

# Workplace Financial Health Innovation

Exploring the Spectrum of Financial Guidance Solutions  
for Your Employees

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## Introduction

Employees across industries are managing a wide range of financial health needs, and they are increasingly looking to their employer for support. As employers consider how best to support the financial health of their workforce, there exists a wide variety of financial guidance solutions that they can offer. Some solutions offer basic financial education on concepts and products, some use financial products to support specific financial needs, and still others offer more therapy-based solutions. There is also a growing number of financial coaching services, which provide customized financial advice, working closely with individuals on their financial goals. As employers consider which financial guidance benefits to offer, they must consider a range of factors – including the makeup of their workforce, how the guidance is delivered, and cost structures – in order to identify the most high-impact solutions for their employees.

## An Acute Financial Health Need

For nearly three years now, workers have managed financial volatility and uncertainty brought on by COVID-19 and an ever-changing economic landscape. The pandemic changed the nature of work, as well as the role of employers in the lives of their workforce.

Workers want solutions that can help them improve their financial health and manage the increasing complexity of their financial lives, and they are looking to their employers for support. More and more, companies are responding with a growing array of financial wellness benefits that provide financial guidance to their employees. These types of benefits have the potential to help address employees' financial concerns, reduce financial stress, and improve their financial health.

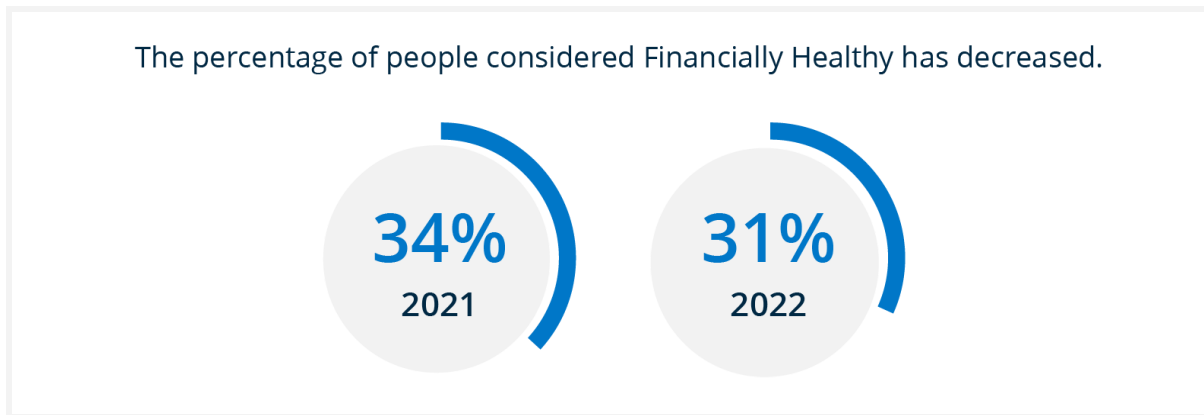
According to the Financial Health Network's Financial Health Pulse® 2022 U.S. Trends Report, which measures the financial health of Americans, financial health in the U.S. has declined for the first time in the report's five-year history.<sup>1</sup> The percentage of people considered Financially Healthy – meaning they are able to spend, save, borrow, and plan in ways that will enable them to be resilient and pursue opportunities – decreased from 34% in 2021 to 31% in 2022.<sup>2</sup> As an uncertain economic outlook continues to loom and pandemic-era monetary stimulus and support have ended, the need for financial guidance

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<sup>1</sup> Andrew Dunn, Andrew Warren, Necati Celik, & Wanjira Chege, "[Financial Health Pulse® 2022 U.S. Trends Report](#)," Financial Health Network, September 2022.

<sup>2</sup> Ibid.

is as pronounced as ever. Demand for financial wellness benefits was on the rise pre-pandemic, and it has continued to grow over the last three years.<sup>3</sup>



Individual financial health needs are as diverse as the workforce itself, and financial stress can impact any and all employees. Many of these needs are short-term, yet employers traditionally offer benefits that address long-term needs, such as retirement benefits.<sup>4</sup> However, research suggests that support with something as immediate as creating and following a budget can leave employees feeling more in-control and confident.<sup>5</sup> This confidence can lead to less stress, which has the potential to improve workplace productivity, job retention, engagement, and ultimately, profitability.<sup>6</sup>

In a survey of 1,000 employees at midsize and large U.S. firms, 71% of respondents said they would be comfortable discussing financial matters at work with a financial professional unaffiliated with their employer, with younger employees saying even more frequently that they welcome this type of financial support.<sup>7</sup> The complexity of workers' financial lives requires a tailored and effective solution.

<sup>3</sup> ["The Rise of the Whole Employee: 20 Years of Change in Employer-Employee Dynamics,"](#) MetLife, April 2022.

<sup>4</sup> Beth Brockland, Matt Bahl, & Tanya Ladha, ["Knowing Better, Doing Better: HR Executives' Perspectives on Employee Financial Health,"](#) Financial Health Network, October 2020.

<sup>5</sup> ["New Survey Shows Consumers, No Matter Their Income or Assets, Need Support with Spending, Household Budgeting,"](#) Certified Financial Planner Board of Standards, Inc., Cision/PR Newswire, January 2019.

<sup>6</sup> Natalia Peart, ["Making Work Less Stressful and More Engaging for Your Employees,"](#) Harvard Business Review, November 2019.

<sup>7</sup> Beth Brockland, Matt Bahl, & Tanya Ladha, ["Knowing Better, Doing Better: HR Executives' Perspectives on Employee Financial Health,"](#) Financial Health Network, October 2020.

## A Spectrum of Solutions

For employers ready to begin offering new benefits or review their existing offerings, there is a spectrum of financial guidance solutions in the market. For example, **education platforms** typically offer an explanation of concepts and benefits, leaving individuals to make their own decisions regarding their financial journey. These types of solutions don't prescribe specific next steps to achieve financial goals.

There are also **financial coaching solutions**, which involve customized financial advice from a trained and trusted individual or organization, addressing specific financial health challenges mutually identified between the coach and the individual. Unlike financial education solutions, financial coaching presents actionable and personalized solutions, such as creating budgets and monitoring progress.<sup>8</sup> There is demonstrable evidence that financial coaching improves financial well-being and changes financial behaviors.<sup>9</sup>

Separately, **financial planning services** provide individuals with a comprehensive view of their financial lives and futures, often creating itemized roadmaps that address things like future income projections and asset management. Providers of these solutions can act as fiduciaries, employing Certified Financial Planners who advise employees and/or clients on specific actions to undertake.

Newer and innovative models of financial guidance, such as **financial therapy and financial care**, have also emerged. Financial therapy deals with the emotional side of money management and uses evidence-based practices and interventions to help clients improve their overall well-being in addition to their financial health.<sup>10</sup>

In addition to various models of financial guidance solutions, there are also multiple types of delivery channels, including digital-only, in-person, virtual bot, human chat, or a hybrid approach that may combine in-person sessions with digital monitoring or chat functionality. Increasingly, solutions provide real-time digital access and response while also offering some kind of human touchpoint, if requested. Research has also shown that guidance that is immediately actionable is associated with higher completion rates.<sup>11</sup>

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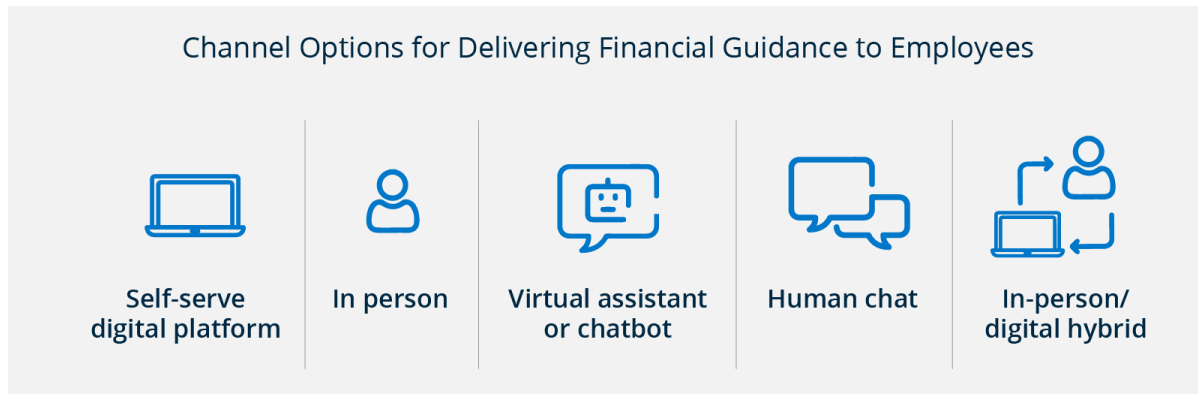
<sup>8</sup> ["Financial Coaching Initiative: Results and Lessons Learned,"](#) Consumer Financial Protection Bureau, May 2021.

<sup>9</sup> ["Financial coaching: A strategy to improve financial well-being,"](#) Consumer Financial Protection Bureau, October 2016.

<sup>10</sup> ["Financial Therapy Association – Money, Mind-Body, Research and Relationships,"](#) Financial Therapy Association.

<sup>11</sup> Allison White, Sid Ratkiewicz, & Perry Wright, ["Lessons on Designing Scalable Financial Coaching,"](#) Center for Advanced Hindsight, November 2021.

### Channel Options for Delivering Financial Guidance to Employees



## Choosing the Right Fit

With the plethora of emerging and existing financial guidance services, it can be hard for employers to identify which benefits may be best for their workforce. There are, however, a few key considerations for employers to keep in mind when choosing the right solutions.

### Factors To Consider in a Financial Guidance Benefit



## Workforce Financial Health Needs

Understanding the financial health needs of your workforce is the first step in identifying a financial guidance solution. Leveraging payroll and benefits data can help spotlight the types of challenges employees are managing, such as a lack of 401(k) participation or repeated requests for early wage access. Employers must seek solutions that are relevant to their workforce. For example, financial coaching organizations may have expertise on a variety of topics that would be valuable to a wide range of employees, while Certified Financial Planners are typically well-versed in wealth management or financial asset allocation, which might be more relevant to employees with high participation rates in a 401(k) program.

## Level of Investment

Financial education platforms are typically the most passive of solutions, associated with minimal behavior change. Newer models like financial therapy can require significant investments of time and money for both the employee and employer. Digital financial coaching, on the other hand, may provide a valuable balance of investment and impact for employers and their workforce.

## Employer Integration

Employers must consider their existing HR functions and services, as well as whether any new solutions could integrate into platforms employees are already using. For example, some financial coaching platforms may be able to sync with key moments on the organization's calendar, such as payday, tax season, or benefits enrollment. Equipping employees with financial guidance during moments in which there is opportunity to act can result in powerful and measurable improvements in financial health outcomes. By integrating into existing systems and processes, likelihood of employee engagement increases.

## Cost/Product Structure

There exist a variety of price and cost models of financial guidance solutions. While per-employee-per-month models are common, the price ranges can be significant depending on the service. Employers should be wary of services that operate on a product referral fee structure. These models can not guarantee objective advice, which can lead to mistrust among employees.

## Provider Qualifications

When evaluating financial guidance solutions, employers must consider the profile of financial coaches on solutions platforms. Financial planners and advisors operate with specific legal and regulatory obligations and specifications, and it is critical that employers understand these before partnering with such services. As mentioned above, if choosing financial coaching as a solution, employers have options; a variety of certifications and areas of expertise exist that can be verified. Beyond financial health topic expertise, employers should be mindful of finding solutions that are relevant for the demographics of their workforce, such as coaches that understand the lived experience of a frontline worker.

## Conclusion

Financial guidance and support within the workplace is growing. Employers are increasingly offering their financial wellness benefits to employees and advertising them to candidates; in turn, individuals are looking to their employers to play a more supportive role in their financial health. Among the various types of financial wellness benefits that exist, financial guidance is an increasingly common form of this support. Across the spectrum of solutions, financial coaching is unique in offering personalized and objective guidance across a range of topics to help employees make timely progress toward goals. All employees manage complex financial lives, and employers will be wise to offer financial guidance solutions that meet their workforce's specific needs.

For more employer resources or help determining what might work best for you and your workforce, please reach out to the Financial Health Network's [Workplace Solutions](#) team. Our experts can help employers and HR teams make informed decisions on improving the financial health of their workforces. You can also explore the full [Employer FinHealth Toolkit](#).



*The [Financial Solutions Lab](#) (FSL) was established in 2014 to cultivate, support, and scale innovative ideas that help improve financial health. FSL focuses on solutions addressing acute and persistent financial health challenges faced by low- to moderate-income individuals, Black and Latinx communities, and other underserved consumers.*

*The Financial Health Network manages the Financial Solutions Lab in collaboration with founding partner JPMorgan Chase and with support from Prudential Financial.*

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