Financial Well-Being Fact Sheet

This document is part of a set of fact sheets that employers can use to begin, restart, or enhance initiatives to promote a culture of well-being at the workplace. Each fact sheet focuses on one of the six areas of workplace well-being—physical, emotional, social, community, financial, and career.

What is financial well-being?

Financial well-being is defined as 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. Struggling or suffering financial wellbeing is the single strongest predictor of daily worry and stress for people with jobs.

Why is financial well-being important to an employer?

- Employees who are troubled by their finances are twice as likely to be in poor health as those who declare themselves financially “unworried.”
- Studies show that employees who are worried about their finances are less engaged and productive at work.
- Employers have observed that employees are increasingly borrowing against their 401Ks to pay down their debt.
- Employees are more likely to stay with an employer who offers financial wellbeing support.

Why is financial well-being important to an employee?

More than half of employees are stressed dealing with their financial situation, with financial matters still the top cause of stress in their lives. This challenge is not limited to the lower thresholds of income, as workers at all income levels struggle in their ability to manage money. Financial well-being allows employees to:

- “make ends meet,” earning more each month than they are spending
- have the economic means to live their desired lifestyle day to day
- be prepared for unexpected changes
- have saved enough for a home, college, retirement
- do not have to borrow from their retirement (IRA, 401K) to “make ends meet”
- having financial goals and a plan to reach them

To achieve financial wellbeing is to obtain a state where one is living within their means, is on track to deal with unexpected emergencies, and is planning and investing for retirement. Obtaining financial well-being is the ability to live according to one’s values and ensuring that one is prepared for life events and retirement.

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What can employers do to help promote financial well-being at the workplace?

Employers have an opportunity to improve productivity, increase employee engagement, and position their employees to save more in their retirement accounts. There are many digital and worksite-based vendors that can provide guidance and expertise to an employer’s workforce. A good first step to understand employees’ needs and wants for financial planning is to engage in a workforce survey.

Employers can consider some of the following options:

- **Employer Finance Departments**
  Employers can look to their own finance departments to develop financial well-being solutions and/or evaluate existing and potential vendors.

- **Digital Vendor Solutions**
  Full financial-spectrum solutions, from daily budgeting to saving for college and retirement.

- **In-person Seminar Vendors**
  Seminars to teach basic financial-planning tools and create awareness

- **Employee Assistance Programs**
  Most EAPs offer 2-4 telephonic financial-counseling sessions, which can be followed by a referral to a professional if necessary.

- **Benefit Management Vendors**
  Resources and tools to help employers and employees manage health-related costs (HSA, FSA, HRA) and/or provide curated vendor products.

- **401K Firms**
  Resources and tools for employees to learn about budgeting, financial planning, and preparing for retirement.

- **Community Resources**
  Employers can check in their own communities to identify community-based financial-planning and assistance programs such as contacting local credit unions and banks.

Additional ideas and information are available on the sites linked below:

- **WELCOA:** Financial Wellness
- **GreenPath Financial Wellness**
- **Consumer Financial Protection Bureau**
- **SaverLife**

**Sources**


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