

Financial Wellness in the Workplace:

A Study on Healthcare Organizations

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While not every organization defines a “wellness” program in the same way, an overwhelming majority of the employers surveyed are seeking to help their employees with options that go beyond the standard employee benefit programs of the past.

Healthcare Organizations and Wellness

Wellness in the workplace is an important topic for employees and employers alike. As employer awareness of the benefits associated with a healthy employee population, such as increased productivity, lower healthcare costs and reduced turnover rises, so too does the focus on programs and initiatives to support employees.

Cammack Retirement Group recently conducted a study of wellness programs at healthcare organizations in the United States. The findings depict a very high adoption rate of wellness programs. Five out of every six, or 83%, of organizations responded that they offer wellness programs to their employees, with another 15% indicating that they are considering doing so in the future. At organizations with more than 1,000 employees, 100% indicated that they either already have a wellness program, or are considering offering one in the future.



Combining Financial Wellness with Overall Wellness

Considering the strain financial issues can have on an individual, it is no surprise that financial wellness is an important component of overall wellness.

Most healthcare employers attempt to integrate their financial wellness programs with other available benefits. With an integrated program, there may be a greater understanding and usage of the programs, as well as a greater appreciation for the benefits.

Of our respondents, 52% look to coordinate their educational programs to provide a more cohesive collection of benefits and a more unified message to their employees, while another 13% are considering doing so in the future.



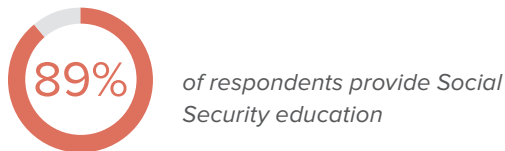
Here again, the size of the organization plays a key role. Healthcare organizations with more than 1,000 employees are five times more likely to offer a financial wellness program than smaller employers.

While there has been less adoption of financial wellness programs beyond retirement plans (22%), nearly 63% of respondents indicated that they may offer a financial wellness program in the future.

Financial Wellness Programs Cover a Range of Topics

For those healthcare organizations providing financial wellness programs, there are many topics currently offered or being considered for the future.

Social Security has been receiving the most attention, with 89% of respondents providing education on the topic. In the past, members from the Social Security Administration have been willing to visit organizations to deliver informative presentations to employees about Social Security benefits, how to determine one's personal benefit, and how to integrate that information with any existing retirement plan. These onsite programs have been popular and well-received.



The high focus on Social Security education may, in part, be a result of the average age of the employee population. Over the past decade, many healthcare organizations have seen their median employee age rise, leading to a greater portion of the population nearing the timeframe where understanding Social Security benefits is a greater priority.



note | the median age of healthcare employees has risen over the past decade to 43¹

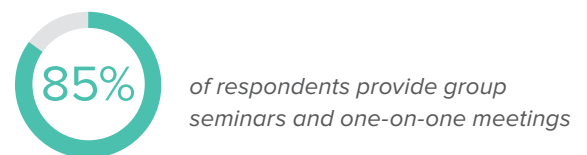
Beyond Social Security, respondents indicated that they have provided financial topics, such as developing personal budgets, purchasing a home and determining how to pay for college education. Some employers offer educational tutorials on topics such as these, as well as on protecting one's identity. Identity theft has become such a pervasive problem for both individuals and organizations, that we anticipate more employers offering programs on the topic in the future.

Retirement, pre-retirement and income planning are ever-popular topics with employees and employers alike, and provide employers an opportunity to highlight their existing retirement benefits. Additionally, there is

increasing interest in understanding health spending accounts (HSA). These savings vehicles are becoming more prevalent as employers try to implement mechanisms to keep healthcare costs in check.

Delivering the Support to Employees

Most employers appear to be delivering their wellness educational programs through multimedia approaches. Healthcare employers are incorporating printed materials, videos, and online information, along with human interaction. Group seminars and one-on-one meetings remain the most popular approach, as over 85% of respondents offer both of these formats. One respondent also referenced a wealth and health mobile app for communication.

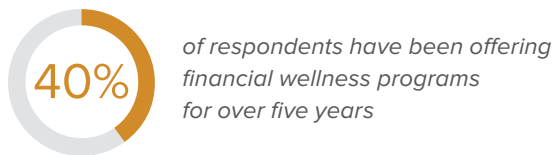


It is critical that employers look to different mediums to educate participants. People learn in different ways and like to receive information through various mechanisms. An employer might miss a certain segment of their employee population if they exclude one or more methods of communication.

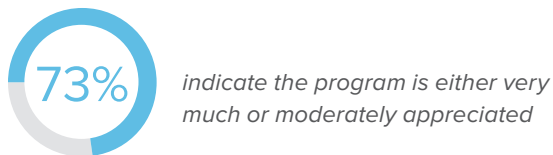
¹Source: Department of Labor Statistics

The Concept of Financial Wellness is Gaining Popularity

With the recent emphasis placed on this term, one might think financial wellness programs are in their infancy today. However, over 40% of survey respondents indicate that their organizations have been offering financial wellness programs for more than five years. Early adopters are likely benefiting from the knowledge of what types of programs are more effective than others.



The response on whether or not participants appreciate these wellness programs is somewhat mixed. While 73% of respondents indicate that the program is either very much appreciated, or moderately appreciated, more than one out of four respondents revealed that the appreciation is less than they had hoped. This could be a function of the employer having exalted expectations, or perhaps a smaller than anticipated portion of the employee population taking advantage of the wellness opportunities presented.



The Future of Employee Wellness Initiatives

Future wellness topics contemplated tend to revolve around retirement and related areas. However, others that were mentioned by respondents include Medicare readiness and healthcare literacy, reflecting the importance of healthcare and the uncertainty associated with its future.

Employers appear to want to keep their employee populations well-informed on these topics. Potential future changes in healthcare programs may dictate that employees take a more active role in choosing their future care, so their understanding of the issues is critical. This kind of shift could be similar to how the

transition from defined benefit to defined contribution plans necessitated employees to be more engaged with their retirement plan choices.

Other popular topics include assisting employees with first time home buying, improving their credit scores, (which can improve the economics of home buying), as well as helping employees save money for college and dealing with student loan debt.

Student Loan Debt as a Concern for Employees

Employers appear to be getting more involved with the financial lives of their employees, as they recognize a correlation between financial stress and work output.

One key issue is the debt caused by student loans. Overall, 42% of respondents said student loan debt is a major concern for a majority of their employees, or that it impacts a significant portion of their employee population. Another 37% do not know how big a concern this issue is for their employees. While 21% indicate only a few employees are impacted, 0% responded that it is not an issue.

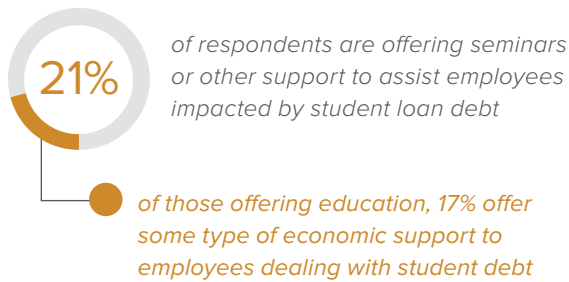


Organizational size appears to play a role here. For employers with more than 5,000 employees, student loan debt is reported as either a major concern for a majority of employees, impacting a significant number of employees, or the employer did not know the extent of the concern. None of these respondents believe that the issue only affects a few employees.

At this point, only 21% of responding healthcare organizations are offering seminars or other programs to assist employees impacted by student loan debt. These seminars are more popular with larger organizations, as 28% of respondents with more than 1,000 employees provide educational programs on the topic. While student loan debt has become a more

popular topic of concern for employees in general, it does not appear that healthcare employers have focused significant attention on addressing the matter.

While only 21% of healthcare employers are offering some information to employees about managing student loan debt, most of these employers are also providing some financial assistance to those burdened with debt. 17% of respondents indicated offering some level of economic support to employees dealing with student loan debt.



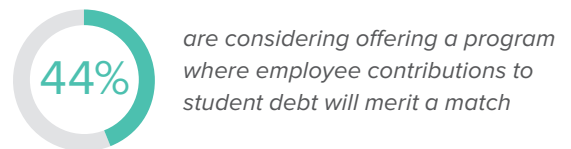
Not all employees burdened with student loan debt are aware of the federal debt forgiveness program, which forgives student loan debt after working for a not-for-profit for 10 years. Part of the employer's role is to inform individuals about this benefit.

Much of the financial assistance offered by employers revolves around targeting loan forgiveness. The programs offered at hospitals tend to be in their infancy, and are often focused on certain positions.

For example, physicians might be the only group of employees eligible for financial assistance with student loan debt at a given healthcare organization. Some employers only provide the benefit to employees that are in positions for which it is difficult to recruit. The financial assistance for student loan debt appears to be a tool to help healthcare organizations find the right individuals and retain high quality employees, and has yet to be rolled out universally to the entire employee population.

One of the financial assistance tools discussed is an employer-sponsored retirement plan benefit related to the repayment of student loan debt. If an employee is paying off student loan debt, the employer may offer that person a matching contribution into the retirement program. In this way, the employee works to repay the outstanding debt while still being able to begin the accumulation of a retirement savings account.

None of the respondents to this survey indicated that they were offering this type of financial assistance program. It is a relatively new concept, and does not appear to have caught on yet with this set of employers. However, increasing numbers of employers are beginning to recognize that student loan debt is a concern that can impact employees for decades of their working career. If employees are unable to save for retirement as a result of student loan debt, and do not begin saving until their student loan debt is manageable, they may be severely challenged in trying to accumulate sufficient retirement plan assets over their careers. Employer recognition of this may be driving the fact that 44% of respondents did indicate that while they are not currently offering this type of program, they may potentially offer a student loan repayment benefit in the future.



Measuring Success

Improved retirement readiness is the most popular metric used to indicate the success of a financial wellness program offering, with more than two-thirds of respondents using that measurement criteria. Use of the wellness tools, and increased savings, are also seen as measurements of program success.



More than 2 out of 3 respondents use retirement readiness to measure success of their program.

Interestingly, one of the reasons cited by organizations as to why they initially felt it was important to offer wellness programs is that the stress caused by financial concerns led to reduced productivity and absenteeism. And yet, according to the survey responses, no organizations are using these metrics to gauge the impact of these programs. This may be due to difficulties in gathering information on the causes, as employees may not want to share with their employer that financial difficulties caused them to take a day off or prevented them from completing a project on time.

The difficulty in determining how to quantify any change in productivity or absenteeism prior to program implementation, versus post implementation, may be the primary reason behind this survey result.

Conclusion

Wellness and financial wellness programs will continue to be an important element for employers to consider when designing their employee benefits packages, if they wish to attract and retain the best talent for their healthcare organizations.

We expect to see the adoption and extension of these programs to grow as employers attempt to remain competitive among their peers, improve employee productivity, and reduce costs as they relate to employee healthcare.

Ultimately, having a healthy employee population at the very organizations that keep our communities healthy is a benefit to the population at large.

About the Survey

Launched in the spring of 2017, Cammack Retirement Group's inaugural Financial Wellness in the Workplace survey provides insight into wellness and financial wellness programs at hospitals and healthcare organizations throughout the United States. As part of Cammack Retirement's proprietary research, the survey results offer retirement plan sponsors and human resource professionals the benchmarking information and emerging trend analysis they need

to make strategic decisions about their programs. With 56 responses, the median organization size responding to the survey had between 1000-5000 employees. As a service to the healthcare community, the survey is commissioned and paid for by Cammack Retirement, and the survey report is offered at no cost to participating organizations.

Thank You

Cammack Retirement Group would like to extend our sincere appreciation to the healthcare organizations that participated in the survey. We look forward to your participation in future surveys and welcome any questions or comments you may have on this survey's content. Please contact Earle Allen, Partner and Healthcare Practice Leader, at (646) 839-8206 or eallen@cammackretirement.com to further discuss the survey or learn more about how Cammack Retirement Group can assist with your retirement plan consulting and investment advisory needs.

ABOUT CAMMACK RETIREMENT

Cammack Retirement Group has been helping retirement plan sponsors meet their goals for half a century. Solely focused on serving retirement plan sponsors, we provide a tailored approach to investment advisory and consulting services. We work with some of the nation's leading academic and research institutions, healthcare providers, corporations, non-profit organizations and public sector employers to help them manage fiduciary risk.

For more information on our services, please contact **Earle Allen**, Partner, at **646.839.8206** or eallen@cammackretirement.com.

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