

# Financial Wellness Programs for State and Local Employees: A Quick Reference Guide

July 2020



# Financial Wellness Programs for State and Local Employees

The topic of financial wellness has become increasingly important for all Americans. This is occurring in the wake of two major economic downturns between 2007 and 2020, a global pandemic, changes to work-based benefits that have increased costs for employees, and wages for many not keeping pace with the cost of living. While financial wellness programs have been introduced and expanded for many in the private sector, federal government, and military, few initiatives have been developed and tailored for use by the nearly 19 million state and local government workers.

This quick reference guide is offered to outline: (1) what is meant by financial wellness (sometimes referred to as financial literacy or financial education); (2) what topics are included in employer-provided financial wellness programs; (3) what formats are typically used to offer and communicate program content; (4) what barriers employers must address and overcome in order to implement effective programs; and (5) how programs can be evaluated.

As outlined in the Center for State and Local Government Excellence's report [Financial Literacy Programs for Local Government Employees](#), there is a clear business case for employer-based financial wellness programs.

*With the average American spending approximately one-third of his or her working adult life at their place of work, the workplace is a logical choice for where to offer financial literacy programs. Not only is the workplace a natural candidate in terms of time spent there, but work is where many important decisions about allocation of finances are made.<sup>1</sup> Employers provide information about other benefits, already have important information about the financial lives of their employees (e.g., salary and benefits, life events), and are trusted by employees to provide financial advice.<sup>2</sup> Studies show that 85 percent of Americans report feeling financial anxiety, and 36 percent feel like their anxiety has increased over the last three years.<sup>3</sup> These feelings of stress over finances do not disappear when a person arrives at work. Nearly one out of three workers reports that finances have been a distraction to them at work, and employees spend an average of thirteen hours per month worrying about finance-related issues at work.<sup>4</sup>*

## 1. Definition

The National Financial Educators Council defines financial literacy as "possessing the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual's personal, family and global community goals."<sup>5</sup> This literacy underpins what the Consumer Financial Protection Bureau more broadly defines as financial well-being: "a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life."<sup>6</sup>

## 2. Financial Wellness Program Topics

While many may think of employer-based financial wellness programs as simply information about traditional pensions from plan sponsors, the topics covered in today's employer-based financial wellness programs vary greatly among employers, addressing both short-term and long-term financial goals. The specific topics covered are often influenced by an organization's employment benefits and compensation packages, the size and demographics of its workforce, employee needs and preferences, and the priorities of the organization's leadership, among other factors. Based on previous research, public sector financial wellness programs often cover one or more of the following topics (listed in the general order of prevalence):

- Retirement planning
- Budgeting
- Spending vs. saving
- Debt
- Investments
- Credit cards
- College savings
- Flexible spending accounts
- Credit scores
- Home ownership
- Medical expenses
- Estate planning
- Emergency funds
- Insurance
- Identity theft/cybersecurity
- Student loans
- Risk management
- Banking
- Long-term care
- Non-bank borrowing

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Some financial wellness programs may cover all topics listed above, which touch on financial considerations that are directly linked to both benefits and compensation offered through employment (e.g., planning for retirement or selecting insurance) and to other subjects generally outside of the scope of one's employment (e.g., home ownership or estate planning). Other wellness programs solely cover employment benefit and compensation topics and specifically exclude non-employment related topics, leaving it to the individual to gain knowledge on these subjects outside of a financial wellness program at work.

## 3. Financial Wellness Program Format and Communication Methods

Equally as important as the topics to be included in a state and local financial wellness program are the approaches through which the content is communicated. The modes of communication used are often impacted by pre-established communications channels used for other initiatives and business activities, how widely distributed or consolidated a workforce is for their normal business processes (e.g., in geography and hours of operation), availability of human and technology resources, the workforce's preferences and capacities (overall and by cohorts), and labor-management agreements (if applicable), among other factors. The following are the primary approaches public employers have used to offer programmatic content (in general order of prevalence):

- Online materials
- In-person classes or workshops
- One-on-one, in-person coaching
- Webinars
- Printed materials
- Lunchtime group briefings
- Mobile applications
- Phone coaching

The usage of these formats is typically communicated to employees via email, the employer's website (either internal- or external-facing), print materials, group meetings, or direct communications between staff members. While some financial wellness programs are offered to employees only, others may invite non-employees, such as retirees, spouses, or dependents, to participate as well.

## 4. Employer Implementation Barriers for Financial Wellness Programs

Employers offer financial wellness programs to help their employees better position themselves both in the short- and long-term. However, it is important to recognize and address potential barriers and employee concerns in order to establish an initiative that is high-quality, effective, and conducive to employee trust.

Based on previous research,<sup>8</sup> state and local government employees have identified the following concerns with financial wellness programs offered by their employers:

- Confidentiality of personal information
- Lack of time to attend
- Lack of customization
- Irrelevance of information
- Lack of interest
- Mistrust of employer impartiality
- Perception as a "sales pitch"
- Fees to participate
- Disorganized content

For a state and local government employee financial wellness program to take hold and be effective, these concerns must be addressed and given proper consideration by the implementing public employer. Buy-in on these themes, and the financial topics covered and modalities used, must come from the program administrator, who typically is a staff member of a public employer's retirement plan/system, the human resources or benefits department, an outside non-profit, a for-profit financial institution or bank, another government division or entity, or an educational institution.

## 5. Evaluating Financial Wellness Programs

Just as there is no single best way to develop a financial wellness program, the same is true for how to evaluate such programs. With this noted, evaluations can happen both formally and informally, and often leverage participant surveys, analyses of administrative data, focus groups, and/or informal employee feedback. Also, it is important to focus on two distinct types of evaluations: effectiveness of program implementation and effectiveness of program learnings for participants.<sup>9</sup>

# Financial Wellness Programs for State and Local Employees

Common measures used by a range of public and private employers for evaluation of employer-based financial wellness programs include:

- Rates of program participation or completion
- Participant satisfaction
- Self-reported changes to financial attitudes or knowledge
- Changes in participant behavior (e.g., level of contributions to primary or supplemental retirement savings or emergency fund).

Longer term, indirect measures of success may include cost savings on employee benefits (e.g., reductions in health care costs), increased productivity, improved morale, and lower absenteeism. Measuring these outcomes can help build or reinforce the business case for financial wellness programs to organizational leadership. Dedicating sufficient time and resources to program evaluation is critical to quality improvement and overall program success.

## ADDITIONAL RESOURCES

**A Focus on Public Sector Financial Wellness Programs: Employee Needs and Preferences** – Center for State and Local Government Excellence - <https://slge.org/assets/uploads/2020/04/financial-wellness-report-2020.pdf>

**Financial Wellness Programs: What Do Public Sector Workers Want and Need?** – Center for State and Local Government Excellence - <https://slge.org/assets/uploads/2019/10/financial-literacy-infographic.pdf>

**Financial Literacy Programs for Local Government Employees** – Center for State and Local Government Excellence - <https://slge.org/assets/uploads/2020/05/financial-literacy.pdf>

The Center for State and Local Government Excellence, National Association of State Treasurers Foundation and International Public Management Association for Human Resources would like to thank the Wells Fargo Foundation for their support of this project.



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- 9 Michael Scriven, *The Logic of Evaluation* (Inverness, Calif.: Edgepress, 1981)