

Meeting Talent Needs:

Why Inclusive Financial Well-Being
Is Key to Diversity Hiring

EXIT

One in four workers plans to quit their jobs in 2022, suggesting that “The Great Resignation” is far from over.

Workers continue to leave their jobs in droves as they seek better pay, better benefits and [less toxic work cultures](#) (of which a failure to promote diversity, equity and inclusion plays a key factor). According to [a recent HR industry report](#), this exodus isn't a surprise given that “roughly 80% of companies are just going through the motions and not holding themselves accountable.”

Of course, with the talent shortage, even HR executives who want to meet DE&I goals may feel tempted to focus on filling seats first, and DE&I after. But what if there was a solution that could help you advance DE&I goals and meet hiring demands?

There is — meeting the needs of diverse candidates and employees with inclusive financial well-being solutions.



Why Financial Well-Being?

Many employees decide to leave their jobs because of a lack of financial support, which directly impacts their mental health and overall well-being. Consider the following statistics about American employees' experiences with financial well-being:

90% of Americans say money impacts their stress level.

63% of workers who quit a job in 2021 cited low pay as the reason for leaving, while **45%** attributed their exit to a lack of good benefits.

54% of employees feel more stressed about their finances than before the pandemic.

78% of U.S. adults experience sleep loss worrying about everyday expenses, retirement savings and healthcare costs.

49% of women feel financial stress has taken a toll on their mental and emotional health.

How does this impact companies directly?

According to [Morgan Stanley](#), "based on the average American hourly wage, you could effectively be paying financially stressed employees \$3,922 or more each year to fret about money on the job."

Focus on the use of the word "average" in the above statistic. Because while most Americans stress about money, underrepresented minorities have higher than average barriers to entry toward financial stability. Therefore, employers may experience greater productivity loss per employee who is an underrepresented minority.

How Does Financial Well-Being Connect to DE&I?

Financial well-being isn't just about the pay; it's about an individual feeling secure in their financial future. But financial situations and planning for the future look drastically different for various populations, as seen in these figures:

- Men pass financial literacy tests at a rate of [two times](#) their female peers.
- Black and African American college graduates owe an average of [\\$25,000](#) more in student loan debt than white college graduates.
- [About 4 in 5](#) Latino households have less than \$10,000 in retirement savings, compared to 1 in 2 white households.
- [More than 1 in 5](#) LGBT households are unbanked or underbanked (23.0%) compared to 18.0% of non-LGBT households.
- Approximately [60%](#) of Asian American employees currently hold some type of debt.

You could be missing out on top, diverse talent by not acknowledging these discrepancies and offering financial well-being programs that help combat them.

"It decreases the access to diverse talent pools because they're simply not applying if their needs won't be met," explains Serena Fong, a senior diversity, equity, and inclusion leader. "For example, if I'm a candidate and I'm carrying all of this debt, then I need to go into a place where I can get the financial security that I need, not only now but also in the future."



Financial Well-Being Programs Are Key — But Not One-Size-Fits-All



While the above insights are alarming, it's critical not to rush a financial well-being program as a one-size-fits-all solution.

Broad benefits provide a good start, but employers must recognize that employees from different demographic groups may need or want unique financial benefits. Thus, a sound financial wellness solution should be customizable to meet the unique needs of each employee.

"You have to look at the various communities and see which benefits are needed," indicates Fong. "You always want to answer the question: 'what's in it for me?'"

3 Ways Financial Well-Being Can Attract & Retain Top, Diverse Talent

What does an inclusive and personalized financial well-being program look like? And what do different employee communities need for success?

With many possibilities, let's take a deeper look at three key areas of financial wellness, how they affect different populations and why supporting these initiatives can help you attract and retain top talent.

ONE

Student Loan Management

Student loans and debts differ across demographics. They don't just affect younger or entry-level employees — with high-interest rates and limited financial resources, even senior employees could be paying down student loans or other debts.

Student Debt Across Demographics

- Women hold roughly two-thirds of all student debt in the U.S.
- Women were nearly twice as likely (32% vs. 17%) to say that student loan repayment programs would entice them to stay with their current employer.
- Black and African American college graduates owe an average of \$25,000 more in student loan debt than white college graduates.
- Of Black borrowers, 58% do not believe student loans have advanced racial equality, and 66% report they regret taking out student loans to fund their education.
- Out of women undergraduate borrowers, Black women carry the most student debt, averaging \$41,466.05 one year after graduation.

- Approximately 4 in 10 LGBT adults had borrowed money for their education — 1.4 times more often than non-LGBT adults (44.4% vs. 31.1%).
- Native American and Alaska Native student borrowers owe the highest monthly payment.

By acknowledging that student loans affect diverse populations differently, and offering a broad range of student loan management options, you signal that your company values meeting its employees' needs — no matter their demographic group.

"We may all experience student loans or student debt issues, but, as an employer who values DE&I, it's important to call out, 'this is how it's impacting this community, and here's what we're doing about it as a company,'" notes Fong.

Pro-tip: While student loans can affect many, it's likely to be most top of mind for early-career candidates. Consider emphasizing this benefit at career fairs and working with student unions at colleges.

TWO

Wealth Building Options

Retirement plans — and savings in general — greatly vary by demographic group and socioeconomic status. As an employer, you can level the playing field by providing wealth-building options that serve all communities.

Long-Term Wealth Across Demographics

- Five times more women than men live paycheck to paycheck without an emergency fund.
 - Women, on average, retire with two-thirds the money that men do, and Black women retire with less money than white women.
 - More than half of LGBT households had less than \$50,000 in savings, compared to 4 in 10 non-LGBT households (55.2% vs. 41.5%).
 - Nearly half of LGBT adults 18 to 24 years old reported having less than \$10,000 in retirement savings — 1.4 times more often than non-LGBT peers (48.1% vs. 33.2%).
 - About 4 in 5 Latino households have less than \$10,000 in retirement savings, compared to 1 in 2 white households.
- Of working Latinos, 69% do not own any assets in a retirement account, compared to 37% of white households.
 - At least 31% of Latinx workers participate in a retirement plan, compared to 53% of white workers.

If you want to build a loyal, diverse employee base, help them build for the future through wealth-building options that serve their specific needs. What better way to show your employees that you want them to stay for the long haul than by supporting them for the long haul?

“If you’re trying to answer these questions, ‘how do you build a more inclusive workplace?’ and ‘how do you get more diversity?’ — [employer sponsored retirement benefits] are one of the ways you can take action,” stresses Fong.



THREE

Personalized Financial Literacy

A massive gender and race gap in financial literacy could significantly affect your current employees in various ways. Providing appropriate solutions could also be the missing piece to your recruitment strategy.

Financial Literacy Across Demographics

- Men pass financial literacy tests at a rate of two times their female peers.
- More than 80% of older women couldn't pass a retirement financial literacy quiz in a 2017 study, and nearly twice as many of their male peers could pass the same assessment.
- Black and Hispanic women have even lower literacy levels than white women, with only 9% of Black and 13% of Hispanic women deemed financially literate.
- More than 4 in 10 Black LGBT households were unbanked or underbanked (46.9%), as were three in 10 Hispanic LGBT households (37.6%).
- A survey that measured eight key areas of personal finance knowledge found that Black adults answered 38% of the questions correctly, compared to 55% of white adults.
- Native American financial literacy levels stayed on par with those of African-Americans and Hispanics but fell lower than the financial literacy levels of Asian-Americans and white adults.
- People with a disability (aged 18 to 64) had fewer correct responses on a test of basic financial concepts (44% vs. 53% average correct answer score on a financial literacy test).

If you want to retain top, diverse talent, keep them engaged not only with work, but also with benefits that make them feel seen. An added advantage is that keeping employees engaged can lead to 41% lower absenteeism.

"If you feel that you belong, that your needs are heard, and want to be an active participant in the company and its culture, you're going to stay," explains Fong.

Don't Forget to Communicate Your Benefits

Given the above, it's clear that an inclusive, personalized financial well-being program is a must-have for companies. But what's the next step? Ensure people know about it and how to use it.

78% of employees say they want their employer to more proactively and clearly communicate the financial wellness benefits they offer, according to a [Betterment at Work survey](#).

"There's a hunger for what companies are doing around DE&I. As an employer, you can show what you're doing about it by recognizing the importance of financial well-being and communicating these kinds of benefits," says Fong.

Consider including your financial well-being offerings in:

- Job applications
- Company website
- Candidate interviews
- Onboarding process
- Company social media
- Company town halls

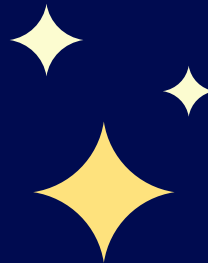
Looking Forward

Financial situations can look widely different across diverse groups in today's world. But imagine if all companies provided financial well-being solutions that solved for the unique needs of varying demographics. What could the world look like in the future?

Maybe we wouldn't have stats like "women earn 82% of what their male counterparts earn," with even lower pay ratios for Native American and Native Alaskan women (\$0.71 to every \$1 white men make).

Although adding a financial well-being program won't solve every financial problem, it can make a positive impact. Additionally, many companies taking small steps can lead to a much bigger impact.

"When you're taking these actions, they may seem small, but they all lead up to chipping away and breaking down those systemic barriers and roadblocks that are (and have been) creating these problems. So, you might be acting on a micro level, but it goes toward solutions on a macro level," stresses Fong. "It all goes to the greater good and leads to a place where we have a more fair, a more equitable, a more inclusive society, and everybody wins."





Choose Betterment at Work

Betterment at Work is a savings and investing solution designed to empower employees on their journey to financial wellbeing, using our 401(k) as the foundation. Built on the same technology that powers our robo-advisor investment platform, Betterment at Work helps employees meet goals beyond retirement, with customizable portfolios, student loan management, easy-to-understand advice on how to save, and more. Our automation makes it easy to offer a better 401(k) in only a few minutes — at one of the lowest costs in the industry. Plus, Betterment helps to take on the fiduciary responsibility for employee accounts, providing support and consultation to help you manage all aspects of your plan.

Learn more about how Betterment at Work's inclusive and integrated solutions can help your company add financial well-being solutions that support your DE&I initiatives:

www.betterment.com/work

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