Rebalancing the Pillars of Wellness to Drive Better Outcomes

Brightside | HR DIVE

Custom content for Brghtside by studioID

The traditional four pillars approach to employee well-being has the right elements, but they're not all equal. Investing in financial health should be the top priority, or efforts to deliver physical, mental and social well-being will fall short.

A knee injury was causing Brenda to miss a lot of work at her retail job. On days when she dragged herself in despite the pain, standing for hours only made the situation worse. Add to the physical pain Brenda's mounting anxiety over her financial dilemma: She couldn't afford the surgery her doctors were prescribing, nor could she afford to lose her job due to her absences.

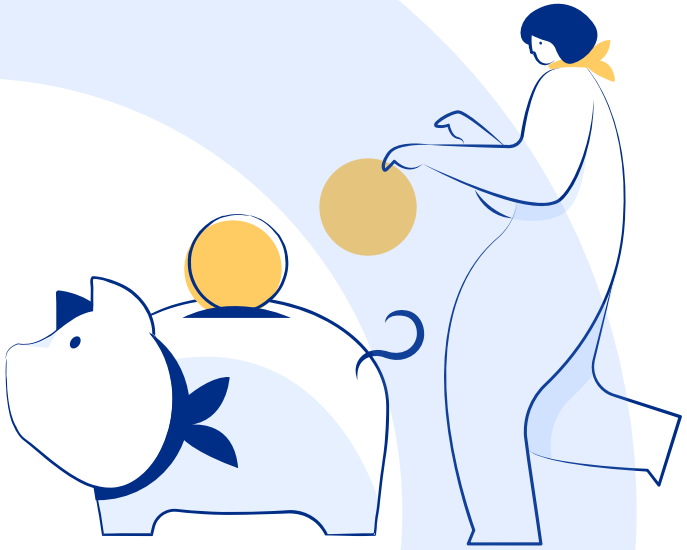
Co-workers at the store weren't happy either. They had to take up the slack for Brenda, changing their own work schedules when she called in sick. Meanwhile, her employer fretted over how to manage the disruptions Brenda's absences caused in order to minimize their impact on the company's bottom line. The biggest financial hit could come if Brenda quits her job altogether: In a conservative estimate, Gallup pegs the cost of replacing one employee in the range of one-half to two times the person's annual salary.

Brenda is not alone with her financial stress, two-thirds of U.S. adults say that money is a major source of stress in their lives, according to a 2020 survey by the American Psychological Association. The figure jumps to 73% for those with household incomes under $50,000.

These kinds of statistics often prompt employers to think more about the issue of employee wellness. They recognize that the physical, emotional, social and financial health of employees are linked—and that problems in any of these areas can reduce productivity and hurt the organization's bottom line. The traditional view of the four pillars of well-being is that they are equal components in the structure of overall wellness, but our research reveals their true hierarchy. If an employee has poor financial health, the remaining three pillars collapse. Financial strain causes workers to delay medical care, which worsens their physical health. It also can cause them to experience more emotional stress and limits health-boosting social interactions.

FOUR PILLARS OF WELL-BEING

Physical Health
Emotional Health
Social Health
Financial Health



72% say they would be tempted to leave their current employer for another that cares more about their financial well-being.

Financial Stress Impacts Every Aspect of Well-Being

In PricewaterhouseCoopers' (PWC) 2021 Employee Financial Wellness Survey of more than 1,600 employed Americans in various industries, they found the impact of financial stress on workers' lives is far-reaching—and the pandemic has piled on more money worries.

Sixty-three percent of surveyed employees say their financial stress has increased because of COVID-19. Of that group, 42% say their financial problems are distracting them at work, and 57% have put off addressing a health issue because of the cost. And in what should be a wake-up call to any employer still ignoring the issue, 72% say they would be tempted to leave their current employer for another that cares more about their financial well-being.

When financial stress is high, physical, mental, and social well-being suffers profoundly. Without foundational financial health, efforts to support the other pillars will have little effect.

Impact of Financial Health on Physical Well-Being

Financial stress adds 30% to U.S health-care costs because it makes employees (and their families) sick and keeps people from getting better. Financial barriers are by far the biggest reason people fail to get the right care early, which ultimately leads to more hospitalizations.

A Harris poll conducted on behalf of the American Payroll Association found that 63% of workers would find it at least somewhat difficult to meet their financial obligations if their paychecks were delayed by a week. This kind of financial fragility forces workers to struggle to pay bills and to make difficult choices that may put their overall well-being at risk.

"They're about to skip buying their medication because there's just not enough money in the bucket left until the next paycheck. And they're facing something else that seems more pressing, like preventing the lights from getting turned off in their apartment."

Sophie Raseman
Head of financial solutions at Brightside, a pioneer in employer-based financial care.

Unfortunately, this is an all too familiar story for many American workers. Delayed health care is more expensive health care. Whether patients are not filling their meds because they can't afford them (8% of adult Americans), skipping a doctor visit when they are sick (40% of Americans say they do this for financial reasons) or deferring a scheduled procedure (25% of Americans in 2019). None of this is surprising, given the shift to high-deductible health care plans and the fact that 55% of Americans (and 60% of millennials) don't have $500 to cover an unexpected expense.

Brightside

Impact of Financial Health on Mental Well-Being

While financial stress affects health through skipped medications and doctor visits, it also causes sickness. A study reported in the journal Social Science & Medicine revealed a link between financial stress and poor mental and physical health outcomes. Not only is poor financial health associated with increased risk of depression and anxiety, the study specifically found objective evidence of associated heart disease risk factors and diagnosed cardiovascular disease.

"Financial stress can cause acute episodes of stress, like the panic that sets in when somebody learns that they might be evicted or their car might be repossessed. They go into a kind of hyper stress mode that can last until they have a solution to the problem."

Lucy English Ph.D.
Head of measurement at Brightside

Brightside

Impact of Financial Health on Social Well-Being

Several studies have also looked at the impact finances have on relationships. A study from the Journal of Financial Therapy looked at financial stress and marital quality and not surprisingly, found that financial stress predicts lower levels of marital satisfaction, higher levels of marital distress, decreased marital quality and higher rates of divorce. A survey from AICPA had similar findings, reporting that nearly three in four married or cohabitating Americans say financial decisions are a source of constant tension in their relationship. Those with kids in the home were twice as likely to say financial decisions have caused relationship tension more frequently since the pandemic began.

Nearly three in four married or cohabitating Americans say financial decisions are a source of constant tension in their relationship.

With nearly two-thirds of U.S. adults reporting money as a major source of stress in their lives, according to a 2020 survey by the American Psychological Association, and the far-reaching impact financial stress has on employees' physical, emotional and social well-being, it's time employers reevaluate the role that financial health plays in their overall well-being strategies.

The Solution Requires a Better View of the Problem

Creating an effective well-being strategy isn't as simple as reprioritizing your financial wellness initiatives. Solutions focused on financial wellness have been around for decades and unfortunately have failed to deliver results. Financial wellness contrasts with Financial Care, which is a holistic approach to individuals' needs, with real solutions supporting everything from acute issues to long-term planning.

In hindsight, perhaps it isn't surprising that financial wellness solutions haven't engaged many employees given they generally have a heavy emphasis on generic education and have been designed for those who are already financially healthy.

Research shows that programs that have traditionally focused on education and retirement planning are missing the mark. In a 2019 financial wellness survey report largely addressing retirement-related topics, PwC made this critical observation on the ineffectiveness of these education programs: "While some studies show that upwards of 80% of employers report having a financial wellness program in place, our results show that a majority are still traditional retirement education and planning programs lacking focus on the key areas causing employee stress." The data backs this up: a meta-analysis of 201 studies on the impact of financial education showed only a 0.1% impact on outcomes.

Solutions focused on financial wellness have been around for decades and unfortunately have failed to deliver results.

Moreover, the generic education content, budget calculators and money management tips that are part of these programs are designed with wellness in mind. Unfortunately, the reality is a majority of the country is living paycheck to paycheck. These programs do not provide real solutions for this population. Imagine if healthcare was limited to wellness coaches and exercise plans without primary care, urgent care or even an emergency room. It wouldn't work for anybody getting sick or in chronic pain. The same is true for finances.

Hundreds of financial service providers are attempting to fill this gap and are eager to distribute their point solution products via employers. These point solutions are wrapped in attractive "financial wellness" marketing, but can actively work against the employer and employee's interests. For example, a payroll-linked lending solution makes more money when employees take out bigger loans.

The PwC study concluded that many employer wellness programs fail to address their employees' key financial challenges; as a result, financial stress keeps rising. A minority of employers "truly have a cohesive and holistic financial wellness program," the authors note.

The proliferation of wellness solutions such as DIY budgeting tools and 401(k) plans for workers hasn't stopped the growth of income inequality, eliminated financial insecurity or closed the financial literacy gap. Achieving real financial health for employees will require a shift away from generic education and wellness solutions to a comprehensive model. One size fits all solutions won't cut it. The new model must consider and provide real solutions for each person's unique financial circumstances—their income, spending, savings, debt, home life, dreams. Only then will employers be able to help their workforce gain enough financial security to be physically, emotionally, socially, and yes, financially well.

Leveraging Financial Care to Drive Better Well-Being Outcomes

Brenda's story at the beginning of this article is an actual case of a Brightside client, using a pseudonym. Her experience is a great example of the Brightside financial care system at work.

Brightside created its financial care service to improve the financial health of working families. Financial care serves all employees, from those who are sick in need of emergency money support to those who are healthy and want help planning, with a holistic and personalized approach. Brightside users are paired with a personal financial assistant who supports them with all money matters that affect their lives using a framework based on behavioral science combined with a comprehensive platform of financial products that employees need. Along with free access for employees, the Brightside program is available as a free service to every adult member of employees' households.

When Brenda's Brightside financial assistant learned that her inability to meet the deductible in her high-deductible health insurance plan was blocking her from having needed surgery, the assistant guided her through a solution.

"It involved adjusting some of her spending, as well as making sure she understood the cost of her treatment and what insurance would cover," English says. "The financial assistant also worked with her to get a payroll-linked loan provided by a Brightside partner at a reasonable rate to help with the unexpected expense."

This is a great example of how if financial education is presented in a personalized and timely format combined with an actionable solution it can be valuable.

"What we've seen in the research literature is that most people don't want to engage in classroom-like financial education. It's too disconnected from what they need to do now. What does work is when an employee has a particular problem or goal, you embed timely, tailored, bite-sized pieces of financial education."

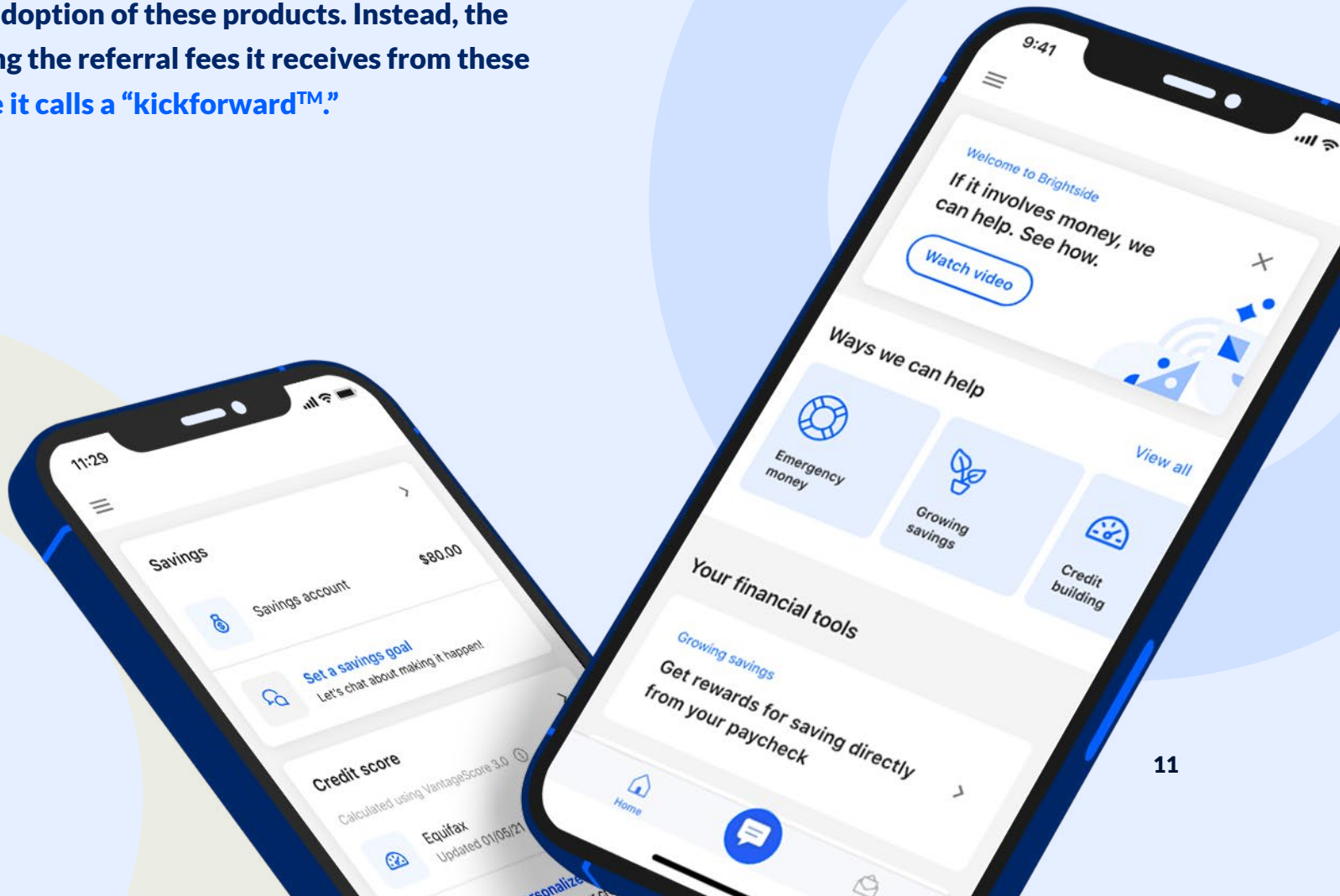
Sophie Raseman
Head of financial solutions at Brightside

"The behavioral science says you don't want to tell people what to do," Brightside's CEO Tom Spann says. "That's not going to motivate them. You want them making the decisions, but you can curate a short list of very good options and educate them on the pros and cons of each option. We hire these financial assistants for their relationship skills, their empathy and their problem-solving skills"

An experience at Accolade, the health-care benefits company that launched Brightside in 2020, illustrates the effectiveness of a personalized and holistic approach to financial health. When Accolade was preparing for its IPO, Brightside provided one-on-one discussions to help the company's employees, located in the United States and Prague, understand how this event impacts their unique personal situation.

"We're a health-care company that's focused on helping people navigate their health-care journey," says Britt Provost, executive vice president for people and culture at Accolade. "We felt a really strong affinity with Brightside, because they're guiding people through the financial journey."

The Brightside platform includes the full spectrum of financial products such as savings accounts, payroll linked loans, credit building products and additional products offered through partnerships with other vendors. Brightside makes no money from the adoption of these products. Instead, the company passes along the referral fees it receives from these partners —a practice it calls a "kickforward™."



Brightside

Financial Care is the foundation of Well-Being

Prioritizing financial care is good for both employees and employers. This behavioral science-based model of personalized financial assistance, combined with real solutions that financially sick employees need, is the most effective way to improve the overall well-being of employees and their families.

With a foundation of financial care in place, the other pillars of well-being will be meaningfully easier to address. Consider, mental health solutions are trying to help employees cope with the stress, whereas Brightside is actually eliminating the root cause of the primary cause of stress. In turn, financial care makes organizations healthier overall—because workers are more engaged and productive when they have less financial stress.

For employers like Accolade and other Brightside clients, an investment in financial care demonstrates their own sense of accountability for their employees' well-being and is driving significant ROI.

"I think that the contract we have with our employees is to take care of them and provide services that are useful for them. If you can give them resources that take those stresses off of them, they can be more focused and more present in their day-to-day lives, including in the workplace."

Britt Provost
Executive vice president for people and culture at Accolade

The metrics show that by providing employees and their families with financial care, Brightside is helping employers retain their workers longer and reduce the amount of time off that causes losses in productivity. Brightside participated in a study by the Financial Health Network and the Social Policy Institute at Washington University in St. Louis to measure its results. Comparing Brightside users and non-users, the study found Brightside improved retention by looking at data from a sample of 3,700 employees in Arizona and Mississippi whose employer offered access to Brightside as an employee benefit. Brightside has driven 41% less turnover among workers who engaged with Brightside versus those who did not.

41% less turnover among workers who engaged with Brightside versus those who did not.

Employees love this innovative financial care model. Brightside consistently has earned a net promoter score of 90 and can engage 50%+ of an employee population with no wellness incentives.

Rebalancing the pillars of wellness to prioritize financial care creates a healthier workplace and a more appreciative, loyal and engaged workforce.

Brightside

Brightside is the first employer-based financial care platform to drive meaningful ROI for employers by making paychecks go farther for the 72% of Americans who are not financially healthy. Since 2018, its Financial Assistants, proprietary rules engine, and innovative products have helped thousands of families save more than $1,200 each while improving emergency savings and reducing debt, resulting in improved productivity, retention, and diversity while lowering healthcare costs.

Learn more

studio / ID

BY INDUSTRY DIVE

studioID is Industry Dive's global content studio offering brands an ROI rich tool kit: Deep industry expertise, first-party audience insights, an editorial approach to brand storytelling, and targeted distribution capabilities. Our trusted in-house content marketers help brands power insights-fueled content programs that nurture prospects and customers from discovery through to purchase, connecting brand to demand.

LEARN MORE