Even

Financial Benefits for Hourly Workers

U.S. Employer Survey Results

Produced by Human Resource Executive®

Pressure keeps building for HR and benefits leaders to attract and retain talent, especially at companies who rely on large hourly workforces. The talent war isn't because of COVID-19, either. The pandemic magnified the financial stress employees were already under, to the point that many would rather exit the workforce than continue risking their well-being in jobs that don't help them get ahead. Consider that:

- 87% of employees want some form of financial guidance per PwC's 2021 Employee Financial Wellness Survey — but more than 50% are embarrassed to ask for help.
- Finances have long been employees' top stressor, and they're getting more stressful. PwC's survey found finances now stress employees more than relationship, health, and actual job stress combined.
- No industry is safe from the toll of financial stress. Food service and hospitality lost more than 890K restaurant workers in August of 2021 according to Quartz; CNN reports manufacturing will lose up to $1T by 2030 due to unfilled jobs.

All this shows how financial stress threatens the efforts HR and benefits leaders have made to support employees' mental and physical health. Billions have been spent on employee wellness programs, only to see studies from organizations like Harvard question their impact. And yet, this isn't surprising: Employee wellness programs rarely address financial health.

How do HR and benefits leaders plan to fill this gap? How do they plan to meet hourly workers' need for benefits that relieve financial stress, and at the same time pick solutions that are cost-effective and drive measurable progress toward business goals?

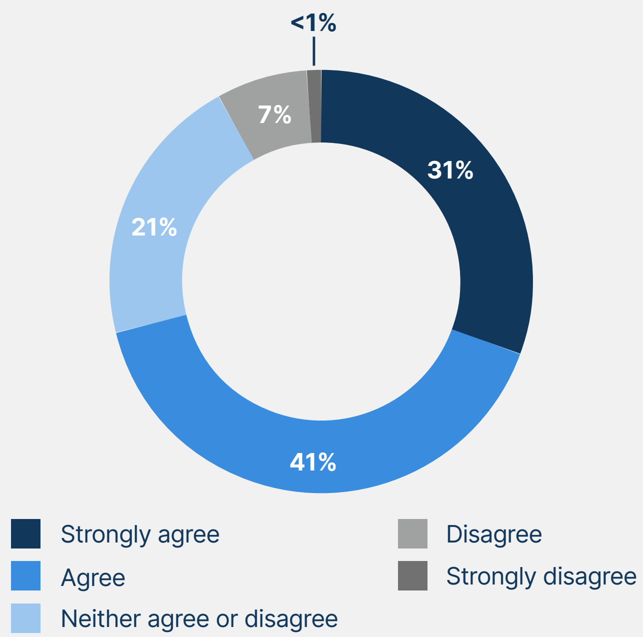
To find out, *Human Resource Executive* and Even, the employer-sponsored financial benefits platform, conducted a pulse survey of 139 HR and benefits leaders. The biggest takeaway:

> **Employers recognize hourly workers are struggling, and know employer-sponsored financial benefits would have the most impact on reducing financial stress. But many employers are unsure which benefits to offer, delaying employees from getting the relief they need — and at the same time, employers miss out on the competitive advantage from offering the right benefits.**

As a forward-thinking business leader wanting to build a loyal, financially resilient workforce, the following insights will help you create benefits strategies to stand out in the labor market.

Employers know they need to do more for hourly workers

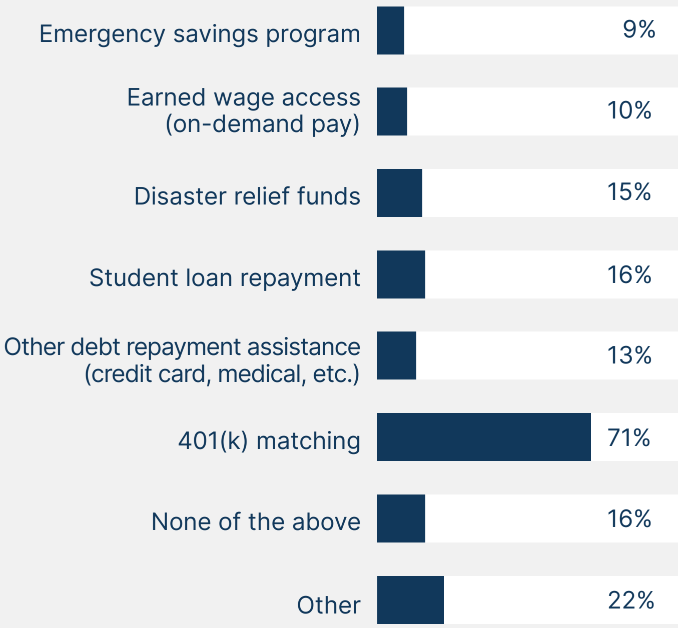
Especially in the wake of COVID-19, how much do you agree that companies should provide more/ added benefits that relieve employee financial stress?



More than 70% of respondents agree or strongly agree that hourly workers need more benefits to address their financial stress. HR and benefits leaders know that the longer they go without putting such benefits into place, the more it impacts their bottom lines. BrightPlan estimates businesses collectively lose $4.7B in productivity each week due to employee financial stress, based on the results of its 2021 Wellness Barometer Survey.

But most companies don’t go beyond retirement preparation

Check all that apply: Which financial benefits do you currently provide to your employees as a sponsored benefit?



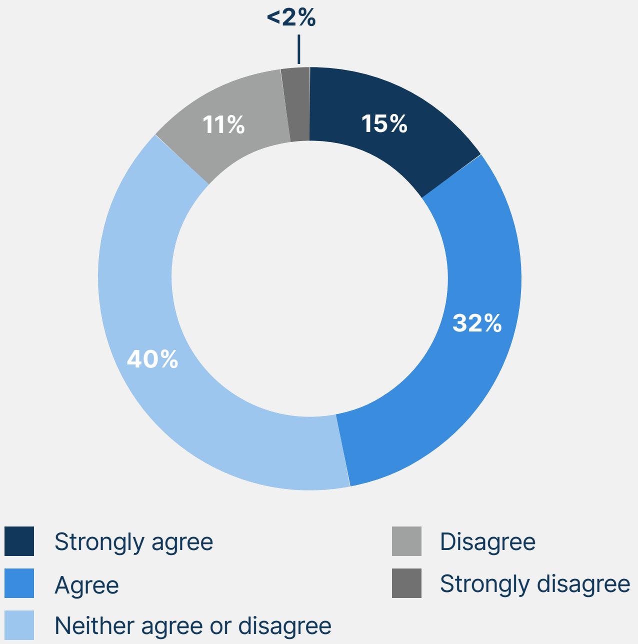
Looking at what benefits employers currently offer their hourly workforce, an opportunity immediately becomes clear: Few businesses are taking a progressive, multifaceted approach to their hourly employees’ financial wellness.

At 71%, 401(k) with match is by far the most commonly offered financial benefit. It’s also the one least able to help employees — hourly workers in particular — in moments of need. Most face too much income volatility to save, let alone plan for retirement. They need money now. More than 50% of lower-income adults struggle to pay bills each month according to Pew Research Center.

Employers would drive more engagement and productivity from their hourly workers by offering them financial benefits that create stability today, such as giving them faster access to their wages, helping them save for emergencies, and reducing debt. As that stability builds, employees are better positioned to take advantage of benefits that were once out of reach, like a 401(k).

Forward-thinking employers see earned wage access as beneficial to recruiting

Do you agree that offering financial benefits, such as earned wage access/on-demand pay, will help your business recruit new employees?



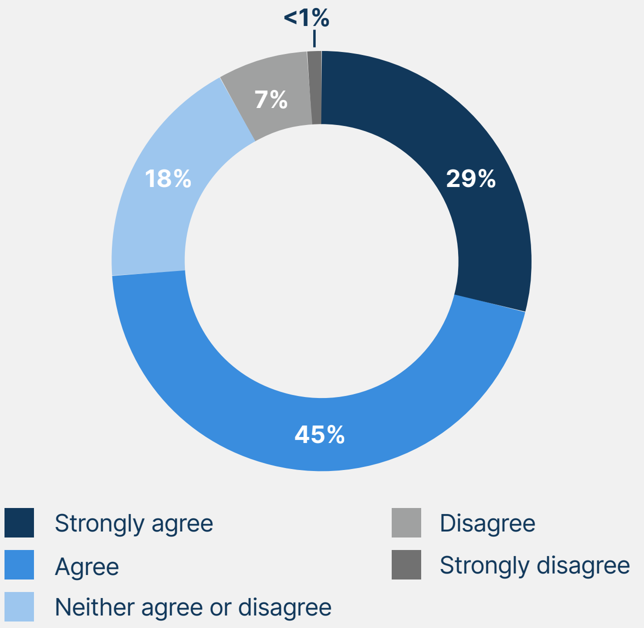
Winning at retention starts with winning at recruiting, and savvy employers see financial benefits delivering ROI earliest by helping them attract new talent. At 47%, most of the HR and benefits professionals surveyed either agree or strongly agree that they’d have an easier time attracting and hiring hourly workers with financial benefits in place.

PwC’s findings back this up, with 72% of employees saying they’d be attracted to another company that cares more about their financial well-being than their current employer.

Only 13% doubted the impact financial benefits would have on recruiting. As for the undecided 40%, this reinforces the opportunity forward-thinking employers have in front of them. While competition takes a wait-and-see approach, early adopters of financial benefits will have a head start in recruiting and retention.

Employers agree: Sponsored benefits drive the most impact

Do you agree that employer-paid benefits are utilized more by employees than voluntary benefits?



Nearly three-quarters (74%) of employers agree or strongly agree that sponsoring financial benefits would drive higher adoption than making employees pay for them. That might sound like a given, but it offers more insight than may first appear.

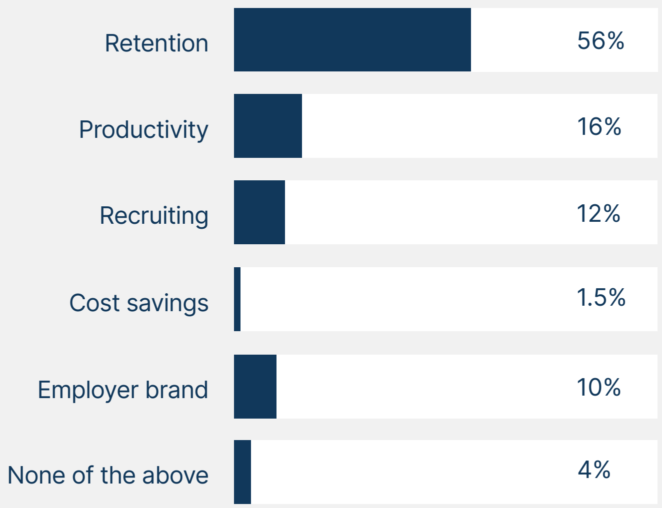
First, it shows employers recognize they need to strategically add financial benefits to create lasting impact across recruiting, retention, and engagement. Second, it shows employers recognize that asking financially stressed workers to pay for benefits creates a lose-lose scenario. It works against employees 1) adopting the benefit, and 2) making lasting progress with it.

Here's an example of what strategically offering financial benefits does and doesn't look like. A standalone earned wage access (EWA) provider would work against employees building long-term financial resilience. Since the provider profits off of fees, it's incentivized to drive up EWA usage. The provider needs employees to stay in some degree of financial distress.

Contrast this with **an employer-sponsored financial benefits platform where EWA is offered alongside budgeting, planning, and savings tools that guide employees up the financial ladder.** Employees pay no fees nor borrow anything, they just access take-home wages early. Now able to cover gaps between checks — and see earnings in near-real time based on their schedule — employees recoup more of their money. From there, automatic budgeting and saving helps employees rise above living paycheck to paycheck.

The impact employers expect from sponsoring financial benefits

Which area do you believe sponsoring financial benefits, in general for low-wage and hourly workers, would have the most positive effect on?

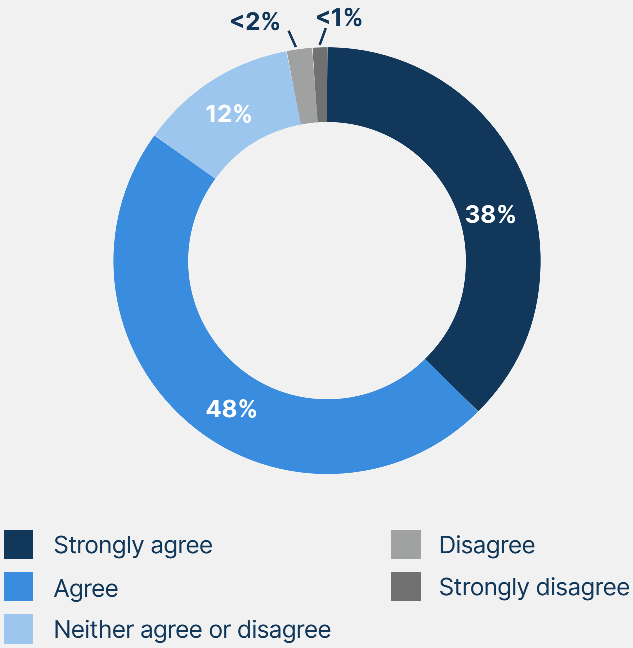


As detailed earlier, employers expect to see the most immediate returns from sponsoring financial benefits in recruiting — but what about long-term impact? At 56%, most employers expect to see the highest ROI from retention. In a labor market where applicants are scarce and turnover is high, employers who retain their workers get an edge over the competition — and the ones who sponsor financial benefits have the greatest advantage.

One major Even customer offers an example of how this plays out. Employees who used Even frequently during their first six months had 17% lower turnover than those who did not sign up for the Even earned wage access app.

Employers need to approach financial benefits holistically to maximize results

Do you agree that earned wage access alone won't help employees build financial resiliency?



It's tempting to look for a single benefit that can improve financial resilience across an entire workforce. Earned wage access — also known as EWA or on-demand pay — is often presented that way. It's the most desired financial benefit for workers between 16 and 34 years of age according to Salary Finance's second annual Inside the Wallets of Working Americans report. And yet, 86% of HR and benefits professionals don't believe it's enough to build employees' financial resiliency.

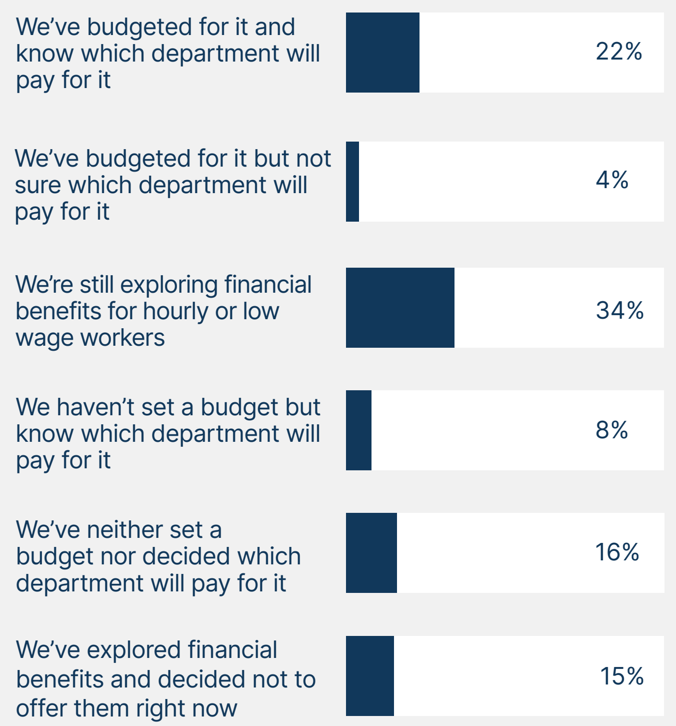
They're right, too. No single financial benefit, from EWA to 401(k), can drive lasting financial resilience across an entire workforce, especially at the hourly level. The question HR and benefits pros need help answering is something more like, "What set of benefits do we need to offer so we help employees at every phase of their financial journey?"

This question shows that financial benefits need to be thought through holistically instead of in isolation. This ground-up thinking is how Even built its financial benefits platform. EWA is only one benefit employees have access to. They also get tools such as automatic savings, automatic budgeting, and schedule-based pay projection.

The results: 75% of Even members report improved financial health.

Where employers are in budgeting for financial benefits

Which best describes where your company is with offering financial benefits geared toward hourly or low-wage employees?



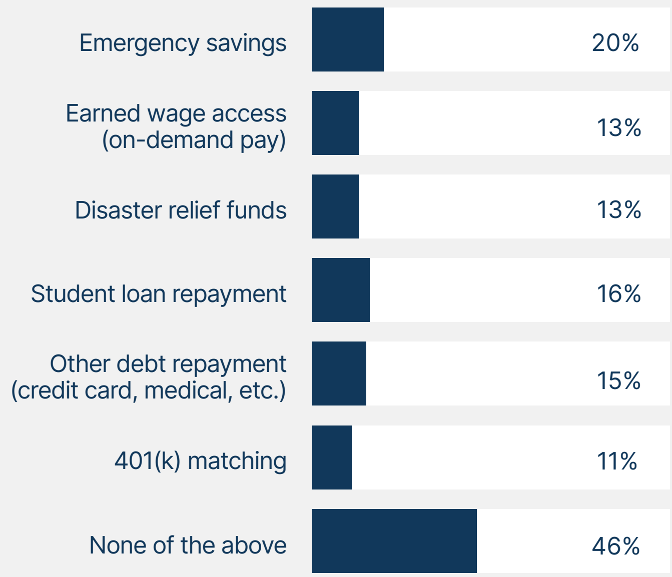
This question reveals more into why employers recognize their hourly workers need help, but some are still years away from launching any new benefits. At 34%, the majority of respondents are in their exploration phase.

However, a strong 22% have their budgeting in place and know which department will pay for it. Another 12% are closing in, only needing to set a budget or decide which department will pay for employees' new financial benefits.

That 22% can potentially be connected back to forward-thinking employers who saw the need for more financial benefits before COVID-19. PayPal offers a strong example. The global tech company established its Employee Financial Health Program ahead of COVID-19. It then made key adjustments to not only stabilize employees' financial health during the pandemic, but continue increasing their net disposable income (NDI).

What financial benefits employers plan to add in the next 6–24 months

If you are planning to add a sponsored financial benefit within the next 6–24 months, which is most likely? Select your top 3 choices.



Even with the challenges of recruiting and retaining hourly workers, 46% of employers say they don't plan to add any sponsored financial benefits within the next two years. This seems counter-intuitive, but it also underlies how unsure many employers likely feel. Benefits like 401(k) are well known and have established track records. But how do HR and benefits leaders sell less familiar solutions to the C-suite, such as emergency savings?

Still, even with such uncertainty, employers do plan to add financial benefits. In some cases, this could mean a doubling or even tripling of the rate employers offer them. Based on this survey, emergency savings programs would grow from 9% to 29%, and earned wage access would grow from 10% to 23% of employers offering it. That mirrors Gartner's prediction that 20% of large U.S. companies with a majority hourly workforce will offer EWA by 2023.

A proven approach to building employees' financial resilience

These survey results show how employers today, especially those with large populations of hourly workers, want to help their employees achieve greater financial resilience. But the path to relieving employees' financial stress, and at the same time helping them build long-term financial health, isn't clear.

A solution like Even gives employers a roadmap to a more financially resilient workforce. It makes employees' wages go further by offering a comprehensive set of financial benefits under one platform. So no matter where employees are, they have support to climb the financial ladder:

- Earned wage access (EWA) to solve cash flow emergencies.
- Automatic budgeting to plan for bills and know what's safe to spend.
- Emergency savings to protect against borrowing from the future.
- Schedule-based pay projection to plan for changes in hours or budget ahead of time.

Members stabilize their cash flow by using EWA to handle emergencies with their own money — instead of turning to predatory payday loans and high-interest credit cards. As their finances stabilize, employees progress into planning, budgeting, and saving. As financial distraction goes down, productivity and engagement go up.

"The reason we wanted to partner with Even was their focus isn't on continuing instant pay forever. It's actually about getting people to a space where they don't need to," Global Payroll Lead Traci Memmott of PayPal said.

Learn more about how Even helps employers bring financial resilience to their hourly workforces at **even.com**.

Schedule your demo today

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