

**Financial Wellness Behavior Changes – A Statistical Analysis of FinFit’s Performance
Working With Clients and Clients’ Employees**

**Prepared by the
Personal Finance Employee Education Fund**

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The Personal Finance Employee Education Fund is affiliated with both:

University of Oxford

And

University of Wisconsin-Madison

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The Personal Finance Employee Education Fund, a not-for-profit organization, is a private fund established to serve the public interest for non-commercial purposes. To accomplish this, the Fund provides scientific evidence documenting the bottom-line benefits of workplace-based interventions to influence financial wellness. See <http://www.pfeef.org>.

Part of the work of the Fund is to conduct research on the effectiveness of employers which provide quality financial education resources and assistance to employees. Research has demonstrated that such practices improve financial wellness and personal financial behaviors, thus reducing personal financial distress and improving financial well-being. Employees with greater financial well-being are more productive, engaged workers, and are absent less frequently from the workplace than financially distressed workers. Such job outcomes represent factors that, when improved, result in enhanced employer profitability.

This report describes the efforts of the Personal Finance Employee Education Fund to determine the ability of FinFit to address the financial distress/financial well-being of employees who work for clients of FinFit, a well-known consulting firm active in the financial wellness field. FinFit has engaged the Personal Financial Employee Education Fund to make this determination. To complete this assignment, the Personal Finance Employee Education Fund has relied upon data from FinFit. We believe this data to be accurate.

FinFit assists employees at client firms through direct interventions and by helping clients to change their practices that influence the workers’ financial wellness. While FinFit reviewed the

findings before publication of this report, the Personal Finance Employee Education Fund has not been unduly influenced in any manner by FinFit.

Methods

The Personal Finance Employee Education Fund assured that FinFit:

- a) established a baseline of the financial wellness of the employees of their clients using a reliable questionnaire;
- b) collected client-based statistical data regarding financial wellness using surveys to gather information on a “before and after” basis;
- c) documented, (using self-reporting from employees), the employees' levels of savings on a before and after basis;
- d) collected data from both enough employees and enough clients that the findings are statistically valid;
- e) replicated their research by doing it in more than one period. In fact, FinFit performed its surveys in both 2014 and 2017.

Findings

Based on responses provided to us by FinFit, both employees of FinFit clients who completed the survey questionnaire, and clients themselves, found FinFit's work to be exemplary. This report compares employees' baseline financial distress/financial well-being with their financial wellness after participating in the FinFit program. It also describes the responses of clients to a survey that asked about FinFit's effectiveness.

Financial Stress, Savings, Using High Cost Credit Sources, and Feelings for the Benefit

Employees of clients of FinFit were surveyed about their financial stress, savings, using high cost credit providers, and feelings about the FinFit offerings. In their responses to questions about these topics, they were overwhelmingly positive about the impact FinFit had on these aspects of their lives. This information is summarized in the following sections and tables.

Financial Stress

In **2014**, the majority of employees, 69%, reported their financial stress to be "significantly" or "somewhat" decreased. In **2017**, the figures for these two categories had improved to 70%. The question employees responded to was: "How has your overall financial stress changed since utilizing the FinFit Financial Wellness Program?"

Savings

Employees also were queried about their savings experience. In **2014**, employees who had participated in FinFit's program reported that their savings had been influenced as follows:

Table 1

<u>Amount Saved</u>	<u>% of Employees</u>
\$1-\$50 per month	31.82%
\$51-\$200 per month	23.66%
\$201-\$400	6.87%
More than \$400 per month	2.54%
I am not currently saving monthly	35.11%

In **2017**, employees of FinFit clients were surveyed. Employees who had participated in FinFit’s program had responded that their savings had been affected as follows:

Table 2

<u>Amount Saved</u>	<u>% of Employees</u>
\$1-\$50 per month	35.55%
\$51-\$200 per month	26.30%
\$201-400 per month	5.95%
More than \$400 per month	1.88%
I am not currently saving monthly	30.32%

For both years, 2014 and 2017, this is the question that was asked of the employees about their savings:

“How much have your monthly savings increased since utilizing the FinFit Financial Wellness Program?”

Using High Cost Credit Providers

Employees of FinFit clients were also asked in surveys about incidences when serious financial strain entered their lives. To help determine this, the question that employees of clients of FinFit were asked about financial strain was this: “How many times have you used a high cost credit provider since utilizing the FinFit Financial Wellness Program? (Examples of such providers include: payday lender, title loan lender, credit card cash advance, 401K loan etc.)”

In **2014**, employees answered as follows:

Table 3

<u># of times using high cost credit provider</u>	<u>% of Employees</u>
I have not used one since utilizing the FinFit program	42.89%
Once	17.77%
2-3 times	6.35%
More than 3 times	3.55%
I have never used a high cost credit provider	29.44%

In **2017**, these were the employees' answers:

Table 4

<u># of times using high cost credit provider</u>	<u>% of Employees</u>
I have not used one since utilizing the FinFit program	60.60%
Once	15.40%
2-3 times	4.10%
More than 3 times	2.90%
I have never used a high cost credit provider	17.00%

It is interesting to note the higher score since 2014 in the percentage who have not used a provider since utilizing the FinFit program and the lower score for the percentage who have never used a high cost provider. While it is not possible, with the data provided, to know for sure, a good hypothesis would be that employees of long term clients of FinFit are seeing cumulative benefits over the years.

Feelings for the Benefit

Employees of FinFit's clients felt that FinFit's program was a great benefit. This is the question that was used to gauge their feelings: "How much do you value this program as an employee benefit?"

In **2014**, this is how the employees felt:

Table 5

<u>Response options for opinions on benefit</u>	<u>% of employees</u>
A lot	88.40%
Somewhat	9.41%
Not at all	2.29%

In **2017**, this is how the employees responded:

Table 6

<u>Response options for opinions on benefit</u>	<u>% of employees</u>
A lot	83.50%
Somewhat	13.15%
Not at all	3.35%

It is worth recognizing that the value of the program has fallen slightly from 2014 to 2017. This is probably caused by the flip side of one of the more positive comments made earlier. It is assumed that some of the employees who completed a survey in 2014 are the same employees who filled out a questionnaire in 2017. While continued positive behavioral change is a good outcome that is

not easily earned, feelings about programs that have been around for a while are almost always going to slip. This is found across the benefits field.

Answers to Questions Asked of FinFit Clients

These are the answers that FinFit clients gave to the following survey question in **2014**:

“How would you rate your overall experience with the FinFit Financial Wellness Program?”

Table 7

<u>Response options for opinions on FinFit</u>	<u>% of clients</u>
Excellent	44.44%
Good	48.15%
Fair	7.41%
Poor	0%

For **2017**, FinFit received the following responses to the same question:

Table 8

<u>Response options for opinions on FinFit</u>	<u>% of clients</u>
Excellent	49.23%
Good	46.08%
Fair	3.15%
Poor	1.54%

These responses are high, generally. And the fact that they are improving is encouraging.

Some General Comments

The Personal Finance Employee Education Fund works with many banks, credit unions and providers of financial wellness services. FinFit is one of the better organizations we work with. We say this for several reasons that are spelled out as follows.

Financial Behaviors. Many players in the employee financial wellness community do not understand the necessity, related to financial wellness programs in the workplace, of employees making changes to their financial behaviors. Too many groups believe that by providing financial education, their employees will change their deeply set patterns and complex relationship with money. The evidence has been collected. The research has been completed. For financial interventions to be effective, it is essential to emphasize behavioral change. Finfit understands this concept and they provide services that back up this understanding.

Financial and Life Situations. Some consulting firms assume, for some reason, that all employees have similar financial challenges. This is a false assumption. Employees come in all different kinds of financial shapes and sizes and their life situations vary dramatically. To assume one size fits all is not a good assumption. Alternatively, FinFit and the best of the financial wellness practitioners assume that there are stages of life that deserve different interventions and programs. Marital status, age, housing needs, and the requirements of children all make a difference. Similarly, a retiring employee who has planned well is in a very different situation than one who is borrowing from payday lenders and is on the brink of bankruptcy. Financial wellness programs structured by FinFit reflect an understanding of the differences between employees

Understanding the Financial Costs to Businesses of Poor Financial Wellness

What follows is a list of costs that many businesses face as a result of poor employee financial wellness. FinFit demonstrates an understanding of these concepts in the work they do:

- A. **Work time wasted** = reduction in cost of work time spent on personal financial matters
- B. **Absenteeism** = reduction in cost for unplanned non-attendance
- C. **Turnover** = reduction in cost for the percentage of employees who would have changed jobs had they not participated in a financial wellness program
- D. **Job performance rating** = conservative estimate of savings due to improvement in productivity employees and job productivity ratings
- F. **Health care costs** = reduction in average employer cost per employee for health care costs. A lack of financial wellness has been shown to increase physical health problems
- G. **Health care premium savings** = employer savings per employee who can afford to fully enroll in basic health care plans
- H. **Health care spending plan** = cost savings due to increase in employee enrollment in flexible benefits plans
- I. **Dependent care spending plan** = cost savings due to increase in employee enrollment in dependent care plans
- J. **Workers' Compensation claims** = reduction in Workers' Compensation claims
- K. **Garnishments** = Cost savings to employer based on reduction in percentage of employees having wages garnished

Summary

The Personal Finance Employee Education Fund has worked with FinFit to understand the responses given when surveys were distributed to employees at clients in regard to financial wellness. Other employee characteristics and perceptions were explored, including employees' understanding of their benefits, their interest in specific financial education topics, and their readiness to change their current financial behavior. We analyzed these surveys and other attributes and have determined that FinFit is a superior provider of workplace-based financial wellness services.

In addition, we analyzed the responses to various survey questions asked by FinFit of their clients. Their clients are pleased with FinFit's work.

Statement of Qualifications

John Hoffmire is chairman of the Personal Finance Employee Education Fund. He is a member of the Center for Financial Security at the University of Wisconsin – where he is also the Director of the Center on Business and Poverty. Hoffmire is an Affiliate at the Centre for Mutual and Employee-owned University of Oxford. He is also chairman of Cadence Innova, a change management consulting firm.

Hoffmire has over 20 years of experience in equity investing, venture capital, consulting and investment banking. His work and research have been referenced in numerous publications including the Financial Times and Wall Street Journal. He also worked as a consultant for Bain & Company, as vice president for Ampersand Ventures and as senior investment officer for American Capital, which bought one of his companies.

Hoffmire holds a PhD in international development from Stanford University and was presented with the Darwin Nelson Public Service Award.