



Financial Wellness Census™

# The Interplay Between Health & Financial Wellness Benefits

*and how it impacts employees*



**Prudential**

Bring Your Challenges®

## Foreword



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What is the value of a healthy workforce? Numbers can be debated, but healthy employees by definition are likely to be more productive employees: less susceptible to illness-related absences, less burdened by stress, better able to tackle the challenges and opportunities that make up their workday.

Prudential has been a pioneer in providing health wellness programs for its own employees. More recently, we've introduced financial wellness programs aimed at helping them manage day-to-day finances, protect against financial risks and save and invest for long-term goals like retirement. Why? Because we know research shows a connection between financial and physical health. Because we believe we have an obligation to help our employees manage their financial health.

We have seen hard data from our own workforce confirming our thesis, including lower rates of absenteeism and financial stress. Encouraged by our success, we now make similar programs available to our clients.

Still, to better understand how health and financial wellness benefits are impacting workers and their employers across a broader landscape, we recently surveyed more than 2,000 American workers who have access to workplace wellness programs and are employed in a wide range of industries. The findings are encouraging. Users of health wellness benefits are more likely than non-users to report themselves in good physical health. Users of financial wellness benefits report less stress. Both groups report better overall mental health. And in a surprising finding, we also learned that users of these programs are inclined to think more highly of their employers.

We have almost 50,000 colleagues around the world united behind a shared purpose: making lives better by solving the financial challenges of our changing world. As an employer and leading provider of benefit solutions, we know that financial, physical and mental well-being are interconnected and multidimensional. That is why we are continuously doing research and learning from experience to anticipate and provide for our employees' and clients' wellness.

This report underscores our commitment to our purpose, leadership in the industry, and more than 140 years of experience helping people. We encourage you to review these findings as part of a broader dialogue about how we can accelerate our evolution and work together to promote wellness solutions.

## Executive Summary

Wellness programs work, according to the people who use them. That's the key finding from a new survey of 2,000 Americans employed by organizations that offer health wellness benefits in addition to traditional medical insurance. Benefits that, among other things, help employees monitor and improve their health, access gyms, get advice on fitness or diet, and battle addictions like smoking or substance abuse.

The new research also confirms that many employers are now supplementing those health wellness benefits with financial wellness programs that can help employees with budgeting their money, managing debt, saving for retirement, investing, and protecting against financial risks.

Among the survey's key findings:

- **Users of health wellness benefits are more likely to be healthy than non-users.**  
Forty-five percent of users report themselves to be in good physical health, versus 37% of non-users.
- **Both health and financial wellness programs correlate with better mental health.**  
Fifty-nine percent of workers who use health wellness programs consider their overall mental health "good," as do 59% of those using financial wellness programs. Those numbers fall to 53% for those who don't use health wellness programs and 55% for those who don't use financial wellness programs.

These findings add to the body of literature that suggests that financial and physical health are often intertwined, and that employers who help their employees on both fronts stand the best chance of achieving the benefits that wellness programs can offer: healthier, happier, more productive employees whose physical and emotional health may lead to lower rates of absenteeism, fewer delayed retirements, and reduced levels of employee turnover, healthcare costs and employee disability.

This report explores the survey's findings in more detail, shedding light on how workers are using health and financial wellness benefits, why some workers do not, and which specific benefits they'd like to see offered more widely.

## About This Study

This poll was conducted from May 10 to 12, 2019 among a national sample of 2,000 full-time employed adults with access to health wellness benefits through their employer. The interviews were conducted online and the data were weighted to approximate a target sample of full-time employed adults with access to health wellness benefits based on age, race/ethnicity, gender, educational attainment, and region. Results from the full survey have a margin of error of plus or minus 2 percentage points.

## Introduction

Employers see significant value in trying to keep their workers healthy. In addition to providing employees with retirement plans and health insurance, most large companies and a majority of small ones also offer wellness programs aimed at helping employees improve their physical health. Now, 40% of employees say their companies also offer programs aimed at helping employees manage their financial health.

The question, of course, is whether these various wellness initiatives are delivering on their promise. Are they making employees healthier? Improving their financial situations? Reducing the stress that can accompany poor health or finances? Numerous studies have suggested they are, but not all. In a recent clinical trial involving workers for a large retail company, for example, the study's authors found that employees who participated in health-related wellness programs over a period of 18 months became more diligent about exercising and monitoring their weight but reaped no statistically significant gains across a wide range of health metrics, such as blood pressure or sugar levels. Nor did they significantly lower their healthcare costs.<sup>1</sup>

Case closed? No. The study's authors concede that 18 months may not have been sufficient time to track meaningful health and economic benefits, and they plan to publish three-year results once they are finalized. Their initial report, they caution, "is not the final verdict on workplace wellness programs."

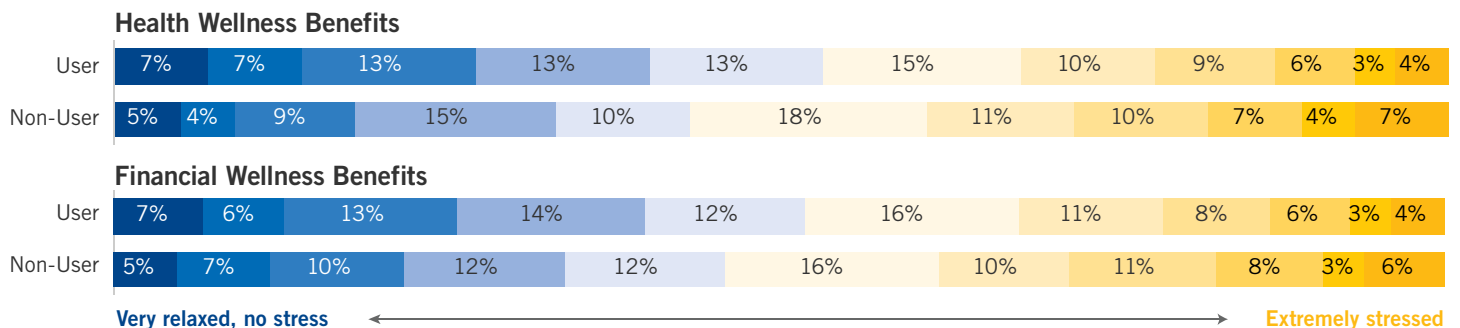
Prudential's new study, which continues the work it began in 2018 with its first-ever Financial Wellness Census,<sup>TM</sup> shows more promising results. Our survey polled 2,000 full-time workers in a wide range of industries, all with access to employer-sponsored health wellness benefits. By a substantial margin, it shows users of health-related wellness

programs are more likely than non-users to report being in good physical health (45% of workers using the programs claim good health, versus 37% of non-users). Users of health wellness programs also are less likely to report high levels of overall stress (13% of users versus 18% of non-users), and more likely to say they are satisfied with their employer's health wellness benefits program (76% versus 58%).

The study shows similarly positive results for financial wellness programs, which offer tools that can help employees with challenges such as budgeting, managing debt, saving for retirement, investing, and protecting against financial hardship. Forty-five percent of users of those programs rank themselves as physically healthy, versus 42% of non-users. Users of financial wellness programs also are more likely than non-users to report low levels of stress. Twenty-six percent of workers using financial wellness programs say they have low overall levels of stress, versus 22% of non-users.

Why measure stress levels when gauging the effectiveness of wellness programs? The medical community broadly agrees that stress can have a significant impact on physical health. According to the Mayo Clinic, "stress that's left unchecked can contribute to many health problems, such as high blood pressure, heart disease, obesity and diabetes."<sup>2</sup> The U.S. Department of Health and Human Services identifies money problems as a common cause of stress, noting that "depression is more common in women whose families live below the federal poverty line."<sup>3</sup> And just this year, the World Health Organization added "burnout" to its list of medical diagnoses.

## WELLNESS BENEFITS USERS REPORT LOWER LEVELS OF STRESS THAN NON-USERS



1. JAMA, "Effect of a Workplace Wellness Program on Employee Health and Economic Outcomes, A Randomized Clinical Trial," Zirui Song, MD, Ph.D., and Katherine Baicker, Ph.D., April 16, 2019 - <https://jamanetwork.com/journals/jama/article-abstract/2730614>
2. Mayo Clinic, "Stress Symptoms: Effects on Your Body and Behavior," April 19, 2019, viewed May 30, 2019 at <https://www.mayoclinic.org/healthy-lifestyle/stress-management/in-depth/stress-symptoms/art-20050987>
3. U.S. Department of Health and Human Services, Office on Women's Health, "Stress and Your Health," March 14, 2019, viewed May 30, 2019 at <https://www.womenshealth.gov/mental-health/good-mental-health/stress-and-your-health>

## The Interplay Between Physical and Financial Health

The interplay between physical and financial health suggests that employers who don't offer financial wellness programs may want to reconsider. Researchers have found that even small changes in socioeconomic position can impact health risk, with incremental increases in income associated with improved health.<sup>4</sup> Drawing conclusions from a review of hundreds of published research papers from across Europe, researchers from the U.K.'s Joseph Rowntree Foundation (JRF), which works to solve poverty in that country, stated "the papers, in our view, advance the case for the robust associations between measures of adverse psychosocial environment and ill health, as they are based on comparative studies across several European countries and as they combine different types of study designs."<sup>5</sup> Moreover, they add, "it is clear that there are complex chains of exposures and pathways between income and health" across an individual's lifetime.

The JRF report goes on to say that two broad paths are believed to link a person's financial situation to their health. "The first is that living on low income is stressful," it says, and the second is that "people may use some unhealthy behaviors such as smoking or drinking alcohol as a way of coping with difficult situations."

The report also notes that consequences can flow both ways: poor health can lead to low income. That can happen when ill health prevents someone from working, for example, or when poor health in childhood has a negative impact on someone's education, which in turn impacts their employment opportunities and earning potential later in life.

All these findings, the foundation says, help explain why it is difficult to improve health behaviors through initiatives that only target specific risk factors or deliver single interventions. It considers such narrow initiatives "in danger of being insufficiently comprehensive to yield anything more than modest benefits."

The findings also help to explain why employers are increasingly adding financial wellness benefits to supplement their health wellness programs. Research is beginning to demonstrate that financially healthy employees are more likely to be productive employees. A 2017 study by PWC, for example, found that 30% of employees report being distracted by their finances at work. Additional research by Prudential, looking at its own workforce, has determined that employees experiencing financial stress lose a full week of productivity annually. A forthcoming Prudential paper, "A Return on Wellness," documents that employers who help their employees improve their financial wellness may consequently receive positive monetary benefits in the form of fewer delayed retirements, increased employee productivity, lower healthcare costs, and lower rates of absenteeism, employee turnover and employee disability.

4. Marmot, M. (2004) *The status syndrome: How your social standing affects your health and life expectancy*. London: Bloomsbury

5. Joseph Rowntree Foundation, "How Does Money Influence Health," by Michaela Benzeval, Lyndai Bond, Mhairi Campbell, Mathew Egan, Theo Lorenc, Mark Petticrew and Frank Popham, March 2014

## By the Numbers: Health and Wellness Benefits

**Employers offer a wide range of health-related wellness benefits.** Among 18 health wellness benefits looked at in the survey, the most commonly used are those that require relatively little effort or commitment on the part of employees. The least offered and least used tend to be those that apply to only a subset of the employee population, such as a lactation room and smoking cessation or substance abuse programs.

**Flu shots are the most commonly offered and most often used health benefit,** with 76% of survey respondents saying their employer makes shots available and 49% saying they've received them in the past year. The other most common health benefits, offered by more than 60% of all employers, include wellness challenges (e.g., forming a team to walk the most steps), health assessments (self-administered quizzes), free or discounted health screenings, emotional/mental health counseling, and discounted or free fitness/gym memberships.

**For the most part, employers seem to be offering the types of wellness benefits employees want.** The benefits most commonly offered tend to have the highest usage rates. But there are a few exceptions. Healthy foods and snacks in cafeterias and vending machines are only available to 57% of employees but are one of the most used benefits by those with access to them, with almost 61% of those employees taking advantage. Meanwhile, an onsite gym or fitness facility is offered to 48% of employees, but it is used by almost half the number of those who have access to it—the fifth-highest percentage.

**In most cases, where a benefit is not offered, a majority of survey respondents say they are not interested in them.** The exceptions are health screenings and access to healthy snacks and foods at work, where slightly more than half of employees who don't have those benefits say they would like to have them.

**Topping the list of health wellness benefits that are not offered but are most wished for are onsite health clinics, onsite dieticians, and standing desks—**with roughly one-third all of survey respondents saying they don't have those benefits now but wish they were offered.

**While there is some debate about whether offering incentives to employees to use wellness programs works, the survey demonstrates that incentives and benefit use are correlated.** Workers who use their wellness benefits are much more likely to be eligible for various incentives than those who don't use their benefits. Overall, 65% of users say they receive incentives, versus just 31% of non-users.

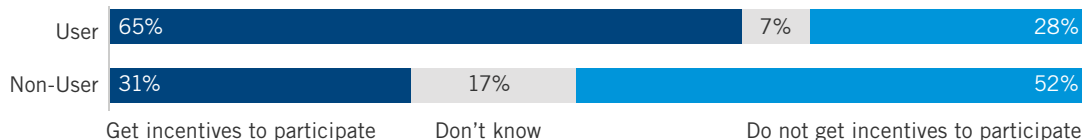
**Workers who take advantage of health wellness benefits tend to think more highly of their employers.** They are significantly more likely than non-users to trust their employer to have their best financial interest at heart (60% versus 45%), always look out for them (64% versus 52%), and always do what's right (64% versus 56%).

**Workers who don't use health wellness benefits cite a variety of reasons.** Twenty-six percent say they have insufficient time, 21% say they already have access to the tools and programs they need to manage their health outside of work, 20% say they don't want to spend any extra money to use them, and 17% say the benefits they're offered are not specific to their situation.

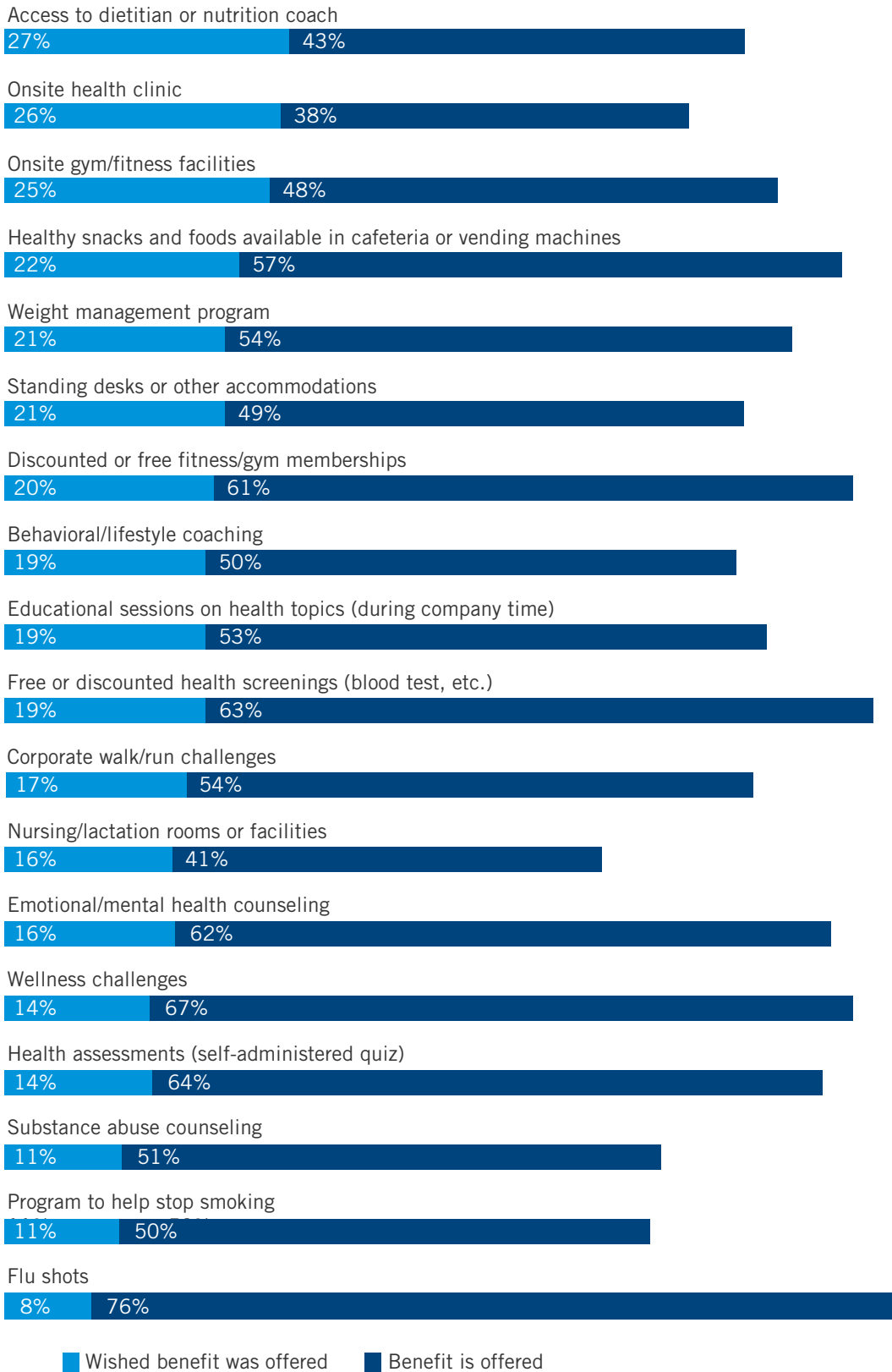
*Incentives may promote use of health and wellness benefits; users are more likely to receive incentives for their participation than non-users.*

## INCENTIVES DRIVE BENEFITS USAGE

### Health and Wellness Benefits



## HEALTH WELLNESS BENEFITS MOST OFFERED AND WISHED FOR



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## By the Numbers: Financial Wellness Benefits

**Financial wellness programs are most common among larger employers and those located in the West.** Forty-eight percent of workers at large companies (25,000 or more employees) say their employer offers financial wellness benefits, versus 37% who work at small companies (fewer than 100 employees). Forty-six percent of workers located in the West say their employers offer these programs, versus 37% in the Northeast, 39% in the Midwest and 40% in the South.

**As with health and wellness benefits, employers offer a wide array of financial wellness benefits.** The most common offerings are paid family leave, offered by 71% of employers, retirement planning tools (66%), disability income insurance (63%), long-term care insurance (56%) and accident insurance (53%). Of those, retirement planning tools are the most commonly used (by 36% of workers), followed by paid family leave (27%).

**However, employers do not appear to be doing quite as well at meeting their employees' appetite for financial wellness programs as they are with health wellness programs.** There is a fairly long list of financial wellness benefits workers would most like to have offered that are currently not widely available, led by identity theft protection, after-tax emergency savings accounts, and financial coaching services, each cited by about a third of workers. Nearly a third of workers also expressed a desire for financial education classes, online financial management tools, digital financial advice and planning, accrued wage advances, low interest loans, and debt consolidation/payment programs.

**Incentives for using financial wellness benefits are fairly rare.** In contrast to health and wellness benefits, where almost three-quarters of users say they get incentives, about half of workers say they receive no incentives for participating in financial wellness programs, and about 18% add that they aren't aware of any. Among a list of specific types of incentives that are offered, none were cited as being available by more than 21% of workers. (By contrast, a recent survey by Office Team found that 43% of employers offer incentives for use of health and wellness programs.<sup>6</sup>)

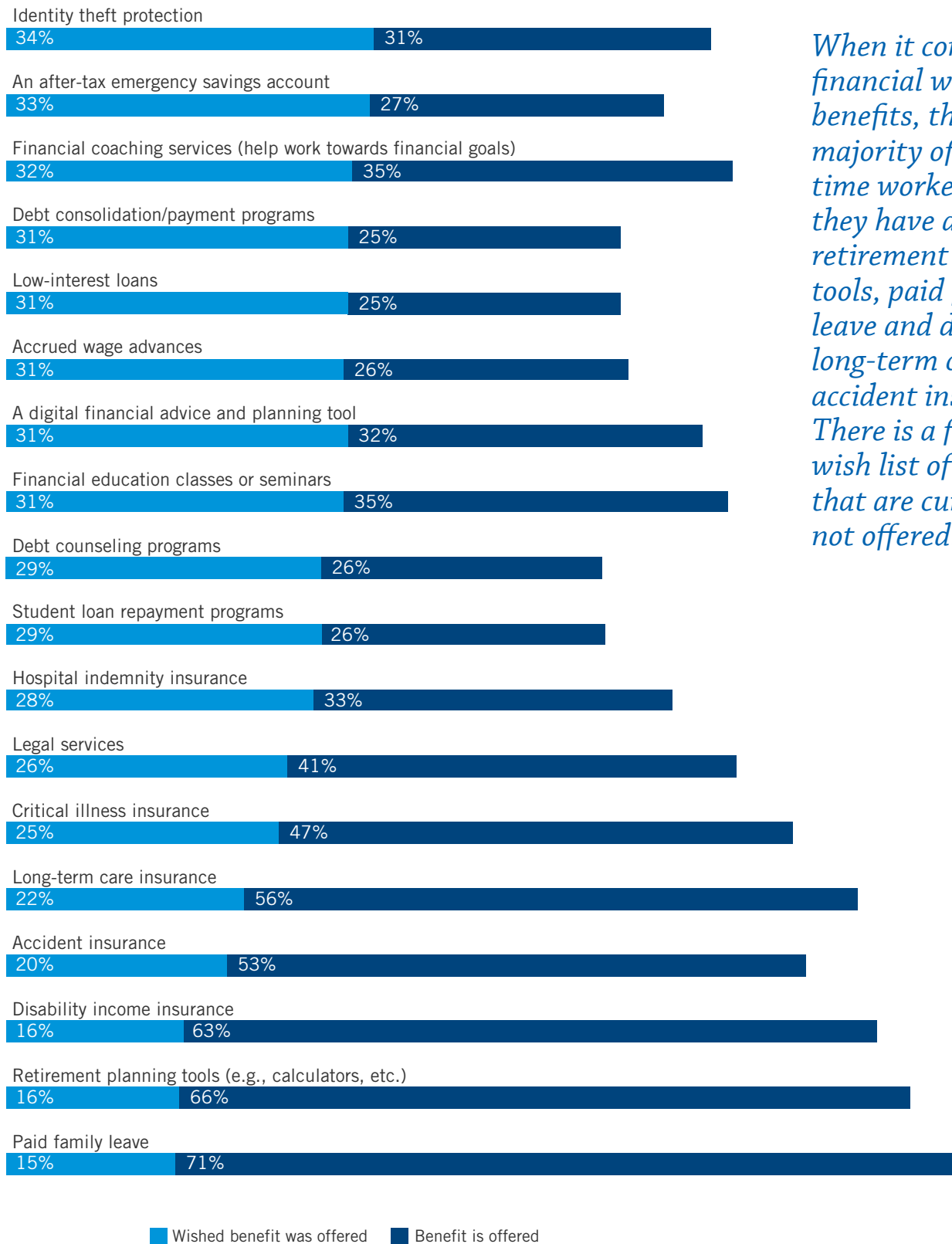
**A majority of workers with access to financial wellness benefits are satisfied with their employers' offerings,** with 59% saying they are somewhat or extremely satisfied, versus 25% who are somewhat or extremely unsatisfied. Among all survey respondents, 81% say they are likely to use financial wellness benefits next year if offered by their employer.

**Workers who say they're unlikely to use their employer's financial wellness tools most commonly say they already have what they need or that the offerings aren't specific to their situation—**or that they have concerns about workplace privacy (cited by 24%, 23% and 21% of respondents, respectively).

6. Half, Robert. Prioritizing Workplace Wellness. The Robert Half Blog. January 4, 2015. <https://bit.ly/2WdUUkE>



## FINANCIAL WELLNESS BENEFITS MOST OFFERED AND WISHED FOR



*When it comes to financial wellness benefits, the majority of full-time workers say they have access to retirement planning tools, paid family leave and disability, long-term care and accident insurance. There is a fairly long wish list of services that are currently not offered.*

## Users of Financial Wellness Programs Report Greater Financial Security

We've already seen that workers who use financial wellness programs report lower levels of stress. But the survey also probed workers to share what's causing their stress and how it might be impacting their financial health and their outlook on the future.

**Workers say the most common drivers of financial stress are concerns about not saving enough for retirement or emergencies, and not paying off their debt quicker.** They also indicate that not having access to financial wellness programs could be exacerbating their worries. Among those with access to financial wellness benefits, 40% are worried about retirement savings, 34% about paying down debt, and 32% about not having an emergency savings fund. Those figures shoot to 46%, 44% and 42%, respectively, for workers without access to financial wellness benefits. Workers with access to financial wellness benefits are also less likely than those without access to say they're stressed by struggles to keep up with everyday expenses (24% versus 32%) and healthcare costs (23% versus 31%).

**Workers without access to financial wellness benefits also worry more about their current and future finances than those who have access.** Twenty-seven percent of workers without access to benefits say they worry a lot about current finances, and 28% say they worry a lot about their financial future. Among those with access to financial wellness benefits, the comparable figures fall to 18% and 19%.

**Taken together, these concerns leave workers with access to financial wellness benefits more than twice as likely as those without them to describe themselves as being financially secure** (21% versus 9%) and significantly less likely to say they're struggling financially (24% versus 38%).

**Finally, workers with access to employer-provided financial wellness benefits are more likely to be optimistic about their financial future.** Forty-four percent with such benefits are highly optimistic, versus 32% of those without access.

## Takeaways for Employers

Workers attach significant value to their health wellness programs. Seventy-four percent who use their employer's health wellness benefits say that simply having those benefits available helps them feel less stressed overall. Fifty-six percent of workers who don't use their benefits agree, suggesting they see value in having them available just in case they're needed. These workers may not require mental health counseling or a lactation room today, but they may take comfort knowing those benefits will be there for them if or when necessary.

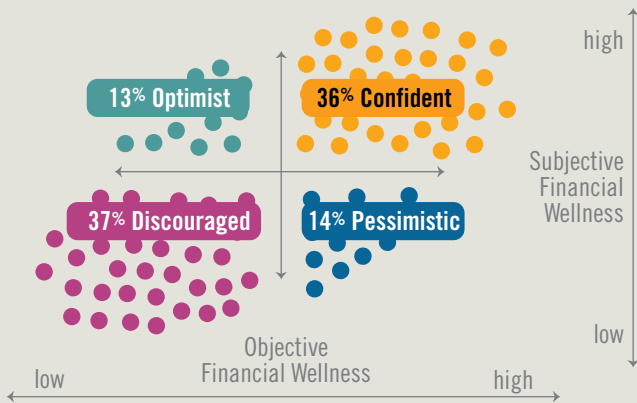
That said, it behooves employers to do as much as they can to align their benefits offerings with what employees want. Seventy-six percent of survey respondents who use their health wellness benefits report that they are somewhat or extremely satisfied with their benefits programs. But that number falls to 58% among respondents who aren't using their benefits.

In fact, workers who take advantage of their workplace health wellness benefits tend to view their employers more favorably than non-users, which can be an important factor in reducing employee turnover. Users of those benefits, as noted, are significantly more likely to trust their employer to have their best financial interest at heart, always look out for them, and always do what's right.

This research suggests that workplace health wellness programs, and financial wellness programs, can make a difference in the lives of American workers. It suggests these programs can help workers become healthier, less stressed, and perhaps have a more positive view of their employers. In turn, healthier workers with fewer financial stresses are likely to be more productive, miss fewer days of work, and incur fewer healthcare costs.

## The Correlation: Worker Health and Financial Wellness Programs

Do financial wellness programs lead to financially healthier workers, or do financially healthy workers tend to gravitate to employers who offer financial wellness benefits? While this research does not establish causality, it does establish a correlation: Workers who are financially well by both objective and subjective measures are more likely than other workers to have access to financial wellness benefits through their employers.



As it did in its 2018 Financial Wellness Census, Prudential scored the respondents in this study to map into four distinct groups: Confidents, who are financially healthy by both objective and subjective measures; Pessimists, who are financially healthy by objective measures but nonetheless perceive their financial situation to be troubling; Optimists, who have low objective financial health but are nonetheless optimistic about their financial health; and the Discouraged, who rank low by both objective and subjective measures of financial health. Fully half the Confidents say they work for an employer who offers financial wellness benefits, versus just 41% of Optimists, 38% of Pessimists and 32% of the Discouraged. Confidents also are most likely to say they've used their employer's health and wellness benefits and that they are satisfied with them—and most likely to use them next year.

All that said, it's clear that attitude plays a role in how workers view themselves. Optimists, who have lower objective financial health, rank near Confidents in being more likely to report themselves in good physical and

mental health, for example, and to stress less over health and finances. More than half of Confidents and Optimists report feeling very healthy physically, versus about a third of Pessimists and the Discouraged. More than two-thirds of Confidents and Optimists also report having very good mental health, versus about half of Pessimists and 40% of the Discouraged.

When asked about their stress levels, the differences are even more striking. Confidents are the group mostly likely to report no financial stress (21%) followed by Optimists (11%). By contrast, nearly all respondents who fall into the Discouraged category report some level of financial stress and from a wide range of sources, led by “not paying off debt quicker” (cited by 55% of the Discouraged) and “not having emergency savings” (cited by 51%). The most common sources of financial stress for the other groups are “not saving enough for retirement” (cited by 36% of Confidents and 61% of Pessimists), and, again, “not paying off debt quicker,” (cited by 43% of Optimists).

Financial health also appears to play a role in determining why some workers do not use the employer-sponsored financial wellness benefits they're offered. Confidents are most likely to say they have access to them elsewhere (39%), while Optimists are most likely to say the benefits are not specific to their needs (35%). Pessimists most often cite their unwillingness to spend extra money to use the benefits (27%), while the Discouraged most often say they don't want anyone at work to know their finances, whether in person or through a digital tool (26%).

Confidents are most likely to describe themselves as being proactive in promoting their physical and financial health, while the Discouraged are the least likely. The biggest discrepancies between the two groups in this area revolve around setting goals to measure progress in their lives, making the investment of time and money in their own wellness a key priority, and simply “taking charge of my own health.” Some of this may reflect their personal makeup; 78% of the Discouraged say they are definitely worriers, versus only 50% of Confidents.

Finally, Confidents are most likely to say the benefits they get from their employer help to make them feel less stressed overall (83% of Confidents, versus 75% of Optimists, 71% of Pessimists, and 56% of the Discouraged).



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