

Comprehensive Financial Wellness Programs: What To Expect In 2021?

Addressing the increased need for access to credit-building opportunities

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2020 was quite a year for all of us, but with the lows came some highs, particularly within the benefits space. As businesses navigated a changing workforce and workplace, more employers began to take note of the financial wellness of their workforce, its impact on productivity, absenteeism and mental and physical health, and their simple yet important role in providing additional tools and resources for employees to improve their financial well-being.

The economic impact of Covid-19 amplified the crisis situation facing many working families. Pre-Covid-19, [78% of the population lived paycheck-to-paycheck and 69% of Americans didn't have \\$1,000 to cover an unexpected expense](#). These staggering statistics indicate that the financial fragility of our country is both pervasive and widespread. Living paycheck-to-paycheck means that the people in this statistic have jobs and somewhat regular paychecks, and while many employers assume that providing salaries is sufficient, employees today simply need more help when it comes to their financial situations.

Savings is the primary buffer to a financial shock, and Covid-19 provided the largest, deepest financial shock we have seen in our lifetime, with [55% of respondents in a recent Fincity Financial Survey Report](#) on consumer credit reporting that they have either lost their jobs or had their income impacted because of the pandemic. In addition, 95% of those impacted said that they're concerned about their ability to rebuild their credit or take out a loan following this downturn in the economy. Even with a government stimulus package and reduced consumer spending, the near future looks worse, causing more financial stress and its ill effects on productivity, engagement, morale and efficiency in the workplace.

Many large employers responded in 2020 by offering salary advance opportunities (or earned wage access programs as they are also called) and while these offerings are less expensive than a payday loan, they perpetuate the paycheck-to-paycheck lifestyle and do not provide financial wellness, stability, or security. Receiving attention from both the private and the public sector, the Consumer Finance Protection Bureau (CFPB) [issued an advisory opinion about these programs](#) in November 2020, confirming that they are not an extension of credit. A better band-aid is an improvement but does nothing for curing the underlying illness.

We also saw employers respond with short term savings programs to make it easier for 78% of the population that lives paycheck-to-paycheck to establish savings accounts. UPS is doing this in conjunction with their retirement savings program, as employers are increasingly aware that an essential component of a successful retirement program is to help employees manage their short term finances so that they have funds available to save for retirement.

Certainly, having liquidity in the short-term builds long-term financial stability, and the majority of working Americans can benefit from any assistance employers can offer in this area. In addition, [we saw the public sector provide assistance with student loan debt this year](#), another example of the public sector providing incentives to employers to step in and provide financial assistance to their employees.

In 2021, we expect to see an increase in employer-sponsored benefit programs that address financial wellness at its core, as the need has been amplified by Covid-19 and the available options have increased. A comprehensive financial wellness program will address the increased need for access to credit-building opportunities as well as

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access to credit, to help families recover from the setbacks of 2020 and regain a strong financial footing. As made clear by the events of this past year, a focus on building financial resiliency has never been needed more.

There is a light at the end of the tunnel, but the journey to get there must start now. Even with the vaccine in sight, there will be a long recovery period for our working families, and employers can step up by offering the tools and resources to help employees help themselves.

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