

HR May Want to Think Twice Before Adding New Financial Benefits In 2023

HR Brew | Kristen Parisi | November 28, 2022

Assess your current financial benefits before adding new ones, one benefits expert says.



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A Las Vegas buffet is a glorious feeding frenzy. Who doesn't want a lobster tail with a side of waffles? But having too many choices can be overwhelming, and workplace benefits are no different.

As employees have grown increasingly concerned about inflation, many employers have listened, rolling out new financial wellness programs. Some companies in the healthcare and financial sector introduced or expanded student loan reimbursement, while companies such as Tyson Foods and Starbucks rolled out new financial education efforts (although the latter plans to withhold this benefit from unionized employees). But, while it may seem counterintuitive, HR leaders may want to pump the breaks before adding new financial benefits to their roster in the new year.

Money talks. Against the backdrop of a potential recession and inflation, 39% of millennials and Gen Z don't have any emergency savings, and many report losing sleep over financial stress, according to a November report from Prudential. So, it's no wonder that 84% of employers say that financial wellness tools help reduce attrition, per Bank of America.

"Employers understand as well as they ever have that lower stressed, more highly engaged employees tend to bring better ideas and do better work," Amy Friedrich, president of US insurance solutions at Principal Financial Group, told HR Brew. She said employers understand that they too can reap the rewards of financial wellness benefits.

Employees are looking for financial guidance, with 52% preferring digital finance tracking, according to Bank of America. They're also looking for access to financial advisors (52%) and retirement planning tools (46%), according to Morgan Stanley's State of the Workplace financial benefits study.

Luckily for HR leaders, there's no shortage of financial offerings available. Sequoia got into the financial benefits game in September when it partnered with Origin to provide clients with access to its financial wellness platform. T. Rowe Price followed in October, rolling out a new emergency savings app that automatically funnels part of a worker's paycheck into an account for emergencies.

Wait before piling on. The State of the Workplace study found that the majority of HR leaders will reevaluate their current financial offerings in 2023. But more isn't always better. Some 96% of US HR leaders think they need to do a better job educating employees on the financial benefits that are available to them.

When reevaluating benefits, Friedrich told HR Brew that people pros should consider how their current offerings are being used before adding anything new. "Sometimes adding a twelfth benefit doesn't actually work, because they maybe didn't understand fully the 11 things that were already available," she said.

With every new benefit comes a learning curve for employees, and a lot of work for HR leaders. "You'd want to make sure it's really more valuable than going back to the ones you already have," she emphasized.

To that end, she recommended iterating upon existing benefits. For example, take "a retirement plan [or] a 401(k), and say, 'Here's what we've done. We've increased what we'll match.' So, it's not something new for you to learn."

Looking ahead. Employees are thinking about how much they're saving, so Friedrich recommends HR leaders provide reliable options for retirement or emergency savings, as well as financial education. She predicts short- or long-term disability plans will become popular because they provide an income protection cushion.

It's better to add more of a good thing than something no one needs. We're looking at you, radishes