

Corporate Wellness Round Table
February 2018
Fiscal Fitness – How employee financial stress affects the company's bottom line

GUEST SPEAKERS

Shawna Anderson
Foresters Financial Services, Inc.
405-936-4210, Ext 206
Shawna.Anderson-reev@foresters.com

Foresters Financial offers workshops free of charge to employers and their staff.
I have included their handouts with these notes.

Lori Ford
Oklahoma's Credit Union
405-602-6337
Lori.Ford@okcu.org

Oklahoma's Credit Union is a not-for-profit credit union that offers free workshops to employers and their staff. I have included their handouts with these notes.

I heard a comedian say once, "No matter how much money you make, you always seem to need \$40 more by the end of the week". I know this has definitely been true for me at certain times in my life, and it is for many of our employees, no matter what their salary is. So, why do we care about what happens in their personal lives? Finances are a very personal thing, and we should keep our noses out of their business, right? Well, yes...and no. Finances are very personal, and we, as employers, don't want to impose. However, we can offer our employees options, education and help, if needed. After all, what worries them, affects our business.

I have included several articles with these notes. Please take time to read them; they were real eye-openers for me. The following are a few items I pulled from these articles.

SHRM – Employees' Financial Issues Affect Their Job Performance

- 2/3 of North American employers offer their workers financial education
- Employers are reporting more financial challenges than 5 years ago and are seeing these challenges reflected in the day-to-day operations of their workplace.
- IFEBP report: *Financial Education for Today's Workforce: 2016 Survey Results* – worker worries:
 - Debt (66%)
 - Saving for retirement (60%)
 - Saving or paying for children's education (51%)
 - Covering basic living expenses (48%)
 - Paying for medical expenses (36%)
- Those reporting higher levels of stress
 - reported more symptoms of:
 - Fatigue
 - Headaches

- Depression
 - Other ailments
- Twice as likely to report poor health overall
 - More sick days
 - Increased absenteeism
 - Decreased productivity
- Employers offering
 - Benefits Literacy (49%)
 - Retirement Education (45%)
 - Financial Literacy (23%)

Reuters – Money stress is a productivity killer at work

- Financial stress is costing some employees more than two work weeks a year in productivity.
- Presenteeism – being fully present and functional at work
 - Decreases account for more lost time than actual sick days
- Stress – “Every organ has at least one chronic episodic condition – asthma, lower-back pain, migraine, depression or anxiety.”

Money – Millennials Spend a Big Part of Their Work Day Stressed Out by Their Finances

- Millennials now make up the largest portion of the workforce
- 67% say financial stress strips their focus at work, more than twice the amount of baby boomers
- 68% say financial stress has a negative effect on their physical health.
- Millennials have entered the workforce amid a struggling economy with slow wage-growth

WellnessIndiana.org – Employee Financial Stress is Costing Your Company a Bundle – and How You Can Stop it Now!

- Reduced employee productivity – 20 hours per month/per employee
- 60-80% of on-the-job accidents are stress related
- 75-90% of doctor visits are stress related
- 40% of employee turnover is due to stress
- HR Department distractions – calls from collectors, ex-spouses regarding child support, processing 401K loans, etc.
- What’s good for your employee is good for your business
 - Unbiased information
 - Money management and investing education
 - Face-to-face presentations
 - Easy-to-use money tools
 - Ongoing support

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For any questions, please contact Alicia Rambo.

Alicia-Rambo@ouhsc.edu

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2017 Financial Workshops

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Lighten the Load

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Employees' Financial Issues Affect Their Job Performance

Employers can help by offering education and counseling to increase financial literacy

By Stephen Miller, CEBS

Apr 29, 2016

When employees are stressed financially, their health and productivity can both suffer. Fortunately, organizations can ease some of that stress by helping employees manage their personal finances and prepare for retirement.

Two-thirds of North American employers offer their workers financial education, according to a new report from the International Foundation of Employee Benefit Plans (IFEBP) in Brookfield, Wis.

"Nearly half of organizations rate their workforce as only a little bit or not at all financially savvy," said Julie Stich, CEBS, IFEBP's director of research. "Employers are also reporting more financial challenges among employees today than five years ago and are seeing these challenges reflected in the day-to-day operations of their workplace."

The IFEBP report, *Financial Education for Today's Workforce: 2016 Survey Results* (<http://www.ifebp.org/FinancialEd2016>), includes responses from organizations in the U.S. and Canada. Employers—typically, HR benefit managers—revealed that their workers are struggling and stressed over:

- Debt (66 percent of respondents).
- Saving for retirement (60 percent).
- Saving or paying for children's education (51 percent).
- Covering basic living expenses (48 percent).
- Paying for medical expenses (36 percent).

Another new study further shows the extent to which financial stress affects employees. As reported in *Finding the Links Between Retirement, Stress and Health* (http://www.lockton.com/whitepapers/Finding_the_Links_Between_Retirement__Stress__and__Health.pdf), Lockton Retirement Services, a benefit brokerage and consultancy based in Kansas City, Mo., found that one in five workers reported feeling extremely stressed, mostly because of their job or finances. Those reporting high levels of stress were more than four times as likely to suffer from symptoms of fatigue, headaches, depression or other ailments. They were also twice as likely to report poor health overall, leading to more sick days, increased absenteeism and decreased productivity.

"In our work with clients and their employees, we knew financial stress was impacting health and productivity, but we didn't realize how much," said Donn Hess, Lockton's senior vice president and director of marketing and communications.

How Jobs Are Affected

Four out of five employers report that their employees' personal financial issues are impacting their job performance somewhat, very much or to an extreme degree, according to the IFEBP survey. This is resulting in:

- An increase in stress among employees (reported by 76 percent of employers).
- Workers' inability to focus at work (60 percent).
- Absenteeism and tardiness (34 percent).

Workplaces are also seeing stress within the "sandwich generations." Over a quarter of employers reported that a significant portion of their workers are challenged by both supporting their children (sometimes grown) and aiding elderly parents.

How Employers Can Help

To help combat these issues, IFEBP found that employers are offering:

- Benefits literacy education (49 percent).
- Retirement security education (45 percent).
- Financial literacy education (23 percent).

Topics covered in these trainings include investments, savings, insurance, budgeting and identity theft, as well as retirement-focused issues such as retirement plan benefits, preretirement financial planning, retirement plan distributions and retiree health care.

The most popular education methods include voluntary classes, projected account balance statements, retirement income calculators, online resources and free personal consultation services.

Debt counseling—whether provided by an independent financial planner, through an employee assistance program or as a service within an employee wellness program—can be a central part of securing an employee's financial outlook, Carla Dearing, CEO of financial advisory firm SUM180 (<https://www.sum180.com/>) in Louisville, Ky., told *SHRM Online* (www.shrm.org/hrdisciplines/benefits/articles/pages/gender-savings-gap.aspx) earlier this year.

"Effective counseling often starts by helping employees to clean up their credit cards, because that waterfall of debt is the absolute enemy of savings," she noted. "Helping employees to live within a budget and to make a financial plan can take away the stigma and stress" associated with financial uncertainty.

In the IFEBP survey, two-thirds of organizations offering financial education rated their programs as successful, with free personal consultation services, voluntary classes and online resources reported as the top three successful methods. Fourteen percent of employers noted having a financial education budget, and 22 percent are considering establishing one.

Personalized Approaches

"Workplace education programs are the most successful when an organization identifies the unique concerns of their workforce and tailors the message to fit that audience," said Stich. "Employers should ask their participants what they want and consider what topics would be the best fit."

Employers report several ways they are taking personalized approaches to reaching their employees, including providing education in languages other than English, providing education to retirees or workers' spouses, and providing targeted education based on age or income.

"We are seeing more companies step up their efforts to integrate financial and emotional well-being, social connectedness, and job satisfaction with their more traditional efforts to support physical health," said Brian Marcotte, CEO and president of the Washington, D.C.-based National Business Group on Health. These holistic approaches to well-being "play an important role in employee engagement," he added.

Stephen Miller (<mailto:smiller@shrm.org>), *CEBS*, is an online editor/manager for *SHRM*. Follow me on Twitter (<https://twitter.com/SHRMsmiller>).

Related SHRM Articles:

'Wellness' Programs Embrace Financial, Emotional Well-Being (www.shrm.org/hrdisciplines/benefits/articles/pages/financial-emotional-wellbeing.aspx), *SHRM Online Benefits*, April 2016

Financial Planning Tackles Gender Savings Gap (www.shrm.org/hrdisciplines/benefits/articles/pages/gender-savings-gap.aspx), *SHRM Online Benefits*, March 2016

Quick Links:

SHRM Online Benefits Topics & Strategy (www.shrm.org/hrdisciplines/benefits/pages/default.aspx)

SHRM Online Wellness Programs Resource Page (www.shrm.org/hrdisciplines/benefits/Articles/Pages/Wellness-Resource-Page.aspx)

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MONEY MARCH 7, 2016 / 11:01 AM / 2 YEARS AGO

Money stress is a productivity killer at work

Beth Pinsker

4 MIN READ



NEW YORK (Reuters) - Everyone knows worrying about money can make it harder to do your job. But recent research suggests it is costing some employees more than two work weeks a year in productivity.



An office employee looks at his desktop monitor in New York, December 13, 2013.

REUTERS/Eric Thayer

That is more than just some morning fog before the second cup of coffee kicks in. And it is a cause of what workplace gurus call “presenteeism” - where you are at work but not fully functioning due to illness or severe stress - which accounts for more lost time than actual sick days, when people are fully absent from their jobs.

Workers who say money concerns keep them from doing their jobs lost 12.4 days due to presenteeism in 2015, and just 3.5 days to absence, according to a new study on financial worries from Willis Towers Watson, a leading benefits firm.

“With a lot of desk jobs, you can fade away for a few hours, but those hours have to be made up in some capacity. It starts to compound,” says Steve Nyce, a senior economist for Willis Towers Watson, who led the study.

Figuring out the dollar cost of this lost productivity is tricky, so most calculations are done by lost hours on the job, says Debra Lerner, a professor at Tufts Medical Center in Boston, who is one of the leading scholars on presenteeism.

Willis Towers Watson’s study made use of the kind of methodology that Lerner and her colleagues developed to measure presenteeism, which is to ask workers about performance problems during the previous two weeks, and then delve further into the reasons for any lost focus.

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Depression is always in the top five, Lerner says. Employees with a major depressive episode will lose 15 percent to 20 percent of their productivity in a given year. Workers with more mild forms of depression also experience productivity loss. And while it is at a lower level, the periods of lost productivity could last longer.

Stress can lead to a host of physical ailments, says Walter ‘Buzz’ Stewart, another pioneer in the study of presenteeism, who is now a chief researcher for Sutter Health, a nonprofit healthcare system based in Northern California.

“Every organ has at least one chronic episodic condition -asthma, lower-back pain, migraine, depression or anxiety,” Stewart says. “They come and go, and often their onset is mediated by stress.”

HELP IS OUT THERE

While some 85 percent of employers offer traditional options to cope with stress through an Employee Assistance Program (EAP), more are starting to offer specific financial management help too, Nyce says.

The options range from financial planning seminars to help with budgeting apps.

“There’s a solution for everything out there,” says Nyce.

Fidelity Investments just launched a new series of seminars called Thrive, aimed at promoting financial literacy among women. It is offering seminars at workplaces around the country.

Ron Goetzel, a senior scientist at Johns Hopkins University and a vice-president at Truven Health Analytics, is also part of a nonprofit group the Health Project (thehealthproject.com) that awards prizes each year to companies with the best wellness programs.

Both 2014 winners had special programs to help alleviate financial stress. At energy company BP’s U.S. headquarters in Houston, employees receive one-on-one financial coaching and 10 different classes to help with financial stress.

American Cast Iron Pipe Co, based in Birmingham, Alabama, offers financial planning and debt avoidance counseling, among its other offerings like smoking cessation programs.

Lowering stress among employees can be a good indicator of a healthy business for investors. Goetzel recently tallied up the performance of all the companies that have won awards since 2000. If a person had invested \$10,000 in an index made up of those companies, the rate of return would be 325 percent, versus just 105 percent for the S&P 500 during the same time period, he said.

Editing by Lauren Young and Bill Rigby

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Money

Millennials Spend A Big Part of Their Work Day Stressed Out By Their Finances



Hinterhaus Productions—Getty Images

By JENNIFER CALFAS June 1, 2017

Worrying about your finances is common in the workplace — but for millennials, it's even more pronounced.

A new study shows that millennials are far more likely to spend hours at work concerned about their financial stress than their older colleagues. About 67% of millennials say financial stress overtakes their ability to focus and be productive at work, according to a report from Bank of America Merrill Lynch Workplace Benefits. That's more than twice as likely as baby boomers — 32% of whom worry about the same thing.

The younger generation also spends an average of four hours a week at work focusing on their finances — twice that of Generation Xers and four times the amount of time as baby boomers.

The impact doesn't stop at productivity in the workplace. More than half of millennials, 68%, said

financial stress has had a negative effect on their physical health. (Fifty-one percent of baby boomers said the same.)

“Stress can wreak havoc on productivity and an employee’s health,” Lisa Margeson, head of Retirement Client Experience & Communications at Bank of America Merrill Lynch, told MONEY.

And the younger generation has reason to be stressed. Millennials have entered the work force amid a tough economy with a slow wage-growth rate and increasingly high costs of living. In fact, millennials today earn about 20% less than the previous generation did at the same point, according to a 2016 report from the New York City comptroller’s office.

“Millennials are most likely to feel the burden of juggling near-term priorities (i.e., student debt, budgeting), while saving for long-term goals for the first time,” Margeson said.

But other generations still worry about their finances, according to the report, which surveyed 1,200 employees with 401(k) plans at a variety of workplaces across the country. Overall, Bank of America found that 56% of all employees are stressed about their financial situation, and 53% of those who are stressed say it interferes with their careers.

The Bank of America report also found that people hope their employers can help them manage their finances. That can be done through a regular financial review, a financial education course or bringing in professionals to give sessions to employees on managing student debt repayment or other money management strategies.

“Having access to educational content that is personalized and relevant, along with access to professionals that can help their employees navigate their financial lives, creates a culture for wellness, not dissimilar from what many companies do now around their healthcare benefits,” Margeson said.

Employee Financial Stress is Costing Your Company a Bundle-- And How You Can Stop It Now!

There is a silent epidemic that afflicts 30 million workers in the US—a quarter of the American workforce—and is costing businesses \$15,000 per year per affected employee. Over 25 years ago, it was reported that an employee's personal finance problems had a direct negative affect on their employer's profitability. When first reported in 1979, 10% of working adults reported that they routinely experience personal financial difficulties; today that number is up to 25%. Financial stress is frequently listed as the top source of all the stress experienced by employees.

The Problem - "It's their debt, but it's your problem!"

Following are **five ways** your financially stressed employees are costing your business huge losses every month of every year. Unless your workforce is unique, at least 25% of your employees--regardless of their position or salary--are affected.

1. Reduced Employee Productivity – 20 hours per-month/per-employee ¹

That's how much time on-the-job a financially stressed employee spends distracted by their personal financial difficulty. This distraction takes them mentally away from the work you pay them for. If that estimate seems high, then ask yourself if the following scenarios sound familiar: Employees spend time dealing with calls from creditors; arranging debt consolidation loans; worrying about how bills are going to get paid; worrying about having enough money to pay for medical bills, college tuition, and retirement; day dreaming about what a life without financial stress would be like; or dealing with banks about bounced checks.

Employer Cost: \$7,000 per-employee/per-year in lost productivity alone!

2. Workplace accidents - 60% to 80% of on-the-job accidents are stress related ^{2,3}

The distractions and inattentiveness caused by personal financial stress are significant contributing factors to the level of workplace accidents. Stressed employees can physically injure themselves and co-workers. Distracted employees are a danger to the company's property and equipment. Distracted employees are more likely to damage manufacturing equipment or other equipment than employees who are fully focused on their work. In the medical field, inattentiveness can literally be a "life and death" situation. Many worker compensation claims and medical malpractice claims are tied directly to employee inattentiveness or distractions caused by personal financial stress. In many cases, the actual malpractice claim and the cost paid for the claim will occur long after the financially stressed employee has left the company.

Employer Cost: In 2001, it cost employers \$29,000 per work place accident in lost productivity, uninsured costs, accident investigation, production slowdowns, and new employee training. In 2011, these costs are expected to be significantly higher.

3. Health and welfare issues - 75% to 90% of all doctor visits are stress related ^{4,5}

Hypertension, insomnia, tension, anxiety, depression, headaches, abdominal and digestive problems, ulcers, eating disorders, fatigue, and drug and alcohol abuse. Do any of your employees suffer from these stress-related illnesses? What about psychological and marital counseling? How many marriages are strained as a result of financial stress? These stress related problems are costing your business a bundle in increased employer healthcare costs and in absences caused by these illnesses. On any given day, over 1,000,000 employees are on sick-leave as a result of stress related issues.

Employer Cost: \$300 per day/per employee in lost productivity for each day an employee is absent. This does not include lost revenue or increased healthcare cost. \$11,000 to \$13,000 per-year for each drug user in the workplace. Alcohol and drug abuse may cost employers up to 10% of their total payroll costs.

4. Employee turnover - 40% of employee turnover is due to stress ³

Financially stressed employees believe they can “earn” their way out of their financial problems. Financially stressed employees often change jobs just to earn more short-term income which they mentally commit to use to pay off outstanding debts. Unfortunately, without learning new money management skills, these employees only expand their lifestyle to fit their new salary. Rather than resolve the old financial problems, these employees often create new and bigger financial problems to be resolved at a later date.

Employer Cost: It costs an employer between \$3,000 and \$13,000 to replace the average employee.

5. HR Department Distractions. ⁶

In most cases, your HR Department bears the brunt of the employee financial stress related issues. Most HR Departments are not staffed to handle the variety of issues that arise related to employee financial stress. Handling calls from bill collectors, helping employees file bankruptcy claims, processing 401(k) loans, calls from ex-spouses concerning past due child support payments, processing wage garnishments and processing advanced wage payments are only a few of the distractions that financially stressed employees create for your HR Department. Financially stressed employees not only experience personal loss of productivity, but can also serve as a distraction to fellow employees.

Employer Cost: Up to 10% of your Human Resource Department payroll budget.

Summary of Financial Stress Costs to Company

Reduced Employee Productivity	\$7,000	Per Employee Per Year
Workplace Accidents	\$29,000	Per Workplace Accident
Employee Turnover	\$8,000	Average Cost To Replace Employee
HR Department Distractions	10%	of HR Dept Payroll Budget

The Solution – “What’s good for your employees is good for your business!”

Like other personnel problems, you can either treat the symptoms of financial stress or you can treat the cause of financial stress. Treating the symptoms through stress reduction techniques and stress counseling only teaches employees how to deal with the stress; it does not prevent the stress from recurring nor eliminate it.

To increase productivity and profits, employers must treat the cause of the stress; employers must take the lead in teaching their employees how to manage their own money and how to reduce their debt levels. As basic as that sounds, over 98% of the workforce has had no education in managing their money. Employer sponsored financial education is fast becoming a “best practice” among industry leaders who want a productive and profitable workforce.

5 Components of an Effective Employee Financial Education Program

✓ Unbiased Information

To be most effective, employee financial education must be presented by professionals who are unbiased in their recommendations. Employees want solid and unbiased information and do not want to workshops that are merely sales presentations for insurance or investment programs. Effective employee financial education workshops should be “self-contained” and should not require the purchase of any supplemental material such as books, tapes, videos, or CDs.

✓ Money Management and Investing Education

Effective employee financial education should first teach employees how to manage their money, reduce their debts, and ease financial stress before teaching them how to invest for retirement. Financial stress usually arises from employees who are unable to meet their monthly obligations and not from the feeling they are investing too little into their 401(k).

✓ Face-to-Face Presentation

Effective employee financial education should be offered in small workshops where employees play an active part in learning the tools and techniques. Distance learning is not an effective way to teach money management skills. Employees need the opportunity to ask questions and share their opinions in an open and inviting forum

✓ Teach Easy-To-Use Money Management Tools

Effective employee financial education empowers employees to take control of their personal financial well-being. Effective workshops teach employees the tools and techniques they can use to immediately begin stretching their paychecks and get out of debt. Employees want to be better managers of their money...what they lack are the tools to do it.

✓ Ongoing Support

The most effective financial education programs allow employees to obtain information and assistance after the workshop is complete. This is most effectively done through confidential e-mail correspondence between the employee and the workshop provider. This follow up information is not “advice” but “education.” The purpose of employee financial education is to empower employees for the long term to take control of their finances.

Conclusion

Employers who stay ahead of the curve will reap the benefits of more profits through better employee productivity, lower absenteeism, less work time wasted dealing with financial concerns, lower turnover and better employee health. As the financial realm gets more confusing and volatile, it is more imperative than ever to put in place a financial education system that will benefit employees and the employer alike.

Footnotes

¹ “The Importance of Workplace Financial Education to Employers” by Dr. E. Thomas Garman, published in the American Express Guide to Workplace Financial Education and Advice, 2004.

² The Herman Trend Alert, May 2003, The Herman Group ³. www.stress.org/job.htm

⁴ www.ncaddenms.org/workplace.html

⁵ www.occupationalhazards.com/safety_zones/53/article.php?id=12257

⁶ Based on informal discussion by the author with numerous HR professional