

## Employee Financial Wellness: An Integral Part of an Organisation's Corporate Social Responsibility

By U-Bond Wong

Employers today are increasingly concerned with the financial wellness of their staff and how they can play an active part in providing employees with greater access to financial education and advice. The recently released Aon Hewitt Hot Topics—Retirement 2015 report found that 93% of almost 250 employers surveyed were “very or moderately likely to create or broaden their efforts on financial wellness topics in a manner that extends beyond retirement decisions.” Almost half of all participating companies also deemed that over the past two years, the significance of financial wellness concepts has greatly intensified.

### The landscape for change

The increase in demand for financial wellness is partly due to the aftermath of the Global Financial Crisis (GFC) in 2007–08. The resulting fallout from the GFC and subsequent regulatory changes caused consumers to reach out for assistance and expect guidance for their financial wellness concerns from less traditional channels, such as their employer.<sup>1</sup> Their desire is for employers to introduce trusted partners who will be able to provide unbiased insights and direction.

For most organisations, there has traditionally been a clear distinction between employee health & wellness programmes and financial wellness. Yet, the association between financial stress and an employee's overall mental well-being is undeniable. When an employee faces financial instability, his/her distress can manifest in the workplace through health problems, absenteeism, lowered morale, and reduced productivity. Viewed in a wider context, such an individual is also less likely to be able to contribute to society in a whole-hearted, effective manner.

In 2010, a Harvard Business Review article entitled “What's the Hard Return on Employee Wellness Programs?” defined “workplace wellness” as “an organised, employer-sponsored program that is designed to support employees (and, sometimes, their families) as they adopt and sustain behaviours that reduce health risks, improve quality of life, enhance personal effectiveness, and benefit the organisation's bottom line”.<sup>2</sup>

Many organisations understand the ethical and business reasons for developing and pursuing a clear corporate social responsibility (CSR) strategy. Now there is a compelling argument for organisations to be more explicit about the links between their CSR objectives and their employee well-being and engagement strategies. Such linkages will advance the organisation's CSR agenda and strengthen employee morale, engagement, and loyalty.

---

<sup>1</sup> Workplace Benefits Report. Bank of America Merrill Lynch.

<http://www.benefitplans.baml.com/publish/content/application/pdf/GWMOL/ARKWJKH7.pdf>

<sup>2</sup> What's the Hard Return on Employee Wellness Programs? By Leonard L. Berry, Ann M. Mirabito and William B. Baun, <https://hbr.org/2010/12/whats-the-hard-return-on-employee-wellness-programs>

In 2012, organisational psychologist Philip H Mirvis cited, in his California Management Review article on employment engagement and CSR, “several examples where organisations such as IBM and Unilever have used CSR as a tool to recruit, retain and engage employees.” Mirvis reported on survey data that established that seven out of ten people in the workforce were aware of their employers’ commitment to social and environmental causes, with 65% saying that their employers’ CSR activities made them feel loyal to their company. Another survey found that employees who approved of their companies’ commitments to social responsibility were more engaged in their jobs and more inclined to believe their employers were interested in their well-being.<sup>3</sup>

The impactful statistics presented below show that in order for a corporate entity to make an ongoing contribution to society, they need to align their existing wellness strategies with their organisation’s own culture and values in a conscious, purposeful manner. Their ultimate aim is to mentor employees to become responsible corporate citizens who demonstrate and promote positive shared values, both in the workplace and in society.

Here are some striking statistics to note:

- American companies lose more than US\$300 billion a year due to stressed employees at work.<sup>4</sup>
- 85% of employees report at least some level of financial stress.<sup>5</sup>
- 97% of employees admit that they thought about or dealt with their personal finances during work time.<sup>6</sup>
- 40% of employees wish their employer cared more about their financial well-being.<sup>7</sup>
- The return on investment for financial wellness programmes is between US\$1 to \$3.<sup>8</sup>
- The 2015 medical inflation rate for the Asia Pacific region runs at 10.78%, as compared to the general inflation of 4.28%.<sup>9</sup>

If employees are financially secure, they are less distracted and their productivity is maintained at status quo or improved. Loyalty, higher engagement levels and morale ensue when an employer is seen to be caring about the total financial well-being of

<sup>3</sup> Phillip Mirvis (2012). Employee Engagement and CSR: Transactional, relational and developmental approaches: California Management Review; Vol 54, No 4, Summer 2012, CMR Berkeley Edu.

<sup>4</sup> 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. <http://www.personalfinancefoundation.org/features/Financial-Distress-Among-American-Workers-Final-Report-full.html>

<sup>5</sup> Financial Finesse 2015 Financial Stress Report [https://www.financialfinesse.com/wp-content/uploads/2015/06/Financial-Stress-Report\\_2015.pdf](https://www.financialfinesse.com/wp-content/uploads/2015/06/Financial-Stress-Report_2015.pdf)

<sup>6</sup> PricewaterhouseCoopers. (2012) Employee Financial Wellness Survey: 2012 Results. [http://www.pwc.com/en\\_US/us/private-company-services/publications/assets/pwc-financial-wellness-survey.pdf](http://www.pwc.com/en_US/us/private-company-services/publications/assets/pwc-financial-wellness-survey.pdf)

<sup>7</sup> Virgin Pulse Labor Of Love: What Employees Love About Work & Ways To Keep The Spark Alive [http://connect.virginpulse.com/files/Survey\\_LaborofLove.pdf](http://connect.virginpulse.com/files/Survey_LaborofLove.pdf)

<sup>8</sup> Consumer Financial Protection Bureau 2014. Financial Wellness at Work. [http://files.consumerfinance.gov/f/201408\\_cfpb\\_report\\_financial-wellness-at-work.pdf](http://files.consumerfinance.gov/f/201408_cfpb_report_financial-wellness-at-work.pdf)

<sup>9</sup> Aon Hewitt 2015 Global Medical Trend Rate, [http://www.aon.com/attachments/human-capital-consulting/2015\\_Global\\_Medical\\_Trend\\_Rate\\_Survey\\_Report\\_2015\\_01.pdf](http://www.aon.com/attachments/human-capital-consulting/2015_Global_Medical_Trend_Rate_Survey_Report_2015_01.pdf)

an employee.<sup>10</sup> Hence, a sense of financial well-being creates a positive ripple effect for both employers and employees.

### An Asian Perspective

Here in Asia, the burden of financial well-being extends beyond the traditional western family nucleus. The Asian cultural heritage and current economic realities have created an expectation (or obligation) that grandparents and parents will be financially provided for in their old age. In view of significant changes to the population demographics in Asia, the pressure to provide for the wellbeing of their extended family has never been greater.

According to the United Nations Social Development Division, “The Asia-Pacific region is currently home to over half of the world’s elderly population. The region is experiencing population ageing at an unprecedented pace, due to tremendous improvements in life expectancy, along with falling fertility rates. The number of older persons in the region is expected to triple from 438 million in 2010 to more than 1.26 billion by 2050. By then, almost two-thirds of the world’s older persons will be living in the Asia-Pacific, with one in four people in the region expected to be over 60 years old.”

The article goes on to say, “The situation of older persons varies greatly, being a segment of the population with rich experiences and diverse needs. Many are active as workers, entrepreneurs, caregivers, educators, volunteers, voters, and custodians of culture, etc. Nonetheless, older persons in the region are particularly at risk of poverty and social exclusion, often lacking access to adequate resources, services, and opportunities for participation. Age-based discrimination and mandatory retirement ages pose challenges to remaining active in working life. With weak social protection systems, rural-to-urban migration, and changing family structures, many seniors have been left with no secure source of income.”

In Singapore, the government has introduced several initiatives over the last few years to mitigate the risk of redundancy and encourage residents to prepare adequately for their retirement years. For example, the government is encouraging employers to hire the matured workforce back into their workplace by providing training grants through its Workforce Development Agency (WDA) and tax benefits via the Special Employment Credit (SEC). In addition, the revamped MediShield Life scheme now provides better protection and a higher payout against large hospital bills. Coverage now extends to those previously denied due to serious pre-existing medical conditions. Moreover, the upper age limit has been extended from 92 years old to lifetime coverage.

Similarly, the Hong Kong Government has committed to providing a sustainable healthcare system by improving the accessibility, quality and transparency of hospital insurance. In order to facilitate this, they have introduced the Voluntary Health Insurance Scheme (VHIS), with the aim of giving consumers more confidence in making use of their private healthcare services.

---

<sup>10</sup> Engage for Success (UK) – Wellness and Engagement Report, <http://www.engageforsuccess.org/wp-content/uploads/2014/05/wellbeing-and-engagement-04June2014-Final.pdf>

Whilst such initiatives are laudable in their intention, they highlight more than ever the importance and need for unbiased professional advice and guidance to ensure effective employee engagement and utilisation. The 2015 Aon Hewitt Retirement & Financial Wellness Survey for Singapore Employers found that although financial wellness education for employees was ranked first in importance in current employer offerings, with over a quarter of all participating employers providing it, it is only ranked second best in terms of effectiveness.

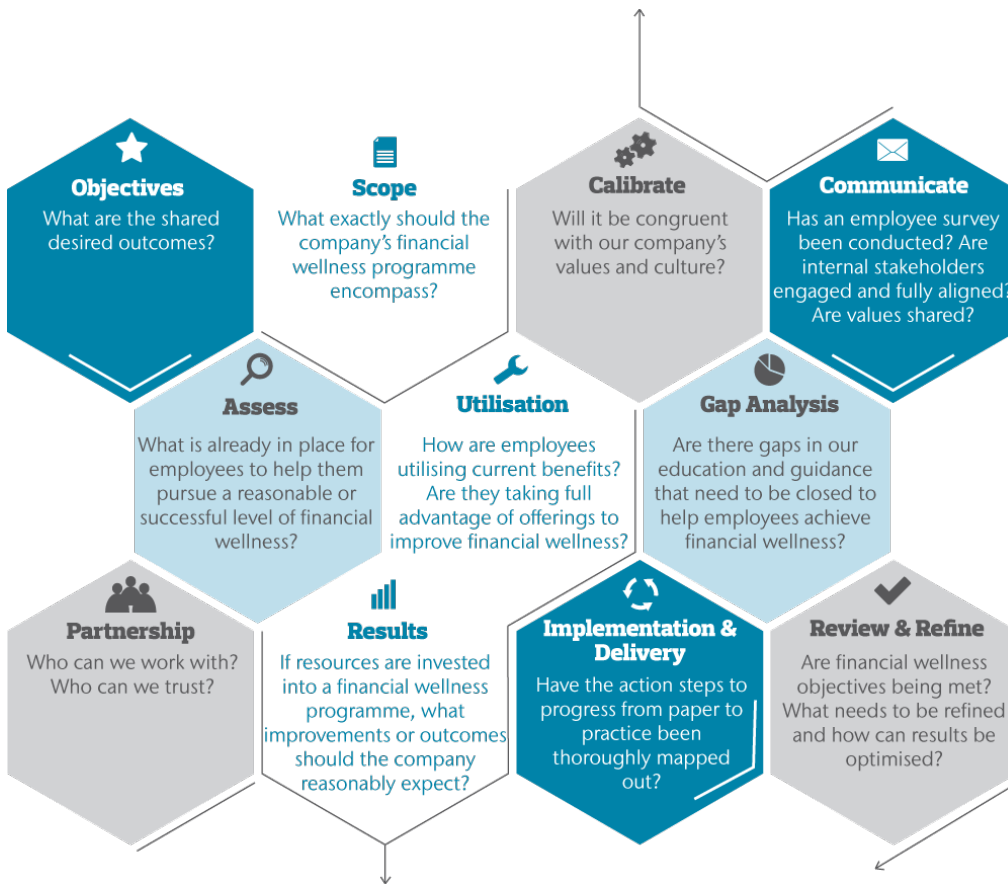
### Finding the Balance

As maternalistic as an employer wishes to be, the continuing pressure to balance benefit offerings with budget realities, yet still meet employee needs, is critical. It is well-nigh impossible for an employer to provide an employee benefits package that meets the particular needs of every individual employee. Consequently, many employees find themselves with benefits that are not relevant or lack the desired level of coverage and protection for their dependents. (It is important to note that in an Asian employee benefits context, an employee's dependants can also include their parents and even grandparents.)

In order to help employers complement their existing benefits, worksite marketing initiatives from various industries are being introduced to bridge these gaps. Such initiatives when carefully constructed and thoughtfully executed help to ensure that employees play their part and take on their share of responsibility through the various platforms and programmes that HR organises.

### Digging the foundations for an effective financial wellness strategy

A real and immediate opportunity exists for employers to improve their employees' financial wellness and overall contribution to society by putting in place wellness programmes that educate employees about the financial risks they face, providing the tools they need to manage those risks, and the means to implement any changes required. To develop and deliver an effective financial wellness strategy, the factors listed below should be fully considered and addressed:



### Key Features of an Effective Financial Wellness Programme

Below are some best practices that employers may want to consider when creating a financial wellness programme:

- COMMUNICATION** (Envelope icon): Deliver the right messages at the right ages and stages.
- GUIDANCE** (Compass icon): Encourage employees to work with knowledgeable advisers.
- CREDIBILITY** (Group of people icon): Work with trusted partners to host in-house seminars or workshops.
- ACCESS** (Key icon): Provide financial wellness information, tools and education to employees utilising a variety of channels.
- INNOVATION** (Lightbulb icon): Keep current with the latest technology and mobile formats; these are especially relevant to younger employees.
- UTILISATION** (Circular arrows icon): Make clear the connections between benefits offered to employees; help them optimise existing benefits.
- CONVENIENCE** (Laptop icon): Use technology to engage with employees via web portals. Deliver live webinars so that employees don't have to leave their work areas. Provide them with the ability to buy certain financial products online (e.g., travel insurance).
- COLLABORATION** (Gears icon): Work with your financial wellness partner to construct a comprehensive framework that defines financial wellness, roll it out to staff, then periodically review and update it.
- CORPORATE CITIZENSHIP** (Heart icon): Help employees consider aspects of financial life that are beyond benefits and understand how these work together to influence their total financial wellness.

## Finally

Today's employers are facing more and bigger challenges related to sourcing, offering, and servicing their benefits programs. The pace of change and the intensity of current regulatory environments have led to significant changes in how employee benefits are offered, costs are managed, and employees are activated to maximise the full menu of benefits provided to them.

A financially stable individual will be capable of sustaining their lifestyle and that of their loved ones. They are likely to place little or no burden on society and the government after they have left the workforce.

In conclusion, a well-planned and successfully executed financial wellness education programme, run in conjunction with an employer's corporate social responsibility strategy, can provide all stakeholders with some very tangible wins.

## Contact us

If you would like to find out how Aon can help your company design, construct and implement a comprehensive financial wellness plan, contact U-Bond Wong, Relationship Manager, Health & Benefits, Aon Hewitt, at [U-Bond.Wong@aon.com](mailto:U-Bond.Wong@aon.com)