Beyond the Next Paycheck: Creating Opportunities for Young Workers to Thrive

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ACKNOWLEDGEMENTS

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CFED

CFED’s work makes it possible for millions of people to achieve financial security and contribute to an opportunity economy. We scale innovative practical solutions that empower low- and moderate-income people to build wealth. We drive responsive policy change at all levels of government. We support the efforts of community leaders across the country to advance economic opportunity for all.

THE PRUDENTIAL FOUNDATION

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Introduction

Employers have the opportunity to support their young, lower-income workers in developing financial wellness starting early in their working lives. This could help productivity, retention and morale in a developing workforce. At this formative time, young people are typically entering the workforce and becoming financially independent, but financial capabilities are less developed, and financial well-being is more tentative. Young people can leverage this critical time to establish habits and lifestyles that can make a significant difference in the rest of their lives. Despite the potential for impact, young, lower-income workers are often not the focus of financial wellness programs.

The Financial Security at Work project sought to shift that focus by providing insights about how financial wellness programs can be tailored to young, lower-income workers. The first section of this report looks at the stake employers have in building the financial security of young, lower-income workers. The second section summarizes the financial wellness needs and preferences of these young workers. The third and final section elaborates upon five key insights from the research to help guide employers that want to support the financial security of their young, lower-income workers:

1. Employers have an important opportunity to positively influence the financial well-being of young workers.
2. Young workers tend to worry about short-term financial issues, but services available at work primarily focus on long-term issues.
3. Young workers want financial wellness services that are interactive, individualized, simple and secure.
4. Employers can leverage a number of existing programs, services and resources to meet the financial wellness needs of young workers.
5. Employers can and should track effectiveness and impact of services.

ABOUT THE FINANCIAL SECURITY AT WORK PROJECT

The Financial Security at Work project explores the current state of workplace-based financial wellness programs and envisions how the workplace can be strengthened as a platform for financial security in the future. Completed with a generous grant from The Prudential Foundation, the project ties together three key phases executed between 2014 and 2016.

**Phase 1** included a background scan of practices and research conducted on workplace-based financial wellness programs. It also included several convenings with practitioners and policymakers from across the country to understand the state of the field. This laid the foundation for the next two phases of work by helping us to identify key stakeholders involved, underserved segments of workers and outstanding questions. ¹

**Phase 2** included the creation of an Advisory Group of financial wellness service providers and employers involved in the implementation of financial wellness programs to share their perspectives on recent trends, activities, considerations and challenges related to the development and execution of financial wellness programs and services. A summary of trends and themes from conversations with these thought leaders is available in the Appendix.

**Phase 3** included the fielding of a qualitative research study with young, lower-income workers to learn more about the financial issues they face, the current supports they have to help them with those issues and their perspectives on the delivery of financial wellness services at work. Details of this study are presented in this report.
Employers Have a Stake in Building the Financial Security of Young Workers

When workers are worried about their finances, their work—and, in turn, their employer—suffers. Given this aligned interest, participants in a forum hosted by the Government Accountability Office in 2015 concluded that “employers are well-suited to play a role in promoting financial literacy,” especially among traditionally underserved workplace populations. Young, lower-income workers comprise one population that can greatly benefit from financial wellness programming at work.

FINANCIAL INSECURITY IS A PROBLEM AFFECTING THE WORKPLACE

Many Americans are suffering from financial insecurity. Forty-four percent of American households are in liquid asset poverty—meaning they do not have enough savings to replace income at the poverty level for three months. Worrying about money and finances consistently ranks as the most often-cited source of stress, and 52% of employees find dealing with their personal finances stressful. The focus of these financial worries varies. Over half of employees are worried about having enough emergency savings for unexpected expenses (55%), followed by retirement savings (37%), meeting monthly expenses (25%) and keeping up with debt (15%). This stress impacts health and relationships at home but also hurts employees’ productivity and attendance at work. The financial stress of employees has increased over the last year, thanks in part to continued stagnation of wages, market volatility and political uncertainty.

Many believe that financial stress negatively affects work performance. Ninety-six percent of organizations that belong to the Society for Human Resource Management say that personal finance issues impact employees’ performance at work to some degree. Twenty-eight percent of employees say that personal finance issues have been a distraction while working, and 46% of those distracted say that they spend three hours or more per week thinking about or dealing with personal finance issues. In other words, they are spending over 150 hours per year in the workplace thinking about or dealing with their personal finances. Financial stress also affects employee retention; with high financial stress, employees may try and find a new job that pays a higher income to catch up with bills or relieve debt. Employers also report that morale of employees is negatively impacted by financial challenges.

INTEREST IN FINANCIAL WELLNESS PROGRAMS IS GROWING AMONG U.S. EMPLOYERS

Employers are becoming increasingly interested in financial wellness programs that go beyond retirement. Eighty-nine percent of employers that offer retirement plans are moderately or very likely to expand services beyond retirement. As Vishal Jain from Prudential Financial Inc. observed, “People have really foundational challenges around their finances. Budgeting, managing

FINANCIAL WELLNESS PROGRAMS CAN HELP PEOPLE OF ALL INCOME LEVELS

While this report focuses on young, lower-income workers, financial wellness programs are needed across income levels. Being financially secure is not just about making more money. Of workers who make over $100,000 annually, one out of five finds it hard to manage their monthly expenses. Forty-three percent regularly carry balances on their credit cards, and 27% find it hard to make minimum payments on their credit cards each month.

Employers can send a message that they care. And in turn, employees will reciprocate. It’s an extension of trust.”

KATHERINE BRUNE, SUNTRUST BANK
Employees are increasingly more tasked with being involved in personal retirement. It is a partnership between employer and employee. Employers are recognizing that financial education, financial literacy and financial wellness are all critical as the first steps leading to retirement security."

JULIE STICH,
INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT PLANS

money day to day. If you want to help someone prepare for retirement, you have to start with those foundational issues."

While many employers’ desire to offer financial wellness programs is motivated by a desire to do the right thing for employees, offering financial wellness programs is also expected to bring gains back to the company. Prudential Financial Inc. found that 82% of finance executives believe that their companies will benefit from having a financially secure workforce. Early reports may merit this belief in a positive return on employers’ investments in financial wellness. According to the Society for Human Resource Management, McLeod Health in South Carolina claims a return on investment of $6.60 for every $1 spent on 12-week financial education classes. Our Advisory Group reported that employers will take three to five years to determine the return on investment for financial wellness programs based on their experiences with cost-benefits analyses for physical wellness programs.
WHAT ARE FINANCIAL WELLNESS PROGRAMS?

Financial wellness programs offer a combination of services created to help workers achieve a greater state of financial well-being. These targeted programs are designed to affect employees differently depending on the goals of their employers.\(^{17}\)

The following are common financial wellness services found in financial wellness programs:

- **RETIREMENT PLANS** enable an employee to save for retirement through an account their employer has selected. Sometimes this includes a financial match or contribution to the account from the employer.
- **DIRECT DEPOSIT** enables employees to direct their paycheck electronically to a bank, credit union or prepaid card account of their choice.
- **SPLIT DEPOSIT** enables employees to direct their paycheck electronically to multiple bank, credit union or prepaid card accounts of their choice.
- **FINANCIAL CLASSES/SEMINARS** typically involve a financial professional or volunteer coming to the workplace to deliver courses or workshops about key financial topics.
- **FINANCIAL ADVISING** gives employees the chance to meet one-on-one with a financial professional to discuss financial issues through a one-time session or series of sessions. Meeting(s) may take place in person, online or over the phone.
- **ONLINE FINANCIAL TOOLS** help employees manage their finances (e.g., estimate how much to save, determine how much to take out in loans, track daily expenses) through a website or mobile app.
- **BANK AT WORK** programs offer services at the workplace to employees (e.g., checking accounts, savings accounts).
- **PAYROLL ADVANCE LOANS** allow an employee to request part of their paycheck before payday, sometimes for an additional fee or interest payment.
- **SHORT-TERM LOANS** can help employees navigate financial challenges by making a lender (e.g., credit union) available at the workplace or through another channel sanctioned by the employer.

YOUNG, LOWER-INCOME WORKERS ARE ESPECIALLY VULNERABLE AND NEED SUPPORT

While many are struggling, young people are more financially insecure than older groups. Compared to people in older generations, young adults are having a harder time making ends meet, not planning ahead as much, less likely to utilize formal financial products and exhibiting lower levels of financial literacy.\(^{18}\) Many are dealing with the effects of student loans. Forty-two percent of millennial employees have one or more student loan(s), and of them, 79% said that their student loan(s) have a moderate or significant impact on their ability to meet their other financial goals.\(^{19}\) They also reported higher levels of stress than older generations.\(^{20}\)

With more tenuous finances, financial worries impact young people to an even higher degree in the workplace than older workers. While 52% of all employees said that dealing with financial issues is stressful, this percentage goes up to 64% when focused on millennials.\(^{21}\) Millennials (25%) were more likely than older employees (16% of Generation Xers and 11% of baby boomers) to say that their productivity at work has been impacted by their financial worries.\(^{22}\) Millennials (12%) were also more likely to have missed worked occasionally due to their financial worries than Generation Xers (8%) or baby boomers (4%).\(^{23}\)

The standard for employers is to look at retirement age, but by then it is too late. If young people trust their workplace, it can be a promising platform for young workers to access services that can help build their financial capability and well-being.”

NANCY HAMMER,
SOCIETY FOR HUMAN RESOURCE MANAGEMENT
There are indications that young workers are interested in financial wellness programs from employers, but what is available at work might not match their needs. A survey of employees by MetLife found that millennials believe employers should help them solve financial security concerns at higher levels than older generations. However, most employers—even those that offer some sort of financial wellness program—are not offering services that focus on more immediate issues such as budgeting, managing debt and saving for emergencies. This gap means that the financial needs of young, lower-income workers are overlooked by existing financial wellness programs, even when they have an employer that offers such services.
PRACTICE PROFILES - SUNTRUST BANK

SunTrust Momentum onUp for Teammates Program

In early 2014, SunTrust Bank initiated a general well-being survey of its 24,000 teammates. Through this survey, the bank realized that even though their teammates worked in the financial sector, they were not in their ideal financial shape. As a purpose-driven company, SunTrust knew it needed to take action to lead by example. This was the impetus to improve the financial wellness of SunTrust teammates.

By implementing a program that included financial education, meaningful application activities, financial coaching and more, SunTrust began a shared journey between teammate and employer to move teammates toward greater financial confidence. In addition to the educational components, SunTrust offers its teammates a “Day of Purpose”—eight paid hours a year to take care of their personal finance needs and/or eight paid hours a year to volunteer in the community around financial wellness. SunTrust also offers a financial wellness incentive to their teammates.

The SunTrust Momentum onUp for Teammates Program shaped the following outcomes for SunTrust teammates:

- 73% feel better prepared to handle a $2,000 unexpected expense
- 63% feel less financial stress
- 69% feel more confident building a longer career at SunTrust
- 83% believe SunTrust cares about them and their financial well-being
- 76% are more likely to refer others to work for SunTrust

Source: Katherine Brune, SunTrust Bank

“

We have to break the taboo of discussing money in the workplace. Our 24,000 teammates weren’t any better than the general population, so we built a program that made people comfortable and emotionally engaged in the money conversation. Having executives and senior leadership talking about it from a personal perspective also helped. This storytelling aspect is important across the organization.”

KATHERINE BRUNE, SUNTRUST BANK
Financial Wellness for Young, Lower-Income Workers

To help identify how employers can better serve young, lower-income workers ("young workers"), CFED staff traveled to Portland, OR; Chicago, IL; Philadelphia, PA; and Houston, TX, in the spring of 2016 to talk with 49 young, lower-income workers. The young workers ranged from ages 19 to 29 and had personal income from $1,600 to $50,000 in the past year. They worked in a variety of industries and held different positions across the private nonprofit, for-profit and public sectors. In these one-on-one conversations, the young workers shared the financial issues that worry them, the financial help they are currently getting and their perspectives on the delivery of financial wellness services at work. This section of the report summarizes what they shared in the interviews. Detailed characteristics of the young workers interviewed are available on page 10.

YOUNG WORKERS ARE PRIMARILY WORRIED ABOUT IMMEDIATE FINANCIAL NEEDS

The young workers interviewed worry about a range of financial issues related to the present or near future. This included being able to cover basic living expenses, paying existing debt, low savings, potential reduction of their income and spending on non-necessities. While retirement was mentioned and acknowledged in conversation, it was not identified by any of the young workers as a current worry. Being able to cover more immediate financial needs is the real priority.

<table>
<thead>
<tr>
<th>FINANCIAL ISSUES THAT WORRY YOUNG WORKERS</th>
<th></th>
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<tbody>
<tr>
<td>Making Ends Meet</td>
<td>42</td>
</tr>
<tr>
<td>Paying Existing Debt</td>
<td>20</td>
</tr>
<tr>
<td>Low Savings</td>
<td>18</td>
</tr>
<tr>
<td>Potential Job Loss</td>
<td>11</td>
</tr>
<tr>
<td>Spending on Non-Necessities</td>
<td>11</td>
</tr>
<tr>
<td>Their Low Income</td>
<td>8</td>
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<td>Other</td>
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<tr>
<td><strong>TOTAL RESPONDENTS INTERVIEWED</strong></td>
<td>49</td>
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### Summary Characteristics of Young Workers Interviewed

#### Sample Size: 49

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<thead>
<tr>
<th>Age</th>
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<tbody>
<tr>
<td>Average Age</td>
<td>23.9</td>
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<tr>
<td>Median Age</td>
<td>24.0</td>
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<table>
<thead>
<tr>
<th>Gender</th>
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<tbody>
<tr>
<td>Male</td>
<td>51%</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>47%</td>
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<table>
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<tr>
<th>How Many Children Do You Support</th>
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<tr>
<td>None</td>
<td>63%</td>
</tr>
<tr>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>2</td>
<td>8%</td>
</tr>
<tr>
<td>3</td>
<td>4%</td>
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<table>
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<tr>
<th>Type of Employer</th>
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<tbody>
<tr>
<td>Private, for-profit</td>
<td>84%</td>
</tr>
<tr>
<td>Private, not-for-profit</td>
<td>10%</td>
</tr>
<tr>
<td>Local Government</td>
<td>4%</td>
</tr>
<tr>
<td>State Government</td>
<td>0%</td>
</tr>
<tr>
<td>Federal Government</td>
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<th>Full-Time/Part-Time</th>
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<tbody>
<tr>
<td>Full-time</td>
<td>47%</td>
</tr>
<tr>
<td>Part-time</td>
<td>53%</td>
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<tr>
<th>How Paid</th>
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<tr>
<td>Hourly Wage</td>
<td>84%</td>
</tr>
<tr>
<td>Salary</td>
<td>14%</td>
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<tr>
<td>Other</td>
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<thead>
<tr>
<th>Education</th>
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<tbody>
<tr>
<td>Bachelor's degree</td>
<td>18%</td>
</tr>
<tr>
<td>Associate's degree</td>
<td>8%</td>
</tr>
<tr>
<td>Some college, No degree / Vocation</td>
<td>29%</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>2%</td>
</tr>
<tr>
<td>Middle or high school, No degree</td>
<td>2%</td>
</tr>
<tr>
<td>High School or GED</td>
<td>41%</td>
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<table>
<thead>
<tr>
<th>Marital Status</th>
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<tbody>
<tr>
<td>Never married</td>
<td>86%</td>
</tr>
<tr>
<td>Currently married</td>
<td>4%</td>
</tr>
<tr>
<td>Widowed</td>
<td>0%</td>
</tr>
<tr>
<td>Divorced</td>
<td>8%</td>
</tr>
<tr>
<td>Separated</td>
<td>0%</td>
</tr>
<tr>
<td>Prefer not to say</td>
<td>2%</td>
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<table>
<thead>
<tr>
<th>Industry</th>
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</thead>
<tbody>
<tr>
<td>Retail</td>
<td>33%</td>
</tr>
<tr>
<td>Healthcare / Hospital</td>
<td>16%</td>
</tr>
<tr>
<td>Security</td>
<td>4%</td>
</tr>
<tr>
<td>Restaurant / Bar</td>
<td>12%</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>4%</td>
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</table>

<table>
<thead>
<tr>
<th>Benefits Use</th>
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</thead>
<tbody>
<tr>
<td>Health Insurance</td>
<td>22%</td>
</tr>
<tr>
<td>Retirement plan</td>
<td>16%</td>
</tr>
<tr>
<td>Paid Vacation</td>
<td>31%</td>
</tr>
<tr>
<td>Sick Leave</td>
<td>33%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
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<table>
<thead>
<tr>
<th>Total Income</th>
<th></th>
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<tbody>
<tr>
<td>Average</td>
<td>$20,421</td>
</tr>
<tr>
<td>Median</td>
<td>$18,401</td>
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</table>

<table>
<thead>
<tr>
<th>Total Debt</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$14,383</td>
</tr>
<tr>
<td>Median</td>
<td>$4,300</td>
</tr>
</tbody>
</table>
Making Ends Meet

For the young workers interviewed, paying for life largely includes covering transportation, housing, food, utilities, health care, education and communications expenses, and it is tough to make ends meet. Thirty-seven of the interviewees said they sometimes, rarely or never have money left at the end of the month. In an attempt to make ends meet, the young workers focused very much on practical strategies such as getting resources from their social network, prioritizing bills to be paid, cutting spending on necessities and non-necessities, and tracking their budgets.

Unfortunately, the constant shifting and strategizing has emotional impacts on the young workers, as many expressed a high level of anxiety related to their financial lives. Some talked about how everyday expenses make them stressed about being able to meet present obligations—both their own and that of children and parents in their care. Others focused on the stress they feel in the present as they try to balance various costs.

Despite their anxiety toward making ends meet, the young workers interviewed were still often hopeful for the future. They aspire to live in better homes or neighborhoods, to have a better future with more financial security, and to live independently. As one young worker in Chicago said, “I’m kind of like pushing for greatness. You know, I want to buy property and make money, open up a business one day. I got a lot of big goals.”

It’s just I get really stressed because I don’t know how to really describe it, but it’s like I know that I have these bills, and I know I have enough money to pay the bills, but when I’m going to pay them I guess. Yeah. Just they keep adding up.”

PORTLAND INTERVIEWEE

Every day, “Robert”* has to think about financial survival for himself and his mother, whom he lives with and supports financially. He works part-time as a griller at a breakfast fast food restaurant, but he doesn’t always have enough for food on his own kitchen table. Even when Robert is able to stretch his income across all of his bills, he and his mother have to cut back on some things. “Usually it’s food,” he said. “Eating less—it’s kind of good for you, kind of bad.” Robert’s precarious financial position means that food isn’t the only necessity that he can’t always take for granted. He relies on a water pump outside of his house, and he can’t always keep the lights on inside. “One time during the summer, they cut off our lights because we just couldn’t pay it,” Robert said. “It was one of the worst times in my life.” With this experience, one thing Robert would like is to build savings for him and his mom: “That way, we can both share the money just in case we’re in a pinch or something.”

*Name has been changed.
Paying Existing Debt

The young workers interviewed are concerned about education, credit card, automobile, medical, mortgage, and communication and store debts. Thirty-six of the interviewees have debt—the median being $14,000.30

The most widely held debt amongst this group is postsecondary education debt. Some are in school, recently finished school or are in deferment, and explained that they are worried about eventually having to make payments. As one young worker in Houston said, “I’m about to graduate. And I don’t even want to see how much I owe because I know that once I graduate, that’s an extra group that I have to put that money in. It’s going to be a lot less money to move that over.” Others have completed school and are in repayment. The last group did not finish school but are either paying or about to start paying. Though these respondents did not have as much schooling as those that did graduate, they struggle with debt in the same way.

Credit card and automobile debt were the next most prominent categories of debt among the young workers. In both categories, some people incurred debt as a result of frivolous spending in their younger years. In one example, a young worker in Portland shared, “Turning 18, I started applying for a lot of credit cards because I already had credit cards with my mom—I already had somewhat decent credit—so I was getting approved for all these credit cards. So as I was getting approved, I was using them and I was—my mentality was ‘the more I use them, you know, it’ll help my credit’—paying them, that was fine. So then three years down the road, I ended up having basically five credit cards and they’re all maxed out.” Others incurred debt as a way to cover necessities such as groceries, beds and transportation to work. One Houston worker shared how they got a car two years ago after a lack of transportation cost them two promotions: “I kind of lost that opportunity because I didn’t have a car or because I didn’t have enough money to get a car.” To get the car, the interviewee worked three jobs and has been slowly paying it off since.

Having debt in their lives causes feelings of stress, anxiety, sadness and regret, but the young workers said they are making their way through the debt. Some have worked out payment plans or adjustments with their creditors, others pay what they can when they can or prioritize their bills. As one young worker in Chicago said, “You know, I am just trying to get ahead in life so I can actually enjoy it. I’m 28. I’ll be 29 in August. My goal is to be debt-free by the time I’m 30, which is a huge goal.”

Low Savings

Saving for emergencies or unexpected events was the most commonly cited reason for saving among the young workers interviewed. Other reasons varied widely, including wanting to move out of their parents’ homes, retirement, paying student debt, owning a home and paying for a wedding. Not being able to save is frustrating for many of the young workers as they recognize its value to their future. As one young worker in Portland explained, “I know that savings is going to be what helps boost my future. Putting it towards higher education, even if that’s not in the form of college, maybe it’s just like technical courses or something, and just, you know, having that fallback for emergencies so nothing really pulls me back down.”

Becoming a successful saver is tough, though many of the young workers are trying. Life on the edge means constantly dipping into the little that can be saved. As one young worker from Houston noted, “I mean at first I was making money—I just want to put money away. Put $100, put $50 away. When I started dipping into my savings, I’m thinking, ‘okay five bucks—that’s not going to matter. It’s not going to matter.’ It still adds up…stuff happens. I need another tire or I need another radiator. Fuel pump.” Sometimes, there’s just not enough money to cover bills and save. As a Philadelphia interviewee illustrated, “Even though I enjoy my job, the
money…it's enough to get by, but not enough to really save significantly for like a rainy day...I would say sometimes the money goes through my hands like water.”

A few young workers are able to save a significant amount of money, though they may not feel it is enough. These “successful savers” are able to fund their savings through automatic deductions, regular small contributions or a larger once-a-year contribution. They are then able to keep the money in there because nothing major has come up or are able to immediately restart replenishing the fund. For example, one young worker in Portland has $1,000 in savings by “doing a thing where every shift I worked, I make cash tips, and so I would put $20 like literally in a pot...and I just don't touch it or try not to as much as possible. And if I do have to dip in to it for whatever reason—like paycheck doesn't come in until the fifth and I have to pay rent, then I do—I put that money right back in as soon as I have it again.”

**Potential Job Loss**

Given their circumstances, a number of the young workers worry about losing their job and income. The most common concern is around losing their job due to circumstances that are outside of their control. In Philadelphia, one young worker was fired for being late. His washer broke, and he had to clean his only pair of work clothes. Another young worker shared a story of a friend who lost his long-time job due to company budget cuts. In Chicago, a young worker was nervous because, “at work you got certain type of people that try to bring you down and like try to get you fired.” The impact of unstable environments in low-wage work has a clear effect on the financial worries of the young workers interviewed that adds to the concerns that go with living on low incomes.

**JULIA’S STORY**

“Julia”* has worked as a cocktail waitress at a small bar for the past three months making $15 per hour, not including tips. She does not receive sick leave, health insurance, tuition assistance or other benefits through her employer. Julia usually works 10- to 11-hour night shifts three days a week and attends a local university. She uses the money from her waitressing job to cover her living expenses and takes out loans for her tuition. “I am just watching my debt accrue, and it’s really scary because I have no idea how I’m going to pay it off.” Julia studies public health and wants to teach or work for the county. “I still haven’t decided what, but I don’t want to be working until 2 am for the rest of my life,” she said.

*Name has been changed.
Spending on Indulgences

In the interviews, some young workers identified spending on indulgences as a financial worry. Indulgent spending includes spending that interviewees identified (on their own) as unnecessary expenditures. Some culprits of indulgent spending are spending extra money on friends and family for gifts or treats, take-out food when they have the option of making food themselves, and extra shoes and clothing. This type of spending makes some feel, “broke” or “guilty.” But, one young worker in Philadelphia noted, “I just look at it as such a small amount of money, you know? [...] It doesn't make sense because if you did save it, you know, it's like 50 bucks every week. You realize what that could be every year. It's not the way my mind works unfortunately.”

For the most part, these young workers try to track their budgets and cut spending as much as possible. For some, tracking budgets happens informally. As one Houston interviewee explained, “I program it in my head, and then...I have the numbers down for what I have to pay. And then I see how much I get paid, and then I see how much I can spend and have some money left over just in case of an emergency.” To cut spending, some talked about tactics they employ such as keeping a picture of their goal (a car) to look at when tempted with a purchase, taking out only a certain amount of spending money with them, or looking for free alternatives when possible. Though not explicitly stated, the fact that controlling spending on non-necessities remains a concern for the young workers suggests that these tactics may not be sufficient to address the issue. This is not surprising given that psychology research suggests constantly resisting temptation, as people under economic distress often must, can take a mental toll, making it harder to consistently sustain self-control.

YOUNG WORKERS HAVE LIMITED ACCESS TO ACTIONABLE AND RELEVANT FINANCIAL HELP

When asked where they get help with money issues, the young workers were hard-pressed to think of concrete answers. They were able to offer some thoughts after some probing. Unfortunately, there seems to be continued limitations on help with finances in these young people’s lives, and they are still struggling to find places where they can get helpful and relevant insights about money.

Outside of Work

Nearly all talked about going to family or friends for information or advice, but some mentioned that their families had given them money, shared a resource (e.g., clothes for children, money for cell phone bill), or split bills for housing and other expenses. About half of the young workers talked about going online and using resources like Google or YouTube for information.

Most help with money identified by the young workers came in the form of advice or information about different sources of assistance. In many instances, advice is welcomed and appreciated. As one young worker from Portland said, “if anyone has any tips or ideas, we’re all ears.” Unfortunately, helpful advice seems to be in short supply. Another young worker from Portland lamented, “If [only] there could be...an actual place that I could go to get more explanation.” The helpfulness of financial advice and information is limited by its “sporadic” nature, tendency to trigger a sense of vulnerability or hurt pride, time-intensity and, most importantly, lack of actionable guidance. It also could be limited because the people within the young workers’ social networks were also lacking in relevant financial skills or experiences.

**SOURCE OF HELP USED BY NUMBER OF RESPONDENTS**

<table>
<thead>
<tr>
<th>Source of Help</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Member</td>
<td>43</td>
</tr>
<tr>
<td>Online</td>
<td>23</td>
</tr>
<tr>
<td>Friend</td>
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</tr>
<tr>
<td>Financial Institution</td>
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</tr>
<tr>
<td>Teacher</td>
<td>11</td>
</tr>
<tr>
<td>Other*</td>
<td>21</td>
</tr>
</tbody>
</table>

*Examples of other sources cited include books on finance, government benefits, nonprofit or social services, and professionals (e.g., attorney, real estate agent, therapist).
WANDA’S STORY

“Wanda”* grew up in a tough neighborhood with subsidized low-income housing. Her parents passed away when she was young, but she had six older siblings to offer her financial advice. While Wanda recognizes that “sometimes they will have some good ideas,” she doesn’t feel like they can help her with one of her biggest financial concerns—how to manage her $40,000 student loan debt. Regarding her brother and sisters, Wanda said, “they mean well on some things, but some things they can’t really advise me on...like this kind of stuff—college expenses—I couldn’t really go to them about advice on that because that’s not something they could tell me about.” Her basic knowledge of personal finances largely comes from her work at a nonprofit benefits bank earlier in her career. Unfortunately, that experience didn’t include anything about financing college. Without anywhere else to turn, Wanda tries to educate herself by “doing research and paying attention to things on the news and going on the internet.” She’s frustrated by the lack of help on college financing decisions and exclaimed, “It’s not fair! And it’s like a lot of people just don’t know.”

*Name has been changed.
At Work

The young workers reported having limited access to financial wellness services at work, and only one or two respondents recognize the workplace (or people at work) as a source for financial help on their own. The most widely available service is direct deposit. Retirement plans and split direct deposit were also mentioned by a number of young workers. Unfortunately, all other financial wellness services are not widely available to a majority of the young workers interviewed. Additionally, usage of such services is very low—an issue that will be discussed more in the section on challenges related to meeting the financial wellness needs at work.

<table>
<thead>
<tr>
<th>Financial Wellness Services</th>
<th>Using</th>
<th>Not Using, But Available</th>
<th>Available Total</th>
</tr>
</thead>
<tbody>
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<tr>
<td>Split Deposit</td>
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<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Bank at Work</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Payroll Advance Loan</td>
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<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Financial Advising</td>
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<td>Short-Term Loans</td>
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</tr>
<tr>
<td>Online Financial Tools</td>
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</tr>
<tr>
<td>Financial Classes/Seminars</td>
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<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Other*</td>
<td>8</td>
<td>10</td>
<td>15</td>
</tr>
</tbody>
</table>

*Other financial wellness services identified by the young workers include payroll cards, emergency cash assistance and discount programs.
Young Workers are Interested in Workplace-Based Financial Wellness Services

In general, the young workers interviewed wanted to see services to help improve their financial wellness at work. Many seemed open to a wide range of services, offering thoughts on what is acceptable and what is not within the employer context. There is clear demand for a number of financial wellness services that are currently available in the market, as well as opportunities for these services to avoid potential pitfalls that could prohibit uptake and to conceptualize new financial wellness services.

Of note, in a discussion about building financial security for lower-income workers, it is important to recognize that higher wages and access to traditional employer benefits are critical components for success but not the only strategies employers can employ to help young workers. The young workers reinforced the importance of good wages and benefits to their financial lives in the interviews but also recognized that financial wellness programs have their own merit because they give workers “more benefits as opposed to just minimum wage.” They also noted, “These are things you learn…and it sticks with you [so that] whenever you do start doing better, you can manage your money a lot better and actually start saving.”

PERSPECTIVES ON THE BENEFITS AND ROLES FOR EMPLOYERS IN FINANCIAL WELLNESS PROGRAMS

In the interviews, young workers were asked whether they are interested in receiving financial wellness services through the workplace and what they would like to have addressed. Most interviewees reacted positively to the idea of their employer having a role in their financial wellness. A few young workers even noted how taking such a role might help the employer boost morale and productivity. One young worker in Chicago who had worked in both Theft Prevention and Human Resources at different times with the same employer keenly noted financial wellness programs might help to reduce incidences of employees stealing from the employer. As the worker reasoned, “If we have more resources to help people financially, then they wouldn't want to steal.”

The following are roles employers could or do play in the financial lives of employees, which emerged from the young workers’ comments. These sentiments demonstrate that the young workers expect employers to have a role in their financial well-being, but those roles are usually as an intermediary rather than a direct service provider. Here are some examples what young workers said employers can do:

- **Provide benefits that subsidize or reduce typical expenses for employees:** Many of the interviewed young workers immediately thought of benefits that would help them cut out-of-pocket costs. Examples include health insurance, rent assistance, emergency assistance, student loan assistance, school expense reimbursement, dental and vision coverage, transportation assistance, phone bill reimbursement or discounts, and free or discounted child care.

- **Connect employees to financial information and advice:** Many of the interviewees talked about how it would be nice for employers to offer access to financial advice or help on how to make decisions about money. This can range from an informational pamphlet to a financial advisor—young workers are just anxious to be connected any kind of financial wellness services. As one young worker in Chicago noted, “I'm pretty sure, I mean for the
most part, not everybody has a financial plan. A lot of people are just living paycheck to paycheck. I think having some knowledge about it probably would help.”

- **Help them to save:** A number of the young workers observed that it would be nice for employers to offer access to savings programs—either for retirement, for emergencies or for their children. Ideas for how employers could be involved in saving include offering an account, offering retirement plans, and deducting or withholding a portion of pay for savings.

- **Help them understand how they can best maximize income:** Many of the young workers talked extensively about how their employer could help them get the most out of their pay. For most in this group, they referenced this exclusively as increases in wages or hours assigned. However, a few identified areas related to pay, such as working with employees to adjust tax withholding or giving better explanations of taxes and deductions taken from their pay.

- **Offer transitional support when there is an impending job loss:** A few young workers noted that employers could help with potential job transition—such as being forthcoming about potential layoffs and help getting new jobs when an injury or illness prevents them from staying in their current job.

### THE DEMAND FOR FINANCIAL WELLNESS SERVICES

There is clear demand for the provision of financial wellness services at work among the interviewed young workers. Every single interviewee identified at least two financial wellness services that they want to see at work in the future and offered specific views on financial wellness services that are currently available the marketplace. Financial advising is, by far, the most desired service. Thirty of the 49 young workers said they want this one-on-one service, whether one-time or ongoing, available in their workplace in the future. In contrast, short-term loans through the workplace was the most rejected service. Reported rejections are especially notable since people are usually less forthright in saying they do not want something.

In the interviews, the young workers shared specifics likes and dislikes for each service. For those that have used such services, their reactions are based in those experiences. For those that have not used such services, their reactions are based on what they would or would not like in theory.

<table>
<thead>
<tr>
<th>Financial Advising</th>
<th>WANT</th>
<th>DON’T WANT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>Retirement Plans</td>
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<tr>
<td>Financial Classes/Seminars</td>
<td>17</td>
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<tr>
<td>Online Financial Tools</td>
<td>16</td>
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<td>Payroll Advance</td>
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<td>Split Deposit</td>
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<tr>
<td>Bank at Work</td>
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<td>Direct Deposit</td>
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<tr>
<td>Short-Term Loans</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Other*</td>
<td>6</td>
<td>0</td>
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</tbody>
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I would love [for my employer to offer services to help with my finances]. Yeah, that would be a blessing. Because there’s not enough helping going around. Everybody’s really struggling. It’s like people that don’t have jobs they say they’re broke…and people [with] jobs still say they’re broke. Something is not right.”

**CHICAGO INTERVIEWEE**
Financial Advising

Financial advising is the most widely desired financial wellness service in the workplace. Credible advice and ongoing accountability are clear benefits of financial advising for the young workers. They find the idea of having a credible person that helps them figure out what to do with their finances appealing. As one young worker in Houston said, “Because it’s one-on-one, they’ll talk to me directly and tell me how to [manage my finances] like every week or month or day or whatever...I’ll have someone that actually tells me exactly what to do instead of how I've been doing it for free.” Additionally, they see value in the opportunity for ongoing accountability to take action on their finances. As one young worker in Chicago stated, “I didn’t have any parents. My grandmother raised me. She worked a lot. People like me, they didn’t get coached on how to take care of their financial expenses.”

The young workers had quite a bit to say about how financial advising should work. Suggestions derived from the content of their interviews are:

- Have a credible third-party (preferably professional) advisor that is not judgmental and can understand the worker’s situation.
- Include an in-depth initial session with the option to have shorter, flexible, ongoing sessions.
- Allow employees to target sessions around troubleshooting specific issues (both issues that need immediate attention, as well as long-term goals).
- If possible, offer in-person advising, as this method is most preferred, but remote options are not out of the question, especially if it can be offered after work hours or as a hotline.
- Maintain confidentiality and trust as workers are sharing private information.
- Time sessions (or information and reminders about the service) with paydays and key times when people are thinking about money.

Retirement Plans

The young workers value retirement plans for their potential to help them save. For some, the amount saved is fully expected to be for retirement. As a young worker in Portland remarked, “I'm 19...I'm hoping that by the time I'm retired, I can live like a queen...because my grandma, she just turned 71, and she is still working, and so I don't want that to be me.” For others, their savings is not necessarily earmarked for retirement but rather a general safety net. As a young worker in Houston said in response to why they liked the idea of a retirement plan, “I can be safe financially. It’s like a safe.” Features such as automatic contributions through payroll deductions and employer matches are also considered beneficial aspects of retirement plans.

Practice Profiles - Neighborhood Trust Financial Partners

The Employer Solution brings Neighborhood Trust’s proven financial empowerment model to the workplace, improving job quality and the financial health of workers. The service—which is rooted in behavioral economics and human-centered design principles—provides employees with a trusted relationship experience, action-oriented counseling, safe and affordable products, and tech-enabled money management. Over 2,500 employees have benefited from financial wellness at work and made progress towards financial security and stability, with over 90% stating the service helped them reach their financial goals.32
Of note, some young workers remarked that retirement plans are not what they need from employers at this time—either because they worry about “shortening” their paycheck with the contribution or because they feel they will not work for the employer long enough to make the benefits worth it.

When offering a retirement plan to young workers, consider providing more guidance to young workers on related topics such as how to save for retirement without sacrificing financial well-being in the short term, how retirement plans work and how to choose the right plan features. Inability to fully understand these topics often came up in the interviews. Additionally, it might help to talk with young workers about the transferability and flexibility of retirement plans as young workers mentioned the need to change jobs or use the savings in a financial emergency.

**Financial Classes/Seminars**

The most prominent value of financial classes and seminars for the young workers is the ability to gain knowledge. For a few, it is sufficient to gain observational knowledge with classes acting as a “refresher to keep things...in the mind’s eye” or a way to “see how they teach it.” However, the more predominant expectation for classes is to gain actionable “advice,” “training,” “guidelines” or “pointers.” For a few, the group nature of classes was also a benefit because classes can make learning more interesting. Some concerns about the classes are that they might be boring or embarrassing or that they might interfere with work.

It is important to note that when asked how the young workers want the financial classes to work, descriptions often resembled one-on-one financial advising, which is more conducive to open discussion and creating an individualized strategy. However, there is one aspect of financial classes that is unique; it can be helpful to hear about others going through similar struggles, successes they achieved and advice from their experience dealing with the financial issues. Therefore, it is likely that when it comes to financial classes, young workers are seeking something that looks more like a support group rather than a knowledge-building lecture.

**Online Financial Tools**

Online financial tools (which could be delivered via a mobile app or website) are considered beneficial to help manage, track or make decisions about finances. The young workers suggested online tools might be helpful across a variety of financial tasks, such as determining how much money they had left in an account, assessing bills that need to be paid, tracking spending, figuring out how much to take out in loans, estimating work hours and pay, or calculating how much a loan would cost. For some, online financial tools would be an improvement to doing these tasks in their head because, as one Philadelphia worker put it, “I can actually sit down and take a look at it instead of looking at money, counting the money.” Of note, three of the young workers said they do not want online financial tools from their employers because they would not use them.

To help make online financial tools helpful to young workers, the suggestions derived from the interviews are:

- Include content that can be immediately applied (e.g., to track finances, make decisions, find lower cost products).
- Provide content that includes topics such as budgeting/how to divide up money, tracking spending, managing bills, saving, tracking credit scores, comparing pay with other jobs, estimating how much to take out in loans, and checking pay and deductions on paystubs.
- Make the experience individualized, like one-on-one advising, but without the commitment required of in-person interactions.
- Ensure security of data and personal information.
- Verify the tool’s legitimacy and communicate to your employees that it is a legitimate tool for them to use.
- Make sure the platform is convenient and user-friendly.
Payroll Advance
Payroll advances are the most controversial financial wellness services with nearly equal numbers of interviewees for and against the service at work. The young workers that like payday advances consistently value them as a convenient way to get cash between paydays. As one young worker in Philadelphia explained, “You never know when you may need a little financial assistance. I would definitely say if that was available to me, I would have less stress and concern financially.” Some see the advance's potential to cover an unexpected emergency in situations such as car repairs, medical bills or temporary reduction of work. Others identified times when they may need the loan to cover expenses when money runs short before the bill is due. For one young worker in Chicago, a payroll advance would be helpful to cover out-of-pocket work expenses. This particular worker has to pay for parking at events they staff and pointed out that it is burdensome to pay the expense before getting paid for the job.

Eleven of the young workers interviewed said they do not want payroll advances from their employer. This is the second-highest level of rejection after short-term loans. For some, the problem is that payroll advances are too much like loans—even though it is technically their own money. For others, the problem is that they would feel obligated or indebted to their employer, they dislike the cost associated with the advance or that they just do not need it. One person said they do not want payroll advances because they are used to getting their pay at a certain time. The last person said that they probably would only be using it for “something that's not worth spending.”

Common suggestions on how payday advances should work from the young workers include:

- Ideally, offer without interest or fees, or at least make it less than other credit products in the market.
- Make terms and fees (if levied) clear and clarify that advances aren’t loans.
- Keep the application for an advance simple.
- Allow flexibility for small advances (e.g., $30) up to the whole paycheck.

Short-Term Loans
The benefit of having short-term loans available through work is simply having access to money when needed. The problem with short-term loans, according to interviewed young workers, is based on a wariness of loans in general. Young workers are concerned about taking on more debt, getting into trouble with debt and the costs associated with debt. There are also concerns about the loans being scams and strict preferences to not have loans mixed with work.

If offered, some suggestions for short-term loans based on the young workers’ comments are:

- Make the loan terms clear and less costly than alternatives in the market.
- Offer loans in very small amounts (e.g., $50-100).
- Offer negotiable payment terms for borrowers to set.

CHALLENGES THAT COULD HINDER UPTAKE AND EFFECTIVENESS OF FINANCIAL WELLNESS SERVICES
In the interviews, the young workers shared what they disliked about different financial wellness services. For those that are offered financial wellness services in the workplace, they shared grievances and reasons for not using them, if applicable. For those that do not have access to financial wellness services, they shared points of caution they would have about the theoretical services.
Cost to Employees

Young workers are aware of and concerned about potential costs they may have to incur with financial wellness programs, especially for short-term loans, payroll advances, bank at work, financial advising and retirement plans. Many talked about the potential fees and interests. As one Philadelphia worker reasoned, “I just bust my butt working for you all, and you take fees out of my check.” For some, the idea of having to pay money for a financial wellness service at work is a deal breaker. For others, it would be acceptable, as long as it is lower than the cost of equivalent products available elsewhere in the market.

Related to the cost of financial wellness services are a few concerns about payroll deductions for savings or paying back a loan or payroll advance. As a young worker in Houston explained, “It depends how much they take out, I guess. I still have to pay my bills, and I won’t have enough if they take out too much.”

Concerns That Services Will Not Be Valuable to Them

Young workers are also concerned that financial wellness services will not be valuable to their lives. A number specifically said that they feel satisfied with their current banking services or current financial management strategies. Regarding financial advising that’s already available to them, one Portland interviewee said, “I’m not using the advising because I don’t feel like I need it. I mean, I know my system isn’t perfect, but it works for me. I don’t really need someone telling me what would work better.” A few expressed that they feel they do not need these services at this stage in their life. As one young worker in Chicago said regarding financial advising, “I don’t have kids and I’m not married, so I don’t know...Maybe I’ll start doing it [once that happens], but right now my system works.”

Another aspect about the value of the services among the young workers is whether or not the services will actually be specific, personalized or tailored to their situation enough to be useful. In thinking about why they didn’t use financial management tools, a young worker in Houston observed, “It doesn’t go into too much detail...It’s very bland, or vague, I guess you could say...No more fancier than looking at how to estimate your car loan calculator on Auto Trader.” The implication is that the information provided is not offered in a way that is new and actionable to their needs, which requires more understanding about what it is like to be a young worker with limited economic resources.

Lack of Awareness or Confusion about Services

Young workers expressed that they often are not aware of the different benefits available to them and that the benefits can be very confusing. As one Houston interviewee summed up, “The reason why I don’t think I’ll use [the financial wellness service] as much or as often is lack of awareness on it and...along the lines of using it and managing it...the lack of knowledge on it.” Aspects of financial wellness services noted by the young workers as being confusing include the different parties involved to make the service work, different accounts required, automation of deductions without clear information on what is happening, and the varying terms and conditions. Those that have some financial wellness services available to them mention receiving information about a benefit but that does not help make the service clear to them. As one young worker in Philadelphia said, “I think [my employer] gave me a pamphlet, but...It wasn’t really clear for me...I’m a visual [learner]. If I’m reading words, I would like it to be dumbed down.”

Inconvenience and Hassle Factors Associated with Usage

Young workers voiced concerns about potential inconveniences and hassle factors that make signing up and using financial wellness services unappealing. Several drew from their own past experiences with similar services. One young worker in
Portland talked about the cumbersome nature of their payroll website. The website has trouble with passwords and the user interface is “crowded and strange.” As a result, they feel the website “can be really fickle sometimes, and [they] don’t visit too often.” In addition to ease of use, the young workers also mentioned that the hours and accessibility of available services is important and a potential point of inconvenience and hassle.

**Distrust of Provider and Employers’ Intentions**

Young workers worry about the legitimacy of financial wellness services. Some mentioned their distrust of a third party or “middle man.” Others mentioned their distrust of employers. As a young worker from Philadelphia illustrated, “My concern would probably be, ‘okay, what do you want from me? What’s the catch to this? […] Are you going to take a big chunk out of my paycheck, or do you want me to work more hours?’” Of note, a few young workers specifically mentioned distrust of their employers to make good on promises because, in their past experience, employers promised services or benefits but did not come through on those promises.

**Confidentiality and Security of Provided Information and Accounts**

As financial information (e.g., personal situation, account information) is considered private, several young workers mentioned concerns about confidentiality and security. Security concerns included identity theft and cyber-attacks by hackers. Confidentiality concerns included a desire to keep their personal financial information away from coworkers and the employer. It should be noted that while there wasn’t an overwhelming number of interviewees raising these issues, it came up enough to warrant discussion.

**BEWARE OF NEGATIVITY, FOCUS ON ASPIRATION**

The young workers interviewed talked a lot about how financial issues bring up negative emotions, stress, frustration and guilt around their finances. Many were forthright with acknowledging their lack of knowledge, skills or self-control, but they also have many aspirations across all issue areas discussed. Behavioral science suggests that people are hard-wired to feel the effect of negative experiences (e.g., events, emotions, thoughts) more than positive or neutral experiences. On the flip side, people have a tendency to focus on the optimistic and are more likely to remember positive experiences more accurately than negative ones. Employers should avoid giving impressions of negativity when messaging and delivering financial wellness services. Rather, use positive framing to focus on dreams, goals and aspirations, rather than what young workers are doing wrong or what they do not know might. Additionally, focusing on aspirations might also help to reach those that feel they have a good handle on their finances, as even those young workers have aspirations.
Key Insights for Supporting the Financial Security of Young Workers

In reviewing the information from the Financial Security at Work background review, Advisory Group and young worker interviews, five key insights emerged to help support the financial security of young workers.

1. **EMPLOYERS HAVE AN IMPORTANT OPPORTUNITY TO POSITIVELY INFLUENCE THE FINANCIAL WELL-BEING OF YOUNG WORKERS.**

Financial insecurity is a problem across the US—especially amongst young, lower-income workers. This insecurity can turn into a real cost for employers. As the Advisory Group, past research and young workers all suggest, offering financial wellness support as a workplace benefit is an opportunity for employers to build a more engaged and productive workforce that benefits both employees and employers. Young workers indicate that they are open to receiving financial wellness programs at work and have many financial aspirations for the future. These programs have the potential to be viewed as an attractive benefit to complement income and traditional benefit packages. Where there is so much negativity around financial matters, employers may be more successful in reaching and influencing the financial well-being of young workers when they bring a positive and affirmative approach to delivering financial wellness programs.

2. **YOUNG WORKERS TEND TO WORRY ABOUT SHORT-TERM FINANCIAL ISSUES, BUT SERVICES AVAILABLE AT WORK PRIMARILY FOCUS ON LONG-TERM ISSUES.**

Being able to make ends meet, pay existing debt and save—especially for emergencies—are the core financial worries expressed by the young workers interviewed. They are working in financially constrained situations, which means constantly making tradeoffs and decisions on evolving priorities. They are independent and interested in learning about how they can understand their personal finances and develop their financial capability. While their needs are more focused in the immediate term, available financial wellness services—when provided to employees—often focus on longer-term financial issues related to retirement. This gap suggests an opportunity for employers to consider offering financial wellness programs to more employees, even if they do not have retirement or health care benefits available to them. Adding services like emergency assistance, payroll advances and other services (e.g., reimbursement, subsidy or discounts on common expenses, clothing drives) could reduce the daily cost of living for workers. Additionally, employers should encourage financial wellness providers to develop individual financial advising sessions that can be delivered at critical times when employees have immediate or emergency issues to troubleshoot.

3. **YOUNG WORKERS WANT FINANCIAL WELLNESS SERVICES THAT ARE INTERACTIVE, INDIVIDUALIZED, SIMPLE AND SECURE.**

The young worker interviews enforced how important interactive, individualized, simple and secure services are for them. Services like financial coaching, financial classes, online tools and interactive savings programs fit these requirements well. To ensure that these services work...
well within a program, employers should really listen to the needs of employees to determine employees' personal finance knowledge gaps and how well they work when they are implemented. As Nancy Hammer from Society for Human Resource Management stated, “Human resource professionals are positioned to focus on organizational culture and understanding what their workplace wants.” One-on-one conversations or surveying employees can help employers identify where their employees need support and if the experience in the program is satisfactory.

4. **EMPLOYERS CAN LEVERAGE A NUMBER OF EXISTING PROGRAMS, SERVICES AND RESOURCES TO MEET THE FINANCIAL WELLNESS NEEDS OF YOUNG WORKERS.**

As the relevance and cost of financial help are challenges that could hinder the use of financial wellness services, ensuring that service providers deeply understand the needs, decision context, obligations and systems of support available to people with low wages is critical. Many nonprofit and government programs around the country are designed for and targeted to the specific needs of lower-income workers, and many of these programs can be integrated into the workplace. Employers can reach out to these organizations and form partnerships to refer their employees to those services or, if offered by the organization, have the provider come on site to provide the services. Additionally, free informational resources from credible government channels are readily available for free download or mailed paper copies.

5. **EMPLOYERS CAN AND SHOULD TRACK EFFECTIVENESS AND IMPACT OF SERVICES.**

One thing both the young workers interviewed and Advisory Group members want from financial wellness services is efficacy. While Advisory Group members mentioned that their financial wellness programs likely have some amount of time before needing to demonstrate a return on investment, measurement and evaluation of such programs are certainly still a necessity. Employers can and should monitor the performance of financial wellness services. The Advisory Group offered some metrics to consider including participation rates, employee retention, employee stress levels, financial well-being as measured with the scale developed by the Consumer Financial Protection Bureau (CFPB), and company cost savings. Additionally, measures of employee satisfaction with their employer and morale are worthy of consideration.

**Conclusion**

The findings of the Financial Security at Work project indicate a strong need and interest among young workers for financial wellness programs in the workplace. As more employers implement these programs, we hope they will consider adding services that focus on this critical segment of the workforce. Doing so will improve the potential of financial wellness programs to positively impact the security and engagement of the emerging workforce.

“[T]he whole corporation thing...it’s looked upon like it’s out of touch.... But you know, [offering financial wellness services] would show they definitely care.... They worry about their employees’ well-being.”

PHILADELPHIA INTERVIEWEE
### COMMON PROGRAMS AND SERVICES AVAILABLE FOR WORKPLACE PARTNERSHIPS

<table>
<thead>
<tr>
<th>Program/Service</th>
<th>Description</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>myRA</td>
<td>Gives every American the ability to access a no cost Roth IRA that they can use to start saving for retirement, up to $25,000. If their employees opt in, employers can use this tool to contribute from their worker's payroll. (<a href="http://myra.gov">http://myra.gov</a>)</td>
<td></td>
</tr>
<tr>
<td>2-1-1</td>
<td>Is a free and confidential hotline for people facing a personal crisis or natural disaster. They connect callers with a variety of services including food, housing and utilities, and job search assistance. (<a href="http://www.211.org/">http://www.211.org/</a>)</td>
<td></td>
</tr>
<tr>
<td>CFED</td>
<td>Maintains a directory of the Assets &amp; Opportunity Network with contact information for state and local leaders that can provide information on local nonprofits offering services like financial coaching and savings programs to lower-income individuals in the region. (<a href="http://assetsandopportunity.org/network/states/">http://assetsandopportunity.org/network/states/</a>)</td>
<td></td>
</tr>
<tr>
<td>The National Foundation for Credit Counseling (NFCC)</td>
<td>Connects individuals with certified credit counseling to get help on a variety of debt ranging including credit cards, student loans and mortgages. (<a href="https://www.nfcc.org/">https://www.nfcc.org/</a>)</td>
<td></td>
</tr>
<tr>
<td>Accredited Financial Counselors</td>
<td>Are certified, trained professionals who can help clients achieve financial well-being through financial education and goal-setting. (<a href="https://www.afcpe.org/certification-center/accredited-financial-counselor">https://www.afcpe.org/certification-center/accredited-financial-counselor</a>)</td>
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</tbody>
</table>

### FREE INFORMATIONAL RESOURCES ON PERSONAL FINANCE TOPICS

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Consumer Financial Protection Bureau (CFPB)</td>
<td>Offers publications on topics such as bank accounts, credit cards, mortgages, saving, remittances and money management. (<a href="https://pueblo.gpo.gov/CFPBPubs/CFPBPubs.php">https://pueblo.gpo.gov/CFPBPubs/CFPBPubs.php</a>)</td>
<td></td>
</tr>
<tr>
<td>The Federal Reserve Bank of Kansas City</td>
<td>Offers Putting Your Paycheck to Work fact sheets to help workers understand and make the most of their paychecks. (<a href="https://www.kansascityfed.org/community/workforce/paycheck-series">https://www.kansascityfed.org/community/workforce/paycheck-series</a>)</td>
<td></td>
</tr>
<tr>
<td>The Financial Literacy &amp; Education Commission (FLEC)</td>
<td>Offers MyMoney.gov, a website with information for individuals on how to earn, borrow, save and invest, spend and protect money. (<a href="https://www.mymoney.gov">https://www.mymoney.gov</a>)</td>
<td></td>
</tr>
<tr>
<td>The U.S. Department of Education</td>
<td>Offers a variety of information and tools on how to prepare for and pay for college through their Federal Student Aid website. (<a href="http://studentaid.ed.gov">http://studentaid.ed.gov</a>)</td>
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Appendix

THEMES AND TRENDS FROM CONVERSATIONS WITH FINANCIAL SECURITY AT WORK ADVISORY GROUP

Following is a summary of conversations held with Advisory Group members in May 2016 for CFED’s Financial Security at Work project. Numbers and letters in outline do not indicate importance or placement.

1. How are Financial Wellness Programs (FWPs) defined?

   Definitions for FWPs varied across Advisory Group members, but **sustainable behavioral change** is a critical component.
   
   a. It’s important for employers to take an integrated, holistic approach.
   
   b. The goal of FWPs should be sustainable behavioral change.
   
   c. Learning, applying and reinforcing skills is critical. Behavioral incentives are also key.
      
      i. Education can help employees understand benefits through a financial wellness lens.
      
      ii. A combination of education, default and nudge is desired.
      
      iii. Financial wellness = education + activity + incentives
   
   d. FWPs should involve tracking and follow-up.

2. Why do employers choose to implement Financial Wellness Programs?

   A **changing landscape** is transforming the employee-employer relationship. FWPs are one manifestation of that.
   
   a. As the model of retirement changes from pensions to personal savings, more responsibility is put on the employee to understand how best to save for retirement.
   
   b. Changing roles create incentives for employers to offer FWPs, which can:
      
      i. Build or strengthen relationships between employee and employer.
         
         1. Change the perception of the employer to show that they care about their employees.
         
         2. Increase employee engagement and loyalty.
         
         3. It’s good to provide benefits when employers can’t give raises.
      
      ii. Differentiate the employer brand when recruiting for the best talent.
         
         1. Send a message to potential candidates of caring employers who want to invest in staff.
         
         2. FWPs are part of an overall package of benefits to potential candidates.
         
         3. FWPs give candidates insight into the culture of the organization.
      
      iii. Improve employee productivity by lessening financial stress.
      
      iv. Reduce turnover with the growth of employee financial capability.
         
         1. If employees feel that their employer is investing in them, they are more likely to stay.
         
         2. Less financial stress means that they are less likely to leave for a better paying position.
   
   c. Financial wellness affects everyone in the workplace; employees at every level need financial wellness.
   
   d. Many employers believe that helping employees improve personal finance is the right thing to do.

3. How do employers decide which pieces of Financial Wellness Programs to implement?

   **Personalization** can be effective to connect employees to solutions.
a. Determine the real causes of people’s financial situations to personalize and target programs.
   i. Survey employees to determine their needs and wants. One size does not fit all.
   ii. Just-in-time solutions are a good fit for employees when they need specific assistance.
   iii. Understanding personal finance knowledge gaps is important.

b. Employers want packages, not just ad hoc trainings.
   i. Employers are looking for comprehensive plans.
   ii. A combination of approaches—both in person and technology—can be more effective.

c. FWPs should address financial issues holistically and work with employees through every life stage, including:
   i. Student loan debt
   ii. Buying a house/paying off a mortgage
   iii. Paying off credit card debt
   iv. Buying a car

4. What are the results that employers are looking for in Financial Wellness Programs?

   Many employers want to see sustainable behavioral change in their employees when implementing FWPs.

   a. Desired behavioral changes in employees include:
      i. Employees do not withdraw early from retirement accounts.
      ii. Employees use fewer predatory loan services.
      iii. Employees save at higher rates.
      iv. Employees become more engaged and loyal.

   b. Employers want to help their employees be in a better state of financial well-being. This includes having:
      i. Financial freedom
      ii. Feeling in control

   c. Employers want to reduce employee workplace stress.

   d. Employers want to know that FWPs create cost savings.

   e. Helping employees reach retirement security is the goal.

5. How can employers measure the impact of Financial Wellness Programs?

   Advisory Group members are still figuring out how to best measure FWP impacts. Possibilities include:

   a. Participation rate of employees

   b. Employee retention

   c. Company cost savings

   d. Reduced salary advance loans

   e. Fewer withdrawals from 401(K) accounts

   f. Healthcare savings to company because of stress reduction

   g. Employee stress levels

   h. Biggest financial issues reduced

   i. Rate and number of employees investing in retirement plan
6. **What are major challenges in the field moving forward?**

   *Advisory Group members shared several possible implementation challenges.*

   a. Companies might lack the capacity of time and financial resources to implement a FWP.

   b. The cost benefit of financial wellness programs is unclear to employers—they need help thinking about how to measure impact.

   c. The end goals for financial wellness services and programs are varied across the field.

   d. Engaging employees in financial discussions can be difficult.

   e. Personalization can be effective to connect employees to solutions but difficult with very diverse workforces, especially since employers are looking for comprehensive plans.

   f. Some employers remain unconvinced that the financial well-being of their employees is their responsibility.
ENDNOTES


5 “Employee Financial Wellness Survey,” 2.


14 For many employers, the return on investment to the company is just a piece of the puzzle. While 80% of the surveyed employers are interested in expanding their financial wellness programming because it could engaged employee engagement, and 44% said it is to decrease employee time spent addressing financial issues, 85% simply said, "It's the right thing to do." This moral argument echoes the reasoning some employers are giving for increases wages and access to benefits. From “2016 Hot Topics in Retirement and Financial Well-Being,” 6.


22 Ibid., 9.
23 Ibid.

24 Ibid.


28 We recruited interviewees through mall-based market research companies. To qualify for the study, the interviewees had to be employed by at least one employer, the interviewee must have been between the ages of 18-29 at the time of the study, and they must have been from families with incomes less than 80% of the area median income. The median age of the young workers we spoke to was 24 and the median personal income was $18,401.

29 Other everyday expenses included expenses related to supporting family and friends (e.g., child care, helping parents with rent), credit card payments, clothing, taxes and a little extra for leisure.

30 The highest amount of debt reported among respondents is $93,000 and the minimum amount is $500.


