

# Using Financial Wellness to Attract and Retain Employees

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Employee attraction and retention is a concern for many businesses. Finding ways to fill available positions and keeping the quality employees that are the lifeblood of operations is essential for employers. In the healthcare industry, this is becoming an acute problem. However, providing guidance and opportunities for employees to learn about financial wellness topics may help.

One of the biggest challenges facing healthcare institutions is the difficulty in maintaining staff. According to the Bureau of Labor Statistics, turnover among healthcare organizations was 30% or higher each year from 2013 to 2017, reaching 33% in 2017<sup>1</sup>. Hospitals are constantly striving to replace departing employees and find new ones to help deliver services to their patients.

The need for recruiting is only going to become more pronounced over time. As the population ages, the need for healthcare employees is expected to grow at a faster rate than that of other industries. The U.S. economy is projected to add 11.5 million jobs during the decade from 2016 to 2026. The healthcare industry and related employers are expected to account for four million of those jobs, or approximately 35%<sup>2</sup>. Healthcare institutions will need to find ways to

attract and retain quality employees in order to continue to provide exceptional services.

While there are many ways that healthcare institutions can try to appeal to potential new hires, one area in which they can differentiate themselves from their competitors is within their benefits package. An example of this is expanding the offerings as they relate to financial issues. Traditionally, healthcare institutions have offered a retirement plan to help employees save and accumulate assets for their later years. Rather than focusing strictly on a retirement plan benefit, organizations may wish to consider enhancing the programs to encompass overall financial wellness.

Financial wellness is a broad concept that can encompass a range of directions and be subject to a variety of interpretations. However, in general, financial wellness is the process of helping employees learn how to appropriately manage their finances. The typical programs provide employees with education on topics beyond retirement planning such as budgeting, saving for childrens' college, understanding Social Security and Medicare, debt management, and others. While some employees may seek

assistance on these matters outside of the workplace, given the long hours that healthcare employees often work, employers that can make these services available onsite will compare favorably with those that do not.

The benefits of financial wellness programs can appeal across generations. Since the Baby Boomer and older Generation X employees are getting closer to retirement, they may benefit more from the Social Security and Medicare presentations. Discussions surrounding debt management, particularly student loan debt, will likely influence more of the Millennial work force, as well as Generation X employees.

Attracting Millennials will become increasingly important over time. According to the Pew Research Center, Millennials currently comprise the largest segment of the work force of any generation<sup>3</sup>. Additionally, they are very mobile, having high turnover rates. According to Gallup, 50% of millennials changed jobs in 2016<sup>4</sup>. As they continue to grow as a force within the employable population, all employers, particularly healthcare institutions, will need to focus on how to find and retain members of this generation.

As referenced above, focusing on student loan debt within financial wellness programs may help healthcare organizations attract Millennials. Compared to Millennials without debt, Millennials with debt have 46% less in their checking and savings accounts, and 47% less saved for retirement<sup>5</sup>. Student loan debt has become one of the biggest

financial challenges in the United States. Healthcare plan sponsors that find ways to assist their employees in paying off this debt will increase their attractiveness as a potential employer.

The link between student loan debt and retirement plan savings is easy to understand. One plan sponsor that did not want employees burdened with student debt to be forced to choose between paying their student loans and accumulating retirement assets sought to address the issue by changing its retirement plan. Abbott Labs, a healthcare organization headquartered in Illinois, requested a Private Letter Ruling from the Internal Revenue Service (IRS) to permit them to make a matching contribution into the retirement plan for employees who made payments to their outstanding student loans. This feature was for employees not making contributions to the plan, and thus missing out on the employer matching contribution. The IRS granted the Private Letter Ruling, enabling these employees to have both.

Since a Private Letter Ruling is only applicable to the individual employer that made the request, other plan sponsors are not able to assume that they can make the same change to their plans. They would have to file their own Private Letter Rulings for similar treatment. However, Senator Ron Wyden (D-OR) recently introduced a bill that, if passed into law, would enable these types of plan arrangements to be available for all employers.

This student loan debt program is an example of one employer's efforts to address a key concern for their employees, while also helping themselves related to employee attraction and retention. However, not every healthcare organization is able to offer such a program; therefore, it is important to recognize that financial wellness offerings do not have to come with a high price tag. Providing education and workshops to improve employees' financial literacy can be sufficient to differentiate an organization.

As healthcare organizations grapple with ways to attract and maintain staff, identifying all possible avenues to distinguish their organization is necessary. Recognizing the concerns of the employee population and seeking mechanisms through which to make their lives easier should enhance employee appreciation and loyalty to the organization. Financial wellness offerings can have this impact by giving employees the sense that their employer cares not only about the work they provide, but also their overall well-being.

<sup>1</sup>Bureau of Labor Statistics, *Table 16 Annual Total Separations Rate by Industry & Region 2013-2017, March 2018*

<sup>2</sup>Bureau of Labor Statistics, *Employment Projections: 2016-26 Summary, Employment Projections & Occupational Outlook, Oct 2017*

<sup>3</sup>Pew Research Center, *Factank News in the Numbers, April 2018*

<sup>4</sup>Gallup, *How Millennials want to Work and Live, May 2016*

<sup>5</sup>Student Loan Hero, "Study Shows Student Debt Can Kill 75% of Millennials Net Worth," Oct 2018

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