDollar are nearly 20% more likely to say they're extremely satisfied with their financial wellness benefit.

“*If sign-ins and traditional usage metrics don't lead to your employees getting on a budget, paying off debt, saving for the future, and building wealth, then how valuable are those things, really?*”



# **BARRIERS TO FINANCIAL WELLNESS**

## Perceived Barriers Employers Face in Adding Financial Wellness

What's stopping employers from offering their people a financial wellness benefit? Even though many benefits decision-makers want to offer financial wellness, a handful of factors like cost, time, questions about usage and perception seem to be holding them back.

### **COST:**

**33%** *of those who don't currently offer a financial wellness benefit cite cost as the top reason why.*

### **TIME:**

**24%** *say they're too busy/overwhelmed to implement a new benefit.*

### **USAGE:**

**22%** *say they don't think their employees will use a financial wellness benefit.*

### **PERCEPTION:**

**61%** *say an employee's personal financial health is not the business of their employer.*



## *The Takeaway* BY BRIAN HAMILTON, SVP OF SMARTDOLLAR

No matter what's keeping you from providing a financial wellness benefit, the fact is that employee financial stress is following your employees into work and hurting your bottom line. How? Through employee turnover, absenteeism, lost productivity, rising health care costs and delayed retirements. Those are the side effects of a workforce that doesn't have financial wellness. You have to weigh the cost. What's more expensive for your business: The price of adding financial wellness to your benefits package or the price of a team that's struggling with money?

When you provide a financial wellness benefit that actually works, your employees stop bringing their money baggage through your company's front door. That's how a financial wellness benefit pays for itself. And when you choose a financial wellness provider that dedicates an entire team to help you launch and promote your new benefit and guarantees participation—that's how you break through.

“ ***You have the chance to help your employees and your bottom line.*** ”



# IMPACT OF FINANCIAL WELLNESS



## The Measurable Return on Investment of Financial Wellness

The majority of companies that have a financial wellness benefit say it's paying off in many different ways for both their employees and their organizations. From employees putting money into emergency savings and becoming debt free to higher productivity levels and better retention rates, these companies can draw a straight line from the financial health of their employees to the health of their bottom line.

### **THE POSITIVE IMPACT OF OFFERING A FINANCIAL WELLNESS BENEFIT**

- Higher participation in employee-sponsored retirement savings plan
- Higher productivity levels
- Employees adding to their emergency savings
- Higher participation in voluntary benefits
- Higher employee retention rate/lower turnover
- Employees becoming debt free
- Fewer days of work missed by employees
- Reduction in 401(k) loans
- Lower health care costs
- Fewer workers' comp claims
- Less reported stress from employees

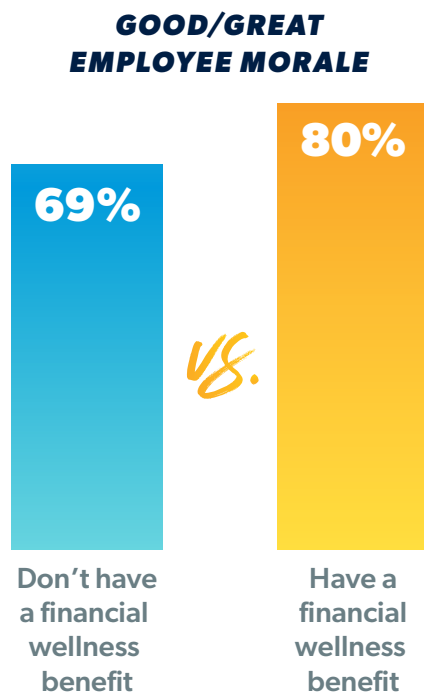
## The Measurable Return on Investment of Financial Wellness ... *continued*

**81%** *have seen positive improvements as a result of their financial wellness benefit.*

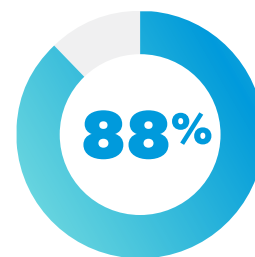
**91%** *say offering a financial wellness benefit has made them more competitive in recruitment and hiring.*

## The Positive Impact on Employee Morale

How does that translate to employee morale? Employees who have access to a financial wellness benefit are more likely to have high morale than those who don't. And 88% of employers who offer their teams a financial wellness benefit say their employees report less stress because of it.



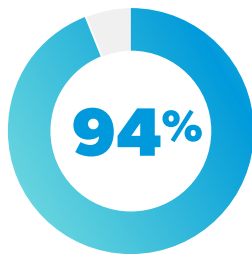
### EMPLOYEES ARE LESS STRESSED WITH FINANCIAL WELLNESS



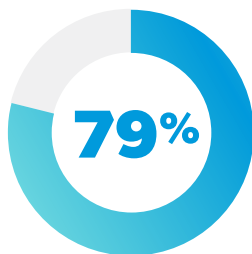
*say their employees report less stress because of the financial wellness benefit.*

## Financial Wellness Isn't Just a Niche Benefit

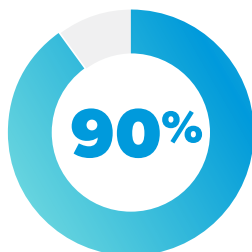
It's clear that benefits decision-makers think financial wellness is a good idea and that they see employee money stress hurting their businesses. But as we just saw, it's the companies that actually offer a financial wellness benefit who are seeing the positive impact on their employees.



*say it's beneficial to the company for employees to have healthy personal finances.*



*say their employees' personal financial problems have a negative impact on their work.*



*of those who offer a financial wellness benefit say it's one of the most impactful benefits to their employees.*

## *The Takeaway* BY BRIAN HAMILTON, SVP OF SMARTDOLLAR

If you could add a benefit that helps your employees achieve true financial wellness and helps your bottom line, would you do it? It would be a mistake not to!

You just saw it: The impact that a financial wellness benefit can have on your employees and business is measurably significant—so much so that 8 in 10 employers who have a financial wellness benefit report seeing positive improvements across the board. And even though employers saw awesome improvements like higher employee morale and less employee stress, it's not just positive sentiment driving those reports. It's the boost to the bottom line from higher productivity, lower employee turnover, reduced absenteeism and lower health care costs. When you can get positive results for both employees and the business, that's return on investment!

“ *It's clear that financial wellness should be an essential part of your employee benefits package.*





# IMPACT OF COVID-19

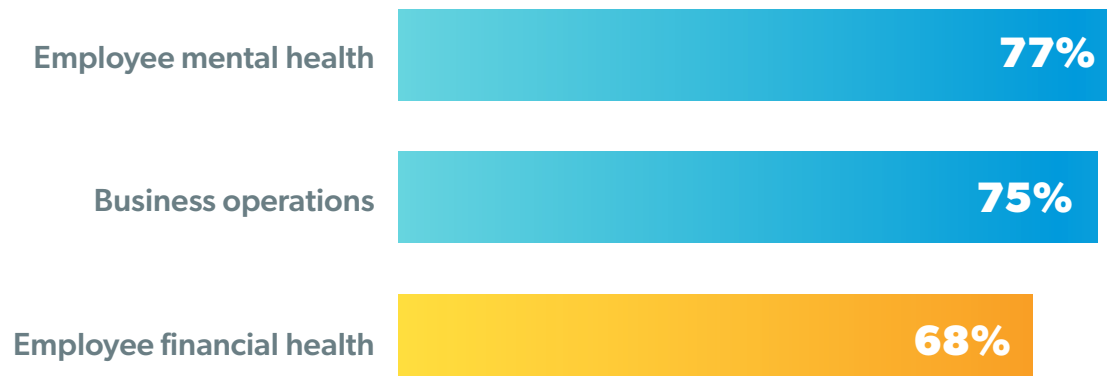


## The Impact of COVID-19

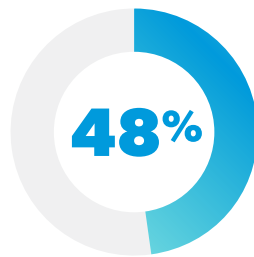
There's no question that businesses of all sizes all over the world felt the negative impact of the coronavirus pandemic. Some had to lay off or furlough workers. Some had to close their doors for good. Saying that businesses and their employees alike suffered is an understatement. But how exactly did the pandemic affect businesses and their approach to employee benefits?

**4 in 10**   
*organizations suffered  
decline in revenue in 2020.*

### **COVID-19 HAS HAD A MODERATE-TO-SIGNIFICANT IMPACT ON:**

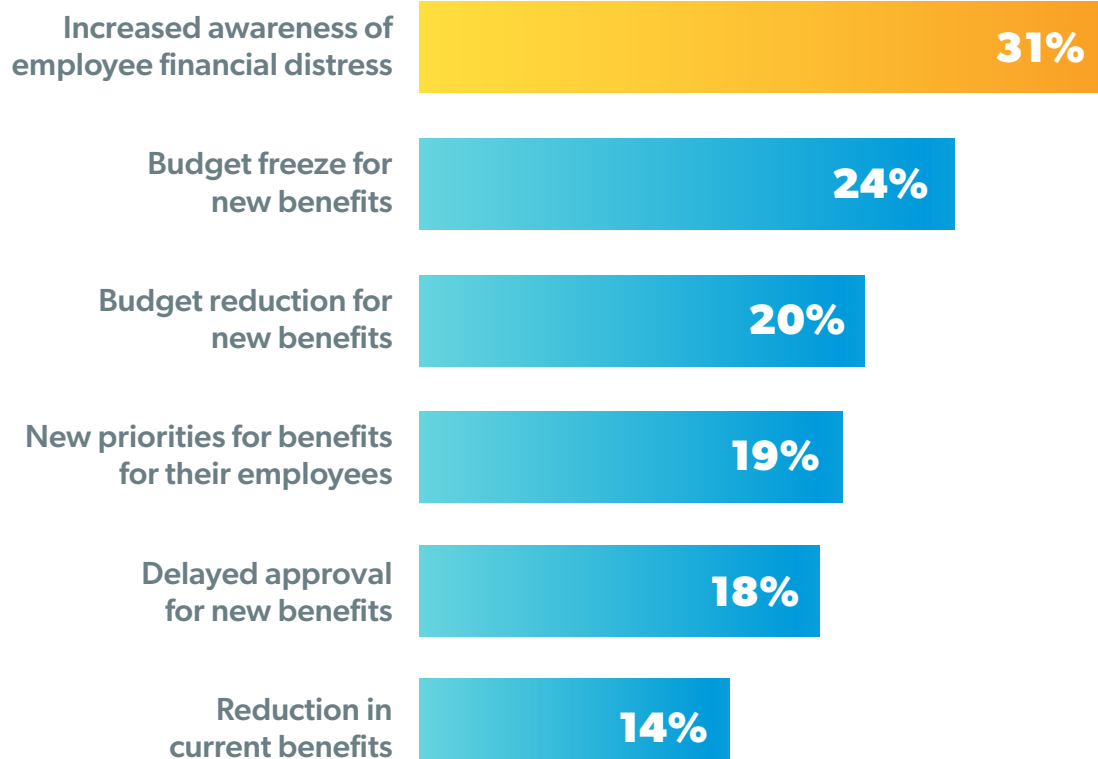


## The Impact of COVID-19 ... *continued*



*Nearly half say COVID-19 increased priority for financial wellness.*

### **AS A RESULT OF THE PANDEMIC, EMPLOYERS HAVE EXPERIENCED:**



## *The Takeaway* BY BRIAN HAMILTON, SVP OF SMARTDOLLAR

The coronavirus pandemic didn't just punch businesses in the gut. It stole their lunch money too. Four in 10 companies told us their businesses lost revenue from 2019 to 2020 after dealing with COVID-19 considerations. But that's not the end of it. Those same employers saw their employees take a beating both financially and mentally as the pandemic set in. They became more aware of their employees' financial distress—it was hard not to.

To deal with the impact of the pandemic, employers implemented budget freezes, reduced benefits, shifted priorities, and delayed budget approvals for new benefits. Some even cut certain benefits entirely to save money.

At the end of the day, the pandemic highlighted a huge problem. American businesses and their employees were not ready for a rainy day, let alone a pandemic. But despite all the harsh consequences of COVID-19 for businesses and employees, there's a light at the end of the tunnel. Armed with true financial wellness, both your employees and your business can be ready for the unexpected.

“ **COVID-19's got nothing on employers who care about their employees.** ”



# CONCLUSION

## Conclusion

The data makes it clear. Employees need help with their money, and employers are uniquely positioned to provide that help through financial wellness benefits. Every day, employees of all kinds drag their financial baggage through the company's front door, and that wreaks havoc on the bottom line in the form of turnover, absenteeism, lost productivity, rising health care costs and delayed retirements.

In fact, no employer or company is immune to the effects of employee financial stress. It doesn't matter the type of employee, industry or level of payroll. But there's good news: It doesn't have to be that way.

Financial wellness benefits equip employees to attack their financial stress, which in turn helps the business. How? By pulling the plug on those bottom-line killers—with a workforce that's healthier financially and physically, shows up for work, gets more done, doesn't job hop, and retires on time. So, it's not just smart for employees to have a financial wellness benefit—it makes business sense for their employers to offer one.

So, what's the final takeaway?

Financial wellness isn't just a niche benefit. It should be an essential part of your employee benefits package. We all learned a valuable lesson this past year as a result of the pandemic: Employees need help—they need financial wellness.

“ ***Employers have a chance to help their employees and their bottom line with true financial wellness.*** ”

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