



THIS IS HOW WORK SHOULD FEEL

Financial Well-being as a Critical Piece of a Holistic Well-being Strategy

future foHRward, in Partnership with Sonnet Insurance Company

BACKGROUND: HOW DO WE DEFINE HOLISTIC WELL-BEING?

Well-being has been a hot topic in boardrooms and C-suites for years. In 2018, well-being began showing up as a top trend in Deloitte's Global Human Capital Trends report¹, and related trends appeared even earlier (like "the overwhelmed employee" in 2014²), mostly driven by the constant demands of a technology-enabled, "do more with less", 24/7 world of work.

Just when we thought employees could not be any more overloaded, March 2020 brought about the biggest global black swan event in decades. New levels of stress resulted in additional well-being challenges that many organizations were not prepared for. In 2020, Deloitte's Global Human Capital Trends report indicated that 80% of organizations said worker well-being is important or very important for their success, but only 12% said they were very ready to address this issue³.

According to a research report released by The Josh Bersin Company in late 2020, health and well-being became one of the top four issues on human resources departments' minds in May 2020 (41% of respondents) and burnout became the top issue on employees' minds (74% of respondents) in July 2020⁴.

This report also showed that companies that focus on all forms of well-being not only have the most engaged employees but also have better business outcomes. Companies that help workers take care of their families are 5.1 times more likely to achieve the best business, organizational and workforce outcomes (e.g., financial performance, customer retention). Companies that expand well-being programs to help employees deal with uncertainty are 5.2 times more likely to achieve the best such outcomes.

Over the course of the pandemic, companies have progressed from reacting, where the focus was mostly on colleagues' physical well-being, to responding, where the focus expanded to mental and financial well-being. Today, progressive companies are dialing up a strategic and holistic approach to well-being. This means understanding the interconnection among all three of these pillars, as well as other factors such as social/community well-being and work environment. In fact, the research by the Josh Bersin Company shows that companies that focus on all of these factors, not just for pandemic times but for the future, outperform their peers at a greater rate.

Companies that focus on the right well-being strategies are



2.2x more likely to exceed financial targets



2.8x more likely to adapt well to change



10.8x more likely to have lower rates of absenteeism



5.4x more likely to be able to recruit new talent

⁴ The Definitive Guide to Wellbeing: The Healthy Organization, The Josh Bersin Company 2021

¹ <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2018.html>

² [https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/human-capital/arg_hc_global-human-capital-trends-2014_09062014%20\(1\).pdf](https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/human-capital/arg_hc_global-human-capital-trends-2014_09062014%20(1).pdf)

³ <https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/human-capital/deloitte-cn-hc-trend-2020-en-200519.pdf>

INTRODUCTION TO FINANCIAL WELL-BEING

Financial well-being is defined as the extent to which you can comfortably meet all of your current financial commitments and needs while also having the financial resilience to continue doing so in the future⁵. But it's not only about income. It's also about having control over your finances, being able to absorb financial setbacks, being on track to meet your financial goals, and—perhaps most important of all—having the financial freedom to make choices that allow you to enjoy life⁶. This is determined by five factors:



Financial Behaviours
(e.g., saving and borrowing)



Social Factors
(e.g., age, employment status)



Psychological Factors
(e.g., confidence, attitudes toward money)



Economic Factors
(e.g., income)



Financial Knowledge and Experience
(e.g., experience with financial products)⁵

With job uncertainty brought about by the numerous pandemic-induced lockdowns, people are under greater financial pressure. Planning for the future is made more difficult with the precarity of employment (and steady income), placing increased stress on near maxed-out employees. It comes as no surprise that financial well-being is one of the most important contributors to overall well-being, given its direct impact on our mental and physical states. In fact, 38% of Canadians surveyed for an FP Canada report said that money is the leading cause of stress in their lives (and 44% said their financial stress increased through the pandemic)⁷. A survey by LifeWorks showed that for 27% of Canadians, the greatest contributor to their mental health was the fear of the financial impact due to COVID-19 – more than getting sick, losing a loved one or loneliness. And a study in South Africa⁸ (pre-pandemic) showed that significant financial stress was associated with 13-fold higher odds of having a heart attack.

WHY FINANCIAL WELL-BEING MATTERS

Outside of providing a living wage, retirement savings or employee discount programs, many organizations have not broadly considered financial well-being. As organizational focus on employee financial well-being is still in relatively early stages of maturity, there is an opportunity for employers to integrate it more deliberately into a holistic well-being strategy. A focus on financial well-being is not just the right thing to do - it makes business sense, as it impacts:

Talent Acquisition

According to a study done by Research & Markets, 30% of employers rate having a financial wellness program as a major differentiation factor. The Josh Bersin Company's research showed that paying people fairly and equitably is the number one driver in recruiting new talent.

Absenteeism and Presenteeism

According to a 2016 study conducted by the International Foundation of Employee Benefits Plans, financial stress results in a 34% increase in absenteeism and tardiness and a 60% increase in presenteeism (inability to focus at work)⁹.

Overall Productivity

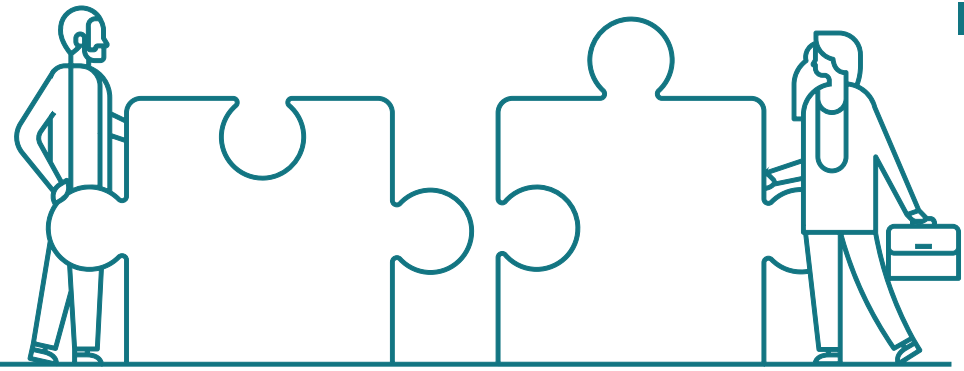
According to the Summer 2021 Financial Well-being Index Report produced by LifeWorks, the financial wellbeing of Canadians is improving but remains below pre-2020 levels. It was also found that lower financial wellbeing scores correspond to lower productivity and higher financial wellbeing scores correspond to higher productivity¹⁰.

There is a significant opportunity for employers to play a more active role in employees' financial well-being, not just to move the needle on hiring and productivity, but also to regain employee trust. In a Mercer study¹¹, when employees were asked who they trusted for financial guidance, employers ranked near the bottom (40% compared to 72% trusting their financial advisors and 63% trusting their bank). Among the more troubling findings of the survey, was that only 37% of employees said that their employer cares about their long-term financial security.

The good news is that as employees' financial well-being improves, so does their overall trust in their employer. This means that financial well-being programs in the workplace can be used as a tool to regain trust—and to become part of a new employee value proposition.

⁵ Kempson, E., Finney, A., & Poppe, C. (2017). Financial well-being: A conceptual model and preliminary analysis (Project noteno. 3-2017). Retrieved from https://www.researchgate.net/publication/318852257_Financial_Well-Being_A_Conceptual_Model_and_Preliminary_Analysis.
⁶ <https://www.canada.ca/en/financial-consumer-agency/programs/research/financial-well-being-survey-results.html>
⁷ <https://fpcanada.ca/docs/default-source/news/financial-stress-survey.pdf>
⁸ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6291807/#:~:text=Significant%20financial%20stress%20is%20associated,the%20South%20African%20Heart%20Association.>
⁹ <https://www.ifebp.org/bookstore/financial-education-2016-survey-results/Pages/financial-education-for-todays-workplace-2016-survey-results.aspx>
¹⁰ <https://lifeworks.com/en/resource/financial-wellbeing-index-canada-summer-2021>
¹¹ <https://www.mercer.ca/content/dam/mercer/attachments/north-america/canada/ca-2018-moving-the-needle-on-employee-financial-wellness-report.pdf?v3>

WHAT ARE HR DEPARTMENTS DOING?



HR leaders are becoming more aware of the impact of financial stress on their employee’s mental health. By developing integrated programs, employers and employees are more likely to be successful.



Equitable Compensation

One of the highest impact practices found in The Josh Bersin Company’s research is the practice of paying employees fairly. This is a fundamental part of financial well-being and is not just about the amount of salary (competitive pay practices), it’s about equity: wage transparency, pay based on skills, capabilities and performance (vs favoritism).



Awareness

Providing financial well-being information to increase awareness is an important part of an HR team’s role. This could be as simple as providing information on the different elements of the benefits package so employees can make informed decisions about the value of the benefit for them personally.



Education and Training

Education programs are designed to help employees manage their finances. They often include key elements of financial management such as budgeting, saving, borrowing and planning. Organizing programs around key life events such as buying a home, preparing a will or retirement planning is another effective way of ensuring the right information is provided to employees in a timely manner.



Meaningful Financial and Non-financial Rewards

Employers have typically provided financial support through a number of traditional programs above and beyond base pay, including pension contributions, employee share option plans and travel subsidies. The Josh Bersin Company’s research shows that meaningful rewards tend to be more important than high-value (monetary) rewards. And knowing where to spend dollars and effort in this regard is only made possible by listening to your employees.



Support

Support through Employee Assistance Programs can be another impartial way for employers to ensure their employees have access to independent help.



Advice

As the employer is not typically in a position to provide financial advice, many employers will partner with independent experts who can provide impartial advice around key financial planning topics including debt management, investments, pensions and retirement and estate planning.

WHAT ARE THE BARRIERS TO INTRODUCING FINANCIAL WELL-BEING PROGRAMS?

While there is increased awareness of the value of well-being programs, HR teams should be mindful of the following potential obstacles.

Lack of senior leader commitment

Buy-in from senior management is a critical part of any new program. However, senior leaders are often not focused on the value of financial well-being programs making it important to build the business case for change. This is not always easy as it can be challenging to measure the impact of programs to illustrate the value, while at the same time maintaining privacy for employees.

Limited resources

Organizations may face budget constraints that limit the scale and scope of support they can provide. HR teams also continue to be stretched thin, making it challenging to provide consistent resources to and focus on these important programs.

Concerns around positioning the programs

Positioning the program in the right way is an important step and employers may be concerned about how to effectively do that when there continues to be some stigma and the desire for privacy. Organizations may also be concerned about recommending a particular supplier or expert, perceive a risk in being overly paternalistic.

Low take-up

Regardless of the good intentions of any well-being program, there is the risk or perception that there will be low take-up from employees, which can result in some employers not prioritizing these important initiatives.

WHAT ARE THE SOLUTIONS?

As organizations consider how to build the momentum and impact of their financial well-being programs, keep the following in mind.



It is important to develop a holistic well-being strategy that includes financial well-being. This will ensure that employees have the opportunity to access the support that is most valuable to their unique situation. An important first step is to obtain commitment from senior leaders. Surveys and focus groups are also recommended as an early step to identify the support employees would find most valuable. From there, continuously assess the financial health of your workforce. Josh Bersin Company's research shows that about 40% of companies do the former today (i.e. initial surveys), but less than 15% do the latter (i.e., assess financial health on a regular basis).



As you review the elements of your financial well-being strategy, there is the opportunity to provide a broad spectrum of support to ensure you are meeting the diverse needs of your employees. As outlined in Section 4, this includes providing awareness, education and support through a variety of channels.



Recognizing that individual needs evolve as we move through different life stages, it is important to provide a broad range of financial benefits. In terms of financial support, consider extending benefits to include group benefit and discount programs that provide a one-stop shop for a combination of services. For example, offering insurance programs provide significant financial value to employees, regardless of life stage.



Introducing a digital platform provides more privacy than other traditional channels. Digital platforms provide round-the-clock access to tools and resources to help employees and their families manage their financial well-being. The scalability of these platforms is another important consideration as many employers shift to hybrid ways of working.



Finally partnering with a credible set of experts and suppliers ensures that you can leverage their specific capabilities and provide independent guidance to your employees.



HOW SONNET CAN HELP

There are many ways companies can support employees in their pursuit of financial well-being – and it doesn't have to be complicated or expensive. Most companies offer benefit programs designed to help employees build financial wellness over time through RRSPs, pensions and life insurance. Employers can also contribute to employees' financial well-being by helping them reduce monthly expenses through programs like Sonnet's group insurance. Here are three of the key benefits of Sonnet's group insurance program:

1 Sonnet's digital platform saves employees time and money

Owning a home and a car is costly. These two expenses account for over 50% of a household budget for the average person. And when an individual is concerned about their finances it can affect their performance at work. 60% of job seekers say perks are a major incentive for staying at a company¹. Which is why Sonnet's group insurance program is a perfect solution that helps both employees and employers in achieving financial well-being.

In today's digital landscape, it's even better when benefits can be accessed through a mobile phone or laptop. Online tools and services have become an expectation. 75% of people using digital channels for the first time over the course of the pandemic said that they would continue to use them indefinitely². Sonnet's digital platform enables employees to view and manage policy information as needed, and to customize things like payment date and secure payment options.

To improve overall well-being, in addition to discounted home and auto insurance, Sonnet offers access to Sonnet Connect, which includes an extensive list of offerings through like-minded partners committed to improving employees' financial well-being. Such offerings include helpful information and a suite of services to simplify life, in addition to exclusive discounts, promotions and free offers.

2 Sonnet's group insurance program is free to join

Sonnet's simple onboarding and implementation is designed to make life easier for HR teams. It includes the creation of a custom marketing plan, a branded landing page and employee communications to increase adoption and engagement, without the need to share employee lists.



Some engagement tactics may include: Flyers, posters, payroll inserts, newsletter inclusion (provided by Sonnet)



Content for your internal employee portal with a link to your customized landing page on Sonnet.ca



On-site posting of promotional materials at the premises of the employer (for example, during wellness day, on-boarding material and employee events is provided)



Email campaigns and social marketing posts

3 Group insurance adds value to your organization

Offering a group insurance program is a win-win for everyone, building engagement by showing employees you are invested in their financial well-being.

Partner with an award-winning insurer, recognized for top-notch customer service and named one of the top 10 car insurance companies in Canada³. Sonnet is here to help your team succeed – both individually and collectively. Group insurance helps protect your employee's most important assets and largest expenditures. Learn more about our group insurance program today.

ABOUT SONNET

Sonnet is Canada's first fully online insurance company – a wholly-owned subsidiary of Definity Financial Corporation. We provide exclusive discounts on home and auto insurance to companies and associations. Employees and members receive competitive rates, 24/7 policy access online, and secure payment options – all within the Sonnet online digital platform.

Ready to get started? Contact group@sonnet.ca

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¹ Glassdoor 5 Awesome Job Benefits That Attract Quality Candidates

² McKinsey COVID-19 US Digital Sentiment Survey, April 2020

³ Article source: The top 10 car insurance companies in Canada published 5 October 2020, Insurance Business Magazine, <https://www.insurancebusinessmag.com/ca/guides/the-top-10car-insurance-companies-in-canada-235281.aspx>