HOW TO AVOID THE PITFALLS OF FINANCIAL WELLNESS PROGRAMS

LAMCO ADVISORY SERVICES, INC.

By Andrew S. Zito, AIF® | Executive Vice President, Retirement Plan Services

Employers today are increasingly invested in various aspects of their employees' wellness. After all, when workers are stressed and struggling, it impacts the company bottom line.

One of the growing trends in workplace benefits is the financial wellness program. Adding a financial wellness program can help your employees take control of their money, and spend less time at work stressing about it.

Any wellness program has pitfalls, though. You don't want to spend time and money only to watch your employee financial wellness program fail. As you develop your company's program, pay attention to the potential pitfalls and head them off before they become problematic.

Pitfall No. 1 | Generic Financial Programs

The first pitfall is a generic wellness program that scratches the surface, but doesn't actually provide your employees with help for individual issues. Employees need access to more than just an occasional seminar on how to budget or a workshop on how to invest in the company 401(k).

How to Avoid this Pitfall | Before you implement your employee wellness program, send a questionnaire to your employees. Find out what their biggest concerns are so you can tailor the program to help them reach their goals. From offering access to 529 plans for college planning to providing access to credit counseling, use the questionnaire to pinpoint your employees' biggest concerns and add programs they will use.

Another way to avoid falling into this trap is to provide access to financial planners. Offer sessions with financial professionals who can sit down one-on-one with employees to help them map out their finances.

Pitfall No. 2 | Employee Privacy

In general, employees want their employers to provide them with more resources to help them manage their finances. The Middle America Financial Security Study, recently released by MassMutual, indicates that 52% of workers wish their employer offered more resources.

However, even though workers want help with their finances, they also want to maintain privacy. Creating an employee wellness program that results in employer access to private information like credit scores and amount of credit card debt worries some employees. They won't participate if they think you're watching their every move.

How to Avoid this Pitfall | Create a program that focuses on helping employees set their own goals, and provide educational resources and guidance. Make sure employees understand that you will provide access to financial planners, but those planners won't share your financial situation or challenges with company management.

Don't use individual credit scores, debt reduction, or other similar measures of financial progress as benchmarks for incentives. Instead, focus on items like retirement plan enrollment, a visit to a financial planner, or attendance at a "lunch-n-learn" seminar as ways to measure progress and provide rewards to participating employees..

Pitfall No. 3 | Neglecting Fiduciary Responsibility

Many employers fail to vet the professionals they use to develop their employee financial wellness programs. It's tempting to jump on the bandwagon and just start offering a program that dispenses advice to your workers. However, what happens if the advice provided isn't actually in the best interest of your employees? That can lead to legal problems down the road.

How to Avoid this Pitfall | Take your time when implementing an employee financial wellness program. Consider working with an outside group that specializes in benefits programs. Look for a fiduciary that is legally required to act in the best interests of clients.

Pitfall No. 4 | Quitting Too Soon

Some employers don't see results fast enough to suit them and end the program too soon. The reality is that financial changes take time. Quit too soon and you risk sending your employees back to their old habits.

One of the reasons employee financial wellness programs fail is because they are rolled out quickly and don't focus on individualized financial goals.

How to Avoid this Pitfall | You can't always add everything all at once. Start by rolling out the program most likely to help the greatest number of employees. Devote adequate resources to helping that program succeed.

If you decide to invest in a financial wellness program, commitment is crucial. Identify the actions and programs, based on your employee questionnaire, that are likely to make the biggest impact. Provide the resources for that program, and as you see results, add the next program.

A measured approach, based on employee data, realistic expectations, and professional guidance is more likely to succeed in the long run.

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