FINANCIAL HEALTH NETWORK

Guide to Employee Financial Health Solutions

A Supplement to the Employer FinHealth Toolkit

This guide is part of the Financial Health Network's Employer FinHealth Toolkit, which provides a roadmap for human resources leaders who are committed to improving the financial health of their employees. In the Toolkit, you will find tools, insights, and employer spotlights that will help you **understand and prioritize your employees' financial health** needs, **identify solutions** to fill gaps in your current programs and benefits, **promote employee engagement** through behaviorally informed design, and **measure the impact** of your efforts.

WHAT'S IN THIS GUIDE

The first step of an effective employee financial health program is always to take the time to understand your employees' needs and prioritize those that are most acute. Once you have identified and prioritized your employees' most pressing financial health challenges, you're ready to start thinking about ways to address them.

But how will you know where to start? Should you consider your company's compensation policies or your benefits? What about your time off policies? For your hourly workforce, what impacts do scheduling practices have on your employees' financial health? The short answer is: All of these are potential levers that you can pull to improve outcomes for your workers.

As a supplement to the Employer FinHealth Toolkit, this guide provides an overview of 14 potential solutions to address specific employee financial health challenges. They are organized into four categories – **spend, save, borrow, and plan** – based on the Financial Health Network's framework for measuring financial health.

While we recognize that this way of categorizing potential solutions is imperfect, we believe it provides a useful framework for thinking holistically about the various aspects of employees' financial lives.

Each of the 14 sections features best practices for implementation, employer examples, and resources for additional learning. We highlight these particular solutions because they have the potential to positively impact employee financial health, and have seen some adoption by employers. This is not meant to be a comprehensive list of every possible solution, and the examples are not intended to endorse particular products or solutions providers. We hope this guide can serve as a starting point, especially for employers just beginning their employee financial health journeys.

What Is Financial Health?

Financial health is a composite measurement of a person's financial life. Unlike narrow metrics like credit scores, financial health assesses whether people are spending, saving, borrowing, and planning in a way that will enable them to be resilient and pursue opportunities over time.

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Financial health is a composite measurement of a person's financial life. Unlike narrow metrics like credit scores, financial health assesses whether people are spending, saving, borrowing, and planning in a way that will enable them to be resilient and pursue opportunities over time. For more details on the Financial Health Network's framework for measuring financial health, visit our Measurement Page.

SPEND

1 **Spend less than income**

2 **Pay bills on time**

SAVE

3 **Have sufficient liquid savings**

4 **Have sufficient long-term savings**

BORROW

5 **Have manageable debt**

6 **Have a prime credit score**

PLAN

7 **Have appropriate insurance**

8 **Plan ahead financially**

SPEND

Wages That Support Financial Health

What Is It and Why Does It Matter for Financial Health?

Having sufficient income to meet day-to-day needs, be prepared for the unexpected, and take advantage of long-term opportunities is a critical component of overall financial health. On average, wages and salary make up approximately two-thirds of employers' compensation costs.[1] Thus, while benefits are important, ensuring that your employees are paid wages that support their financial health must be a key component of your organization's strategy.

Recommended Best Practices

1. Use MIT's Living Wage Calculator as a starting point to **understand whether your employees make enough income to make ends meet**, based on their location. But don't stop there: While the living wage covers very basic expenses, it does not account for saving, investing, or other important activities for personal well-being. The Good Jobs Institute provides a useful tool to help organizations conduct a pay analysis using MIT's living wage model.

2. **Uncover whether you are paying your employees equitably** with a pay equity analysis. A growing movement calls on companies to conduct pay audits based on gender, race, and ethnicity, and to make those disclosures public. Taking an honest look at where pay gaps exist is an important first step toward a more equitable workplace.

3. Offer on-the-job training programs and tuition assistance to **help your frontline employees increase their skills over time.** Clear avenues and support for career progression are important aspects of high-quality jobs. Training and tuition assistance programs can be a win-win if they target talent gaps your company faces and offer easy access for employees, including learning opportunities on-site, during working hours, and in multiple languages.

[1] "*Employer Costs for Employee Compensation – March 2021*," *Bureau of Labor Statistics, Department of Labor, June 2021.*

Employer Examples

PayPal

PayPal discovered through an employee financial wellness assessment that many of its entry-level and hourly employees were frequently running out of money between paydays, despite the company paying at- or above-market wages in every location. In response, the company defined a new metric called Net Disposable Income (NDI), to estimate the discretionary income remaining for employees after taxes and typical living expenses are paid. PayPal launched a variety of financial health initiatives in 2019, and has set a target of at least 20% NDI for all employees globally (up from as low as 4%-6% for some U.S.-based employees).[2]

Citigroup

In 2019, Citigroup became the first company in the world to disclose its global median pay gap for women, and its U.S. pay gap by race and ethnicity. Disclosing unadjusted median pay gaps, in addition to pay gaps adjusted by geography, seniority, job classification, and other characteristics, is the gold standard for pay transparency. Citi includes base pay, bonus, and equity compensation in its pay analysis, another leading practice.[3]

Chipotle

Chipotle offers its employees the opportunity to earn college degrees through a partnership with Guild Education. Chipotle covers 100% of tuition costs upfront for 100 types of degrees across business, tech, agriculture, culinary, and hospitality. Employees are eligible if they work at least 120 days and at least 15 hours a week. The program comes with personalized coaching to help employees navigate their education options. The company reports that crew members using the benefit are 7.5 times more likely to move into a management role within the organization.[4,5,6]

Other Resources

- Pay Analysis tool (Good Jobs Institute)
- How to Identify – and Fix – Pay Inequality at Your Company (Harvard Business Review)

[2] *Dan Schulman, "How can you ensure your workers are not just surviving – but thriving? A CEO shares a new approach," Ted.com, May 2020.*
[3] *Natasha Lamb and Michael Passoff, "Gender Pay Scorecard," Arjuna Capital and Proxy Impact, March 2020.*
[4] *"Chipotle & Guild," Chipotle Mexican Grill and Guild Education, 2020.*
[5] *"Chipotle Expands Debt-Free Degrees To Include HBCU," Chipotle Mexican Grill, October 2020.*
[6] *"Chipotle To Offer Free Degrees In Agriculture, Culinary, And Hospitality To Employees," Chipotle Mexican Grill, October 2020.*

Stable and Predictable Scheduling

What Is It and Why Does It Matter for Financial Health?

Research suggests that schedule stability is even more important than wages for worker well-being.[7] In recent years, "just in time" scheduling practices have become common as a way for companies to keep labor costs down and respond to changes in customer demand.

Yet varying workers' schedules from week to week, providing little or no advance notice of shifts, requiring workers to be "on call," and last-minute shift cancellations can all have harmful effects on workers' economic security, psychological well-being, physical health, and family life.[8] Precarious schedules contribute to racial inequity, as Black and Latinx workers are more likely than White workers to face unstable and unpredictable schedules.[9]

Recommended Best Practices

1. **Provide at least two weeks of advance notice for employee schedules** and create consistent schedules from week to week. Offer compensation to workers for last-minute scheduling changes, or if they show up for a shift but are sent home early ("reporting pay").

2. **Eliminate on-call scheduling and "clopening" shifts**, which require workers to stay late to close a store and return within a few hours to open the next day.

3. **Provide minimum hour guarantees** to part-time workers to ensure adequacy and consistency of hours.

4. **Implement tech-enabled shift-swapping** to make it easier for employees to find a replacement if they cannot work a shift and for managers to post last-minute shifts easily.

[7] Daniel Schneider and Kristen Harknett, "Consequences of Routine Work-Schedule Instability for Worker Health and Well-Being," American Sociological Review Vol. 84(1) 82–114, 2019.

[8] Kristen Harknett and Daniel Schneider, "Precarious Work Schedules And Population Health," Health Affairs, November 2020.

[9] Daniel Schneider and Kristen Harknett, "It's About Time: How Work Schedule Instability Matters for Workers, Families, and Racial Inequality," The Shift Project, 2019.

Employer Examples

The Gap

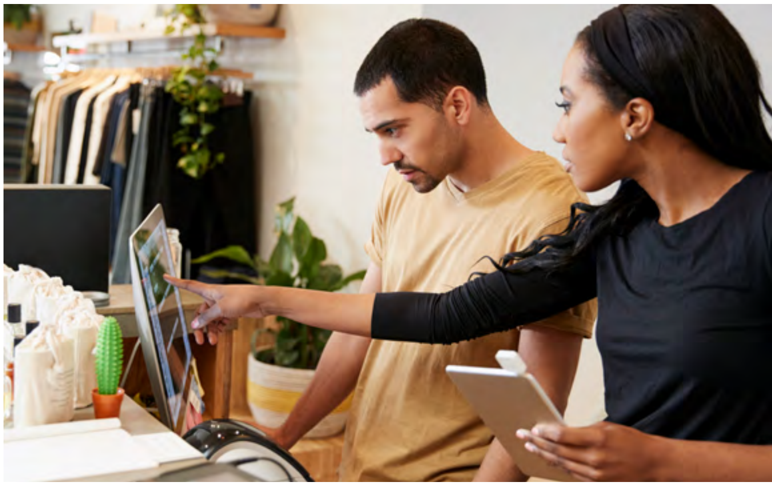
The Gap tested several policy changes to improve schedule stability for its associates. These included eliminating on-call shifts, providing employees with 14-day advance notice of schedules, a soft guarantee of 20 hours a week, and stable start and end times. Working with researchers from several universities, the company designed a randomized experiment to assess the impact that these changes would have on worker outcomes and business metrics. Gap found that the changes resulted in a sleep quality improvement of 6%-8% for all workers in stores where it implemented the interventions, as well as 15% less stress among parents and 9% less stress among second-job holders. Median sales increased 7% and labor productivity improved 5% in the same stores. Following the first phase of the study, Gap eliminated on-call shifts and increased advance notice companywide.[10, 11]

Costco

Costco provides its employees with schedules two weeks in advance and guarantees a minimum of 24 hours per week for part-time workers.[12]

Cooperative Home Care Associates

Cooperative Home Care Associates, a home care staffing agency, guarantees eligible workers a minimum of 30 hours of pay per week, even if 30 hours of work are not available. To qualify for the program, workers have to meet certain requirements, including a minimum number of hours worked (approximately 5,460 hours, or approximately three years of full-time employment) and a willingness to be on call during certain hours.[13]



Other Resources

- The Stable Scheduling Study (WorkLife Law, University of California Hastings College of the Law)
- The Case for Good Jobs (Harvard Business Review)
- The Shift Project (Harvard Kennedy School and University of Southern California-San Francisco)

[10] *Williams et al., "Stable Scheduling Increases Productivity and Sales," Worklife Law: The University of Chicago: School of Social Service Administration, UNC Kenan-Flagler Business School, 2018.*

[11] *"Stable Scheduling Study: Health Outcomes Report," Worklife Law: The University of Chicago: School of Social Service Administration, UNC Kenan-Flagler Business School, 2019.*

[12] *"Tackling Unstable and Unpredictable Work Schedules: A Policy Brief on Guaranteed Minimum Hours and Reporting Pay Policies," Center for Law and Social Policy, Retail Action Project, and Women Employed, May 2014.*

[13] *"Tackling Unstable and Unpredictable Work Schedules: A Policy Brief on Guaranteed Minimum Hours and Reporting Pay Policies," Center for Law and Social Policy, Retail Action Project, and Women Employed, May 2014.*

Support for Day-to-Day Expenses

What Is It and Why Does It Matter for Financial Health?

Low-wage workers, particularly workers of color, are more likely than other workers to struggle financially. They are more likely to live in poverty and receive public assistance, and about half are sole earners or contribute significantly to their families' household finances.[14] These workers often face challenges finding high-quality childcare, and are more likely to rely on public transportation and have long commutes to get to work.[15,16] Providing your frontline workers with support for day-to-day expenses like childcare and transportation can improve their financial health and may even lead to higher productivity and lower turnover for this segment of your workforce.

Recommended Best Practices

1. Offer **subsidized transit passes or provide alternatives such as ridesharing or dedicated bus services** to make it easier for your employees to get to work. The latter can be especially helpful in areas where there is limited access to public transportation.

2. Provide support for caregiving by offering **subsidies for childcare or eldercare**. This can take the form of spending accounts or bonuses to defray caregiving costs, discounted access to vetted local centers, or even on-site childcare facilities. Employers who provide child care subsidies can take advantage of up to $150,000 in tax credits.[17]

3. Partner with local financial institutions or credit unions to **facilitate access to high-quality financial products and services.** Especially for employees who currently lack access to mainstream financial services and instead rely on costly alternatives like payday loans, such partnerships can add up to significant savings over time.

4. Provide **services that help employees access local community resources** when they face financial difficulties. These "resource navigators" can help employees save on expenses, pay down debt, and access aid to manage their specific financial challenges.

[14] *Martha Ross and Nicole Bateman, "Meet the Low-wage Workforce," Metropolitan Policy Program at Brookings, November 2019.*
[15] *Julie Vogtman and Karen Schulman, "Set up to fail: When low-wage work jeopardizes parents' and children's success," National Women's Law Center, 2016.*
[16] *Algernon Austin, "To Move Is to Thrive: Public Transit and Economic Opportunity for People of Color," Demos, 2017.*
[17] *Kylie Ora Lobell, "Employers Consider Child Care Subsidies," Society for Human Resources Management, September 2020.*

Employer Examples

Target

Target provides its employees with affordable and high-quality financial products through Target Credit Union, a division of BCU. Employees can access checking accounts with above-average APY and personal loans with single-digit interest rates for those who qualify. Its Enhanced Direct Deposit feature can be useful when unexpected expenses arise, enabling Target employees who use direct deposit to access their wages 1-2 days before payday.[18]

REI

REI offers employees at all of its locations a 50% subsidy for public transportation, including bus, train, vanpool, and ferry, up to the IRS limit through payroll deduction. REI also offers pretax parking for employees who work at locations with limited commuting options.[19]

Best Buy

Best Buy offers up to four weeks of paid time off for caregivers. Eligible employees can use the time to bond with a new child or take care of a loved one with a health condition. Paid-time off benefits are available to all full-time employees, and to part-time employees after one year of service.[20,21]

Other Resources

- A Corporate Guide to Dependent Care (JUST Capital and AARP)
- The Caring Company (Harvard Business School)
- Best Workplaces for Commuters

[18] *"Target Credit Union Home Page," Target Credit Union, 2021.*
[19] *"Career," REI Co-op and For Your Benefit, 2021.*
[20] *Katie Koranda, "New Dad Finds Support at Best Buy," Best Buy, August 2020.*
[21] *"Benefits," Best Buy, 2021.*

Employee Hardship Funds

What Is It and Why Does It Matter for Financial Health?

Many workers, especially lower-wage workers, do not have enough savings to weather an unexpected expense or loss of income. Employee hardship funds are an increasingly popular mechanism for employers to support their workers when such emergencies arise. These programs enable employers and employees to contribute to a fund that workers can then apply to for a cash grant when disaster strikes. Often, these relatively small grants can help employees avoid a cascade of more serious consequences, such as missed bill payments, damaged credit, or the use of predatory products like payday loans.

Historically, hardship funds were often designed to support employees affected by natural disasters. Today, a growing number of employers are establishing funds to support workers with any kind of financial need.

Recommended Best Practices

1 **When making key design decisions**, such as fund structure, eligibility criteria, and the application process, **be mindful of the impact** on employees' awareness of the fund, their user experience, and their financial health.

2 **Pair hardship funds with other resources** that can help employees with their financial health, such financial coaching or opportunities to build savings.

3 **Review your overall compensation and benefits package** to make sure that your hardship fund serves as an additional safety net for employees when they face an emergency, not as a replacement for low wages and benefits.

Employer Examples

Levi Strauss & Co.

Levi Strauss & Co. has offered its employees access to a hardship fund through its Red Tab Foundation since 1981. To date, the foundation has disbursed more than $25 million in no-strings-attached grants to employees facing personal hardships.[22]

Arosa LLC

Arosa LLC, one of the largest home care providers, launched its Arosa Grant Circle program in 2020, in partnership with Canary. Arosa Grant Circle allows employees to submit a request for a grant, usually ranging from $500 to $1,000. Requests are kept anonymous to protect employees' privacy and ensure an unbiased approval process.[23, 24]

Other Resources

- Illuminating a Hidden Safety Net: Lessons from Research into Employee Hardship Funds (Aspen Institute and Commonwealth)
- Creating a Safety Net: Employee Hardship Fund Playbook (The Red Tab Foundation)
- Best Practices: How to Create Emergency Cash Programs (BlackRock's Emergency Savings Initiative)

[22] *Jenny Calvert Rodriguez, "Employee Hardship Funds Help Companies Help Their People," Harvard Business Review, May 2020.*
[23] *Robert Holly, "Arosa+LivHome Doubles Down on Workforce Investments, Launches Emergency Fund for Caregivers," Home Health Care News, September 2020.*
[24] *"Canary and Arosa: Helping alleviate essential workers' financial hardships during the pandemic," Canary, September 2020.*

Earned Wage Access

What Is It and Why Does It Matter for Financial Health?

For many workers, particularly those without a savings buffer, the time between earning and being able to access their wages can cause financial distress. Bills can be due prior to payday, or unexpected expenses can come up that require immediate payment. This causes many workers to defer payments and risk late fees, overdraw their accounts, or seek out high-cost financial products like payday loans.

In recent years, a new category of products has emerged to provide workers with immediate access to wages they have already earned or are projected to earn. These products, often referred to as "on-demand pay" or "earned wage access," can help workers bridge the gaps between when expenses are due and their next paycheck.

Recommended Best Practices

1 **Minimize fees associated with employee usage of the product.** Earned wage access products can cost significantly less than many alternative solutions for those facing short-term liquidity gaps, but employee costs for use can vary significantly by provider. Some employers choose to cover full fees for their employees, making the service free for employee use.

2 **Carefully consider key program features**, like percentage of earned wages employees can withdraw and number of times they can access wages early each period. More research is needed to determine which guardrails are most effective in promoting employee financial health outcomes. Until such evidence emerges, each employer must decide how best to structure the benefit for its own unique workforce. Keep a close eye on the program and adjust over time as you learn more about the impacts on employees' financial well-being.

Employer Examples

Walmart

Walmart offers all of its associates access to Even, an app that helps users budget, pay bills, and save automatically, along with the ability to access their wages before payday. Associates can request up to one Instapay each week, and up to 50% of their earned wages each pay period.[25]

Westgate Resorts

Westgate Resorts, one of the largest resort developers in the United States, partners with earned-wage access provider DailyPay. After each shift, employees can transfer up to 100% of net earnings and receive their money instantly.[26, 27]

Other Resources

- Earned Wage Access and Direct-to-Consumer Advance Usage Trends (Financial Health Network)

[25] *"Even Financial Wellness Platform," made for Walmart, Even.*
[26] *"Career Opportunities," Westgate Resorts, 2021.*
[27] *"DailyPay Announces Partnership with Westgate Resorts," DailyPay, November 2017.*

SAVE

Retirement Plan Design

What Is It and Why Does It Matter for Financial Health?

Retirement plans are a critical tool for employees to build long-term financial security. Yet nearly a third of U.S. workers don't have access to a retirement plan through their employer, and more than two-thirds of the lowest-wage workers lack this benefit. Industries where workers are more likely to be women and people of color, such as hospitality and food service, are much less likely to offer employees retirement benefits.[28, 29]

[28] *Patrick Pizzella and William W. Beach, "National Compensation Survey: Employee Benefits in the United States, March 2019," U.S. Department of Labor and U.S. Bureau of Labor Statistics, September 2019.*

[29] *"Labor Force Statistics from the Current Population Survey," U.S. Bureau of Labor Statistics, 2020.*

Recommended Best Practices

1 Ensure all of your employees, including those working part-time, have access to long-term saving opportunities. Starting in 2021, the SECURE Act requires employers who offer 401(k)s to offer eligibility to long-term, part-time workers.[30] Providing retirement plan access to all of your employees, regardless of full-time or part-time status, may reduce the administrative burden of administering the program and will ensure your entire workforce has access to opportunities to save.

2 In addition to ensuring that your plans are widely available, **make sure you're leveraging proven design features like auto-enrollment and auto-escalation**. Evidence suggests that auto-enrollment, on its own, can dramatically increase retirement plan participation. However, without auto-escalation, many employees tend to stay at their company's default contribution rate when they actually need to save more.[31] Combining these two features can help maximize participation while encouraging beneficial savings behaviors.

3 Pair retirement plans with opportunities to save for emergencies or pay down debt. Recent research shows that the more individuals had in emergency savings prior to COVID-19, the less likely they were to withdraw from their workplace retirement accounts to cope with the pandemic.[32] The same study showed that having medical debt was associated with 26% lower workplace retirement savings in 2020, while having student loan debt correlated with 36% lower retirement savings. Innovative design features, such as automatic deductions to an in- or out-of-plan emergency savings account or matching employees' student loan payments with employer-provided retirement contributions, can help employees improve their financial health in the present and secure their long-term future.

4 Use cues and anchoring to promote positive savings behavior. For example, one study found that providing cues in a company email (such as providing examples of savings goals or highlighting high savings thresholds created by the 401(k) rules) increased 401(k) contribution rates by 1%-2% of income per pay period.[33] Setting a high default contribution rate can also have an anchoring effect, encouraging employees to save more.[34] (This is especially useful when employees opt in to participate in retirement savings; for plans with auto-enrollment, high defaults risk creating an undue burden on more financially vulnerable employees.)

[30] *"Part-time Employee Rights under the SECURE Act," National Law Review, January 2021.*

[31] *Brigitte Madrian and Dennis F. Shea, "The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior," National Bureau of Economic Research, May 2000.*

[32] *Stan Treger and Steve Wendel, "The COVID-19 Pandemic, Retirement Savings, and the Financial Security of American Households," Morningstar, April 2021.*

[33] *James J. Choi, Emily Haisley, Jennifer Kurkoski, and Cade Massey, "Small Cues Change Savings Choices," Yale University, National Bureau of Economic Research, BlackRock, Google Inc., University of Pennsylvania, August 2017.*

[34] *John Beshears, Shlomo Benartzi, Richard Mason, and Katherine L. Milkman, "How Do Consumers Respond When Default Options Push the Envelope?," Social Science Research Network, October 2017.*

Employer Examples

Lowe's

Lowe's provides all of its employees, including part-time employees, access to a 401(k) plan, with a match up to 4.25% on contributions of 6% or greater. Employees are eligible to participate 30 days after their hire date. Contributions are 100% vested as soon as the employee starts contributing.[35]

Abbott

Recognizing that student loan debt can be a barrier to saving for retirement, Abbott's groundbreaking Freedom 2 Save program enables full-time and part-time employees who qualify for the company's 401(k) and who contribute 2% of their eligible pay toward student loans to receive a 5% employer-provided contribution to their 401(k) plans, without any 401(k) contribution of their own. The IRS issued a private letter ruling, which, though it technically applies only to Abbott's program, observers believe signals the government's support for similar programs.[36]

Other Resources

- Re-Imagining Retirement Amid New Uncertainty 2020 (Aspen Institute)

[35] *"Health Plan Identifier," Lowe's Benefits Pricing, 2021.*

[36] *Andrea M. Gehman, "INSIGHT: What's Next for Section 401(k) Contributions on Student Loans?," Bloomberg Tax, May 2019.*

Emergency Savings

What Is It and Why Does It Matter for Financial Health?

Having adequate savings to weather emergencies is a critical component of financial health. Nearly half of all workers and nearly three-quarters of low-wage workers do not have enough money in liquid savings to cover three months of expenses.[37] Job losses and medical issues are among the main reasons people withdraw money early from their retirement accounts.[38] These withdrawals could potentially be averted if employees had a pool of emergency savings to tap into when these types of events arise.

Recommended Best Practices

1 **Give your employees the option to automatically direct a portion of their paycheck to a savings account through split deposit.** Even better, consider automatically enrolling them in emergency savings. Similar to a 401(k), auto-enrollment encourages employees to build emergency savings by requiring them to opt out of saving instead of opting in. The Consumer Financial Protection Bureau offers a mechanism for employers to request approval to create such a program, reducing the regulatory uncertainty associated with this relatively new approach to promoting savings among employees.[39]

2 **Allow employees to make after-tax contributions to a separate "rainy day" account within or outside of your existing 401(k) program.** When setting up such a program, important considerations include how liquid the account is; the target size of the account balance (and what happens to additional contributions once that balance is reached); investment allocations; fees; and the tax treatment of contributions, earnings, and withdrawals from the account. Above all, a well-designed "rainy day" account needs to be easy for employees to use as well as easy for you or your payroll and financial providers to administer.

3 **Use incentives and behavioral nudges to encourage your employees to save.** Matches, prizes, pre-commitments, and reminders are examples of tactics you can use to encourage your employees to save. For example, you could try matching employees' savings up to a certain amount, or entering employees into a raffle to win a much larger prize upon meeting savings goals. Other ideas include offering employees the opportunity to pre-commit to saving a percentage of future raises, or sending messages encouraging employees to save at key moments in the year, such as after New Year's or around tax time.

[37] *Unpublished data, The Financial Health Network, Financial Health Pulse.*
[38] *Barbara A. Butrica, Sheila R. Zedlewski, and Philip Issa, "Understanding Early Withdrawals from Retirement Accounts," The Urban Institute, May 2010.*
[39] *"CFPB Takes Action to Help Employers Develop Emergency Savings Programs to Boost Worker Financial Resilience," Consumer Financial Protection Bureau, July 2020.*

Employer Examples

UPS

UPS, with support from the collaboration between Commonwealth and Voya Financial as part of BlackRock's Emergency Savings Initiative, is offering an in-plan emergency savings option to its 90,000 U.S. based non-union employees, providing them with a way to set aside after-tax savings automatically as part of their 401(k) plan administered by Voya.[40]

Alorica

Alorica, a global customer services company, has paired up with SaverLife, a nonprofit online savings platform, to encourage its employees to build emergency savings. Each employee receives a dollar-for-dollar match up to $40 per month, plus a $20 bonus to support a goal of building $500 in savings. SaverLife took a community-first approach to the program, offering savings prizes and challenges to anyone who signed up to save in the Bluefield, West Virginia, area. At the end of a nine-month pilot, 47% of Alorica's employees in its Bluefield customer service center had signed up for SaverLife and the average net increase in savings for all new SaverLife members in Bluefield was $442.[41]

Other Resources

- BlackRock's Emergency Savings Initiative
- Building Emergency Savings Through Employer-Sponsored Rainy-Day Savings Accounts (Harvard Business School, National Bureau of Economic Research, Yale School of Management, Brookings Institution, Wharton School, AARP, and Brigham Young University)
- CFPB Takes Action to Help Employers Develop Emergency Savings Programs to Boost Worker Financial Resilience (Consumer Financial Protection Bureau)

[40] *Anne Tergesen, "UPS to Offer Employees a Way to Save for Emergencies," Wall Street Journal, October 2020.*
[41] *"Communities on the Rise: Building Prosperity Together in Bluefield & Johnstown," SaverLife, 2020.*

Employee Ownership

What Is It and Why Does It Matter for Financial Health?

Providing employees with an ownership stake in your company can be a powerful way to help them build wealth and save for retirement. Only 55% of Americans own stock overall, with much smaller percentages of women, Latinx, and Black people owning this form of wealth. Yet most Americans report they would prefer to work for a company that gives them a stake in the business.[42, 43]

Employee ownership can take many forms, including offering stock options, restricted stock, or profit-sharing plans as part of compensation. A common approach is creating Employee Stock Ownership Plans (ESOPs), a type of qualified retirement plan which enables owners to contribute company stock to employees. ESOPs bring many tax advantages to employers and have been shown to significantly increase retirement savings for workers, especially low-wage workers who might otherwise struggle to save.[44] Worker cooperatives are another model in which the company is 100% owned and governed by employees.

Recommended Best Practices

1 **Determine which approach to employee ownership works best for your company.** For example, ESOPs come with significant tax benefits for employers, but have higher set-up and ongoing costs than other models, so they may not be a fit for very small companies .[45]

2 **Foster a participatory ownership culture.** There is evidence that employee ownership can boost company performance and lower turnover. But those positive effects may depend on the presence of supportive workplace policies, such as employee participation in decision-making, training, and job security.[46]

3 While employee ownership is an important way to help workers build wealth, **it should not be a substitute for adequate pay and other benefits.** Rather, employee ownership ought to be one part of a holistic approach to promoting your employees' financial health. In particular, be mindful of the potential risk to employees if they have a large portion of their wealth held in company stock, and be sure you are also offering other opportunities to save for retirement with more diversified investments.

[42] *"72% Of Republicans and 74% of Democrats Agree on This: They Prefer to Work for an Employee-Owned Company," Businesswire, 2019.*

[43] *Lydia Saad, "What Percentage of Americans Owns Stock?," Gallup, September 2019.*

[44] *Janet Boguslaw and Lisa Schur, "Building the Assets of Low and Moderate Income Workers and their Families," Rutgers School of Management and Labor Relations, March 2019.*

[45] *"Employee ownership options: Find the right fit for your company," Project Equity, 2021.*

[46] *Douglas Kruse, "Does employee ownership improve performance?," IZA World of Labor, December 2016.*

Employer Examples

Publix

The supermarket chain Publix contributes company stock to all of its 202,000 associates each year at no cost to them through an ESOP, making it the largest firm in the U.S. that is majority employee-owned. The company offers other generous benefits to all eligible full-time and part-time associates, including a stock purchase plan and 401(k) retirement savings plan with a company match.[47, 48]

Chobani

In 2016, Hamdi Ulukaya, CEO of Chobani, launched an initiative to give every full-time member of the company the opportunity to share in the growth of Chobani over time. More recently, the company took further steps to improve its employees' well-being, including expanding its parental leave policy and increasing its starting hourly wage to at least $15 per hour.[49]

Apple

In 2015, Apple announced that it would make all employees, including its retail and call center employees, eligible to receive restricted stock units.[50] In most corporations, such grants are available only to top management and employees in specialized roles as a means to retain talent.

Other Resources

- National Center for Employee Ownership
- Race and Gender Wealth Equity and the Role of Employee Share Ownership (Aspen Institute, Institute for the Study of Employee Ownership and Profit Sharing at Rutgers School of Management and Labor Relations, and Democracy at Work Institute)

[47] *"Benefits," Publix, 2021.*
[48] *"The Employee Ownership 100: America's Largest Majority Employee-Owned Companies," National Center for Employee Ownership, July 2020.*
[49] *Beth Kowitt, "Chobani's radical plan to take care of its hourly workers: Pay them more," Fortune, October 2020.*
[50] *Mark Gurman, "Tim Cook Memo: Apple launches RSU shares program for all employees to retain talent," 9TO7Mac, October 2015.*

BORROW

Debt Management and Credit Building Tools

What Is It and Why Does It Matter for Financial Health?

Employees who struggle with debt also often face challenges in other areas of their financial lives, such as paying bills on time or saving for the future. More than one-third of employees say that they need help managing their debt or improving their credit.[51] Helping employees better manage their debt or pay it down faster can go a long way toward reducing their stress and improving their overall financial health.

Recommended Best Practices

1. **Facilitate access to debt management counseling services** that can help your employees develop a personalized action plan for managing their debt. Counselors work one-on-one with clients to review their current situation, discuss their financial goals, create a budget, and plan to pay down debt. They can also help employees deal with creditors and avoid negative consequences like bankruptcy.

2. **Provide opportunities to help employees build their credit**, like through one-on-one credit building counseling services. A strong credit score can open doors to lower rates on car loans, mortgages, and credit cards, better rental housing or home ownership, and a secure buffer of available credit for emergencies.

[51] "*Better for Employees, Better for Business: The Case for Employers to Invest in Employee Financial Health*," *The Financial Health Network, 2019.*

Employer Examples

Cornell University

Cornell University offers its employees access to debt management counseling through a partnership with the nonprofit ClearPoint Credit Counseling. Through confidential one-on-one sessions, counselors help employees develop a plan for paying down their debt. They also provide student loan debt counseling and a first-time homebuyers program.[52]

Senior Helpers

The Chicago franchise of Senior Helpers partnered with the nonprofit Working Credit to offer the organization's credit building counseling program to workers who had been at the company for at least four months. Employees participated in workshops to learn about the credit scoring system, then could sign up for one-on-one credit building counseling sessions. Since the start of the program, 82% of employees offered the benefit have signed up and the number of employees with prime credit scores (660 or higher) has almost tripled.[53]

Other Resources

- National Foundation for Credit Counseling

[52] "Working at Cornell: Navigating Personal Finances and Debt," Cornell University, 2021.
[53] "Working Credit makes good business sense," Working Credit NFP.

Affordable Small-Dollar Loans

What Is It and Why Does It Matter for Financial Health?

Accessing affordable, high-quality credit can be a challenge for employees with limited credit histories or those who have struggled with debt in the past. When faced with a cash shortfall or unexpected expense, these employees may seek out payday loans or other high-cost forms of credit. Employers can provide lower-cost options by partnering with trusted lenders to offer affordable small-dollar loans linked to payroll.[54]

Recommended Best Practices

1. When offering your employees access to low-cost personal loans that will be paid back via payroll deductions, **make sure product features align with best practices for high-quality, small-dollar credit**. Look for minimal fees, no penalties for early repayment, flexible repayment policies, and loan parameters that guard against unmanageable debt. More research is needed to determine which guardrails are most effective in promoting employee financial health outcomes. Until such evidence emerges, each employer must decide how best to structure the benefit for its own unique workforce. Keep a close eye on the program and adjust over time as you learn more about the impacts on employees' financial well-being.

2. **Help employees transition from using credit to building emergency savings.** Once the loan is fully repaid, automatically convert payroll deductions into savings deposits on an opt-out basis.

3. **Pair affordable credit options with access to financial coaches** to help employees develop and implement plans to reach their financial goals.

[54] *Todd Baker and Snigdha Kumar, "The Power of the Salary Link: Assessing the Benefits of Employer-Sponsored FinTech Liquidity and Credit Solutions for Low-Wage Working Americans and their Employers," Harvard Kennedy School, May 2018.*

Employer Examples

Lutheran Social Services

Lutheran Social Services, a Minnesota-based nonprofit social services agency, partners with TrueConnect to provide its employees the ability to take out a loan of $1,000-$3,000, with an APR of 24.99% and a repayment period of one year. Credit checks are not required; employees qualify for loans based on their income and tenure. Loan repayments are capped at 8% of the employee's paycheck, with the employee's repayment capacity determining the maximum loan amount. Borrowers can access up to six free financial coaching sessions as part of the benefit.[55]

PeachTree Health

PeachTree Health, a 501(c)3 nonprofit community-based Federally Qualified Healthcare in California, partnered with HoneyBee to destigmatize access to financial health support in the workplace by providing no-cost rainy day funds for unplanned expenses and one-on-one financial therapy for workers and their families.[56]

United Way Worldwide

United Way Worldwide partners with Salary Finance to offer its employees loans ranging from $750 to $15,000, with rates ranging from 5.9% to 19.99% APR. New employees are eligible after nine months. Credit checks are required for loan approval. Borrowers who can't afford repayment or experience a change in their economic circumstances can receive support, like payment holidays or similar solutions.[57]

Other Resources

- Starting a Small-Dollar Loan Program for Your Employees (Urban Institute)
- Compass Guide to Small Dollar Credit (Financial Health Network)
- Income Advance Guide (Rhino Foods & B Lab)

[55] Ben Horowitz, "How small-dollar loan programs can be a big benefit for employees (and their employers)," Federal Reserve Bank of Minneapolis, June 2018.
[56] "Our Proud Community," Honeybee, 2021.
[57] "Personal Loans for United Way Worldwide Employees," Salary Finance, 2021.

Student Loan Assistance

What Is It and Why Does It Matter for Financial Health?

Student debt is a significant barrier to financial health for many employees. Overall, Americans hold $1.7 trillion in student debt, and for many employees, their student debt burden prevents them from saving for retirement or meeting other financial goals. A growing number of employers have started offering benefits to help their employees with student debt. This trend is likely to accelerate due to tax benefits passed within COVID-19 relief measures.

Recommended Best Practices

1. In addition to providing tools for managing existing loans or refinancing at lower rates, **use direct payments to help reduce employees' loan balances.** The Consolidated Appropriations Act, signed into law in December 2020, allows employers to contribute up to $5,250 toward employees' student debt as a tax-free benefit through 2025.[58]

2. **Consider giving employees the option to convert unused PTO balances** into student loan contributions. When they don't use all of their accrued time off, employees leave value on the table that could go toward helping to reduce their debt. However, this approach should be carefully considered and balanced with a culture that encourages people to take care of themselves and unplug when necessary.

3. To ensure equity, **provide comparable benefits to employees who do not have student loans** or have already paid them off. This might include offering a choice between a student loan payment or an equivalent contribution to an emergency savings account.

[58] *"Employer-Provided Student Loan Repayment Assistance Approved by Congress," JDSupra, March 2021.*

Employer Examples

Aetna

Aetna matches its full-time employees' student loan payments up to $2,000 per year with a $10,000 life maximum. Part-time employees (20 hours a week or more) are eligible to receive up to $1,000 per year with a lifetime maximum of $5,000.[59]

Ally Financial

Ally Financial offers its employees $100 per month in student loan payments, with a lifetime maximum of $10,000. The company also offers $100 per month in contributions to a 529 education savings plan.[60]

PwC

PwC provides employees with student loan payments of $100 per month for up to six years. The benefit is limited only to those at the associate and senior associate levels, enabling the company to target the benefit to those employees who need it most: recent graduates earning entry-level salaries.[61]

Other Resources

- Student Loan Repayment Assistance: A Guide for Employers (Boston Chamber of Commerce)

[59] "*Fact Sheet: Aetna Program to Help Thousands of Employees Repay Student Loans*," *CVS Health, August 2016.*
[60] "*Ally's Total Rewards Highlights*," *Ally, 2021.*
[61] *Michael Fenlon, "Companies Can – and Should – Help Employees Pay Student Loans," Harvard Business Review, March 2021.*

PLAN

Paid Sick and Family Leave

What Is It and Why Does It Matter for Financial Health?

The ability to take time away from work to care for a newborn, recover from an illness, or take care of a family member without sacrificing pay is critically important for financial health, especially for those who struggle to pay bills or lack a savings cushion to bridge gaps in pay. Yet those employees who are more likely to struggle financially — low-wage workers, part-time employees, women, and workers of color — are also less likely to have access to paid leave from their employers.[62, 63]

Recommended Best Practices

1 **Make paid leave broadly available to all employees, including part-time and hourly workers.** Workers with lower incomes are even more likely than their higher-earning peers to rely on a steady paycheck to make ends meet. Ensuring that all of your employees can access paid leave is an important step toward ensuring equity among your workforce.

2 **Provide paid leave for caregiving responsibilities.** While a growing number of employers provide paid leave for the birth of a child, fewer allow workers to take time off to care for a loved one who is sick or injured.

3 **Recognize an expanded set of family relationships.** Paid leave policies that are gender-neutral and inclusive of adoptive parents are becoming increasingly common. These policies should also include extended relatives and chosen family, recognizing the full diversity of family relationships employees may have.

[62] *"Paid Family and Medical Leave: A Racial Justice Issue – and Opportunity," National Partnership for Women and Families, August 2018.*
[63] *Isabel V. Sawhill, Sarah Nzau, and Katherine Guyot, "A primer on access to and use of paid family leave," Brookings, December 2019.*

Employer Examples

Levi Strauss & Co.

Levi Strauss & Co. provides all of its U.S. corporate and benefits-eligible retail employees up to eight weeks of paid time off annually to care for an ill spouse, domestic partner, parent or stepparent, child or stepchild up to 18 years of age. They also offer eight weeks of paid time off to welcome or care for a new child. In 2020, the company also extended its paid sick leave policy to all U.S. part-time retail employees.[64, 65]

Home Depot

Home Depot provides six weeks of paid parental leave regardless of gender, with an additional six weeks for birth mothers. Parental leave is also available for adoptive and foster parents. Home Depot's leave policy includes salaried, full-time hourly, and part-time hourly employees who have been with the company for at least a year.[66]

SurveyMonkey

SurveyMonkey provides health benefits, paid time off, and sick leave to the workers of its on-site vendors and contractors, who provide janitorial services, on-site catering, and workforce management resources.[67, 68]

Other Resources

- Paid Family Leave Workshop (PL+US)

[64] Marc Rosen, "LS&Co. To Begin Reopening U.S. Stores, Offer Paid Sick Leave to Part-Timers," Levi Strauss & Co., May 2020.
[65] "Levi Strauss & Co. Announces Industry-Leading Paid Family Leave Benefit," Levi Strauss & Co., February 2020
[66] Genevieve Douglas, "Home Depot Builds Up Paid Parental Leave Benefit," Bloomberg Law, July 2018.
[67] "SurveyMonkey Leads the Industry with Employee Benefits for Contractors and Vendors," SurveyMonkey, April 2018.
[68] Rick Morgan, "SurveyMonkey defies Silicon Valley labor caste system, offering contract workers full benefits," CNBC, April 2018.

Health Insurance Plan Design

What Is It and Why Does It Matter for Financial Health?

Health insurance makes up a significant percentage of employees' household budgets, especially for lower-wage workers. Households in the bottom fifth of income pay a third of their earnings toward healthcare, while households in the top fifth pay only 16% of their income.[69] For workers with employer-sponsored insurance, premiums and out-of-pocket healthcare costs are rising faster than incomes, causing an even greater squeeze on household finances.[70]

Recommended Best Practices

1 **Lower the employee cost of health insurance** by increasing your employer contribution, or lowering deductibles or copays. Consider implementing a tiered premium structure so that lower-paid employees shoulder a lower burden for healthcare compared with their higher-earning peers. As of 2019, only 25% of large employers had such a tiered structure in place.[71]

2 **Extend health insurance to part-time and temporary employees.** Under the Affordable Care Act, employers are required to offer health insurance to employees working more than 30 hours per week. Part-time and temporary employees are likely to experience financial stress due to high healthcare costs.

3 If your company offers a high-deductible health plan, **provide access to a health savings account (HSA) and match your employees' contributions** to help defray the cost of care until the deductible is met.

[69] *Katherine Grace Carman, "Burden of Health Care Payments Is Greatest Among Americans with the Lowest Incomes," RAND Corporation, January 2020.*

[70] *Matthew Rae, Rebecca Copeland, and Cynthia Cox, "Tracking the rise in premium contributions and cost-sharing for families with large employer coverage," Peterson KFF - Health System Tracker, August 2019.*

[71] *"The 24th Annual Willis Towers Watson Best Practices in Health Care Employer Survey," Willis Towers Watson, 2019.*

Employer Examples

Starbucks

Starbucks provides a comprehensive benefits package to part-time employees who work at least 20 hours a week (after working at least 240 hours over three consecutive months). Health benefits include medical, dental, vision, life, and disability insurance.[72]

Staples

Staples offers dental, vision, life, dependent life, accidental death, and short-term disability insurance coverage to all part-time associates.[73]

Bank of America

Bank of America varies its medical premium contribution by annual pay level, with larger subsidies for those earning less. Since 2012, the company has not raised medical premiums for employees earning less than $50,000.[74]

Other Resources

- 2020 Employer Health Benefits Survey (KFF)
- Making Health Care Affordable for Low-Wage Workers (Harvard Business Review)

[72] *"Total Rewards - Your Special Blend (Rewarding Our Partners)," Starbucks, March 2020.*
[73] *"Employee Benefits: Perks and Benefits Homepage," Staples, 2020.*
[74] *"2020 Human Capital Management Report," Bank of America, October 2020.*

Financial Coaching

What Is It and Why Does It Matter for Financial Health?

Employees can benefit from having a trusted resource to help them along the path toward achieving their financial goals. Increasingly, employers are offering access to one-on-one financial coaching as an employee benefit. Financial coaches can help employees set financial goals, develop plans to reach them, and navigate your company's benefits to make sure they're taking full advantage of the value offered.

Recommended Best Practices

1 **Ensure that financial coaches provide support that is relevant, timely, actionable, and ongoing.** Unlike financial advisors, who tend to specialize in advising more affluent clients on how to manage their wealth, financial coaches help people of all income levels set and reach financial goals.

2 **Embed referrals to financial coaches into your existing HR systems and processes.** For example, you might refer employees to financial coaching when applying for a 401(k) loan, to encourage them to consider lower cost alternatives for their cash needs. Remind employees at regular intervals, such as during annual enrollment, that coaches are available to help.

3 **Promote inclusivity.** Facilitate access to financial coaches who reflect the demographics of your employee population. Employees are more likely to build rapport and trust with coaches who understand their experiences and perspectives. Communicate that the benefit is meant for all, to minimize any stigma that employees might associate with seeking help.

4 **Ensure privacy.** Be sure that employee participation in the coaching program remains confidential. Only assess data on participation rates and employee outcomes in the aggregate.

Employer Examples

Cooperative Home Care Associates

Bronx-based Cooperative Home Care Associates offers financial coaching to its associates through a partnership with TrustPlus. All new hires spend an hour with TrustPlus advisors as part of their new-hire orientation. TrustPlus advisors reconnect with employees every few months to make sure they are staying on the right financial track. Participation in the program is voluntary.[75]

JPMorgan Chase

As part of its commitment to advancing racial equity, JPMorgan Chase announced in 2020 that it would offer financial coaching to all of its U.S. employees. The benefit includes unlimited one-on-one financial coaching by phone, a financial wellness assessment to help employees prioritize their goals, a website with tools and resources, and group engagement sessions.[76]

Other Resources

- Financial Coaching (Consumer Financial Protection Bureau)
- Financial Coaching Program Design Guide: A Participant-Centered Approach (Prosperity Now)

[75] *Robert Espinoza, "Home Care Aides Receive Free Financial Counseling," PHI, May 2014.*
[76] *"Our Path Forward: Impact," JPMorgan Chase & Co., 2020.*

How Can the Financial Health Network Help?

The Employer FinHealth Toolkit is designed to be an all-in-one guide for HR leaders. Yet we recognize that not all companies have the resources or expertise to independently execute all of the strategies outlined in the Toolkit. Making sense of the vast and growing landscape of employee wellness solutions in the marketplace can also be a challenge. That's why the Financial Health Network offers expert advice and peer support to help companies design and implement best-in-class employee financial health strategies.

FINANCIAL HEALTH
NETWORK

The Financial Health Network is a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

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