

Benefits Insights

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National Insurance Services

Financial Safety Nets for Employees

Money is a top stressor for employees, and a looming recession has reinforced that fact. Employers are uniquely poised to help support employees with much-desired financial guidance and resources. When employees experience less financial stress, employers may see greater employee productivity and morale and lower absenteeism. Those positive feelings can also translate into a strong employee retention rate and help employers attract top talent. Economic recovery will take some time, but voluntary benefits could help decrease employees' financial stress.

More employers are looking for ways to help employees save for unexpected financial emergencies. This article explores ways that employers can offer financial safety nets for employees.

Employer Considerations

The reality is that many Americans worry about covering living expenses and unexpected expenses. In fact, 57% of U.S. adults are unable to afford a \$1,000 emergency expense, according to Bankrate's Annual Emergency Fund Report. Lacking sufficient funds to pay for a major medical emergency or other urgent needs can jeopardize an employee's food and housing security for several years.

A financial safety net will mean different things to employees, depending on their age and personal financial goals. The following common employee benefits can offer valuable financial protection:

- **Life insurance**—Employer-sponsored coverage can be offered in a variety of ways. Employers may offer a term policy, permanent coverage or both. Though life insurance is an important asset for future financial security, many employees don't realize its importance. Teaching employees about the value of

life insurance may increase loyalty to the organization as they better appreciate this benefit.

- **Disability insurance**—Disability insurance has become an increasingly valuable part of a comprehensive employee benefits package and can fill gaps in financial protection offered by other programs, such as Social Security. While employees appreciate the peace of mind they receive as their income replacement benefits are being paid, employers can use the resources offered by insurers to manage time and productivity losses and find the most effective ways to return employees to work.
- **Retirement accounts**—Whether employees are close to retirement or have decades left in the workforce, saving for retirement is a key component of their financial security. Offering a 401(k) account or other retirement benefits as part of employee benefits packages can increase employee loyalty, especially if employers offer a contribution match. Good retirement benefits are also a great recruitment and retention tool. However, benefits are only helpful if employees are aware of and understand them.



- **Financial planning or coaching**—Employee assistance programs support workers facing various challenges, including financial ones, by offering resources and counseling. Employees with access to financial education and tools are more likely to increase their savings and make progress toward their financial goals. Furthermore, employees with a plan or access to help are less likely to feel stressed or overwhelmed by their financial situations.
- **Emergency savings fund**—An emergency savings fund helps offer peace of mind and resources employees may use instead of their retirement savings or other accounts. Employers can offer guidance for starting an emergency savings fund regardless of how much employees may have for an initial investment. Many employees may believe they don't have enough money to build one, but employer-provided education and guidance can help them understand that even a small amount of cash can help start an emergency savings fund. An alternative approach for employers may be to offer an employer-sponsored emergency savings account alongside traditional benefits. Although an emergency savings account is a top benefit wish of many employees, very few employers offer them. Still, by helping employees build emergency savings funds, employers can boost their workers' confidence in navigating finances and increase happiness in the workplace.
- **Student loan debt assistance**—Student loan debt weighs heavy on many employees in the United States, but some employers are trying to help by offering student loan debt assistance. Employers can offer various forms of support beyond loan repayments, such as student loan payment counseling, third-party low-interest or interest-free educational loans, debt consolidation, and refinancing services.

hard-earned money for both expected and unexpected expenses.

Contact National Insurance Services for additional resources.

Summary

Ultimately, having a financial safety net can translate into peace of mind for employees. As more employers consider ways to help employees save for unexpected financial emergencies, they can offer employee benefits that help workers achieve their financial goals and save more of their