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# Unlocking the Full Potential of Financial Wellness Benefits



Morgan Stanley  
**AT WORK**



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# Speaker



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# Agenda

- 01** Understanding Financial Wellness
- 02** Components of a Successful Financial Wellness Program
- 03** Impact For Your City and Your Employees
- 04** Incorporating Existing Retirement Benefit Programs
- 05** Appendix

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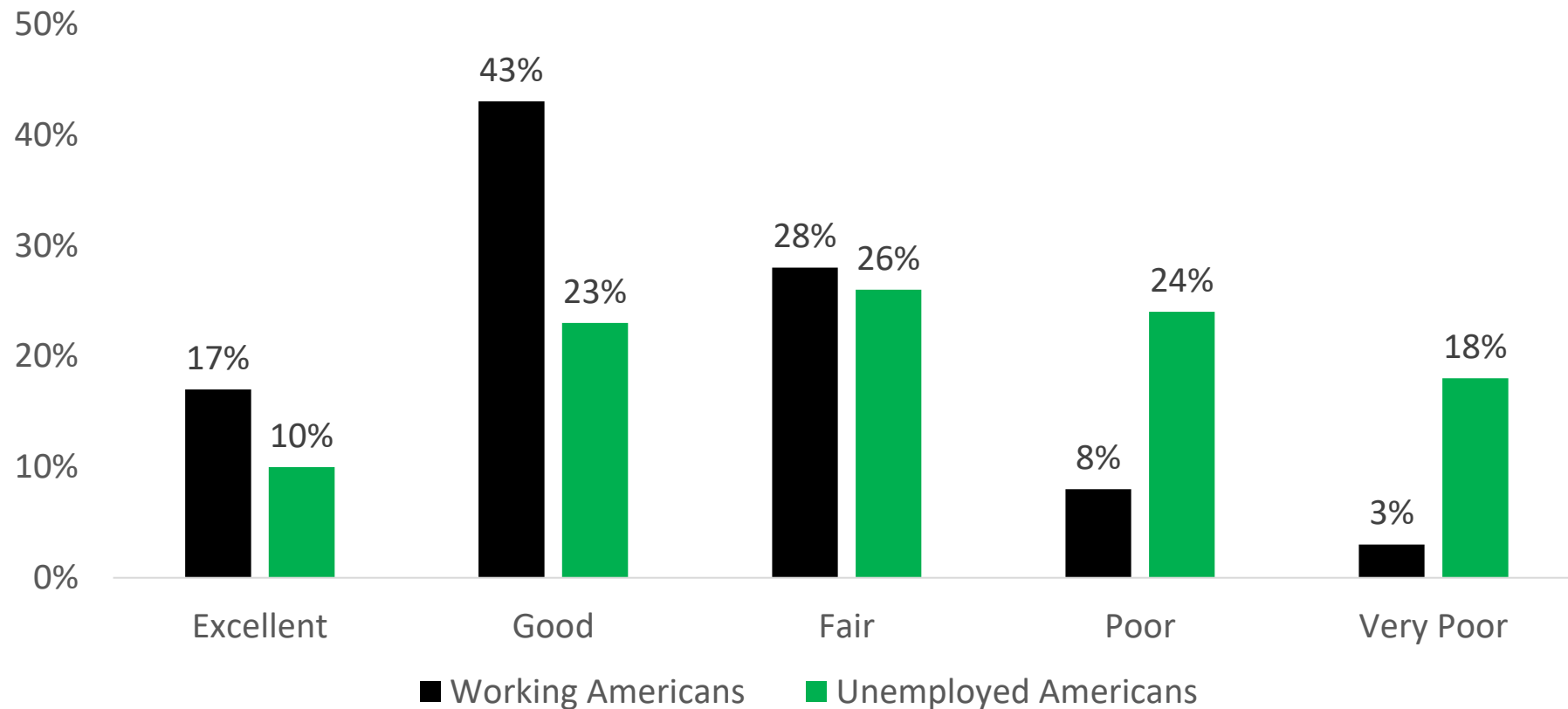
# Understanding Financial Wellness

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# What is financial well-being?

- ✓ Control over day-to-day, month-to-month finances
- ✓ The capacity to absorb a financial shock
- ✓ Being on track to meet your financial goals
- ✓ The financial freedom to make the choices that allow you to live your life

# How Americans View their Financial Well-Being

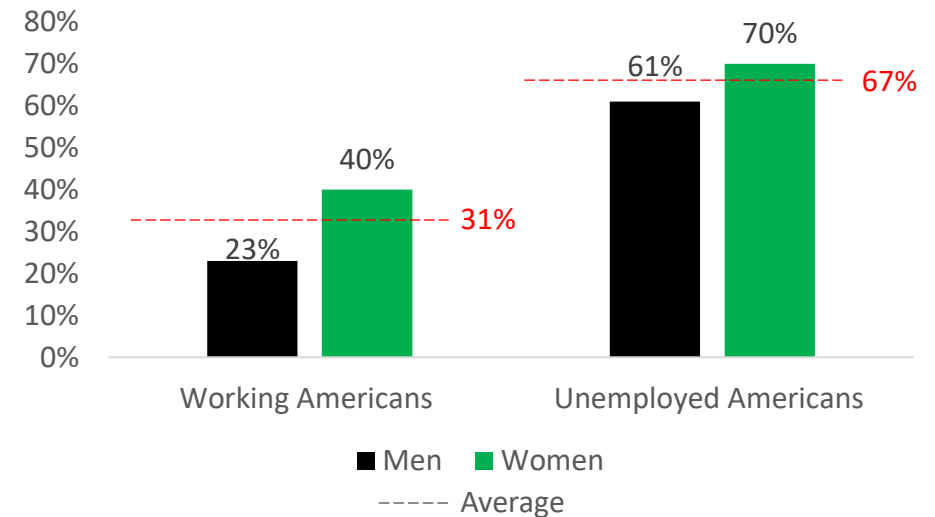


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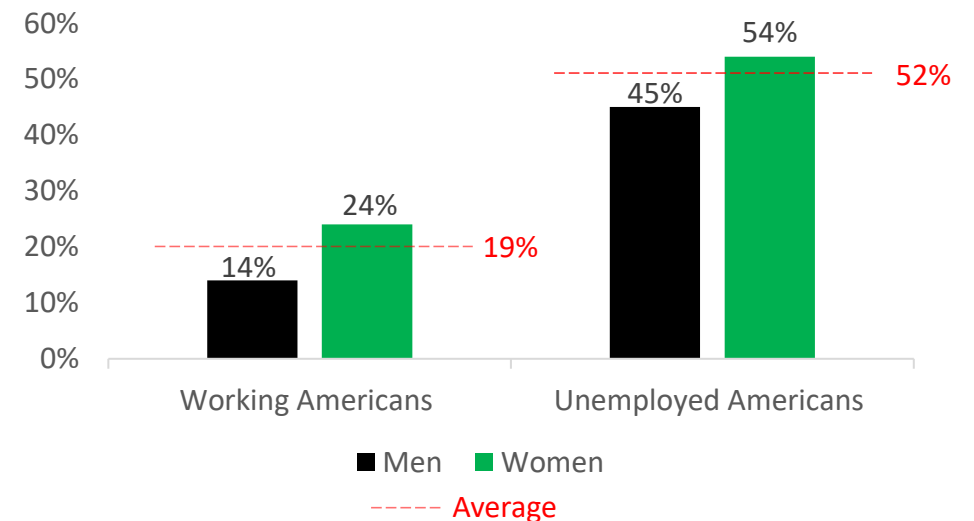
# Financial Well-Being and Mental Health

*\* Only 9% of working Americans say they have talked to a health practitioner (medical doctor, therapist, psychologist) about the health impacts they have experienced due to financial stress \**

### Finance-related Anxiety

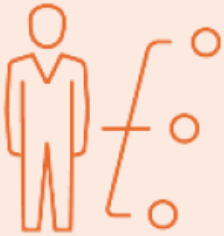


### Finance-related Depression

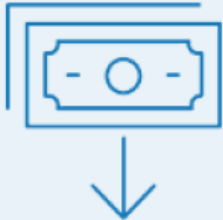


# Employees and HR Leaders Agree Financial Stress Affects Workplace Performance

Current economic impacts have increased financial stress among employees, raising workplace performance concerns.



**83%** of HR leaders worry that employees' financial issues could impact their productivity



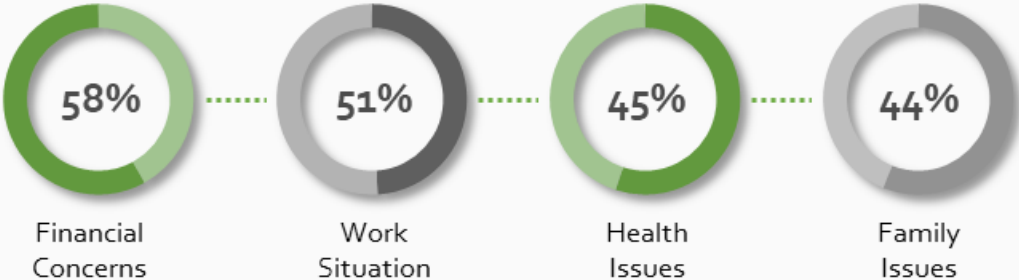
**66%** of employees agree that financial stress is negatively affecting their work and personal life



# What Prevents Your City from Thriving?

## Employees at All Income Levels Are Financially Stressed

How much stress are you experiencing in the following areas of your life? <sup>(1)</sup>



**Over half**

of workers whose households earn \$100,000+ say their finances cause them stress

## Financial Stress Impacts Productivity <sup>(3)</sup>

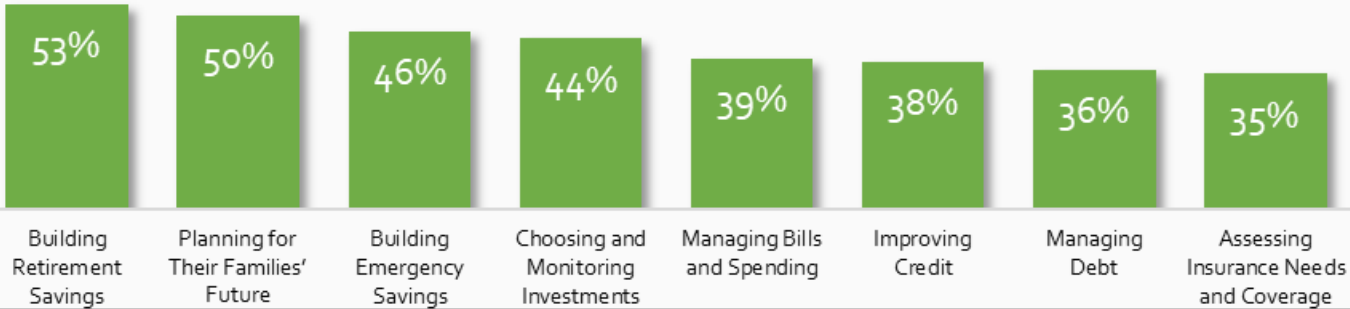


**3 out of 4**

of employees with high financial stress say it distracts them at work

## Employees Have Diverse Financial Needs

Where do employees need help? <sup>(2)</sup>



## Employees Are Looking to Their Employers for Holistic Solutions <sup>(4)</sup>

**74%**

Say it's important for an employer to offer financial wellness benefits

**60%**

Say they would be more likely to stay at a job that provided useful financial wellness programs

Source: Better for Employees, Better for Business: The Case for Employers to Invest in Employee Financial Health, Financial Health Network, 2018. Data comes from a survey of 1,000 U.S. workers employed full-time for companies with more than 500 employees. The survey was conducted on behalf of Financial Health Network in November and December 2018 by Greenwald & Associates, with strategic contributions and financial support from Morgan Stanley.

1. Answered "an extreme amount", "a great deal" or "a fair amount of stress"

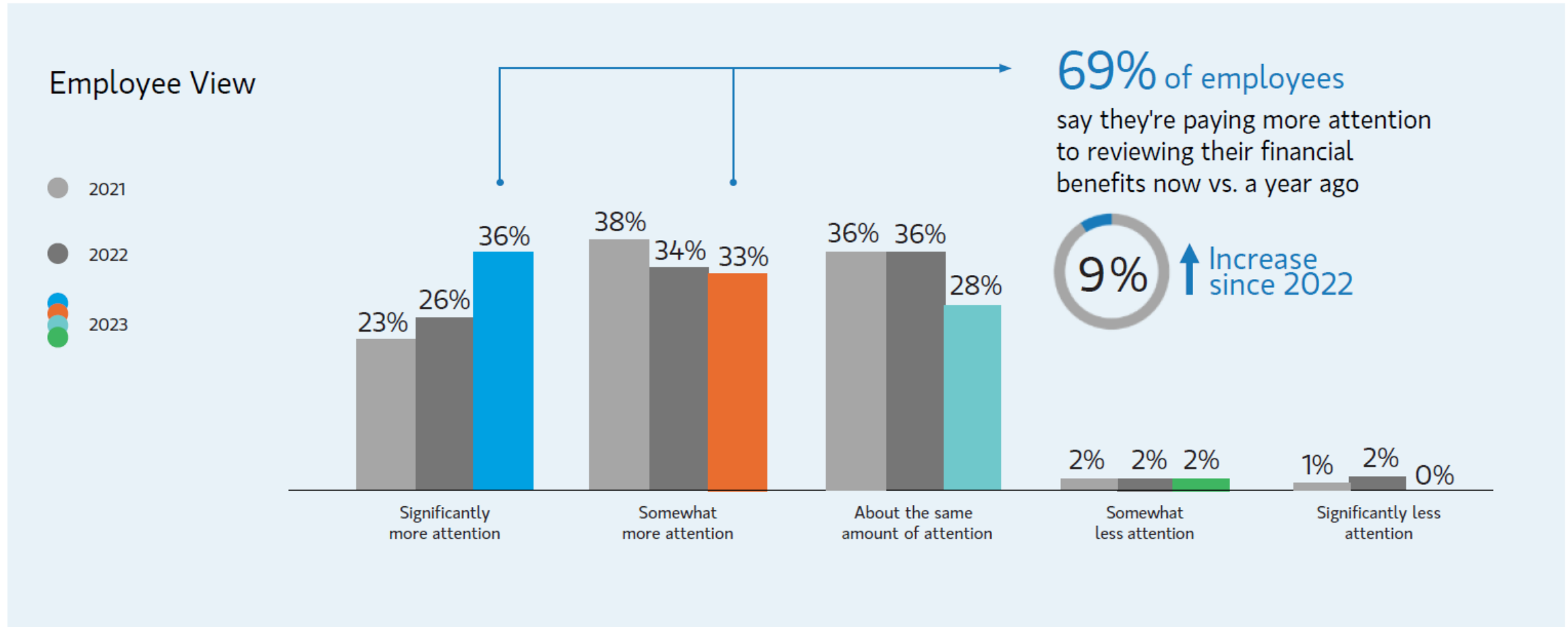
2. Answered "A great deal or some help"

3. Answered "Very often, often, or sometimes"

4. Answered "Strongly agree or slightly agree"

# Benefits in the Spotlight

Employees are now laser focused on financial benefits, paying even more attention than the past two years.



# The Great Resignation and Financial Wellness Benefits

69%

of U.S. workers say the reason they are searching for a new job or plan to over the next few months is **for better benefits.**

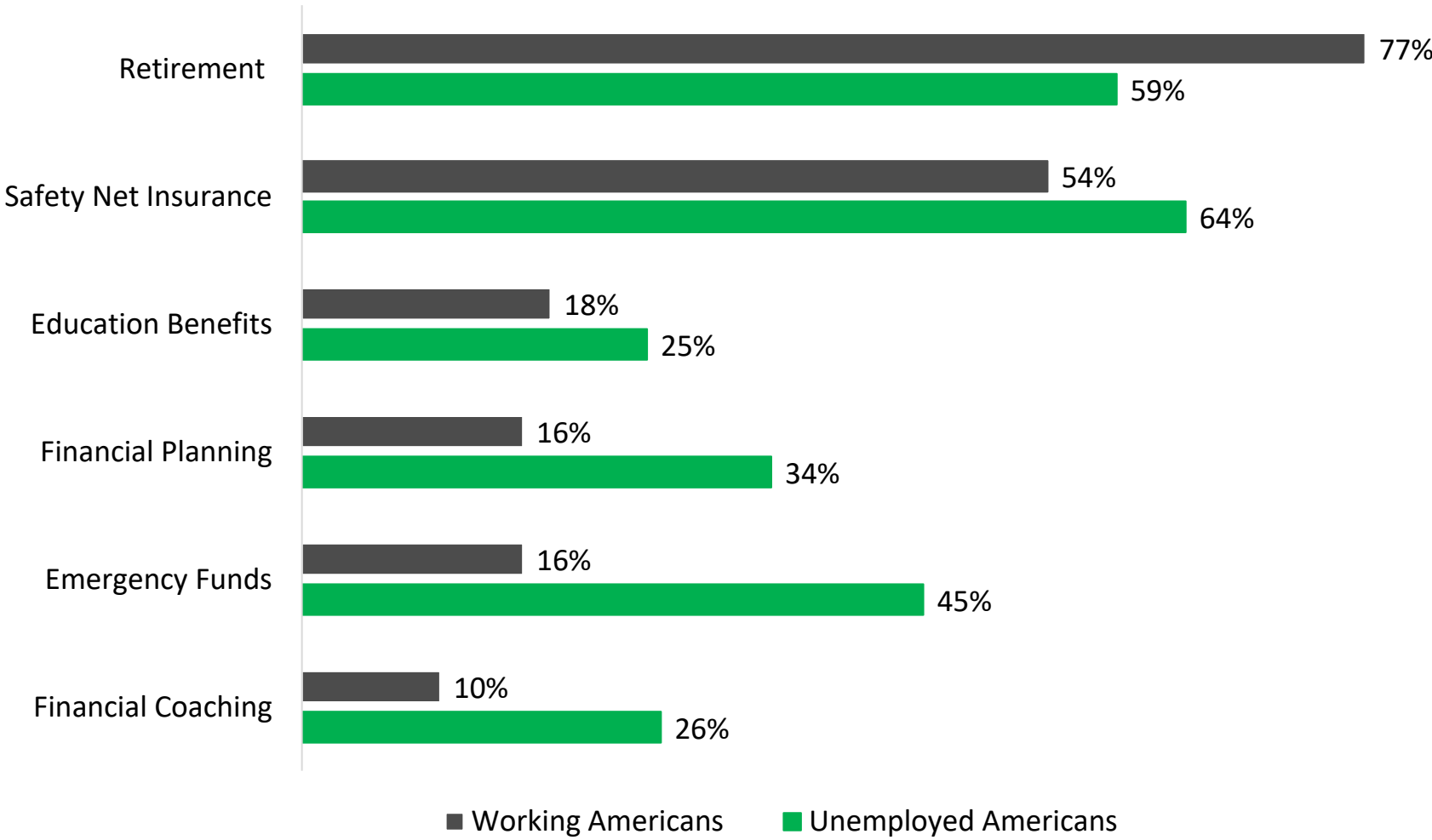


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# Components of a Successful Financial Wellness Program

# Most important benefits

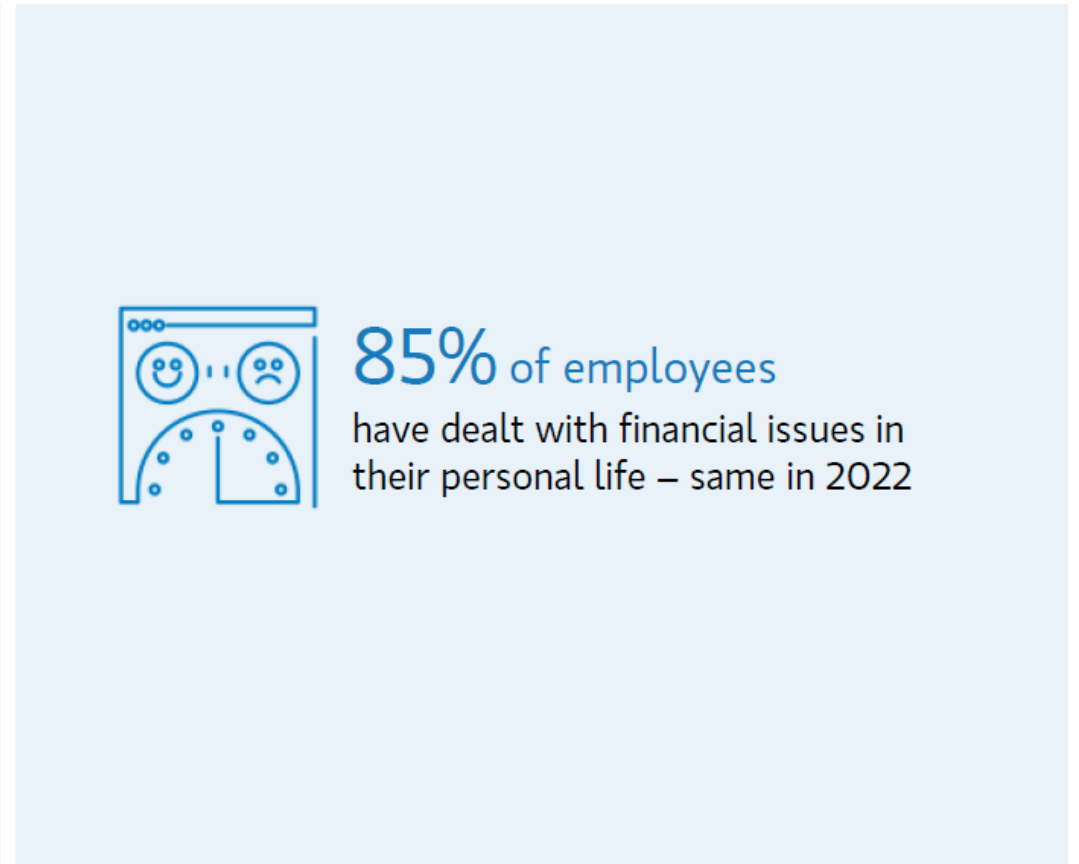
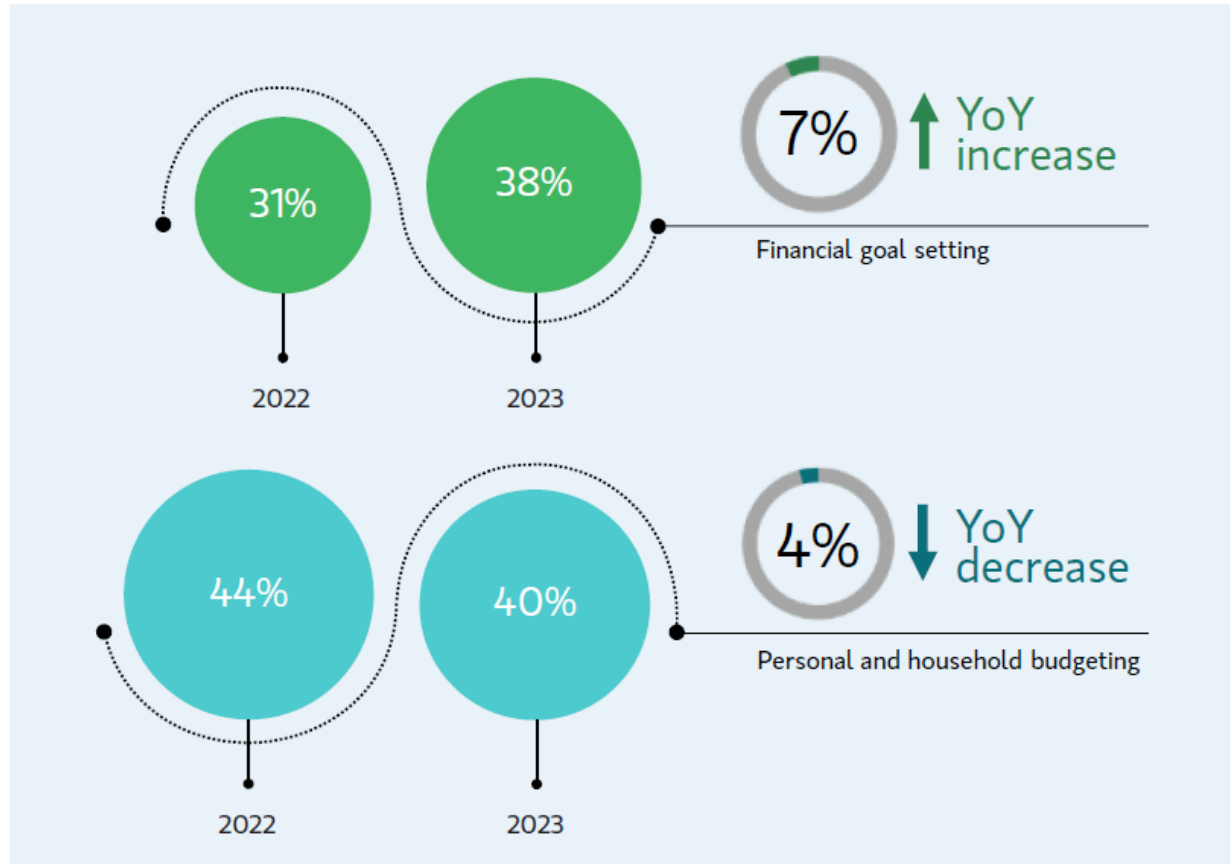
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Source: *Unlocking the Full Potential of Financial Wellness Benefits Report, SHRM and Morgan Stanley at Work, 2021*

# Employees Are Experiencing Financial Issues in Their Personal Life

Employees say the most common struggle they encounter is personal and household budgeting while nearly as many faced issues with financial goal setting.



# Financial Guidance is High Priority for Employees

Demand for retirement planning assistance grew compared to last year, with employees choosing goals-based retirement investment planning, access to a financial advisor, and access to retirement planning tools and calculators as the most beneficial.



**56%** of employees, nearly 3 in 5 employees rank retirement planning assistance from financial professionals as a high priority when choosing where to work



**25%** of employees are included and say it's their top priority



**Financial Needs**

**Vs.**

**Financial Offerings**



# Most Common Financial Wellness Offerings

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**Retirement** (95% of organizations offer)



**Safety net insurance** (89%)



**Education benefits** (45%)



**Financial planning** (35%)



**Financial coaching** (24%)

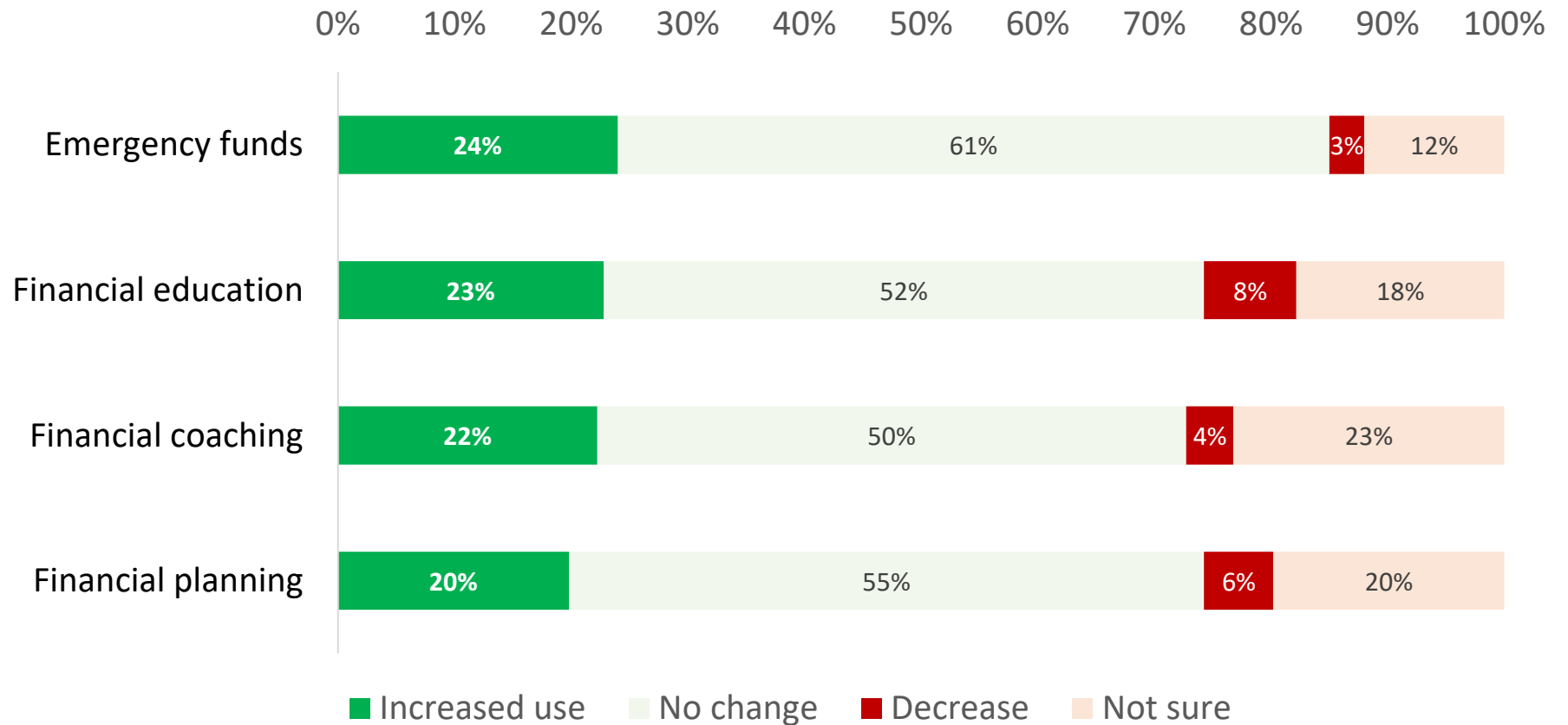
## More common in...

Extra-large organizations (73%)  
Publicly traded for-profit organizations (65%)

Extra-large organizations (47%)  
Publicly traded for-profit organizations (44%)

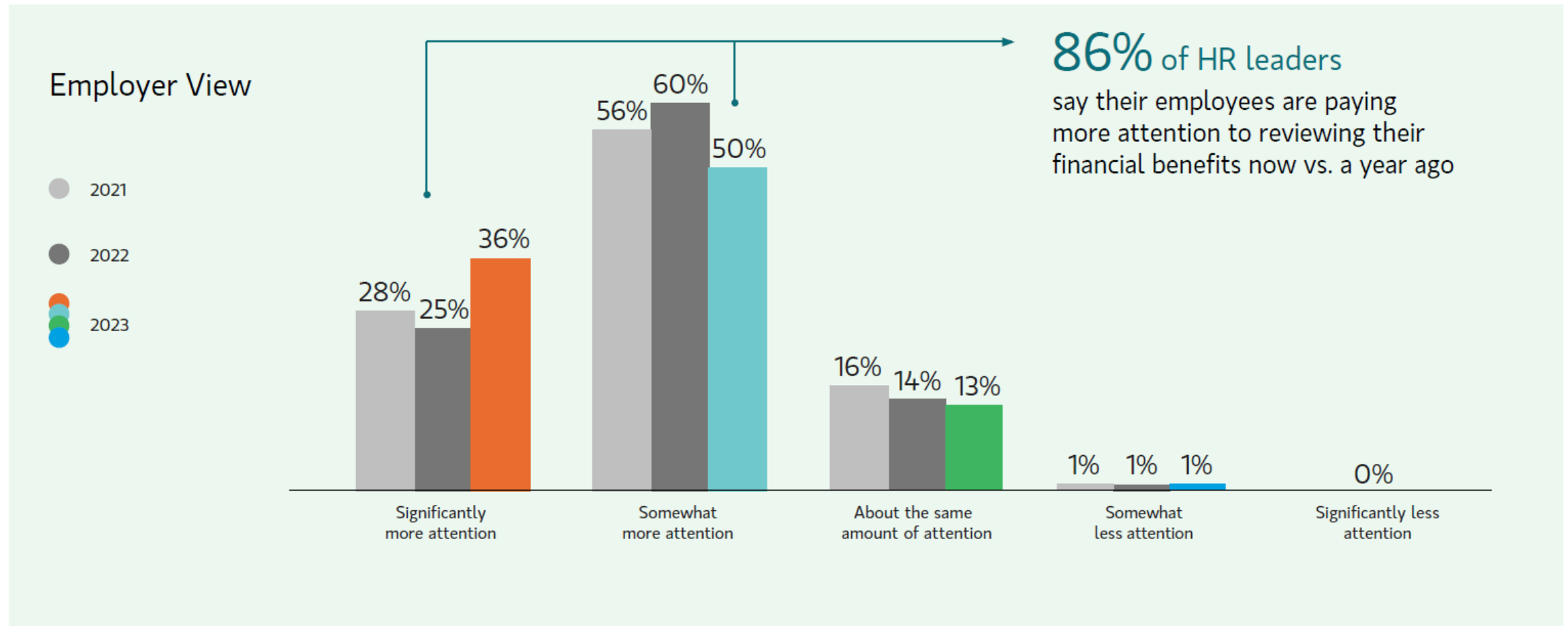
Extra-large organizations (40%)  
Publicly traded for-profit organizations (36%)

# Financial Wellness Offerings and COVID-19



# HR Leaders Know Employees Are Watching

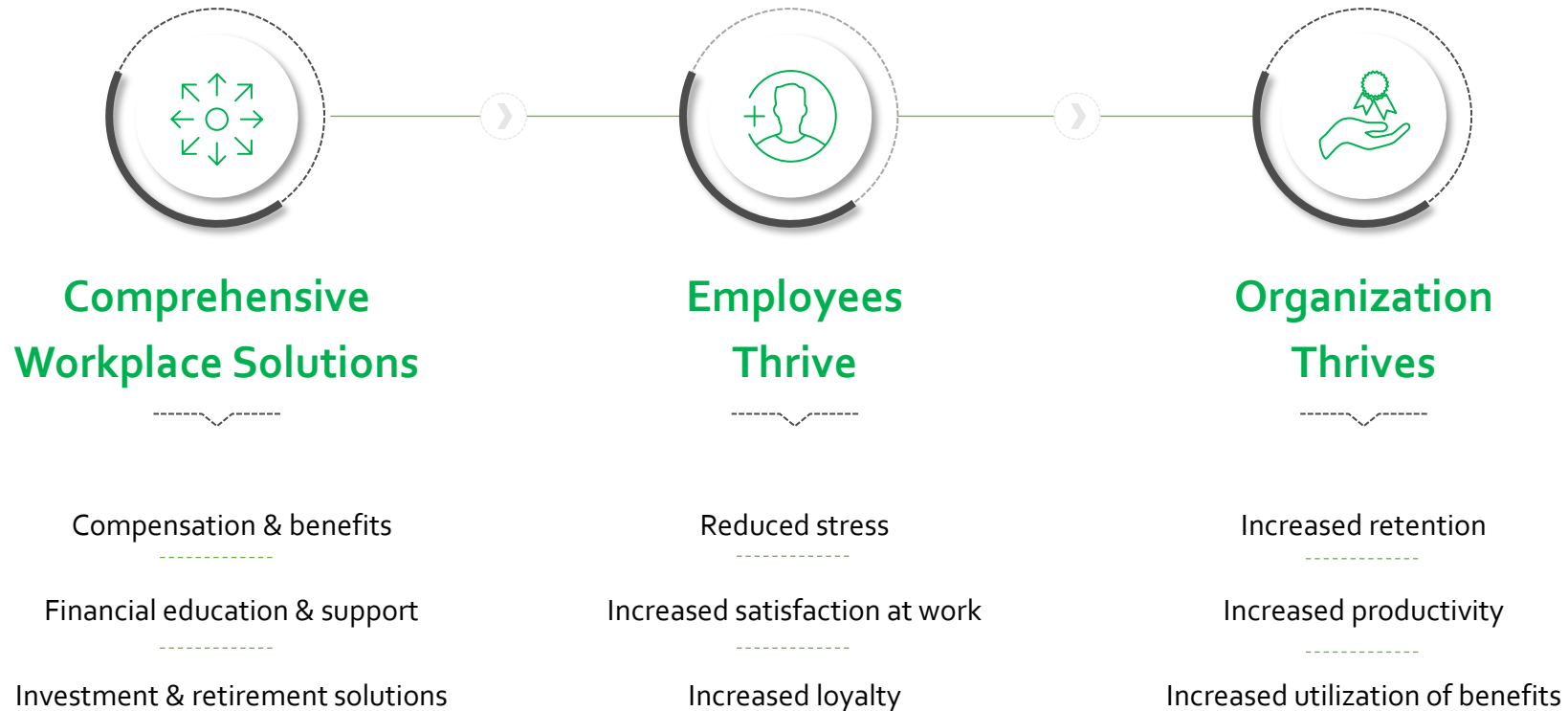
HR leaders also expect employees to spend significantly more attention to their benefits packages.



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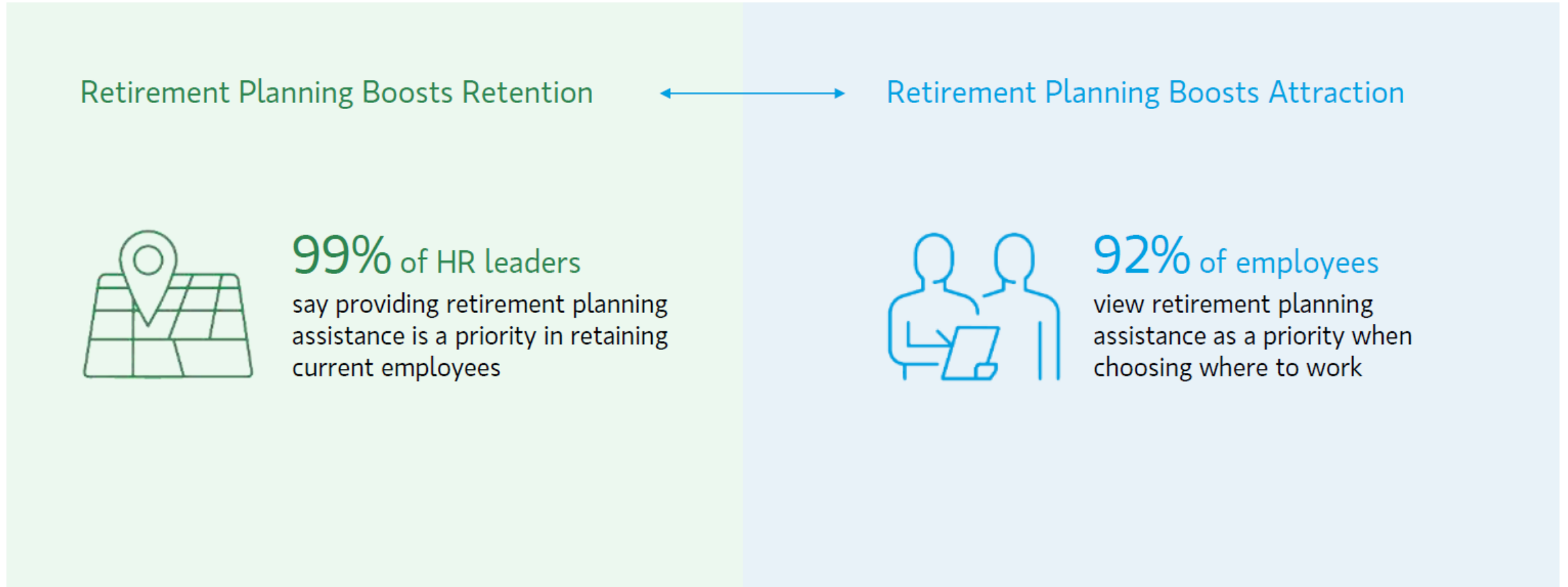
# Financial Wellness – Impact for Employers and Employees

# When Employees Thrive, Employers Thrive Too



# Retirement Benefits Boost Retention and Attraction

Most HR leaders and employees agree that retirement planning resources are a key factor in employment decisions.

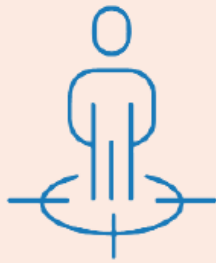
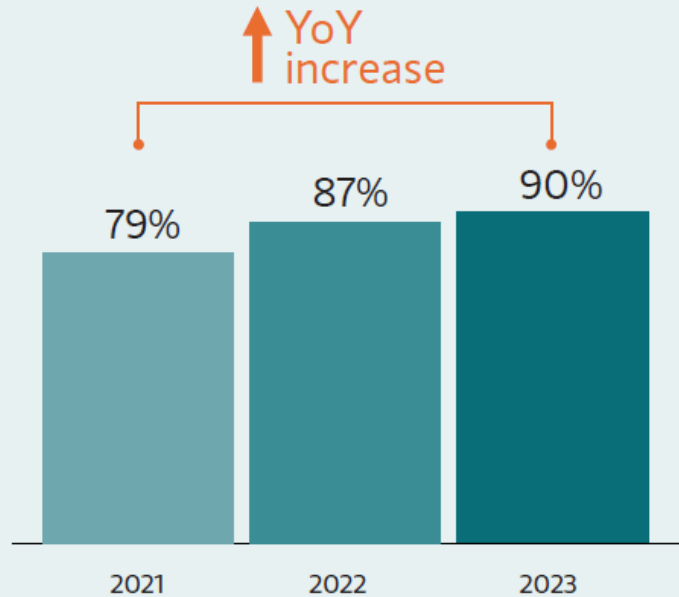


# Financial Benefits Can Drive Retention

While HR leaders fear employees will leave if offered weak benefits, employees will stay for the right package.

**90%** of HR leaders

are worried their employees would leave if their company did not offer competitive benefits

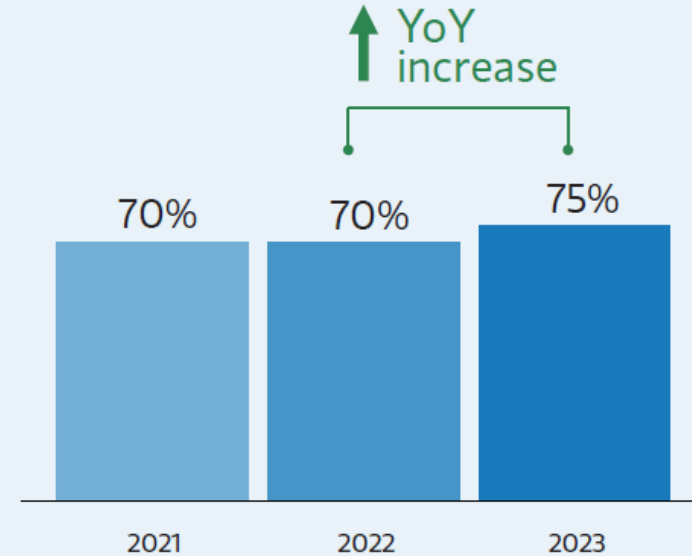


**89%** employees

agree they'd stay for the right financial benefit package

**75%** of employees

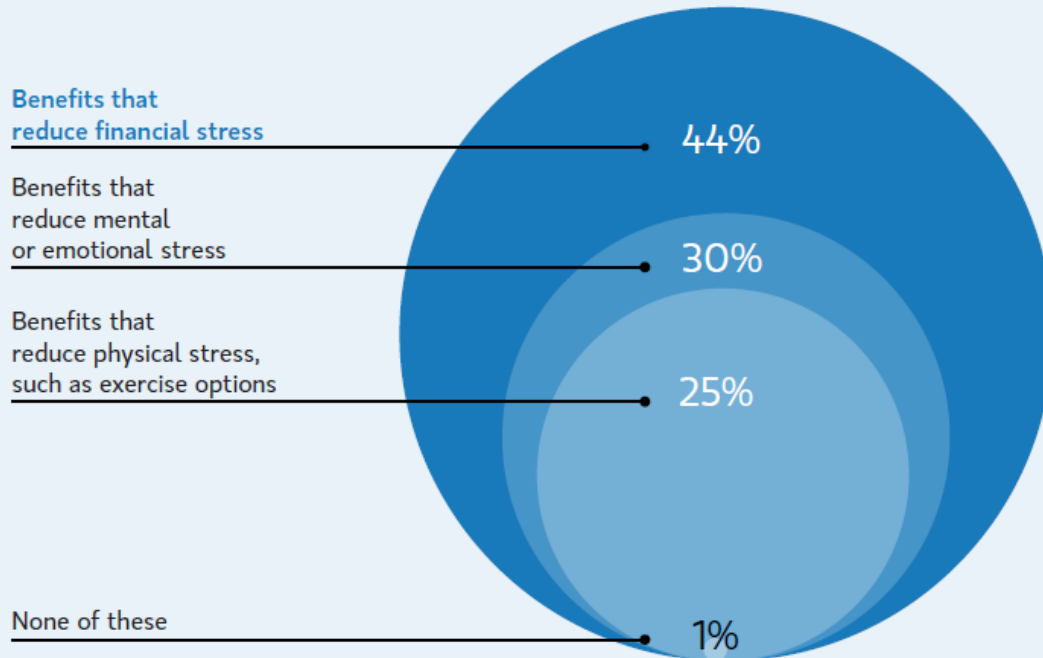
believe financial benefits are essential to meet their financial goals and would be interested in working elsewhere to have those benefits provided



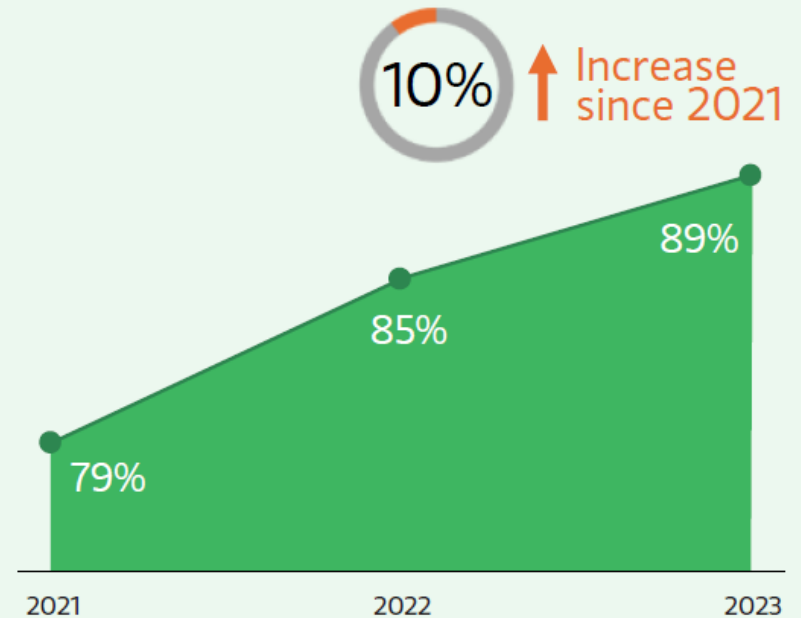
# More HR Leaders are Offering Financial Wellness Benefits

Nearly all HR leaders recognize the influence of benefits in reducing stress and are offering some financial wellness program.

HR leaders see benefits that reduce financial stress as the most influential in job satisfaction



Nearly 9 in 10 HR leaders (89%) say they offer financial wellness programs





# What Now for Employers?

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**Assess** – understand the financial needs of your workforce.



**Strategize** – develop a strategy and identify goals and objectives.



**Plan** – set a budget and decide which benefits/programs fit within the budget.



**Personalize** – adopt a tailored approach. There is no one-size-fits-all solution.



**Communicate** – adopt a compelling rollout and ongoing communication strategy.



**Review** – continuously track and evaluate benefits/programs.

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# Incorporating Existing Retirement Benefit Programs

# Key Insights

In response to financial pressure, more employees have reduced contributions to savings compared to last year and are seeking support from employers



Financial stress is a key concern for employers and employees alike

More than 83% of HR leaders worry that employees' financial issues could impact their productivity, while 66% of employees agree that financial stress is negatively affecting their work and personal life. No wonder nearly 9 in 10 HR leaders (89%) now say they offer financial wellness programs (a 10-percentage point gain over 2021).



Employees continue to scale back savings—especially the young

66% of employees (vs. 62% in 2022) reduced contributions to savings, citing inflation and/or recession concerns—particularly to 401(k) plans, long-term savings, and emergency and short-term savings. Gen Z (78%) and Millennials (80%) especially scaled back on contributions compared to their Gen X (58%) and Boomer (40%) counterparts.

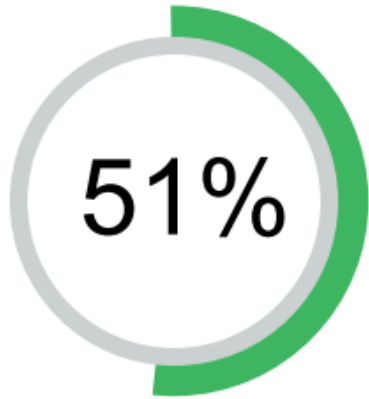


Wanted: financial advisory

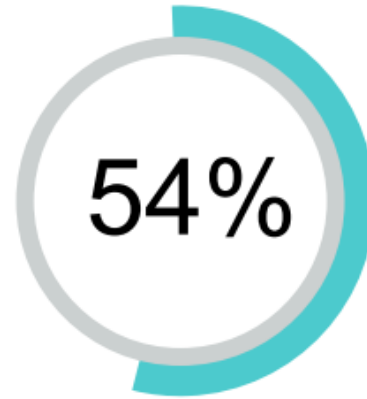
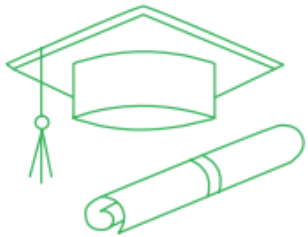
Nearly 3 in 5 employees rank retirement planning assistance from financial professionals as a high priority when choosing where to work—including 25% who say it's their top priority. HR leaders agree, with 84% citing retirement planning assistance as a high or top priority in retaining talent.

# The Importance of Personalization

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**Financial Education**



**Financial Coaching**



**Financial Planning**



# Action Ideas

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Financial Wellness and retirement benefits are interconnected. Consider integrating a Financial Wellness program with your existing retirement program.



Develop a rollout for Financial Wellness that includes the 457 Plan and any other Defined Contribution Plans.



Develop an employee onboarding process that incorporates Financial Wellness (i.e. financial literacy training) including education about your existing retirement benefit programs.



Establish a consistent communication strategy that includes live webinars and continuously aims to connect employees to targeted digital content.

# Resources

Please scan the QR code to access the full research report.



[research.shrm.org/fwb](https://research.shrm.org/fwb)



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# Primary Data Sample

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**1,000**

U.S. Workers

**1,000**

Unemployed  
Americans

**1,205**

HR Professionals



# Methodology



The data from the Morgan Stanley at Work State of the Workplace Financial Benefits Study comes from a survey of 1,000 U.S. employed adults and 600 HR executives.

Quotas were set for both audiences to match representative distributions, including for company size, benefits status and seniority.

The survey was conducted on behalf of Morgan at Stanley at Work using an email invitation and an online survey between March 16–22 and April 6-12, 2023 by Wakefield Research ([www.wakefieldresearch.com](http://www.wakefieldresearch.com)).

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