

Taking on financial wellbeing with confidence

A practical 5-step guide
for HR professionals



Maxxia

Make an impact with limited resources

The HR function has always had a broad portfolio of responsibilities to address. But with changes to our working environment due to COVID-19, there has been a fundamental shift in roles and responsibilities.

A recent survey of over 400 HR professionals found that the crisis response to the pandemic has resulted in even greater organisational complexity for HR teams to address¹. This creates new challenges in how best to support our employee value proposition (EVP) at a time when many teams remain busy fighting fires day-to-day.

With HR teams now supporting a workforce spread across office and home locations, there are many practical challenges to overcome in delivering programs and benefits to support their EVP. For some employees, change and uncertainty in the workplace and beyond, are likely to be having a continued impact on their wellbeing. This creates a renewed sense of urgency for strategies that encompass all aspects of physical and mental health, including financial wellbeing. So how can HR teams effectively address this element of their EVP in the midst of new operating constraints and demands on their time and resources?

At Maxxia, we're all about supporting organisations to make confident decisions and implement solutions to achieve your key objectives. In bringing you this guide, we've looked across many trusted sources of data, research and opinion on financial wellbeing in the workplace. Focusing on insights that are most relevant from the employer's perspective, we offer you a summary of the challenges as well as practical tips for doing more with what you already have and setting achievable goals that align with your overall approach to employee wellbeing.



Suzanne Shepherd
Chief Human Resources Officer,
McMillan Shakespeare Group

“

HR's influence is growing due to COVID-19. Many HR professionals, however, don't feel prepared to tackle the challenges of 2021 and beyond.

*Australian HR Institute Pulse Survey,
October 2020*

”

¹ Gartner, Future of work trends post Covid19 <https://www.gartner.com/en/human-resources/trends/future-of-work-trends-post-covid-19>

Contents

| | |
|---|-----------|
| An essential element of workplace wellness | 5 |
| Getting runs on the board | 7 |
| Pillar #1: Setting realistic goals | 8 |
| Pillar #2: Engaging employees | 10 |
| Pillar #3: Finding the best fit | 12 |
| Pillar #4: Sustainability | 15 |
| Pillar #5: Measures of success | 17 |
| A roadmap to creating your financial wellbeing solution | 18 |
| About Maxxia | 19 |

An essential element of workplace wellness



In recent decades, there has been an increasing focus on the importance of workplace wellbeing. With the events we've seen unfold since 2020, the nature of wellbeing benefits for employees has likely changed from gym memberships to online fitness classes, from OH&S in the workplace to support for a home office set-up so employees can work remotely in safety and comfort.

Compared with the more recognised mental and physical elements of workplace wellness, financial wellbeing is relatively new. In their 2018 Financial Wellbeing Study, AON Global found that just 34% of 159 multinational organisations surveyed had a wellbeing strategy while just 14% had a financial wellbeing strategy. However, the vast majority recognised that financial wellbeing would move up their list of priorities in the near future.

“

84% of employers believe financial wellbeing will become a higher priority in the next three years.

AON Global Financial Wellbeing Study, 2018

”

With the benefit of hindsight, we can see how right they were to expect this increased focus on financial wellbeing. Programs and activities to help employees improve their financial wellbeing have moved into the spotlight following the onset of the COVID-19 pandemic and a global recession in 2020. According to the AMP 2020 Financial Wellness Report, almost half (42%) of Australian employees have experienced negative financial impacts as a result of COVID-19, with around 1 in 7 (14.5%) reporting moderate or severe financial stress².

² AMP, 2020 Financial Wellness Report, 2020

“

Financial issues are the leading cause of stress among Australians, ahead of family and personal health concerns.

AMP 2020 Financial Wellness Report

”

Consequences of this growing financial stress for organisations are widely recognised. The same AMP report calculates the economic cost of financial stress in the workplace at \$30.9 billion in lost revenue each year. Another report from consulting firm Gallagher, puts this estimate more than 50% higher, at a whopping \$47 billion³.

The business case is clear for employers to do their part to address financial wellbeing among their workforce. But what tools should they use? How can they provide effective support without straying into areas where employer involvement might be seen as unwelcome or inappropriate? And how can HR teams make a difference without reinventing their whole wellbeing program?

In this guide, we're addressing an important gap in the conversation about financial wellbeing. Read on to discover:

- Key insights on the employer's role in financial wellbeing in the workplace.
- The challenges for HR leaders in introducing or expanding on financial wellbeing as part of their employee value proposition.
- Positive steps and quick wins you can use to build an achievable, effective and measurable program for your organisation.

³ Gallagher, Employee Financial Confidence Report, 2020

Top 5 challenges in delivery of financial wellness programs

(a summary from EBRI's 2018 Employer Financial Wellbeing Survey)

Complexity of programs

(44%)

Lack of resources to coordinate/ market benefits of programs

(43%)

Untested demand for programs from employees

(43%)

Making business case to justify cost

(42%)

Lack of data to determine value

(41%)

Getting runs on the board

Since the onset of the pandemic, HR have been expected to take a big step up in their workload and responsibilities. The shift to a digitised way of working has happened at speed and HR have been one of the functions to bear the brunt of this abrupt transition. In a pulse survey conducted in April and again in May 2020, the Australian HR Institute found almost a third of HR professionals had experienced a 50% increase in their workload⁴.

In spite of their expanded responsibilities, HR budgets have likely remained the same, with many organisations facing an unpredictable period in earnings for much of the last financial year. At the same time, the mental wellbeing of employees has become of even greater concern. Periods of isolation enforced by lockdowns are expected to take their toll on mental health across our population for months and perhaps years to come⁵.

Moving forward with confidence and a clear agenda

Given the resource constraints and competing responsibilities HR are facing, a fully featured long-term financial wellbeing strategy may be beyond the scope of what's possible in the current context. Instead, a 'Goldilocks approach' – one that doesn't promise, or attempt, too much or too little – could be a more realistic way to move forward with financial wellbeing within the broader scope of your EVP.

In the next few pages, we'll explore five key pillars of best practice for HR teams working in the area of financial wellbeing. We've focused on practical steps to guide you in designing and delivering an effective financial wellbeing program as well as some 'quick win' ideas to start addressing this challenge in a resource-efficient way.

“

Covid-19 has changed the playing field. Today, HR leaders are working around the clock, taking unprecedented measures to keep their employees safe and ensure that their organisations survive.

Harvard Business Review, How HR Leaders Can Adapt to Uncertain Times, Sue Bingham August 04, 2020

”

⁴ HRM, 5 things keeping HR professionals up at night, Kate Neilson, 27 May 2020

⁵ UNSW Newsroom, COVID's mental health fallout will last a long time, 1 March 2021

Pillar #1

Setting realistic goals

The noise around employee wellbeing has been amplified by the large-scale changes in working practices in response to the pandemic. While wellbeing in general is a widely recognised part of the HR remit, financial wellbeing may be a relatively new addition to an organisation's EVP and to HR's growing list of responsibilities. At the same time, while reduced hours and wage stagnation remains the reality for many, extra resources for new initiatives in this space are likely harder to come by.

Financial wellbeing and your Employee Value Proposition

This is one reason why it's important to recognise that many organisations are already providing some form of financial wellbeing initiative. Support and education on super,

salary packaging options and EAPs can all be seen as components of a financial wellbeing program. It's just that, historically speaking, they haven't been badged or categorised as such.

According to the 2020 Employee Financial Confidence Report from Gallagher, most employees (53%) recognise their company's super fund as a financial wellbeing initiative. However, they're far less aware of other initiatives such as company-paid insurance (11%), a super engagement plan (8%) and financial literacy programs (7%).

Taking stock of what already exists to support better outcomes for employees, can help you get traction with some immediate goals in a broader financial wellbeing strategy.

| Employee Assistance Program | Retirement Education | Salary Packaging |
|--|--|--|
| What: financial counselling component of EAP. | What: content and consultation offered by your super provider. | What: tax efficient purchase of vehicles, laptops, education, remote area benefits and more. |
| Can support financial wellbeing by: addressing behaviours that can lead to financial distress. | Can support financial wellbeing by: helping employees get on track with their super savings. | Can support financial wellbeing by: helping employees potentially realise tax savings, help improve their budget bottom-line, lifestyle and achieve goals. |

A roadmap for employers:

Step 1 - Take stock of your current offer



Call out your current financial wellbeing activities

Start with a simple acknowledgement of the financial wellbeing component of your existing benefits and programs. When you're communicating to employees and new hires about super education programs or salary packaging, make it clear that these are opportunities for boosting their financial wellbeing.



Audit existing programs for effectiveness

Before exploring what to add to your financial wellbeing menu, it's worth investigating what is and isn't working in your current programs. Do you have figures to demonstrate participation rates and examples of participating employee's dollar savings in PAYG tax for salary sacrificing, for example?



Be aware of best-practice standards

Measuring the impact of current activities that come under the financial wellbeing banner is the first step to understanding where you stand on the best-practice spectrum. Comparing program performance with others in your industry can give you some initial goals to work towards for your financial wellbeing activities.

Benchmarking program participation and costs

Maxxia can offer your organisation a full benefits assessment to measure the effectiveness of your current employee benefits offer. We can also put a dollar figure to the potential savings and efficiencies from running the program and compare overall performance with best-practice for your industry.



Pillar #2

Engaging employees



An important precursor to boosting financial wellbeing, is an assessment of your employees' interests and needs. Both employers and employees will get more from a program that is designed to meet the specific needs of your organisation and workforce. But with far more employees working from home since 2020, engaging with your workforce on their financial wellbeing needs is now even more challenging.

According to the Employee Benefits Research Institute (EBRI) 2018 Employer Financial Wellbeing Survey, examining employee benefit data (63%) is the most common approach to understanding how much employees are getting from an existing wellbeing offer. Surveying employees (48%) is the next most popular option. Around a quarter of firms taking part in the Employee Benefits Research Institute (EBRI) 2018 Employer Financial Wellbeing Survey were planning to conduct a financial wellness needs assessment (23%) or create a financial

wellbeing score or metric (22%). For this second approach your organisation may need to outsource to one of many financial wellness vendors who are entering the market - more on this on the next page.

“

58% of employees say more support from their employer would be helpful in developing their financial confidence.

Gallagher Employee Financial Confidence Report, Australia issue, 2020

”

A roadmap for employers:

Step 2 - Engaging employees



Manage expectations as you engage

While the financial wellbeing score can certainly help HR teams put a spotlight on this issue and get traction, it can create an expectation among employees that a large-scale program is in the works to address any 'gaps' identified.



Be realistic about responsibilities and resources

Keep in mind that employees will be experiencing the financial impacts of the pandemic in different ways. Offering solutions to identified needs could create unrealistic goals, as well as straying into areas that are too risky for employers to consider. In recent research, Maxxia explored employers' priorities and concerns for enhancing financial wellbeing for their workforce. In areas such as 'achieving your financial goals', employers are hesitant to provide something that could be seen as financial advice, for example.



Keep it simple as you test the waters

Taking smaller steps towards employee engagement can be a better way to make a softer entry into this complex area. Consider ways that you could introduce new ideas and simple tools before ramping up for a full-scale campaign and suite of solutions.

Pillar #3

Finding the best fit

So what does a typical financial wellbeing program look like? The simple answer is that there really isn't a standard blueprint or toolkit for your organisation to adopt. The potential elements can vary quite widely, but will often include some type of education and/or collection of supporting tools and content.

Solutions employers offer

According to Employee Financial Wellness Programs: A Review of the Literature and Directions for Future Research from the Center for Social Development in the US, many organisations see their financial wellbeing programs as being confined to the education part of their super and health insurance benefits for employees. They limit their role to helping employees make adequate provision for their healthcare and future lifestyle costs in retirement.

In contrast to this more traditional approach, we're seeing a new wave of financial wellbeing vendors seeking to broaden out the range and purpose of workplace solutions. From larger financial planning firms offering

workplace programs to dedicated consulting firms, these businesses and their solutions go beyond providing education and content. The coaching, software and one-on-one advice they offer is aimed more at behaviour change across a number of financial capabilities, from budgeting and saving to goal-setting.

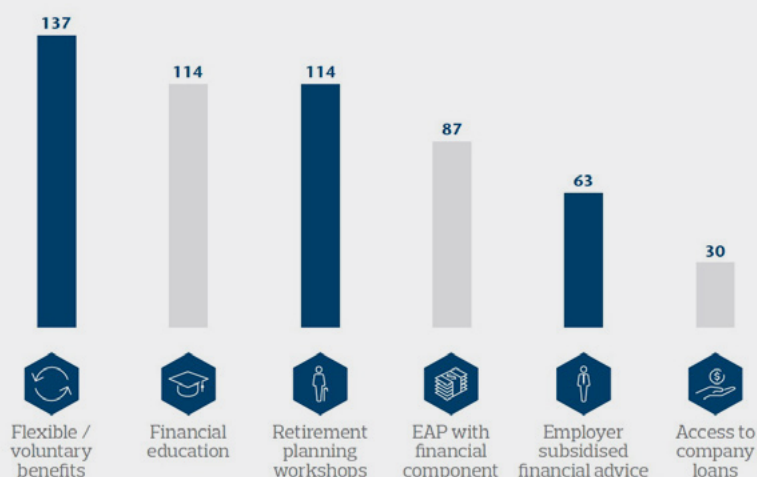
Benefits are leading the charge

In their 2018 survey of 159 multinational companies, AON Global revealed that around 70% of organisations offer financial education and retirement planning workshops as part of their financial wellbeing toolkit. But an even larger majority – 86% – are providing flexible or voluntary benefits to support financial wellbeing⁶.

This could indicate how well-established benefits are included as a way of enhancing the overall package employers offer. But the flexible nature of such benefits is a growing trend. With technology supporting a cost-effective, self-service approach to choosing benefits, employees are able to seek out benefits tailored to their needs.

What programs do your businesses offer to employees around the world?

Source: AON Global, Financial Wellbeing Survey, 2018



⁶ AON Global Financial Wellbeing Study, 2018



Solutions employees want

In the 2020 Employee Financial Confidence Report from Gallagher, financial education and technology both feature in the top five financial wellbeing initiatives desired by employees.

Technology

Well-designed technology solutions can provide employees with a practical way to help them set goals for spending and saving and monitor their progress. Employers can choose to offer badged third party apps and/or digital content. A well-designed software interface and content journey can deliver an always on, access anywhere view of an employee's benefits, with the flexibility to personalise content and services to suit their life stage and circumstances.

Education

Many EAP programs now have a financial education element. But this will usually be limited to budgeting and debt management only. For more complex financial advice or support, some EAPs may have a mandate to refer employees to a debt counselling service or a qualified financial planner.

In Australia, financial counselling services can be accessed free of charge but these generally provide advice associated with debt distress and managing repayments. While a financial planner can offer holistic and personalised advice to suit employees, there's a fee involved. This can raise the question of whether employers should subsidise or foot the bill for these costs and the risks the employer might face if there is an issue with advice it has promoted or subsidised.

“

People who don't manage their finances that well, it's a bit of a pain point for them. If we can direct people to use tools that can help alleviate that then it's a fantastic idea and it adds value to what we can offer our workforce.

Maxxia Research on Employer Preferences for Financial Wellbeing Solutions, November 2020

”

A roadmap for employers:

Step 3 - Understand your options



Compare current solutions with what's available

As you explore solutions in each of the four categories, consider them through the lens of your current financial wellbeing offering. Which options will complement, or broaden, any existing program that supports financial wellbeing? This can help you start to narrow down the field of available options.



Assess content channels and communication opportunities

Give some thought to how your current channels might support the rollout of a digital content program to support financial wellbeing. At the same time, identify your current communication touch points with employees – such as on-boarding, video conferencing events with teams and divisions etc. – that could offer further engagement opportunities.



Learn from what's already working

If you provide an employee benefits program or some type of financial education program, an audit of how your employees respond to these initiatives can highlight the best ways to improve their engagement.

Exploring engagement with employee benefits

Maxxia provides expert help in reviewing and reporting on employee interaction with your benefits offering, to help you identify new options that best align with their needs and preferences.



Pillar #4

Sustainability



An effective financial wellbeing program starts with development and design but this is just part of a strategic plan. Driving uptake is a major challenge, even when interest from employees has been measured through surveys or some other type of engagement.

Lack of participation from employees can be a major risk for HR teams under pressure to get a handle on financial wellbeing. With far fewer opportunities to engage with employees face-to-face, and resources already stretched, finding ways to effectively market program benefits to employees can be one of the biggest obstacles to getting results.

“
Human resources professionals are the main motivators for these programs. Thirty-nine percent of firms relied on communications from HR to encourage their employees to use the financial wellness initiatives. Additionally, 4 in 5 said that HR will be the champions for implementing financial wellness initiatives.

Employee Benefits Research Institute (EBRI) 2018, Employer Financial Wellbeing Survey



“
47% of employees aren't aware of their employers financial wellbeing initiatives.

Gallagher Employee Financial Confidence Report, Australia issue, 2020



A roadmap for employers:

Step 4 - Embed ongoing promotion



Make personalisation a priority

Employees have grown accustomed to digital interactions as standard in a post-pandemic working environment. They're also primed to expect a personalised digital experience thanks to the growth in personalisation across so many apps and online services. In our recent research into employers' experience with financial wellbeing benefits, employers surveyed advised Maxxia that "employees are always benchmarking" vs their peers. Therefore any new product or service may enjoy better take up if it offers personalisation.



Line up your promotions with key events

By timing your communications for events when personal finance topics are top of mind – promoting the potential benefits of salary packaging at fringe benefits tax time (March) for example – you can maximise engagement with your campaign and financial wellbeing program.

Outsource for better communication support

To take the pressure off HR leaders in managing their many programs and competing priorities, Maxxia provides initial and ongoing support to engage employees with your benefits offering.

By offering a suite of digital content and tools, we aim to deliver a highly engaging, self-service approach to financial wellbeing.

With our experience of rolling out initiatives at organisations of all types and sizes, we can recommend engagement strategies using communications channels to match your current needs by location, preferred modes of communication and industry specific benefits and content.

Pillar #5

Measures of success

For many organisations engaging with financial wellbeing, measurement is often the X-factor missing from their whole approach. Few measure impact, and those that do often use metrics that can be hard to trace back to the actual program. For example, overall employee satisfaction is the top measure of success for financial wellness initiatives (39%) as measured in the EBRI survey, but there could be many other contributors to this measure.

The second highest measure of success was reduced employee financial stress (38%). This metric may correlate more accurately with the actual impact of the program – although financial stress could be reduced by a timely windfall! But indicators like these require a baseline measure to be taken. Not all organisations will have resources to commit to a comprehensive audit of financial wellbeing among individual employees as part of their needs assessment step.

A roadmap for employers:

Step 5 - Effective measurement



Defined objectives are the first step

Linking measures of success to clearly defined business objectives is the first step in managing and meeting stakeholder expectations. An objective of improving workplace culture will have a different measure to an objective that aims to reduce absenteeism or improve an individual's financial wellness score.



Seek a 'hard' metric to define success

For employers seeking data that clearly demonstrates program outcomes, Maxxia offers detailed insights and regular reporting on potential tax savings to employees and the organisation from salary packaging and benefits take-up. This program performance and ROI can then be benchmarked relative to industry peers.



Use data to support the case for expansion

With stronger metrics on the uptake and impact of financial wellbeing programs you are more likely to have the data you need to make your business case for supplementing these with new solutions.



A roadmap to creating your financial wellbeing solution

Take stock

- Call out your current financial wellbeing activities
- Audit existing programs for effectiveness
- Be aware of best-practice standards

Engage employees

- Manage expectations as you engage
- Be realistic about responsibilities and resources
- Keep it simple as you test the waters

Understand your options

- Compare current solutions with what's available
- Assess content channels and communication opportunities
- Learn from what's already working

Embed ongoing promotion

- Make personalisation a priority
- Line up your promotions with key events

Effective measurement

- Defined objectives are the first step
- Seek a 'hard' metric to define success
- Use data to support the case for expansion

“

80% of organisations with financial wellbeing programs in place are not monitoring their impact.

AON Global Financial Wellbeing Study 2018

”

About Us

Maxxia

At Maxxia we're on a mission to enhance the impact of employee benefits for Australian organisations.

Using proven methods to find the performance gaps in your program, Maxxia helps your organisation deliver more value to your people, through competitive and measurable employee benefits programs. Our goal is to ensure that you are measuring up to the best-in-class programs available.

Employee benefits are an easy way to strengthen your employee value proposition and engage with financial wellbeing for your workforce. Key to our approach is our **free benefits assessment**, which benchmarks you against industry peers, identifies inefficiencies in your program and assesses the unrealised financial value your employees could be benefiting from. Armed with this information, we can design a tailored program to help you

optimise the value you deliver, and the outcomes for your employees and your business.

We work with organisations of all shapes and sizes, from large corporates and SMEs, to health, not-for-profit and government. When you partner with Maxxia, our team of specialists are with you every step of the way, to help maximise engagement with your employees, and provide guidance on complex issues. Our fully resourced programs may also save your organisation time and money, and free your team up to focus on what they do best.

Find out more at:

www.maxxia.com.au/employers/resources-hub

www.linkedin.com/showcase/maxxia-insights-for-employers/

McMillan Shakespeare Group

Maxxia are part of the McMillan Shakespeare Group, a top 200 ASX-listed company and one of Australia's leading single source solution provider of salary packaging, novated leasing, consumer and fleet financing and management services.

Get in touch

 business@maxxia.com.au

 (03) 9097 3256

 Follow us

Maxxia