



PUTTING EMPLOYEES ON THE FAST TRACK TO FINANCIAL HEALTH

**A case study from a
Fortune 25 company**



FOREWORD: CONTRIBUTED BY GFLEC

WORKPLACE FINANCIAL EDUCATION WORKS

Our more than 20 years of research on financial literacy suggests that a lack of basic financial knowledge leads to costly financial mismanagement. Our findings have also shown that problems with personal finances can trigger high levels of anxiety, which can have a negative impact in the workplace.

Evidence from our annual data—the TIAA Institute-GFLEC Personal Finance Index (P-Fin Index)—reveals that people who lack financial literacy spend more hours than those who are financially literate dealing with financial issues. On average, people spend seven hours per week thinking about and dealing with financial concerns. Three of those hours occur at work. But people with low financial literacy spend twelve hours per week thinking about and dealing with financial issues, and seven of those hours happen at work—almost an entire workday.

This is the right moment to implement real solutions to help employees achieve financial wellness. In addition to being an attractive benefit for employees, financial wellness programs that promote financial capability can boost workplace engagement and productivity. The workplace is a natural fit for these programs as crucial financial decisions are made daily.

We partnered with Edelman Financial Engines (EFE) to implement a six-week challenge called “Fast Track to Financial Health” aimed at gaining critical insights

into the financial well-being of a Fortune 25 company’s employees. This unique initiative created a financial health score and provided targeted financial resources based on that score. The combination of customization and a research-based impact evaluation made this program unique.

The targeted financial education helped employees who were exposed to the program increase their financial knowledge; through the resources provided, they learned about inflation and risk diversification and improved their numeracy. Exposure to the program also increased their level of financial confidence, which improves people’s ability to translate knowledge into action, and improved their forward-looking behaviors, such as planning for retirement.

The results we observed with “Fast Track to Financial Health” align with the rigorous financial literacy research that GFLEC has conducted since our center was founded at the George Washington University School of Business. At GFLEC, we help organizations all over the world develop research-based financial education initiatives that improve people’s financial well-being.

The “Fast Track to Financial Health” initiative demonstrates that workplace financial education works and is critical for helping working adults improve their financial future.

INTRODUCTION

In the wake of the Great Resignation — and the elevated employee expectations that came along with it — employers seek new ways to meet the needs of employees and their families.



ROUGHLY 7 IN 10 EMPLOYEES NOW EXPECT THEIR EMPLOYERS TO SUPPORT THEIR FINANCIAL WELLBEING¹, AND ORGANIZATIONS HOPING TO SAFEGUARD THEIR TALENT SEEK NOVEL WAYS TO ENHANCE THEIR WORKERS' FINANCIAL WELLNESS.

The availability of workplace financial solutions can help to deliver on this need and close many existing gaps by spurring employees to engage today in order to improve longer-term habits.

To measure the impact and effectiveness of financial wellness programs, Edelman Financial Engines (EFE) partnered with the George Washington University's Global Financial Literacy Excellence Center (GFLEC) to deliver a six-week well-being challenge, "Fast Track to Financial Health," at a Fortune 25 company²⁻³. Through surveys conducted before and after the challenge,

the program evaluated employees' overall financial well-being, and the role that targeted resources can play in boosting financial knowledge, confidence, and future financial decision-making.

In this report, we'll delve into the findings, sharing the positive impact of the "Fast Track to Financial Health" program on employees' well-being. We'll also share steps employers can take to engage employees most at risk of poor financial health, and help every employee make the most of their financial benefits.

KEY FINDINGS



Even before the intervention, employees who previously used EFE's services* 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.

 70%

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



The "Fast Track to Financial Health" program boosted employees' financial knowledge, confidence, and behaviors. Individuals who engaged increased their financial literacy levels and were more likely to save for emergencies and retirement, plan for future expenses, and ask a financial counselor for advice.



Employees with stronger financial literacy were also more likely to be satisfied with their employer-provided benefits and compensation, and had higher overall job satisfaction.

*EFE's services include Online Advice, Professional Management and Personal Advisor.



OUR RESEARCH PROGRAM, AT A GLANCE



STEP 1: INITIAL EMPLOYEE SURVEY

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



STEP 2: ASSIGN FINANCIAL HEALTH ("FINHEALTH") SCORES

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.



STEP 3: "THE FAST TRACK TO FINANCIAL HEALTH" CHALLENGE

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

Basic material	Poor	Fair	Good
Budgeting			
Saving			
Debt			
Retirement			
Unexpected events			
Advanced material			
For your kids			
Financial concepts			
Investments			
Planning for the present			
Planning for the future			



STEP 4: POST-CHALLENGE EMPLOYEE SURVEY

Finally, and importantly, we assessed employees' engagement in the challenge, and the impact it had on their financial knowledge, confidence, and future decision-making.

SNAPSHOTS OF EMPLOYEE FINANCIAL WELLNESS

Gaining a sense of where employees stood financially – and where help was needed

Making a meaningful difference in employees' financial lives requires resources tailored to each employee's unique financial situation, needs, and goals. In order to offer this level of personalized support, we surveyed employees ahead of the challenge to gauge their baseline financial knowledge, confidence, and financial health.

By quizzing employees on the widely used assessment of the “Big Three” financial concepts – inflation, numeracy, and risk diversification – we could gain a sense of their financial awareness. Further, by asking employees about key pillars of financial wellness, including their retirement readiness, debt management, and emergency savings, we could identify areas where employees' financial health was strong, and where they struggled most.





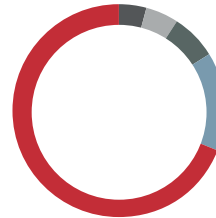
Who were the employees?

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



GENDER

- Male (67%)
- Female (33%)



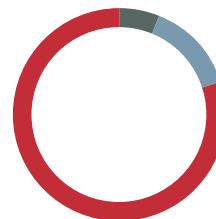
RACE / ETHNICITY

- White (69%)
- Asian (15%)
- Black (7%)
- Hispanic (5%)
- Other (4%)



EDUCATION

- Post-graduate degree (48%)
- Bachelor's degree (41%)
- Some college (9%)
- HS or less (2%)



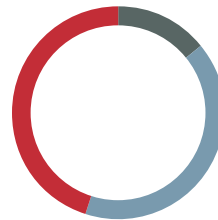
INCOME

- \$100,000+ (80%)
- \$75,000 - \$99,999 (14%)
- up to \$74,999 (6%)



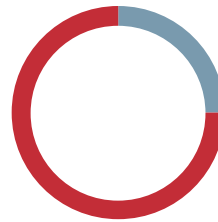
OVERALL, EMPLOYEES HAD A STRONGER-THAN-AVERAGE GRASP ON THEIR FINANCES

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.



EMPLOYEES' INITIAL "FINHEALTH" SCORES:

- Good (45%)
- Fair (41%)
- Poor (14%)



EMPLOYEES WHO COULD CORRECTLY ANSWER THE "BIG THREE"

- ANSWERED CORRECTLY (75%)
- ANSWERED INCORRECTLY (25%)

COMPARED TO THE NATIONAL AVERAGE¹, EMPLOYEES WERE:

1.4X more financially literate

44% more likely to have a manageable amount of debt

32% less likely to worry about running out of money in retirement



¹Based upon the 2018 FINRA Foundation's National Financial Capability Study (NFCS). For a more accurate comparison and to avoid demographic differences, the NFCS sample is restricted to: employed households, between the ages of 20 and 71, with an income higher or equal to \$75,000.

EMPLOYEES WHO ALREADY USED EFE SERVICES FARED ESPECIALLY WELL

In an employee population already doing better than average financially, workers who already utilized EFE's financial solutions stood out as especially savvy. Employees who had previously used EFE's services, which represented 51% of the sample, were more financially literate and more likely to have good financial health.

COMPARED TO NON-USERS, EFE USERS WERE:



less likely to have a poor FinHealth score



more likely to answer the "Big Three" financial questions correctly

HOWEVER, SUBSETS OF EMPLOYEES WERE MORE LIKELY TO STRUGGLE

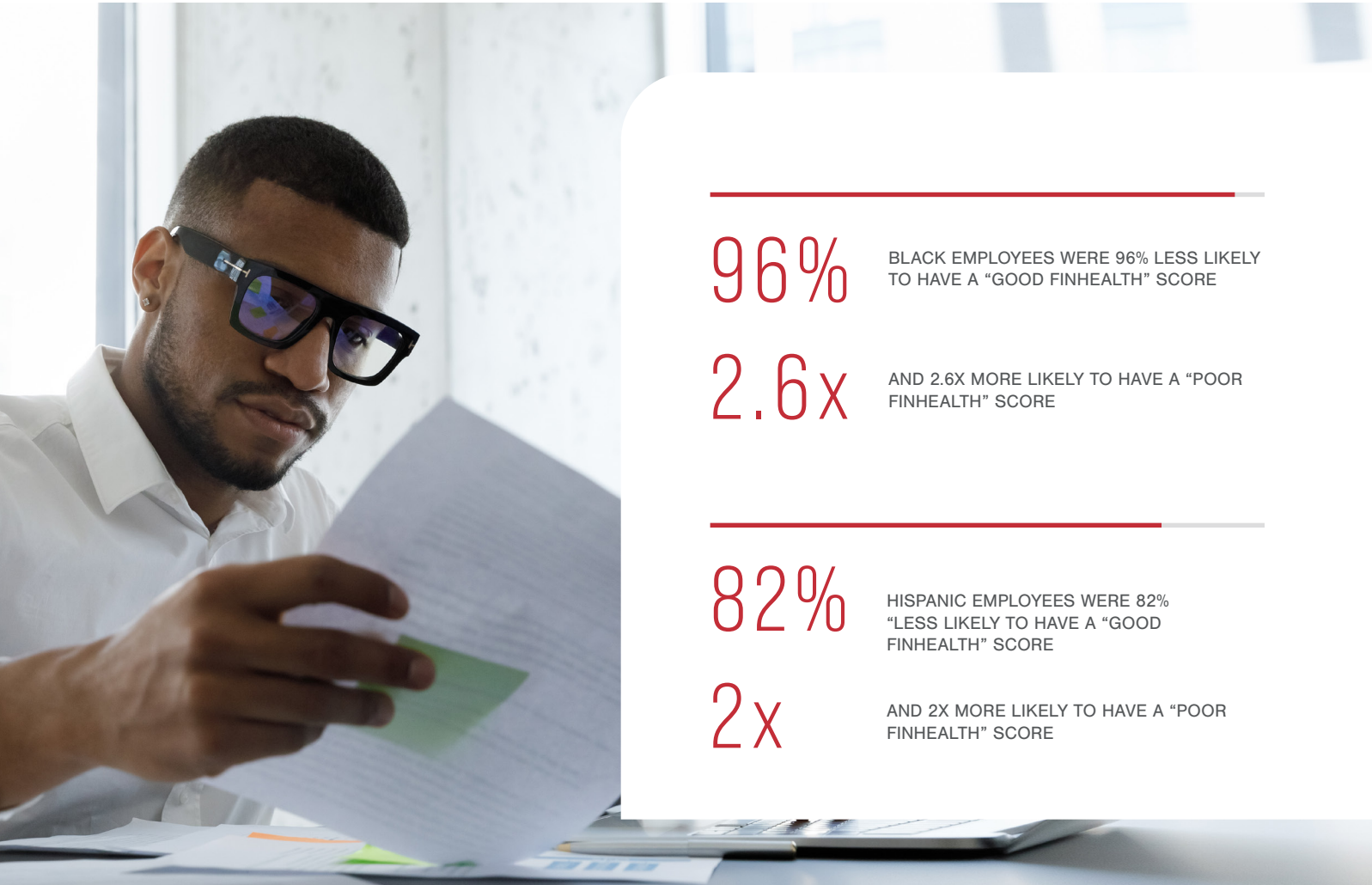
Although all looked well on the surface, as we delved into how employees fared across gender and racial lines, some troubling trends emerged. Women, we found, disproportionately struggled with financial literacy, and were 14% less able to correctly answer the “Big Three” questions compared to their male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

1.8x

WOMEN WERE 1.8X MORE LIKELY TO HAVE A POOR “FINHEALTH” SCORE THAN MEN



We also saw that employees of color, specifically Black and Hispanic employees, were more likely to feel financially fragile.



96%

BLACK EMPLOYEES WERE 96% LESS LIKELY TO HAVE A “GOOD FINHEALTH” SCORE

2.6x

AND 2.6X MORE LIKELY TO HAVE A “POOR FINHEALTH” SCORE

82%

HISPANIC EMPLOYEES WERE 82% “LESS LIKELY TO HAVE A “GOOD FINHEALTH” SCORE

2x

AND 2X MORE LIKELY TO HAVE A “POOR FINHEALTH” SCORE

However, there was a silver lining: more vulnerable employees were also more likely to seek out help. Black employees, for example, were 8% more likely to have used EFE’s financial education initiatives than their white colleagues, and women were 4% more likely to have accessed financial wellness resources than men. In addition, Black women — among the most financially

vulnerable groups in the study — were more likely to have accessed EFE’s financial services than white women.

By offering employees access to additional resources throughout the “Fast Track to Financial Health”, we had an opportunity to help these employees build stronger financial habits and enhance their financial well-being.

ACCELERATING FINANCIAL WELLNESS

The impact of the Fast Track to Financial Health challenge

Over the six-week period following their initial assessment, employees could engage with financial resources of their choosing, from increasing their financial literacy with articles and webinars to getting more personal, one-on-one insights and advice from an EFE financial counselor.

Afterward, we re-surveyed each employee to learn more about how they engaged with the challenge, and which resources were preferred. We also reassessed their financial knowledge and confidence to learn more about how the challenge had reshaped their financial habits — and the positive long-term behavior changes they expected to implement in the future.

Employees who engaged the most in the program included existing EFE service users, high-income, males, white employees, those closest to retirement age, those in good financial shape, and those with high levels of financial anxiety.



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 off knowledgeable about their finances and, by and large, possessed relatively good financial health.

EMPLOYEES' FINANCIAL KNOWLEDGE AND CONFIDENCE AFTER THE 6-WEEK CHALLENGE:

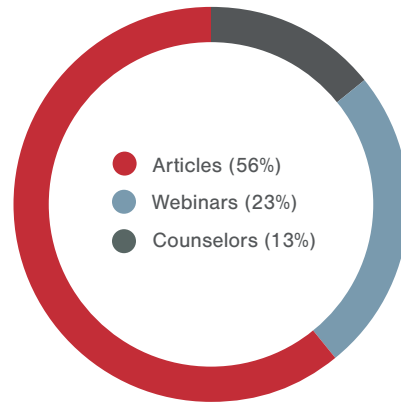


OFFERING A RANGE OF SOLUTIONS WAS KEY TO THE CHALLENGE'S SUCCESS

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.



EMPLOYEES' FAVORITE FINANCIAL EDUCATION RESOURCES*:



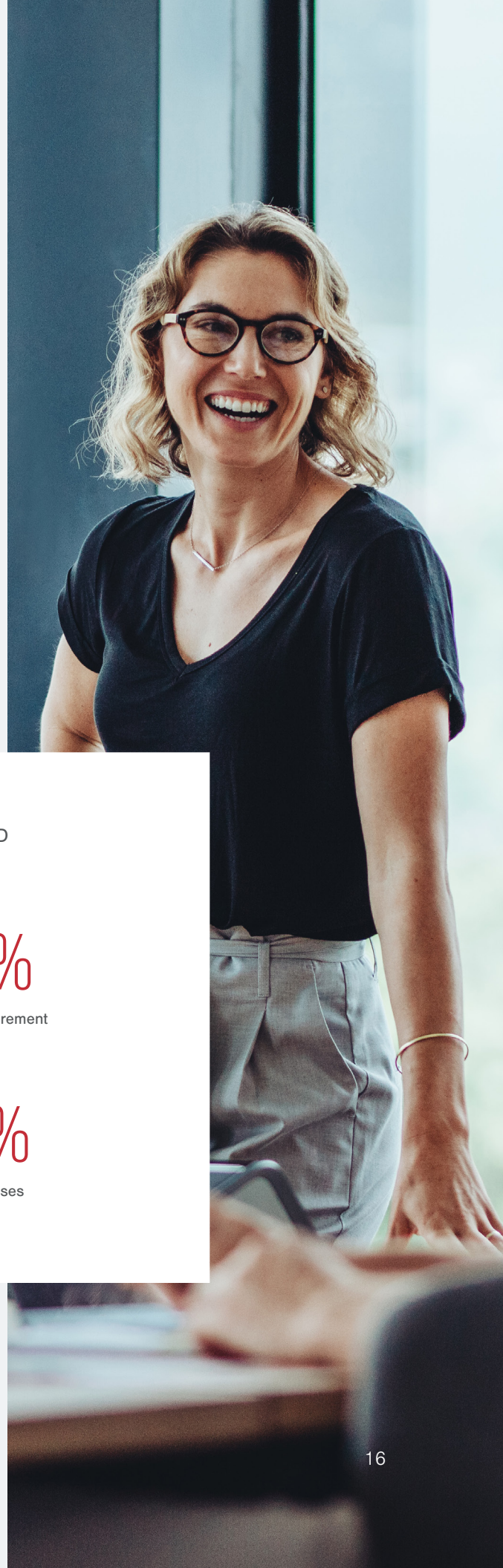
*Remaining 8% of employees did not engage with any resources

Although discussing financial concepts with a counselor is the best way to deepen financial literacy, offering articles and webinars is essential. Before the challenge, more employees (69%) indicated they felt comfortable accessing articles to learn about financial concepts, while just 44% felt comfortable discussing their financial situation with an advisor. The preferences for their favorite material accessed during the challenge not surprisingly aligned closely with their previously expressed comfort levels.

It is important to note that there are many reasons why employees did not engage as heavily with a financial counselor, including procrastination, lack of time to set up an appointment, or lack of confidence talking about money. As such, by providing a range of resources, employers can help employees build up their financial confidence – and reach those not yet ready to meet with a counselor.

EMPLOYEES WHO ENGAGED WITH THE CHALLENGE PLAN TO ADOPT POSITIVE FINANCIAL BEHAVIORS

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.



AFTER THE CHALLENGE, EMPLOYEES WHO ENGAGED THE MOST SAY THEY WERE VERY LIKELY TO:



Pay their bills on time



Save for retirement



Plan for retirement



Track expenses

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

As evidenced by this research, employees are more likely to engage with financial benefits when they feel financial wellness is within their control, as opposed to the result of external factors. Communications should showcase that financial wellness benefits work and empower employees to take control of their finances.



2. Help employees integrate financial wellness into their day-to-day routines

Provide financial resources that can be accessed anytime, anywhere. Encourage employees during natural breaks in their day, such as over lunch, between meetings, or when commuting on public transit.



3. Nudge employees to encourage engagement

Provide personal outreach based on actions employees have — or have not — taken, to keep their financial wellness top of mind.



4. Offer incentives that motivate employees to take action

Benefits rewards programs, whereby employees receive points that can often be converted to cash or gift cards, help to reach employees with less intrinsic motivation to use available financial wellness benefits.

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.

Survey Methodology

Research conducted by The George Washington University's Global Financial Literacy Excellence Center (GFLEC), in partnership with Edelman Financial Engines. All findings are based on data from two comprehensive surveys collected in April and June of 2022 from employees at a Fortune 25 company. Initial sample included 2,792 salaried employees. Follow up sample included 668 employees. To create a benchmarking mechanism to define and measure financial well-being the "Financial Health Score" (FinHealth score) was created. This score served as the backbone of the Fast Track to Financial Health program, which consisted of three essential steps that 1) took employees through an initial assessment to generate a baseline score; 2) provided personalized counseling and access to educational resources based on that score; and 3) assessed the impact of this intervention with a focus on both short-term effects and future anticipated changes in financial decision-making.

About Edelman Financial Engines

Since 1986, Edelman Financial Engines has been committed to always acting in the best interests of our clients. We were founded on the belief that all investors deserve access to personal, integrated financial planning and investment advice. Today, we are America's top independent financial planning and investment advisory firm, as recognized by Barron's for five consecutive years,¹ with 145+ offices² across the country and entrusted by more than 1.3 million clients to manage \$241 billion in assets.³ Our unique approach to serving clients combines our advanced methodology and proprietary technology with the attention of a dedicated personal financial planner. Every client's situation and goals are unique, and the powerful fusion of high-tech and high touch allows Edelman Financial Engines to deliver the personal plan and financial confidence that everyone deserves. For more information, please visit [EdelmanFinancialEngines.com](https://www.EdelmanFinancialEngines.com).

¹The Barron's 2022 Top 100 RIA Firms list, a ranking of independent advisory firms, is qualitative and quantitative, including assets managed by the firms, technology spending, staff diversity, succession planning and other metrics. Firms elect to participate but do not pay to be included in the ranking. Ranking awarded each September based on data within a 12-month period. Compensation is paid for use and distribution of the rating. Investor experience and returns are not considered. The 2018 ranking refers to Edelman Financial Services, LLC, which combined its advisory business in its entirety with Financial Engines Advisors L.L.C. (FEA) in November 2018. For the same survey, FEA received a precombination ranking of 12th.

² Edelman Financial Engines data, as of Dec. 31, 2021.

³ Edelman Financial Engines data, as of June 30, 2022.