



ENRICH YOUR LIFE

EFFECTS OF FINANCIAL WELLNESS ON PROFITABILITY



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ABOUT ENRICH

Our story began in 2009, when a group of professionals from the finance and student loan industries decided to tackle the alarming lack of financial capability nationally. Our first product, iGrad, became an award-winning financial literacy platform, which now helps over 600 colleges across the country improve their students' financial literacy. Empowered by our success with iGrad, we were excited to bring financial capability to a much wider audience - with Enrich.

In launching Enrich, our team has leveraged our financial literacy expertise and award-winning technology to offer a product tailored to the unique needs of the average consumer, as well as the broader marketplace. We are pleased to partner with credit unions, financial institutions, businesses, and other organizations to offer financial literacy solutions that work.

MESSAGE FROM THE CEO

As Alan Greenspan astutely remarked, "The number one problem in today's generation and economy is the lack of financial literacy." Most of us intuitively know that being financially literate is the first step toward making wise financial decisions and more and more data that is released supports that intuition. The fact of the matter is that financial wellness (or lack thereof) affects all of us and you can be sure that if an employee is stressed about their finances, it will absolutely have an impact on their job performance in some way.



Our team of financial wellness experts is proud to offer the Enrich platform as an award winning, tried and true resource for those seeking to be more financially literate. We understand that people learn in different ways and that any experience has to be relevant and timely to the lives of the individual. To that end, the Enrich platform is extremely dynamic and a results oriented platform that is an invaluable addition to any employee benefits program. We look forward to hearing from you and showing how Enrich can be an asset to your company.



THE COST OF MONEY

The Great Recession of 2008 left many feeling mentally distressed and financially insecure. Not since the Great Depression have Americans faced their own financial mortality. Over 6.6 million jobs were lost in the first 10 months of the recession, leaving many hardworking Americans scrambling with their finances. According to a 2012 study conducted by the Financial Industry Regulatory Authority (FINRA), 60% of American households don't have at least three months of savings at hand,¹ while the American Psychological Association (APA) identified "money" as the predominant cause of stress among Americans.² Everyday millions of people stress out about whether

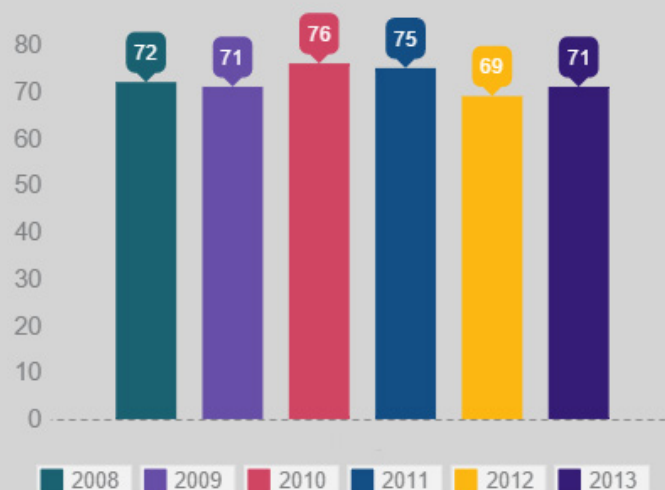
or not they will have enough money to pay next month's rent, all while working long hours for an employer that doesn't know how this negatively affects his company's profitability and productivity.

The reality is that Americans don't leave their financial stress at home. In a 2012 (summer) survey of employers, 83% believed that employee productivity was hindered by financial stress.³ Jennifer Robison of the Gallup Business Journal reported that workers with low well-being can cost employers as much as \$28,800 in lost productivity as a result of sick days in comparison to the \$840 in lost productivity of those who reported high levels of well-being.⁴

MONEY CAUSES STRESS

Percentage of people who reported being stressed out about money from 2008 to 2013.

According to the American Psychological Association, money has been the biggest cause of stress among Americans. Nearly 75% of adults reported being stressed about money at least some of the time, while 22% reported extreme stress over money in the past month. Money also out-ranked other factors such as work, family, and health.





Even as the economy continues to grow, low levels of financial literacy are affecting the health of millions of hard-working Americans. Perhaps it's time for employers to invest in the people who power the engine that keeps their company moving forward. Financial wellness is a powerful tool that can help decrease stress. As stress levels decrease, employees are less likely to take sick days, which can help decrease the cost of health premiums and boost productivity. According to Prawitz and Garman, employers can expect a return of \$2,000 for every \$250 invested per employee.⁵

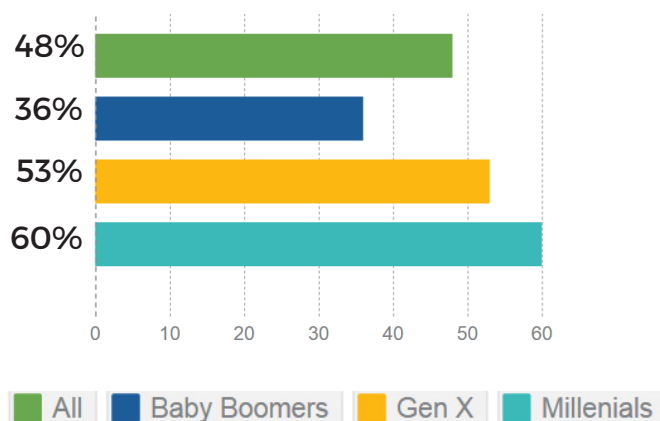
\$300 Per Year

Estimated incremental cost of a financially distressed employee.⁷



This report is intended to serve as a resource for employers who are interested in developing the financial skills of their employees. It directly addresses the effects of financial literacy on absenteeism, health, and productivity. In a poll of 400

Stress Levels by Generation



Percentage of people who reported stress as a result of dealing with financial situation

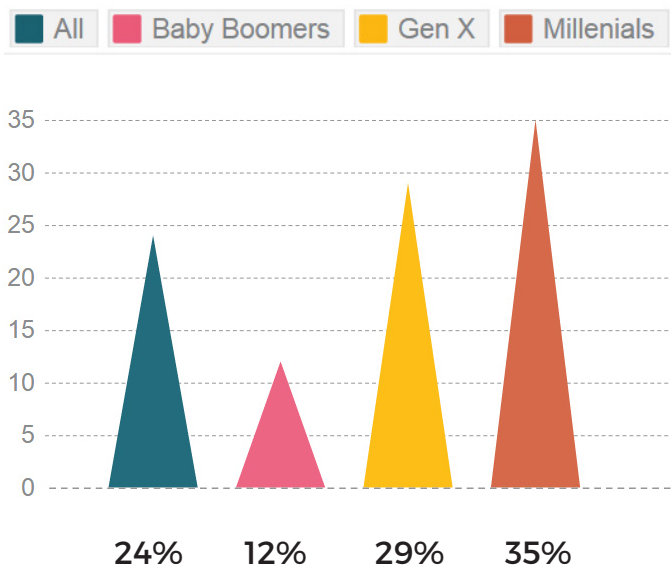
companies, AON-Hewitt concluded that 75% of companies surveyed plan to expand employee benefits to include and support financial wellness.⁶

Now, more than ever, it is imperative that employers educate their employees about their finances. Promoting financial literacy doesn't just benefit employees, it can help companies save money, recruit top talent, decrease employee turnaround, and gain a competitive advantage.



According to Morgenson, G. (2008), Americans accumulated over 2.5 trillion dollars in personal consumer debt in 2008.⁸

Finances as a Distraction at Work



Percentage of employees who report that finances have been a distraction at work

An International consumer resourcefulness study conducted by ING Group reported that 33% of consumers worldwide have no emergency fund and only 14% have enough to cover expenses for more than a year.⁹

According to a 2008 survey by Kaiser Family Foundation, 61% of Americans reported having 'Serious Financial Problems'. Problems mentioned in the survey included: paying for gas, getting a good paying job or raise, paying for health care, paying rent or mortgage, paying for food, and credit card problems.¹⁰

The Society for Human Resource Management cited an overall lack of monetary funds as the most prevalent personal financial challenge (49%) reported by employees. Medical expenses came in second (35%) while saving for retirement (26%), credit card debt (22%), and mortgage payments (22%) followed thereafter.¹¹

The National Foundation for Credit Counseling found that 1 in 10 homeowners missed or were late on a mortgage payment in the past year.

7% were involved in debt collection while 36% had no savings and 28% did not save money for retirement.¹²

According to Metlife's 9th Annual study of Employee Benefits Trends, 58% of employers admit that financial "illness" plays a role in absenteeism while 78% believe that financial problems can have an adverse effect on productivity.¹³

20% of Employees
*reported skipping work in the past year to take care of financial problems.*¹⁴

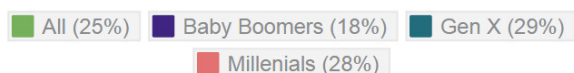




83% of employers said that productivity is hampered by financial concerns.¹⁵

22% of human resources professionals admit that personal finance problems have a “large impact” on employee engagement.¹⁶

Finding It Hard to Meet Monthly Expenses



Percentage of people, by generation, who find it hard to meet their monthly expenses

Merrill et al. (2012) found that financial stress had a greater impact on presenteeism than did health issues such as depression and anxiety, with 40% of employees admitting to an inability to report high levels of concentration while at work.¹⁸

Prater and Smith (2011) reported that employees reported spending over 2 hours a day on personal business, costing employers an average of \$8,875 per employee per year.¹⁹

Prater and Smith also reported that 19% of employees spent work time dealing with personal debt and credit issues.²⁰

According to Skimmyhorn (2014), a personal financial management course saw the average retirement contribution amount double from \$15 to \$30. If those amounts hold up for just two years, it results in an additional \$4,300 in savings over a working career.²¹

81% of employees admit that their finances have hampered their productivity.¹⁷

97% of Workers
admitted to managing their personal finances while at work.²²





According to Jennifer Robison, Senior Editor of the Gallup Business Journal, the yearly cost of lost productivity due to sick days for those who reported the worst levels of well-being is \$28,800, compared to \$6,618 for those who are “at the midpoint of the ‘struggling zone’” and \$840 for those with the highest levels of well-being.²³

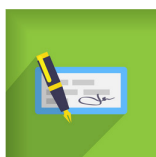
According to Weaver (2010), it costs organizations \$118 billion dollars as a result of absenteeism.²⁵

Similarly, a study on the financial impact of absenteeism conducted by Mercer, Inc. estimated the total cost to be 36% of a company’s base payroll²⁶.

Who is Enrich for?



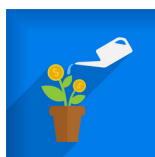
Financial
Institutions



Banks
& Credit
Unions



Employers
&
Companies



Orgs

In a report that analyzed the health risks and medical expenses of 92,000 employees over 3 years, Goetzel et al. (2012) says that employees reporting high stress were \$413 more costly per year than those who were not stressed. Similarly, smoking was found to raise the cost of health care by an average of \$587.

The same study pointed out that their analysis did not measure whether wellness programs can save a company money but did suggest that “such inferences are reasonable, however, in light of abundant medical literature and recent worksite studies that have documented cost savings from risk reduction efforts.”²⁴

While the most commonly reported reason for unscheduled time off is illness, financial stress has been found to be one of the leading causes. (Bagwell & Kim, 2003; Kim & Garman, 2003; 2004).²⁷

Bagwell & Kim (2003) have found that increased financial literacy reduces absenteeism.²⁸

The most financially stressed employees can spend up to 20 hours per month dealing with financial issues. This includes: negotiating with creditors, paying bills, and discussing financial issues with coworkers.²⁹

30 Million Workers

*Number of workers distracted from work as a result of financial distress.*³⁰





In a presentation at the CFPB, Professor Skimmyhorn explains that 33,000 credit reports of Army recruits who participated in a financial literacy course showed a reduction in credit balances after the first year. Monthly payments also fell by 17%.³¹

57% of employers believe that financial literacy education boosts productivity.³²

According to Miller (2012), comprehensive wellness programs saved \$1 to \$3 or more per dollar invested.³³

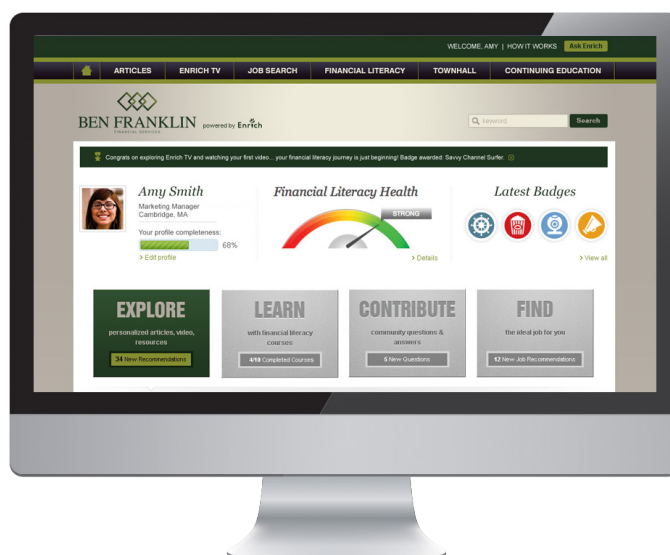
\$348
*reduced operating costs per sick day, per employee.*³⁴



The Personal Finance Employee Education Foundation (PFEEF) reported an ROI of as much as \$3 per dollar invested in a financial wellness program.

In the first year, employers can expect to save \$2,000 per employee for an initial investment of around \$250.³⁵

Click Here to Request a Demo



In a 2008 study from the Federal Reserve Bank of Kansas City, the results from a financial wellness program, which consisted of a 9-hour course training and a maximum of five 1-on-1 counseling sessions with a financial planner, found that requests for 401(k) loans were eliminated, total installment debt fell by 14.5%, and many employees stopped being late on payments.³⁶



72% felt less financially stressed after enrolling in their company's financial wellness program.³⁷

\$5,000 in employer savings from limiting personal financial distractions in the workplace.³⁸

According to a recent global study, 90% of consumers would like to improve their money management skills.³⁹

In one instance, a large public company reported saving 21.57% on health care costs for heavy users of a workplace-based financial education program over the course of a year. This amounted to over \$1 million in health care savings among all users of the program. The same company also reported a savings \$837,230 through reduced absenteeism among users of the financial education program.⁴⁰

ROI of Over 3 to 1

Adding a financial education component to your company's wellness program can yield an ROI of over 3 to 1.⁴¹



FOOTNOTES

¹ FINRA Investor Education Foundation, *Financial Capability Study: U.S.*, <http://www.usfinancialcapability.org/results.php?region=US>

² American Psychological Association "Survey Shows Money Stress Weighing on Americans' Health Nationwide". Retrieved from: <http://www.apa.org/news/press/releases/2015/02/money-stress.aspx>.

³ Sammer, J. (2012). "Financial Education--Stress = Improved Productivity". *HR Magazine*, 57(6), 71.

⁴ Robison, J. (2010) "The business case for wellbeing". *Gallup Business Journal*. Retrieved from: <http://businessjournal.gallup.com/content/139373/Business-Case-Wellbeing.aspx>.

⁵ Prawitz, Aimee E. and E. Thomas Garman. "It's Time to Create a Financially Literate Workforce to Improve the Bottom Line." *Benefits Compensation Digest* 46 (4): 1, 11-14.

⁶ Aon Hewitt, 2014 Hot Topics in Retirement 2 (2014), available at [http://www.aon.com/attachments/human-capital-consulting/2014_Hot-Topics-Retirement_Report_vFinal\(1\).pdf](http://www.aon.com/attachments/human-capital-consulting/2014_Hot-Topics-Retirement_Report_vFinal(1).pdf).

⁷ Dr. E. Thomas Garman, President, Personal Finance Employee Education Foundation and Professor Emeritus and Fellow, Virginia Tech University

⁸ Morgenson, G. (2008). "Given a shovel, Americans dig deeper in debt". *New York Times*. July 20, 2008.

⁹ ING Group, Corporate Communications. (2011, January 10). *International consumer resourcefulness study*. Retrieved from <http://www.ingfondy.cz/download/14097/2011%20Summary%20ING%20consumer%20resourcefulness%20study.pdf>.

¹⁰ Kaiser Family Foundation (2008) "Economic Problems Facing Families: Survey Brief from The Kaiser Health Tracking Survey - Election 2008". Available at <http://kff.org/kaiserpolls/upload/7773.pdf>

¹¹ "SHRM Research Spotlight: Financial Education Initiatives in the Workplace". http://www.shrm.org/research/surveyfindings/articles/documents/financial_education_flier_final.p

¹² National Foundation for Credit Counseling. (2008). 2008 Financial Literacy Survey. Available at <http://www.nfcc.org/208FinancialLiteracy.pdf>.

¹³ MetLife. (2011). 9th Annual Study of Employee Benefits Trends. <http://www.metlife.com/assets/institutional/services/insights-and-tools/ebts/Employee-Benefits-Trends-Study.pdf>

¹⁴ MetLife, Inc., 10th Annual Study of Employee Benefits Trends: Seeing Opportunity in Shifting Times 51 (2012), available at <https://www.metlife.com/retirement-plan-edge/issues/2012-Q1/metlife-ebts.html>.

¹⁵ Sammer, J. (2012). "Financial Education--Stress = Improved Productivity". *HR Magazine*, 57(6), 71.

¹⁶ CFPB, *Financial wellness at work: A review of promising practices and policies* (2014) Available at http://files.consumerfinance.gov/f/20140cfpb_report_financial-wellness-at-work.pdf

¹⁷ MetLife, Inc., 10th Annual Study of Employee Benefits Trends: Seeing Opportunity in Shifting Times 51 (2012), available at <https://www.metlife.com/retirement-plan-edge/issues/2012-Q1/metlife-ebts.html>.

¹⁸ Merrill, R. M., Aldana, S. G., Pope, J. E., Anderson, D. R., Coberley, C. R., Whitmer, R. W., & HERO Research Study Committee. (2012). *Presenteeism according to healthy behaviors, physical health, and work environment*. *Population Health Management*, Online ahead of print, doi:10.1089/pop.2012.0003.



¹⁹ Prater, T., & Smith, K. (2011). Underlying factors contributing to presenteeism and absenteeism. *Journal of Business & Economics Research*, 9(6), 1-14.

²⁰ Prater, T., & Smith, K. (2011). Underlying factors contributing to presenteeism and absenteeism. *Journal of Business & Economics Research*, 9(6), 1-14.

²¹ In a presentation at the CFPB, Professor Skimmyhorn cautioned the Army population may differ from the general workforce in some regards. For example, individuals who join the Army may be more likely to follow the directions of program instructors. It is also possible that many Army recruits are joining the service with the intention of improving their personal and financial situation. Even so, Skimmyhorn says the Army's results could suggest a similar course may benefit some employees

²² PricewaterhouseCoopers. (2012) Employee Financial Wellness Survey: 2012 Results. Retrieved from: http://www.pwc.com/en_US/us/private-company-services/publications/assets/pwc-financial-wellness-survey.pdf

²³ Robison, J. (2010) The business case for wellbeing. *Gallup Business Journal*. Retrieved from: <http://businessjournal.gallup.com/content/139373/Business-Case-Wellbeing.aspx>.

²⁴ Ron Z. Goetzel et al., Ten Modifiable Health Risk Factors Are Linked To More Than One-Fifth Of Employer-Employee Health Care Spending, *31 Health Affairs* 2474 (2012)

²⁵ Weaver, R. (2010, June 8). Cost of presenteeism surpasses absenteeism. Retrieved March 8, 2012 from <http://www.examiner.com/human-capital-in-detroit/cost-of-presenteeism-surpasses-absenteeism>.

²⁶ Mercer (US) Inc. (2008, October). The total financial impact of employee absences: Survey highlights. Retrieved from <http://www.kronos.com/absenceanonymous/media/mercer-survey-highlights.pdf>.

²⁷ Garman, E. T., Camp, P. L., Kim, J., Bagwell, D. C., Redican, K., & Baffi, C. (1999). Credit delinquencies: A portrait of pain for employers' bottom lines-preliminary findings. *Personal Finances and Worker Productivity*

²⁸ Ibid.

²⁹ Personal Finance Employee Education Foundation. (2009, May 28). Financial Distress Taking Toll on Employee Health [Press Release]. Retrieved from <http://www.personalfinancefoundation.org>

³⁰ Garman, T., et. al. (2005, March 23). Financial Distress Among American Workers Final Report: 30 Million Workers in America—One in Four—Are Seriously Financially Distressed and Dissatisfied Causing Negative Impacts on Individuals, Families, and Employers. *Personal Finance Employee Education Foundation*. Retrieved from: <http://www.personalfinancefoundation.org/features/Financial-Distress-Among-American-Workers-Final-Report-full.html>

³¹ William Skimmyhorn, Working Paper, Assessing Financial Education: Evidence from a Personal Financial Management Course 27 (2014).

³² MetLife, Inc., 10th Annual Study of Employee Benefits Trends: Seeing Opportunity in Shifting Times 51 (2012), available at <https://www.metlife.com/retirement-plan-edge/issues/2012-Q1/metlife-ebts.html>.

³³ Stephen Miller, Study: Wellness Programs Saved \$1 to \$3 per Dollar Spent, *Society for Human Resource Management* (Sept. 12, 2012), <http://www.shrm.org/hrdisciplines/benefits/articles/pages/wellness-dollars-saved.aspx>; see Katherine Baicker et al., Workplace Wellness Programs can Generate Savings, *29 Health Affairs* 304, 304 (2010), available at <http://content.healthaffairs.org/content/29/2/304.full>

³⁴ Voya Financial, Financial Wellness Landscape Analysis: Workplace-Based Financial Wellness Programs An Overview of the Need for Workplace-Based Financial Wellness Programs.

³⁵ Prawitz, Aimee E. and E. Thomas Garman. "It's Time to Create a Financially Literate Workforce to Improve the Bottom Line." *Benefits Compensation Digest* 46 (4): 1, 11-14.

³⁶ Kelly D. Edmiston et al., Weighing the Effects of Financial Education in the Workplace, *Fed. Reserve Bank of Kan. City*, 28 (2009), available at <http://www.kansascityfed.org/publicat/cap/carwp09-01.pdf>.

³⁷ Voya Financial, Financial Wellness Landscape Analysis: Workplace-Based Financial Wellness Programs An Overview of the Need for Workplace-Based Financial Wellness Programs.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Dr. E. Thomas Garman, President, Personal Finance Employee Education Foundation and Professor Emeritus and Fellow, Virginia Tech University.

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