Retirement Advisor Council

Research Report

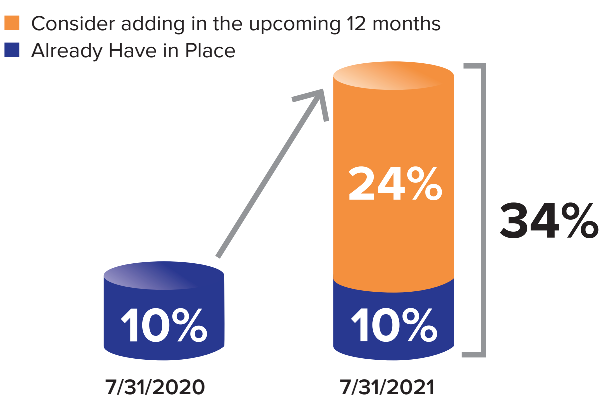
GROWING APPETITE FOR EMERGENCY SAVINGS PROGRAMS

Emergency Savings Programs are an important element of the Financial Wellness programs that many employers now offer to their workforce. The number of employers offering an emergency savings program to participants is projected to more than triple over the next 12 months, a survey of Council member advisors reveals.

Financial Wellness programs are designed to help curtail employees' financial stress. Financial stress contributes to absenteeism and low productivity. The Retirement Advisor Council conducted a survey of its membership in July 2020 to examine the level of employer interest and drivers of employee engagement in these programs. This first report in a series testifies to the growing appetite for emergency savings programs among employers across employee size bands.

"Financial Wellness is critical to employee morale and producing healthy retirement outcomes. It is particularly important to address the financial stress of employees as we get back to work and re-open the economy. By adding the option for employees to make after-tax contributions to an emergency fund, participants can continue to increase deferral amounts and decrease the number of loans and hardship withdrawals. Low 401k balances and low contribution rates, coupled with high numbers of loans and withdrawals, are symptoms of a much larger problem. The problems are a lack of an emergency savings, inattention to financial literacy, and increasing consumer debt… and the solution is a holistic Financial Wellness program," says Troy L. Redstone, CPFA® AIF® CFEI® CBFA® of PHD. Retirement Consulting – President and Board Member or the Retirement Advisor Council.

Emergency Savings Programs for Participants
Percent of Plan Sponsors



FINANCIAL WELLNESS IS CRITICAL TO EMPLOYEE MORALE AND PRODUCING HEALTHY RETIREMENT OUTCOMES.

"Establishing and maintaining an emergency fund isn't competition for a retirement plan. Really, it's an incentive. Many employers use changes in employee debt and savings as metrics to measure workforce engagement with Financial Wellness programs. An after-tax deferral emergency fund option would positivity impact both metrics and, most importantly, give employees the ability to accumulate a much-needed safety net without sacrificing retirement savings," adds James D. Robison AIF® of Strategic Retirement Partners – Board Member of the Council.

"Effective outreach is critical to the adoption of Financial Wellness programs. We have to do more than just inform. We must stimulate employee awareness and engagement. Targeted, specific messaging is key," concludes Mark Ratay CIMA®, PRP, AIF® of The Ratay Group at Morgan Stanley and Vice Chair of the Financial Literacy Committee of the Council.

Financial Wellness Program of the Council in 2020

The Retirement Advisor Council is doing a great deal to promote the Financial Wellness of U.S. workers in its 2020 program:

- Prestigious Financial Wellness Awards to deserving plan sponsors delivered at the January and August meetings
- Seven VIEWPOINT papers on Financial Wellness, including one designed to guide the reader through the evaluation of solutions available to build the right program for their situation
- Advisor research on drivers of participant engagement
- Guide to Financial Wellness 2020 – A series of interactive video conference meetings to highlight the best Financial Wellness programs
- Sessions at both meetings of the Council

About the Survey

The survey was conducted July 14-31, 2020 at the request of the Financial Literacy and Financial Wellness Promotion committee. 70 Council member advisors responded representing 8209 plans and 4,052,300 participants

About The Council

The Council advocates for successful qualified plan and participant retirement outcomes through the collaborative efforts of experienced, qualified retirement plan advisors, investment firms and asset managers, and defined contribution plan service providers.
Retirement Advisor Council is a brand of EACH Enterprise, LLC

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