

# This Is Employers' Top Financial Wellness Concern Today

HR Executive | Dawn Kawamoto | October 31, 2023

Thanks to record-high inflation last year, rising interest rates, flat wage growth and other economic factors, employers now say their top concern about employee financial wellness is the high cost of living, according to a recent survey by the Employee Benefit Research Institute.

It's the first time cost-of-living has landed in the top spot—up from No. 4 last year—on the Financial Wellbeing Employer Survey, bumping retirement preparedness from its six-year run as employers' greatest concern. That's based on a survey of 252 HR leaders at companies with at least 500 employees that offer financial wellness programs. EBRI has conducted the annual survey since 2017.

The rising concern is driving significant action among these employers, Craig Copeland, director of wealth benefits research at EBRI, tells HRE. More than half said they are launching new financial wellness programs this year to help reduce the stress of the economic squeeze. These include providing employee discount programs, basic money management tools and financial education, along with new more individualized benefits such as one-on-one financial coaching and debt management.

The efforts come as the inflation rate, although well below the staggering 9.1% rate in June 2022, increased to 3.7% in September, according to the Bureau of Labor Statistics. That's up 0.4% from August and still higher than pre-pandemic levels of 2% or less, data shows.

“Many people haven't seen high inflation last this long, therefore, it's really changing what employees' needs are, and that is making employers adjust their programs to adapt,” Copeland says.

## **Financial wellness shifts to manage the high cost of living**

Historically, employers have provided little to help workers manage their finances during periods of high inflation, aside from occasional financial webinars, debt management classes and payroll advance loans. But in recent years, amid staggering inflation rates during and after Covid, many employers have been expanding their efforts with individual debt counseling and coaching, Copeland says.

Bank of America, for example, offers its U.S. employees free access to one-on-one meetings with financial counselors at its Benefits Education & Planning Center, as well as financial education and use of its financial products.

“Companies that have a higher concern for the high cost of living have made this a priority and are making individual counseling and coaching available to workers,” Copeland says. “That really allows them to work one-on-one and really get specific with recommendations for how they can improve their finances.”

Some employers also are teaming up with lenders to offer debt consolidation loans to their employees at a lower interest rate, he adds. This can take the sting out of rising interest rates,

which are poised to go even higher as the Federal Reserve eyes moving its benchmark rate up to a new 22-year high of 5.5%-5.75%.

Employers are making these changes both to support their employees' financial wellbeing and to help attract talent in today's tight labor market, Copeland says. The efforts also help organizations retain workers and can improve employee performance, he says.

"Employees who are struggling with their finances will be distracted. It will also cause stress and potential depression, so they won't be as productive as they can be," he says. "Employers will want to put their workers in situations where they have the most success because then the company will have the most success."

### **High cost-of-living fears to continue?**

If high inflation continues into next year, Copeland doesn't expect much change in what employers are concerned about in regard to financial wellness.

"It's the No. 1 concern of employers because so many people are facing it, whether they're young or old," Copeland says. "Retirement preparedness ... really doesn't come into focus until it becomes more immediate."

He also notes a more practical reason why the high cost of living is in the No. 1 position.

"If [employees] can't make their budget, it's really hard for them to save for retirement," Copeland says.