

A woman with dark hair in a bun is sitting at a desk, looking down at a document. She is wearing a light blue button-down shirt. On the desk, there is a laptop, a cup of coffee on a saucer, and a plate with a croissant. The background is a blurred office setting. The entire image has a teal overlay with white curved lines.

How to build a financial wellbeing program

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While the previous decades have seen great progress in terms of the development of physical and mental wellbeing programs in businesses, one area that's been slow to gather momentum is financial wellbeing.

Despite this, or perhaps in response to this, research shows that employees are increasingly looking to their employers for financial wellbeing support. [Future Friendly](#) found that seven in 10 Australian employees are comfortable receiving information on financial topics from their employer. And young people are most likely to be interested, with 54% saying they would benefit greatly from a financial wellbeing program.

While more and more HR professionals are seeing financial wellbeing programs as being absolutely necessary, it can be difficult to know where to start when it comes to rolling one out. But it doesn't need to be.

This report highlights the five key stages in rolling out a successful and impactful financial wellbeing program that is beneficial for both employers and employees.

1. Make a business case

Though financial stress is recognised as the number one concern of employees, employers have historically been reluctant to involve themselves in programs that boost financial wellbeing. However, in recent years, and accelerated by Covid-19, the importance of employers providing this kind of support in order to boost productivity has become clearer.

[Recent research from AMP](#) found that 1.8 million Australian workers suffer prolonged periods of financial stress and this costs \$31bn in lost productivity. It's a problem that spans all industries and salary bands, with 1 in 2 workers in Australia reporting some level of stress about their finances.

The costs to businesses comes in the form of employee distraction and absenteeism. On average, those severely and moderately financially stressed are ineffective at work for approximately 7.7 hours a week, and absent for a further 1.2 hours a week through sick days.

Calculate the impact at your business



Using AMP's numbers, you can calculate the approximate cost to your business.

Average salary x number of employees x 463 (8.9 hours a week x 52 weeks)
= the cost of financial stress.

As financial wellbeing programs become more common-place, they're also importantly being used as attraction, retention and engagement tools.

Is there a problem you're trying to solve?

It's clear financial stress is costly, but your business may have a specific issue that you're looking to remedy. Some of the reasons businesses choose to implement a financial wellbeing program are:

- To improve financial literacy
- To improve employee satisfaction and engagement
- To shorten the time it takes to hire (as an attraction tool)
- To improve employee retention
- To improve productivity
- To reduce calls to Employee Assistance Programs

Being specific about the issues to be solved will help to quantify the potential changes for senior leaders and Boards.

Identify any challenges and restrictions

When it comes to financial wellbeing, part of the problem when presenting the business case can be demonstrating to leaders and Board members how much financial stress can hold both businesses and employees back.

There can be a tendency, particularly amongst white-collar employers, to think that none of their employees are struggling financially because of the salary they're paid. Though financial wellbeing typically progresses with an

increase in income, research has found that financial behaviours — how people spend, manage debt, save and plan — are the strongest correlates with financial wellbeing.

As proof of this, EY found that 3 in 10 employees earning more than \$135,000 a year regularly face financial shortfalls. This group also carries three times the amount of consumer debt as the average worker - meaning they're likely to be paying large amounts in interest.

Other objections can come in the form of cost and time to implement. A financial wellbeing program doesn't need to be an onerous or expensive task, often the tools employees need are quick to implement and the bigger challenge is establishing a culture that is open and supportive in talking about financial issues. For these reasons, one of the most important steps to take is opening up the avenues for communication with your teams.

2. Take time to listen to your workforce

No one is going to be able to articulate the issues they're facing and the possibilities for potential solutions more clearly than your employees. As with any wellbeing program, taking the time to listen to your teams and understand any trends is important.

Before diving in, it's important to establish with your employees why you're speaking to them about their financial wellbeing. Clearly explaining why you're setting up a financial wellbeing program, what you'll do with any data you collect and also what actions they can expect to see by what dates, will help to encourage engagement.

There are some other small steps you can take to increase employees' willingness to participate. These include:

- Sending any requests during quiet times of the week
- Putting time in the calendar for people to participate during work hours
- Entering people who participate into a competition
- Provide the opportunity for responses to be anonymous

Ways to gather information

Depending on the size and diversity of your workforce, there are different methods for gathering the data you need. These include:

- Anonymous surveys
- Appointing internal champions and running listening sessions
- Collecting insights from Employee Assistance Programs
- Analysing payroll advance requests
- Financial wellbeing scores

You may find that a combination of some (or all) of the above works best. A financial wellbeing score is perhaps the most essential of these, as it gives you an overall picture of where your workforce stands as well as specific areas for action.

Financial wellbeing score

A financial wellbeing score identifies where people sit on the spectrum of wellbeing, as well as what solutions may help.

As financial wellbeing has an objective and subjective component, it requires qualitative and quantitative measures, combining income and expenses with behaviours and self-perception.

At Earnd, we rely on the CBA-MI scales to measure perceived and observed levels of financial wellbeing. This gives a clear picture of how people feel and act with their money by looking at the following areas:

- Every day (budgeting and spending)
- Rainy day (preparing for the unexpected)
- One day (planning for the future)

A financial wellbeing score doesn't have to be time-consuming or cumbersome, it can be as simple as five or 10 quick to answer questions that span the areas above.

3. Find benefits that meet the needs of employees

What is it that is causing your workforce to be stressed? Is it regular financial shortfalls? Reliance on credit? Not enough savings? It could be a combination of things.

Finding the right benefits to make a meaningful difference is important. Here are some of the tools on offer.

Financial education

A lot of organisations start with financial education. It can include booklets, webinars, seminars, articles, videos and podcasts. An advanced financial education program will be personalised to each employee, focusing on the areas where they need guidance or where they're looking to improve.

While financial education is a great first step, it doesn't necessarily solve some of the behavioural barriers that can prevent people from making positive money decisions. When it comes to money, these are three key barriers that prevent us from always making the best decisions:

1. **Present bias:** We give greater attention to our desires, our needs and our wants today versus those which may exist in the future. That's why we'll be more likely to spend \$5 on coffee today rather than saving it for the future.
2. **Overconfidence:** The majority of humans tend to be more optimistic than pessimistic. We know negative things can happen, but still don't expect negative things to occur to us in the future so we don't plan for it. This is what makes it difficult to establish and maintain a rainy day fund so we're covered when a car breaks down in six months time.
3. **Loss aversion:** We have a tendency to place more weight on losses rather than gains. When it comes to investing, we're more likely to feel the pain of a \$100 loss than the joy of a \$100 gain — this can hold us back over the longer term.

Financial education ideally works hand-in-hand with other tools that focus on removing these pain points.

Employee Assistance Programs

Often referred to as EAPs, Employee Assistance Programs help people in a wide-range of circumstances. The challenge when it comes to improving financial wellbeing is there is often a low take-up rate when it comes to these programs and those who do access an EAP are typically facing significant financial difficulties.

It's imperative to be able to intervene at this point, but EAPs are unable to establish behaviours that can prevent these difficulties happening or help the majority of the workforce. EAPs are a responsive mechanism and by the point they're used the financial issues faced may already be costly for both the employee involved and the employer.

Earned wage access

According to EY, financial shortfalls are a leading cause of stress for employees globally. When these shortfalls occur it can have a meaningful impact on wellbeing. Access to earned wages means employees are able to manage these financial shortfalls and budget in a way that suits them, reducing their need to borrow and the amount the pay in interest and fees.

Earned wage access breaks down behavioural issues that can lead to overspending on pay day and also long-term borrowing to cover day-to-day expenses. Access to earned wages throughout the pay cycle reduces the payday millionaire feeling for employees and also enables people to save before they're paid so they're not tempted to spend. The impact can be meaningful.

Our analysis of more than 1 million earned wage access transactions and anonymous survey of 2,200 people found that earned wage access reduces reliance on high-cost credit by 88% and seven in 10 people say it makes them feel more in control of their finances. What's more, 12 months after making their first withdrawal, the average person makes fewer transfers a month and also transfers a smaller percentage of their pay throughout the month. This indicates that the ability to access earnings without being charged interest can help people absorb financial shocks while also building their ability to live within their means.

To provide access to earned wages, employers partner with a company like Earnd who can link in with the employer's payroll and time and attendance systems. This means employees are able to track their earnings in real-time and also access a percentage of what they've earned at any point in the pay cycle.

Automated savings

One in three Australians are unable to access \$500 in an emergency. Being financially prepared for rainy days is a key part of financial wellbeing — without a rainy day fund employees are vulnerable to emergencies that can force them to turn to high-cost credit.

A [side-car savings experiment](#) in the UK has looked at what impact a benefit which allows employees to save into rainy day funds with payments directly from the employer (similar to superannuation contributions) can have on their ability to save. The findings so far show that:

- This model appeals to many employees, particularly those who are struggling financially
- The payroll deduction mechanism and ease of getting started are of great value to those taking part
- The functionality is appropriate for building emergency savings, but also appears to be useful for saving for longer term goals
- There's a positive impact on financial wellbeing, resilience and confidence

Financial coaching

Financial coaching is increasingly recognised as one of the most effective ways to make a genuine difference to a person's financial wellbeing. Unlike financial advice, financial coaching focuses on the principles of good money management so employees are able to make well-informed decisions and adjustments to their day-to-day activities.

A [trial by Citibank](#) found people who initially didn't feel they managed money well or were in control of their finances, believed otherwise after coaching (47% and 38% respectively). 54% more people saved and 55% reduced their debt.

1:1 confidential money coaching through video or chat can help employees identify financial goals, develop action plans and build financial behaviours that will see them reach their goals and establish habits that will improve their financial wellbeing over the long-term.

Superannuation

While superannuation contributions are covered as part of an employee's overall remuneration package, there's action employers can take to encourage greater engagement. The Australian Tax Office says that 36% of Australians have more than one super account, meaning they're paying multiple sets of fees. The ATO have also found that there's \$20.8bn in lost and unclaimed super.

Seminars and sessions that encourage employees to engage with their future can be impactful in helping employees not only consolidate super and claiming anything owed, but also consider the tax benefits of salary sacrificing and finding the right fund and insurance options for their stage of life.

4. Create an open culture

Money can be a sensitive topic and is typically one that hasn't been spoken about in the workplace. This means that there may need to be some effort in building open communication lines and ensuring people feel comfortable discussing their personal finances. It's similar to the transition that mental health has gone through over the last few decades.

Break the taboo

At the outset, it's important to establish through company communications that it's okay for employees to talk about the things that stress them out — including their finances. It's also important to make it clear that there will be no judgement from the organisation in terms of how people manage their money. As a business you're there to support them and provide solutions where possible.

Start with senior leadership

Are there any stories your senior leadership can share that show financial stress can occur to anyone? The most impactful change will come from the top down and if senior leadership take the time to share some of the challenges they've faced when it comes to money it will enable others to follow their lead.

Manager training

As with any kind of culture change, it can rest on the shoulders of people leaders. Managers need to be brought in and willing to speak to their teams about why financial wellbeing is a focus for the business and empower them to take action when they want or need to.

Providing managers with specific training where they have the ability to ask questions and understand more about the program will help to facilitate a smoother roll out and that all employees feel a part of the process.

Financial wellbeing first aiders

We're all familiar with first aid reps, mental first aid reps and fire wardens in the office, so why not introduce financial wellbeing first aid reps? They don't have to be experts, just have some knowledge of the basics and a good understanding of where to point people to.

For employees, the presence of these financial wellbeing first aiders can help to remove the stigma around money management by demonstrating that it's an issue that impacts people across the business.

Keep the communication lines open

A financial wellbeing program shouldn't be set and forget. It's important to allow for feedback and to also act on that feedback when it comes in. Set up a way for employees to let you know what they see as the pros and cons of the program. Importantly, when people do take the time to give feedback, make sure you demonstrate what's been done with the feedback. This will keep the dialogue going and make sure the program continues to evolve.

5. Track progress

The best things in life might not always be free but they're definitely measurable — at least in the business world. A financial wellbeing program is no different. There are two ways to think about progress:

- Achieving business objectives
- Improving financial wellbeing

While the goals are interlinked, separating them when measuring success will provide a holistic view of the impact.

Achieving business objectives

Returning to your business case, how can you measure what it is you’re looking to solve?

Keep in mind, some of these objectives can take time to show impact and will be reliant on how the program is communicated. For example, you’re not likely to see a significant change in the time it takes to hire unless you list the elements of the financial wellbeing program on your job ads.

Some changes you may want to track:

Measure	Baseline	6 months	12 months
Adoption rate			
Time it takes to hire			
Level of distraction at work			
Number of sick days taken			
Attrition rate			
Calls to EAP			
Employee satisfaction			

We work with businesses to establish the mechanisms for reporting on these changes and calculate the impact this has on the bottom line.

Improving financial wellbeing

At Earnd, our financial wellbeing score gives a clear picture of how people feel and act with their money by looking at the following areas:

- Every day (budgeting and spending)
- Rainy day (preparing for the unexpected)
- One day (planning for the future)

[🔗 Earned Wage Access](#) **Impact Assessment**



Alongside financial wellbeing scores, there are other measures that can show impact. Earnd produces an Impact Assessment twice a year that reports on things such as:

- Usage of earned wage access over time
- Ability to save
- Levels of financial stress
- Change in ability to plan financially
- Change in relationship with high-interest products like credit cards, overdrafts and payday loans
- Change in ability to save

What next?

Earnd was founded in 2018 when CEO Josh Vernon saw one of his friends get into trouble after using a payday loan to buy a fridge. Over the past 3 years Earnd has grown to become the mission-led responsible experts in financial wellbeing, providing innovative solutions such as earned wage access to solve the number one concern of employees – financial stress.

Backed by social impact charities – Social Tech Trust, Barrow Cadbury Foundation, Joseph Rowntree Foundation, Fair by Design and Big Society Capital – it's our mission to make money simple not stressful, ensuring everyone has the tools they need to secure their financial futures.

We support more than 750,000 employees across the globe at organisations such as Bupa, Co-op supermarkets, Carnival, JD Sports, Best & Less, Freedom Furniture and many more. At each of these organisations, we're proud to rank as their most used employee benefit with an average take-up across the organisations we work with of 54%.



Make the switch to earned wage access

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