On the minds of Plan Sponsors:

Key findings from the 2019 MassMutual Workplace Financial Wellness Study
There’s more to retirement readiness than a retirement plan.

American workers are worried about money — and their employers are taking notice.

The 2019 MassMutual Workplace Financial Wellness Study illustrates the depth of their concern: eight in 10 plan sponsors recognize that their employees are struggling financially and more than half (57%) believe their employees are looking to them for support.

It’s not surprising that financial wellness is fast becoming a business priority. As you’ll read on the pages that follow, financial stress exacts a heavy toll, both on workers who are dealing with money issues and the companies that employ them. Fortunately, employers are recognizing that they have an important opportunity to help, and a growing number are stepping up to do so.
Today, six in 10 plan sponsors (61%) currently offer or are in the process of implementing workplace financial wellness programs. Another one in five (19%) employers plan to introduce a program within the next one to three years. But as the results of our recent study illustrates, employers are learning that employee needs are multilayered and there is more to helping workers become retirement ready than many imagined.

This white paper presents key findings from our study and explores why putting employees at the center of financial wellness is in everyone’s best interest. Because when employees have a financial game plan for meeting today’s financial challenges and tomorrow’s goals, they’re more focused and productive. They’re also more likely to retire on their own terms — which can be good news for an employer’s bottom line.

Teresa Hassara
Head of MassMutual’s Workplace Solutions

*or are in the processes of implementing.

Guidance may not be available for certain products. Guidance is based on MapMyFinances assumptions and information provided by the employee and employer.
A call for collaboration

Money is a significant source of stress for American workers, and the impact of that stress is seeping into the workplace. Today, two thirds of employees (67%) are worried about money. And nearly half (49%) of them spend three or more hours at work each week dealing with personal financial issues, causing workplace distraction and a loss of productivity.

The good news is that plan sponsors are tuning into the challenges their employees are facing. Results from the MassMutual 2019 Workplace Financial Wellness Study illustrate that employers are aware of the toll that financial stress is taking:

- 53% Have overheard workers commiserating about their financial struggles
- 46% Said their workers are not participating in their workplace retirement plan as much as they’d like
- 46% Are aware that their employees hold second jobs
- 44% Reported that their employees are borrowing from their retirement plan accounts
- 33% Said their workers are requesting paycheck advances

Here’s what plan sponsors are saying:

The study also uncovered what plan sponsors say are the top money worries keeping their employees up at night, as illustrated here. These findings underscore the very real need for plan sponsors and advisors to work together with plan providers and TPAs to help participants address the challenges that are keeping them from building financial security.

61% Credit card or other consumer debt
58% Housing costs
52% Unexpected emergencies
50% Medical costs
49% Childcare costs
49% Inability to save for retirement
37% Student loan debt
27% Insurance costs

It’s the right thing to do

Employers play a crucial role in helping workers to achieve financial security — and it’s a responsibility they take seriously.

Eighty-six percent of plan sponsors in our survey believe it is important for employers to offer financial wellness programs to their employees. And most agree that these programs are a great way to provide support to their employees, as illustrated below.

Statements About Financial Wellness

% of plan sponsors who agree with the following statements about financial wellness:

- 90% Employers who offer financial wellness programs really care about their employees
- 88% Financial wellness programs are a cost-effective way to support employees
- 84% Employers who offer financial wellness programs are on the cutting edge of benefit offerings
- 69% Financial wellness programs are essential to hiring and retaining employees

Our research underscores an important advantage many employers have in providing financial wellness solutions to their employees: nearly six in ten plan sponsors said that employees are looking to their employers for support in managing their finances.

---


---

81% of Millennials, 75% of Gen X, and 52% of Baby Boomers say they’d be attracted to another company that cares more about their financial wellbeing.
Ultimately, the goal of a financial wellness program is to empower employees to take charge of their finances so they can build financial security. For what’s now and what’s next.

While retirement plans are a critical part of financial wellness programs, nearly half of plan sponsors (47%) surveyed think these programs should address an employee’s full financial situation. Given the growing diversity of today’s workforce, a one-size-fits-all approach to financial wellness is unlikely to fulfill that need.

Our research supports this contention: While the majority of plan sponsors (78%) offering financial wellness programs report that their programs are successful, seven in ten believe their workers face issues not currently addressed by their benefit plans.

This may help explain why 34% of our study respondents who offer financial wellness programs today report low employee participation (58%) in their plans. It also may explain why other research found that financial stress is on the rise, despite a favorable economy.⁵

---

⁵ 2019 Employee Financial Wellness Survey, PwC. 
Unaddressed Issues Employees Face
(Among those who believe their employees face unaddressed issues)

7 in 10 employers believe workers face issues not addressed by their benefit plan.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of living/Housing/Financial stability/Paycheck to paycheck</td>
<td>28%</td>
</tr>
<tr>
<td>Debt</td>
<td>17%</td>
</tr>
<tr>
<td>Not saving/planning for retirement or emergencies</td>
<td>16%</td>
</tr>
<tr>
<td>Child/Elder care</td>
<td>15%</td>
</tr>
<tr>
<td>Medical issues/costs</td>
<td>11%</td>
</tr>
<tr>
<td>Budgeting/Managing money/Spending</td>
<td>10%</td>
</tr>
<tr>
<td>Student loans</td>
<td>10%</td>
</tr>
<tr>
<td>Family problems/Stress/Mental health</td>
<td>6%</td>
</tr>
<tr>
<td>Low Wages/Not enough pay</td>
<td>5%</td>
</tr>
<tr>
<td>Lack of insurance/Benefits Cost</td>
<td>4%</td>
</tr>
<tr>
<td>World/Political challenges</td>
<td>1%</td>
</tr>
<tr>
<td>Commute</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
</tbody>
</table>

How Generations Differ on Financial Concerns

Plan sponsors who have a majority of Millennial employees are more focused on retirement plan participation, childcare costs, and student loan debt than the average company.

<table>
<thead>
<tr>
<th>Issue</th>
<th>All Plan Sponsors</th>
<th>Plan Sponsors with a majority of Millennial employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in your company’s retirement plan</td>
<td>62%</td>
<td>67%</td>
</tr>
<tr>
<td>Costs of childcare</td>
<td>47</td>
<td>51</td>
</tr>
<tr>
<td>Employee student loan debt</td>
<td>35</td>
<td>40</td>
</tr>
</tbody>
</table>

It’s time to start thinking differently about benefits and the evolution of solutions that employees will need now and in the future to enable them to address short-term needs, that can get in the way of long-term planning for retirement.
5 best practices to boost financial wellness

To help move the needle on financial wellness, consider the following best practices.

1. **Conduct a benefits audit.**
   Review the benefits currently offered, including whether employees are utilizing and benefiting from each. Then consider what new program(s), if any, could help create a more comprehensive financial wellness program.

2. **Recognize differences.**
   Given the increasingly diversity of today’s workforce, financial wellness programs should align with a plan sponsor’s unique worker demographics.

3. **Put participants at the center of financial wellness**
   Recognizing that employees’ financial situations are as varied as their life experiences, look for financial wellness solutions that are flexible, meaningful, and relevant to their needs and goals.

4. **Focus on the user experience**
   Focus on multi-dimensional financial wellness programs that engage participants in the way they want, generate awareness of the solutions and supports available, and provide actionable next steps for building financial security.

5. **Measure and learn.**
   When making the case for a comprehensive financial wellness program, set program objectives, using data-driven insights such as increased productivity, fewer employee absences, employee retention, and retirement readiness to measure success.
Implementing a best practices financial wellness program can help employers address the major financial issues facing employees and inspire them to take the next steps in their journey toward retirement. It can also help reduce financial stress in the workplace and the impact that stress has on an employer’s bottom line.

In this very real sense, financial wellness is a game-changer for plan sponsors and the plan participants they serve.

To learn about MassMutual’s retirement plan solutions and to access our practice management tools, plan sponsor resources, and financial wellness solutions, contact us today at 1-800-874-2502, Option 4.