Financial wellness: What is it? How do we make it happen?

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Executive Summary

Many individuals will place a revitalized focus on their personal finances as the country moves through and on from the COVID-19 pandemic and its economic consequences. There will be a demand for information and guidance to rebuild financial well-being and then solidify it to increase financial resilience. The workplace is one place they will look. Employers increasingly focused on employee financial wellness pre-pandemic, and that dynamic will continue.

Against this backdrop, this report summarizes and synthesizes the discussion from a roundtable, convened by the TIAA Institute and the Global Financial Literacy Excellence Center (GFLEC), that focused on the concept of financial wellness and how best to promote it in the workplace. While the roundtable occurred prior to the onset of the COVID-19 pandemic, the content is particularly relevant as the United States moves forward.

Key takeaways include:

- At the individual level, financial wellness is ultimately a subjective matter, but subjective evaluations should be grounded in certain objective indicators. Macro-level evaluations of financial well-being should incorporate both objective and subjective indicators.

- Various economic and noneconomic factors contribute to financial well-being. An often neglected factor is "process discipline," i.e., developing and maintaining good financial habits. Process discipline helps create a state of financial resiliency for weathering financial disruptions. In the midst of an economic challenge, process discipline also provides guideposts for behavior that can mitigate inevitable decreases in financial well-being.

- Uncertainty regarding business value held back employer sponsorship of financial wellness programs, even in normal times. This dynamic will likely be amplified in the pandemic and post-pandemic business climate as employers focus on cost control in the face of decreased revenues.

- Employee engagement will remain a key challenge for employers sponsoring a financial wellness program. While employee motivation may increase post-pandemic, the reticence to discuss personal finances in a work setting is likely to remain.

- Financial wellness programs should be holistic, addressing the range of issues encountered throughout the course of life. To this end, technology and social media can deliver "near-peer" examples of appropriate financial behavior and planning within the context of different life stages. This can be engaging and impactful, as well as cost-efficient and scalable to deliver.

- Employee needs assessments are essential for offering tailored resources, which in turn can promote engagement and boost cost-effectiveness. Needs assessments provide employers with a better understanding of employees' financial situations and help employees understand how to make better use of employer financial wellness offerings.

- Employers are eager to learn from the experience of other employers. There is a general lack of understanding regarding what is being done, what works, and backstories on these efforts.

Introduction

Financial wellness, or financial well-being, is an objective shared across individuals—everyone wants financial well-being for themselves and their families. In addition, a growing number of employers are focused on their employees' financial wellness. Achieving and maintaining financial wellness is not straightforward and simple, even in "normal" economic times. However, it is all the more challenging in an unprecedented environment such as today's resulting from the COVID-19 pandemic.

Financial wellness is not simply having enough money. Resources matter, but do not guarantee financial well-being and security. Financial well-being also depends upon making appropriate financial decisions and engaging in sound money management practices. Financial literacy matters, in turn, because it is knowledge and understanding that enable such decision making and behavior. While not a cure-all, increased financial literacy and the capability to apply that knowledge contributes to improved financial well-being, even among those with relatively low incomes and financial resources.

The ability to make appropriate financial decisions matters even more in difficult and uncertain economic times. Unfortunately, financial literacy in the United States is modest at best. On average, U.S. adults correctly answered barely one-half (52%) of the 28 financial literacy questions when the *Personal Finance (P-Fin) Index* survey was fielded in January this year.[1] Perhaps more significant, financial literacy is lowest in the area of comprehending and understanding risk and uncertainty. This means that individuals are particularly ill-positioned to make decisions in a time when uncertainty and volatility dominate economic and financial life.

In addition to low financial literacy, the *P-Fin Index* documents the precarious state of personal finances for many U.S. adults prior to the COVID-19 pandemic and its economic consequences (see Table 1). Combined, these factors amplify the challenges to financial well-being in what would have been very difficult financial circumstances in any case.

1 See Yakoboski, Paul, Annamaria Lusardi and Andrea Hasler. "The 2020 TIAA Institute-GFLEC Personal Finance Index: Many Do Not Know What They Do and Do Not Know," TIAA Institute and the Global Financial Literacy Excellence Center *Special Report* (April 2020).

Table 1. Pre-pandemic personal finances among U.S. adults (January 2020)		
	All adults	Those with lowest financial literacy levels[a]
Found it difficult to make ends meet in a typical month	33%	52%
Could likely not come up with $2,000 if an unexpected need arose within the next month	27%	52%
Did not typically make loan payments, including credit card payments, in full and on time each month	13%	22%
Had no financial savings aside from retirement savings (January 2019)	42%	66%

[a] Adults who correctly answered 25% or less of the *P-Fin Index* questions.

Sources: Yakoboski, Paul, Annamaria Lusardi and Andrea Hasler. "The 2020 TIAA Institute-GFLEC Personal Finance Index: Many Do Not Know What They Do and Do Not Know," TIAA Institute and the Global Financial Literacy Excellence Center *Special Report* (April 2020); and Yakoboski, Paul, Annamaria Lusardi and Andrea Hasler. "Financial Literacy in the United States and Its Link to Financial Wellness: The 2019 TIAA Institute-GFLEC P-Fin Index," TIAA Institute and the Global Financial Literacy Excellence Center *Special Report* (April 2019).

Against this backdrop, this report summarizes and synthesizes the presentations and discussions from a roundtable discussion focused on the concept of financial wellness and how it can best be promoted and developed in the workplace. The roundtable, organized by the TIAA Institute and the Global Financial Literacy Excellence Center (GFLEC), convened 31 thought leaders from the business, research and public policy communities on November 15, 2019, at The George Washington University School of Business. While the roundtable occurred prior to the onset of the COVID-19 pandemic and its economic consequences, the content is particularly relevant as the United States moves forward.

Session 1—What constitutes financial wellness?

Jill Fisch, University of Pennsylvania, Gail Hillebrand, Consumer Financial Protection Bureau (CFPB), and Conrad Ciccotello, University of Denver, provided opening remarks to initiate the dialogue of the first session. Paul Yakoboski, TIAA Institute, moderated the session.

Jill Fisch's comments provided framing for the roundtable discussions that followed. Fisch opened with two observations regarding the nature of financial wellness:

- Financial wellness is the outcome of navigating financial decisions involving multiple issues with different and often conflicting objectives—the choices and trade-offs made determine the outcome.

- The outcome is also impacted by how an individual implements financial literacy effectively in decision making.

She then touched on financial literacy and wellness programs in the workplace, noting first that employers benefit from having employees who are financially secure and stable. Next, she explained that efficiencies associated with using the workplace to provide such programming have become greater as employers have become more involved in a wider range of aspects of employee well-being. With that said, there is a two-dimensional challenge with viewing the workplace as a mechanism to deliver financial wellness programming—motivating sponsorship by employers and participation by employees.

A legitimate question is how much time an employer should reasonably devote to researching and addressing employee financial wellness. Larger employers can generally put together a quality program, but the range of competence and expertise among employers varies tremendously, and a capability to implement best practices is often lacking.

Employers also worry about what they can reasonably be expected to do. If standards are set, does providing a financial wellness program open employers to liability? Concern about "doing things wrong" can lead to doing nothing.

Implementation choices are challenging, including the choice of providers. Currently, employers tend to rely on the same service providers across the programming spectrum. For example, the retirement savings plan provider is subsequently used for financial literacy programs, debt management programs, etc. This may or may not be the best choice. Such same provider reliance may limit expertise and innovation. The expertise and capabilities of "default" providers need to be critically considered.

She noted a tremendous appetite among employers to know about ongoing innovation in this realm. While employers are doing different and interesting things, there is a general lack of understanding regarding what is being done, what works, and backstories on these efforts. How did an employer come to this model? What was their process to do things like identify employee needs, to identify new tools?

The ultimate challenge for employers offering financial wellness programming is engaging employee participation. There is limited understanding in this realm about why employees do and do not use financial wellness programs when available. Employees may be uncomfortable sharing information about their personal finances within the context of the workplace; they may not want their employer to know that their financial literacy and capability is limited. It may also be the case that programs do not offer what some employees want and need. Feedback from nonparticipants could be leveraged to advance employee take-up of these programs.

Gail Hillebrand addressed the question of what constitutes financial well-being, as well as how to measure it. In the process, she described findings from a national survey on financial well-being. Based on consumer-centric research, the CFPB developed a definition of financial well-being as a sense of security and freedom of choice, now and in the future. The security aspect of financial well-being includes being in control of one's money and prepared for financial shocks. Freedom of choice in the present is the capacity to make financial choices that enable other kinds of life choices; such financial freedom was often cited by consumers as their motivation for engaging in effective money management behaviors.

Working from this consumer-centric definition, the CFPB developed a mechanism to measure financial well-being—a 10-question survey questionnaire covering financial strain and money management behaviors and habits. Completing the survey does not require technical knowledge or involve providing personal financial information.

Follow-up survey research then analyzed the relationship between measured financial well-being and various factors. Key findings included:

- A range of economic factors, including but not restricted to income, impact financial well-being. Economic factors account for approximately 70% of the variation in financial well-being across individuals.
- Non-economic factors that impact financial well-being include financial practices and habits (particularly planning and saving), attitudes about money, personal financial self-confidence, and adaptability to changing circumstances.
- Financial skill and competence—an ability to find things out and then figure out how to apply that knowledge—matter more than knowledge per se. They enable people to engage and persist in good behaviors.

Hillebrand observed that non-economic factors can be impacted and improved through programming, but that this is likely to require deep or repeated supports focused on skill building and not simply the delivery of information. She also noted that the financial well-being questionnaire is in use by employers, financial literacy and capability programs, and that it can be used to measure progress over time in a population, community, or workforce. The materials are available at https://www.consumerfinance.gov/practitioner-resources/financial-well-being-resources/.

Conrad Ciccotello discussed financial well-being from a financial planning perspective. He began by observing that the components of a comprehensive financial plan are what constitute financial wellness. He next noted that financial literacy is a foundational aspect of the ability to plan and thus a foundational aspect of achieving financial wellness. Financial literacy is not the only aspect, but also an understanding of fundamental financial statements. If individuals do not understand their balance sheets and income statements, then they do not know where they are financially, nor do they understand where they can go. Thus, the corporate concept of value as a combination of stock (net worth) and flow (surplus income) has applicability in a household context. Another aspect of achieving financial wellness is process discipline, i.e., consistent adherence to certain financial habits.

Ciccotello next explained an emotional aspect to achieving financial well-being. The process needs to account for an individual's "story" with regard to money. Money personality develops over time, with experiences in youth often having a disproportionately large impact on money behaviors over a lifetime. An individual's money story is thus a foundational component for an individual's financial plan. Some technical skills and knowledge are needed to make good decisions, but follow through is often driven by emotion and clarity.

An individual's story extends across discrete life stages, some of which overlap and all of which have their own endpoint. For example, you have your children at home only for a certain period of time. You are physically able to engage in certain activities only for a certain period of time. Individuals will want to maximize happiness and well-being within each life stage before that segment closes. This aligns with the role of freedom as a component of financial well-being as previously outlined by Hillebrand. It implies that traditional economic models of smoothing consumption over the lifecycle, including retirement, may not be appropriate tools. Freedom matters greatly within each segment, and the retirement stage is no longer the anchor of personal finance decision making.

The participant dialogue following the opening presentations first focused on the assessment of financial well-being and then moved to challenges in promoting financial well-being.

It was noted that assessing an individual's financial well-being can involve subjective evaluation and objective indicators. Subjective evaluation and objective indicators should align, but this may not be the case. For example, an individual may rate his or her financial well-being as good when it is not. The individual may enjoy financial freedom in the present, while unaware of an inadequate capacity to deal with a financial shock. Likewise, someone may underestimate their financial well-being relative to objective indicators.

This raises a fundamental question regarding the degrees to which the assessment of financial well-being should be subjective and objective. Often people, even well-educated and with good earnings, do not know if they are financially well. In addition, poor financial literacy can result in poor subjective evaluations if individuals do not correctly grasp their financial situation. At the same time, individuals may attach different weights to different components of financial well-being; thus, two objectively equal individuals can subjectively differ.

There is value in both subjective and objective elements for assessing financial well-being, so which is the more appropriate barometer?

Ultimately, financial well-being is about how comfortable individuals feel with the state of their personal finances, not how they rate by external standards. At the same time, an individual's subjective evaluation should be an informed evaluation, not simply a gut feeling. In this sense, subjective evaluations that consider objective indicators are "better." Objective components can provide individuals with context and clarity; analogous to how bloodwork from a physical exam can influence subjective evaluation of one's health.

In this case, it becomes important for people to understand which indicators matter, which they should know about themselves. This raises numerous questions:

- What are appropriate indicators?
- To what degree will indicators that matter vary across life stages?
- How can indicators that inform assessment of wellness in current life stages also inform assessment of likely financial wellness in expected future stages?
- Should indicators (or threshold levels) vary with an individual's financial priorities or desired outcomes? Should the threshold for financial well-being be lower for someone who has relatively modest goals and objectives?
- Can certain behaviors serve as objective indicators? Behaviors like maintaining a budget, making credit payments in full and on time, maintaining an emergency fund, saving money, etc.

Alternatively, or in addition, can both subjective and objective elements be leveraged into an index assessing financial well-being?

Participants noted that individuals are far from rational, utility-maximizing agents with perfect information. They often just don't recognize significant weak points in their personal finances, or they assume it will all just work out. Sometimes ability and capability are limited through no fault of the individual. The challenge becomes how to assist people who lack the capacity to plan and/or lack financial discipline.

Participants generally thought that some degree of paternalism in the form of safety nets and bumpers in the system is necessary. This leads into the realm of choice architecture. But what does appropriate choice architecture look like in the realm of personal finances? What are appropriate default options and nudges, and in what realms can they be implemented? Is choice architecture more appropriate and effective in certain life stages?

While some financial decisions are made within the context of the workplace (e.g., retirement savings), many others are not (e.g., buying a home or car). While choice architecture has been successfully applied in the former, its application to major financial decisions outside the workplace may not be realistic, or may occur only if required by law or regulation. For starters, there are no obvious entities with an incentive to use choice architecture for the benefit of the customer if not required to do so. Analogously, the application of choice architecture to the myriad of routine financial decisions that people make does not seem viable. While these decisions may be insignificant in isolation, in the aggregate they are important.

Some argued that a root cause of saving and debt problems for many individuals is too much consumption. One factor is easy credit and low interest rates. Another is that transaction costs for consumption have been driven close to zero by the internet. A third is a widespread culture of "affluenza" in society. With these dynamics in play, could choice architecture be designed to confront the basic financial challenge of overspending? What other activities would be necessary to change the social expectations and values around the relative importance of spending and savings?

In addition, a more fundamental concern was voiced regarding choice architecture—reliance on it lessens the need and opportunity for individuals to learn personal finance skills and to become comfortable taking ownership of their financial well-being. While defaults and nudges are good starters, how do we eventually move individuals to pro-active decision making that further improves financial well-being? Can choice architecture be coordinated with financial literacy, information, supports for financial skill-building, and advice so that individuals eventually move beyond default outcomes, i.e., design programs and systems where these components integrate to keep advancing individuals in terms of financial wellness?

It was a consensus view that financial wellness and personal finance programming should be holistic. Programming needs to go beyond saving and investing to cover issues like budgeting, managing spending, insurance and precautionary saving. For example, knowledge about insurance is poor in general, yet insurance choices—insuring only appropriate risks at appropriate levels and at reasonable cost—matter greatly for financial well-being. Similarly, programs that focus on savings, whether for emergencies or retirement, need to build upon a foundation of effective money management skills. Effective programs need appropriate framing to gain attention and effectively communicate subject matter that is not as interesting to individuals. Likewise, there is a need to focus on areas where people tend to “drop out” in terms of managing their personal finances.

A challenge with any strategy is scalability. This may be where technology and social media come into play. Technology and social media can be used to provide examples of appropriate financial behavior and planning within the context of each life stage. Using “near-peer” examples, stories and experience in a positive manner can be very impactful and effective, as well as cost-efficient and scalable to deliver. Technology and social media may also be the means to create support groups of like-minded individuals, individuals focused on a particular issue (e.g., car purchase or dealing with student loan debt). However, participants also noted that high tech should be paired with high touch (in-person supports).

Informing individuals who are doing the right things and are on track that they are in good financial shape is likewise important. Such feedback provides valuable reinforcement that maintains engagement. In addition, this process could potentially be designed so that they have a ready opportunity to access information and guidance on a particular issue that is of concern.

Two particular barriers to employer engagement in financial wellness programming were noted in the discussion. First, many employers will need to be convinced about the return on investment before spending on financial wellness programming. Second, liability and fiduciary concerns can hold back employer efforts on financial well-being. Regarding the second barrier, it was noted that “safe harbors” in this realm would increase employer comfort about trying to do the right things for employees.

Session 2—What does it take to promote financial wellness?

Jack VanDerhei, Employee Benefit Research Institute (EBRI), and Jeff Senne, PwC, provided opening remarks for the second session. Annamaria Lusardi, GFLEC, moderated the session.

Jack VanDerhei began the discussion by describing an employer survey conducted in 2018 and updated in 2019 by EBRI's financial well-being research center.[2] The 250 employers surveyed (each with 500 or more employees) had all indicated some level of interest in financial wellness programs. The employers were split into three groups: those currently offering financial wellness programming, those in the process of implementing programming, and those indicating interest in sponsoring programming. Key insights emerging from the survey included:

- Some employers' main interest in financial wellness programming is retirement preparation only, while others are motivated by a more holistic perspective on financial wellness.
- Among the former, slightly less than one-half cited improved use of existing benefits as the reason for offering a wellness program. Even fewer of those in the latter group cited improved use of existing benefits as the reason.
- Segmentation is important as employers report different motivators for offering financial wellness initiatives. Reducing employee stress is a top motivator among employers who do not currently offer a program, but not among those who already offer a program. Differentiation from competitors was cited as a motivator among employers currently offering initiatives, but was much less of a motivator among employers who do not currently offer initiatives.
- Some of the top considerations for interested employers when choosing whether or not to implement a financial wellness initiative were employer and employee costs and employee interest. Interestingly, employee cost and concerns about their retirement preparedness were much more likely to be top employer considerations in 2019 than the year prior.

VanDerhei noted the value of conducting employee needs assessments. Needs assessments can provide both employers and employees with a better understanding of employees' financial situations. Such assessments can thus help employers offer more effective financial wellness programs and help employees know how to make better use of those offerings. Advancements in technology can be leveraged to more effectively conduct needs assessments.

2 The center collects information about financial well-being initiatives from approximately 500 employers. This information, which includes both employer as well as individual employee data measured over time, combined with a large 401(k) database that the center hosts, can provide a detailed analysis of the impact of financial wellness initiatives on employee retirement outcomes.

VanDerhei then discussed top factors companies use to measure the success of financial wellness initiatives, in particular the ability to justify the costs by deriving a clear benefit or return on investment. Capturing return on investment remains a key challenge for employers, so tools that accurately measure the benefit of initiatives could encourage employers to move from interest to implementation. As the center gathers more employee information, it can further assess the impact of initiatives on improving employee satisfaction and reducing financial stress, which are also key success indicators.

Annamaria Lusardi mentioned that financial stress and anxiety are very common among the general population and even more so among certain demographic subgroups such as millennials, African Americans, and women. Targeting vulnerable subgroups is another way that employers can help build a financially resilient society.

Jeff Senne noted that a key motivation for PwC's financial wellness initiatives is a focus on diversity, inclusion, and closing the opportunity gap. PwC seeks to create a pipeline of future employees by investing in communities and education. Additionally, PwC offers competitive employee benefits, including student loan repayment assistance. PwC sees this particular benefit as a competitive differentiator in the employment marketplace.

He then discussed the community initiatives in which PwC engages, including helping students understand how to invest in their future and working with educators to ensure they have the skills needed to be successful. He noted that it is important for PwC to reach people at critical life stages, for example when students are making decisions about higher education, when employees are facing life changes such as the birth of a child, and when employees are making regular but important financial decisions, such as during annual open enrollment.

After these presentations, the participant dialogue first turned to approaches for encouraging employee participation in employer benefit programs. A question was posed about whether employers could provide monetary incentives for employee participation in the same way that employers offer monetary incentives for employees who engage in positive health behaviors, such as participation in an exercise program. Concerns were noted about the regulatory and legal complications related to monetary incentives and initiatives (such as tax implications), but the model does offer some potential for further exploration.

A point was made that an impediment to employee participation is mistrust of the financial industry created by some brokers who do not act in the best interest of their clients. It becomes difficult for consumers to differentiate between advisors or brokers acting in accordance with their fiduciary obligation and those who are not. One solution is for consumers to check the background of the individual with whom they are working through a broker check. However, very few consumers take advantage of this tool, mainly due to a lack of awareness, a roundtable participant mentioned.

The group discussion continued, with the following points made:

- As job turnover has increased over the past decade, employers are more likely to have employees that are at different life stages, from those starting their career to those preparing for retirement. Employers might be an employee's first or last employer. As a result, providing the right financial wellness resources presents a challenge for employers. Employers who hire mid-career professionals may have the responsibility of ensuring their employees are retirement ready without a comprehensive understanding of an employee's previous saving behavior or retirement wealth accrued from previous employment. At the same time, their young, early-career employees have a large endowment of time, and by providing them with the right tools and resources, employers can put them on a financially secure path. This provides an opportunity to foster a culture in which employees' decisions to change jobs are less monetarily motivated.

- There was general agreement among the roundtable participants that financial wellness programs should be holistic rather than focused only on retirement preparedness, and that a holistic program should address debt management. A critical component of debt management is financial resilience. If employees have access to funds in the event they encounter an unexpected expense, it could prevent them from turning to high-cost borrowing methods. Potential employer solutions discussed included establishing sidecar accounts or emergency fund programs. In addition to debt management, the importance of comprehensive financial planning was stressed. Financial decisions are interrelated, and mechanisms should be established to provide new and existing employees with opportunities to create financial plans that include all aspects of their personal finances (not just retirement planning or debt management). However, this presents a central challenge of trust: If such programs were offered by the employer, would employees trust their employers with their sensitive personal financial information?

- Many participants agreed that trust remains a core challenge for employers. Potential solutions noted were promoting cultural shifts in the workplace, improving diversity and inclusion, and encouraging an open dialogue around personal finances and financial struggles. Additionally, differences in gender should be considered as men and women may have different personal financial priorities.

- Also mentioned was that there may be a need to encourage some level of financial anxiety and stress. While financial anxiety can lead to negative behavior and an increased likelihood of mental distress, certain levels of financial anxiety and stress can motivate individuals to be more aware of and informed about their decisions and financial circumstances and eventually lead to changes in behavior.

The group discussion continued by raising the issue of how and when information and benefits should be given to employees to encourage the right kind of response. Employers have a lot of opportunities to help employees who are at the start of their careers and even to help future employees still enrolled in higher education. Early in the life cycle, individuals are making many consequential decisions about their future. Employers could leverage technology to, for example, use short modules to inform employees about different personal finance topics. Or they could work with higher education institutions to help students before they begin their first job.

Another challenge brought up was how to correctly inform employees of their options when financial vehicles have become more complex. Research has begun to show that employees are making health plan decisions that may not be in their best interest because they do not correctly understand the plan options or do not use health plans as they were intended. Simplifying information on health plans and other benefit plans could help employees to make more informed decisions impacting their long-term well-being.

Unions were noted as a means to disseminate information and encourage employee participation. Employees are more likely to trust their union than their employer and therefore are more likely to be receptive to financial wellness programs built into union contracts. Union involvement can also be challenging, as incorporating a financial education course or program within an already full list of union member responsibilities is likely to be met with resistance. One roundtable participant mentioned that the acceptance of union contracts that include financial wellness programs might depend on the type of employer. Paternalistic employers or employers who have difficulty filling jobs might be more likely to support union contracts that include financial wellness programs.

Concern was raised that paternalistic mechanisms such as automatic enrollment into retirement plans might lead to disengagement. Research has shown that employees who are defaulted into financial instruments are less likely to be informed about them. If the employer acts on behalf of the employee, the employee is no longer incentivized to make decisions for themselves. It was suggested that rather than focusing on mechanisms that make decisions on behalf of the employee, employers should focus on segmentation of programs that provide targeted resources for employees at different stages of the life cycle. Employees could then be encouraged to participate in these targeted programs by slightly increasing their level of financial anxiety, but not beyond a stress level that is individually manageable.

The issue of core benefit design was raised, with the suggestion that employers should focus on designing programs that provide a foundation of retirement benefits rather than focusing only on retirement savings. Employers and employees could benefit from the redirection of some funds from retirement savings toward healthcare plans: employees would experience a gain due to the tax-free status of some healthcare plans (i.e., HSAs) versus the tax-deferred status of retirement savings plans; employees would have additional healthcare benefits; and employers would be ensuring their employees had suitable health coverage.

Discussion then shifted to central concerns around broader societal issues: a focus on the short term rather than the long term, perceived comfort with debt, and income instability. While employers are unable to tackle these broader concerns, there was agreement that they should be taken into consideration when building programs. Further, it was mentioned that while financial products have become more complex, technology has made them more easily available. Overwhelming marketing campaigns, misunderstanding of product information, and competing priorities of providers add to the challenges for consumers who are using financial products. Thus, financial wellness programs face many challenges when seeking to inform employees' financial decision making.

The group discussion ended with the statement that, ultimately, the role of financial wellness programs is to support active money management and financial decision making and to empower individuals to make informed financial decisions for themselves.

Conclusion

Everyone has an implicit view of what constitutes financial well-being, but those views will vary to a greater or lesser degree across individuals and families. In reality, financial wellness and financial well-being are terms commonly used without clarity regarding precise meaning.

There is both a subjective and objective dimension to financial wellness. At a macro level, evaluation of financial well-being among the population and various demographic subgroups should incorporate both. At the individual level, financial wellness is ultimately a subjective matter, but subjective evaluations should be grounded in certain objective indicators. This becomes more important in difficult economic times because an individual's self-evaluation may be exceedingly biased in the absence of objective indicators to provide perspective.

Various economic and non-economic factors contribute to financial well-being, some obvious and well-recognized, but others not so much. Some factors are particularly important in difficult economic times, for example the capacity to handle an economic shock such as a job loss or other unexpected decrease in income. Such capacity depends directly on having liquid emergency savings sufficient to cover expenses for several months. However, the capacity to handle a financial shock also depends on the characteristic of adaptability. In this context, financial adaptability means an ability and willingness to make trade-offs and sacrifices; it can also mean identifying and pursuing opportunities that otherwise may not have existed or seemed optimal. It's in this realm where financial literacy is particularly important so that individuals make wise decisions and trade-offs, not just the seemingly obvious or easy.

Another often neglected factor contributing to financial well-being is "process discipline," i.e., developing and maintaining good financial habits, for example tracking spending to a budget, disciplined use of credit cards, and consistent saving each pay period. There are two important benefits to process discipline in the context of difficult economic times. Before the onset of an economic shock, consistent adherence to good financial habits will create a state of financial resiliency manifested by items such as liquid emergency savings and a manageable debt level. In the midst of an economic challenge, process discipline provides guideposts for continued behavior that could mitigate inevitable decreases in financial well-being.

As noted several times during the roundtable, financial stress and anxiety can motivate change that leads to good financial habits. Of course, this referred to a limited degree of stress and anxiety, not the extreme degree that many are experiencing in the midst of the COVID-19 pandemic. Nonetheless, this implies that individuals are likely to have a revitalized focus on improving the state of their personal finances as the country moves through and on from the COVID-19 pandemic and its macroeconomic consequences. They will be looking for information, guidance and tools to rebuild financial well-being and solidify it to be more resilient in the face of future shocks, both large and small.

Employers were increasingly focused on employee financial wellness pre-pandemic. Maintaining and expanding that focus post-pandemic will be challenging. Even in normal times, uncertainty regarding business value held back employer sponsorship of financial wellness programs. This dynamic is likely to be amplified in the pandemic and post-pandemic business climate as employers focus on cost control in the face of decreased revenues. However, return on investment exists. The 2020 *P-Fin Index* documented the business value of worker financial literacy—those with low financial literacy spend six hours of work time per week, on average, dealing with financial issues compared with one hour per week among workers with high financial literacy. In the current environment, clear communication regarding the benefit of these programs and their return on investment will be key to startup and expansion.

A key challenge in sponsoring a financial wellness program will remain employee engagement, in particular engaging those employees most in need of assistance. While employee motivation may increase, the reticence to discuss personal finances in a work setting is likely to remain.

Choice architecture can bypass engagement challenges in some areas of personal finance, such as retirement savings, but it does not lend itself to many areas of financial decision making, particularly decisions that are not employment related. It was suggested that employers should focus on segmentation of programs that provide targeted resources for employees at different life and career stages. This may be where technology and social media come into play to address engagement and cost issues. Technology and social media can be used to provide examples of appropriate financial behavior and planning within the context of different life stages. Using "near-peer" examples, stories and experience in a positive manner can be very impactful and effective, as well as cost-efficient and scalable to deliver.

Financial wellness programs ideally should be holistic, i.e., they should address the range of financial issues that individuals encounter throughout the course of life. Programming needs to go beyond saving for retirement to cover issues like budgeting, managing spending and debt, insurance, and precautionary saving. For example, knowledge about insurance is poor in general; yet insurance choices matter greatly for financial well-being. Similarly, programs that focus on savings need to build upon a foundation of effective money management skills. Holistic programming should result in better engagement across the spectrum of workers. While it might be more expensive, greater benefits can be expected.

Conducting employee needs assessments is essential for offering tailored resources, which in turn promote engagement and boost cost effectiveness. Needs assessments can provide both employers and employees with a better understanding of employees' financial situations. Such assessments can thus help employers offer more effective financial wellness programs and help employees know how to make better use of those offerings.

Finally, employers are eager to learn from the experience of other employers. While employers are doing different and interesting things, there is a general lack of understanding regarding what is being done, what works, and backstories on these efforts. Making this type of learning available will promote sponsorship of financial wellness programs.

About the authors

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