

## *Canada Awards for Excellence*

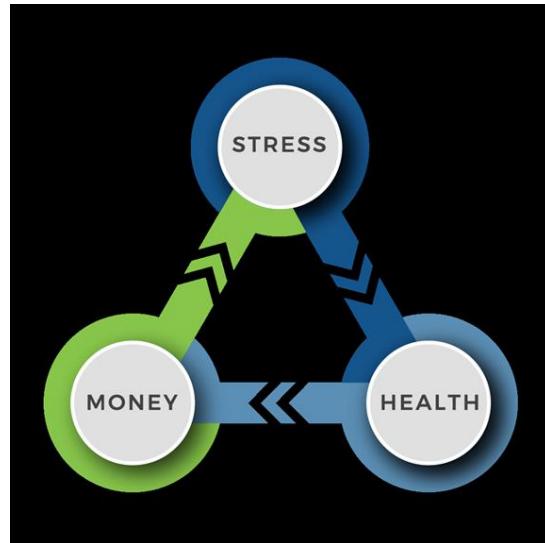
### **FINANCIAL WELLNESS**

### **REQUIREMENTS**

***Requirements for employers in implementing a  
Financial Wellness program for their employees.***

## Introduction to ***EMPLOYEE FINANCIAL WELLNESS***

The need for ***EMPLOYEE FINANCIAL WELLNESS*** programs



Money is one of the most frequently reported causes of stress. Stress is one of the most influential determinants of health. According to the 2016 Sun Life Canadian Health Index Survey,

- **45%** of individuals were experiencing uncomfortable levels of stress related to personal or household finances
- **32%** faced excessive stress in trying to maintain a budget, and
- **31%** were stressed by unexpected expenses.

**Financial wellness** is one of the core elements required for the overall well-being and the total health of an individual.

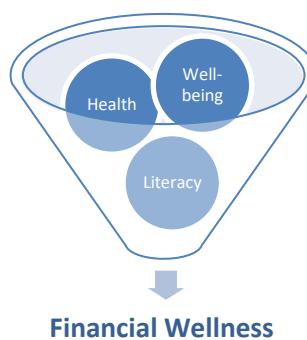


## There are 3 Elements of Financial Wellness<sup>1</sup>:

1. **Financial Health** – an objective measure relating to an employee's financial resources and the ability to meet their ongoing financial obligations including planning for retirement. Financial health may change over time depending on the employee's life stages and commitments.
2. **Financial Well-being** – a subjective measure, involving an employees' attitudes and confidence about their financial situation, and about their ability to manage it over the short and long term.
3. **Financial Literacy** – the knowledge, the skills and the confidence needed to make responsible financial decisions, along with the ability to apply that knowledge to everyday life. Financial literacy is necessary for financial well-being and wellness, although not sufficient on its own.

### Financial Wellness

Combining the 3 elements of financial wellness at a high level means an employee has the money to meet short-term obligations, is making appropriate plans to meet long-term obligations, and the knowledge, skills, and confidence to manage their financial affairs.

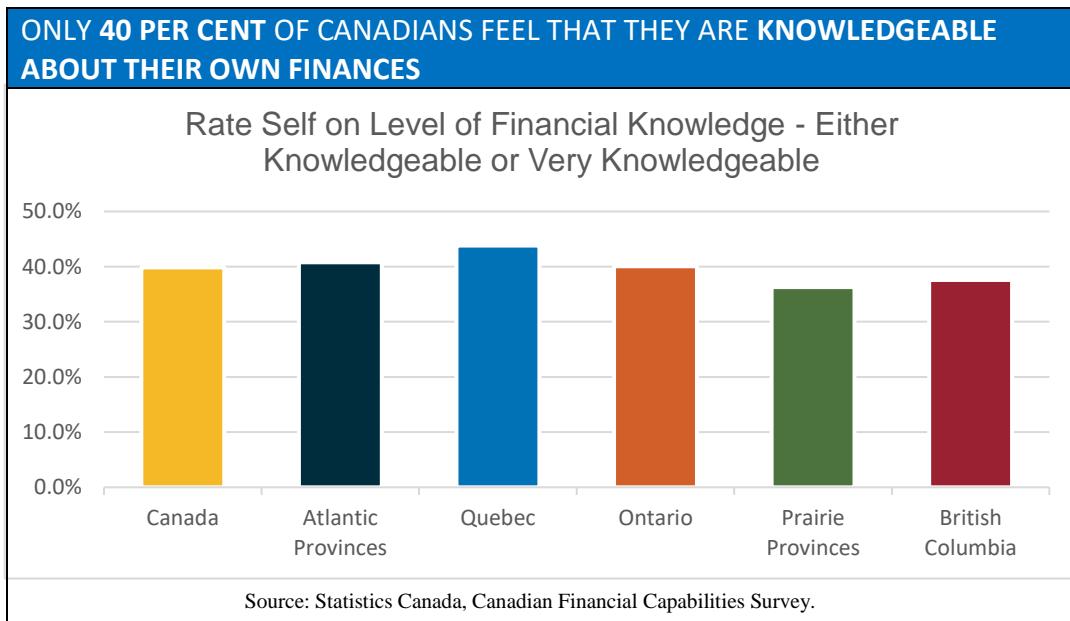


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<sup>1</sup> Empowering Employees to Improve their Financial Wellness, Sun Life Financial report, and the Financial Wellness Advisory Committee's input

## The Case for Financial Wellness

- Studies show a direct link between financial wellness and employee health. Those that report greater financial stress also report poorer health.<sup>2</sup>
  - Three of the top four drivers of uncomfortable levels of stress for Canadians are related to financial challenges:<sup>3</sup>
    - 45% of employees worry about personal/household finances
    - 32% worry about trying to maintain a budget
    - 31% worry about unexpected expenses
- (Note: the fourth top issue was personal health)



- Financial stress can lead to distress, sleep deprivation, absenteeism, reduced productivity, employee turnover, mental illness, etc.<sup>4</sup>
- Financial stress causes more than 11 lost days of productivity per year<sup>5</sup> (per employee)
- 20 to 30 percent of those with high levels of stress from debt live with anxiety or depression.<sup>6</sup>
- The ROI for employers who offer employees easy access to financial programs is at least 3:1 and that doesn't include the value of the increased goodwill<sup>7</sup>

<sup>2</sup> Bagwell, D.C. & Kim, Financial Stress, health status and absenteeism...Journal of Consumer Education, 21, 50-58

<sup>3</sup> Sun Life Financial, 2016 Sun Life Canadian Health Index

<sup>4</sup> Aversa, J. Associated Press (2008) Stressed over debt taking a toll on health

<sup>5</sup> The Conference Board of Canada, Money on the Mind Presentation, February 21, 2018

<sup>6</sup> The 2016 Financial Stress Research (Financial Finesse)

<sup>7</sup> Prawitz, A.D., Garmin E.T. (2009) [www.pfeef.com](http://www.pfeef.com)

## The Case for Financial Wellness (*continued*)

- Stressed employees are less productive than other employees<sup>8</sup>
  - 48 percent of employees say finances have been a distraction at work
  - 50% spend 3 or more hours at work each week thinking about or dealing with financial issues
  - 31% say productivity at work has been impacted by financial worries
- People that are “financially unprepared” are 16% less likely than others to say they are “productive in the workplace”<sup>9</sup>
- Health has been impacted negatively by financial worries<sup>10</sup>
  - 26% millennials, 32% Gen X and 25% boomers have indicated a negative impact

## The Role for Employers

- There is an expectation for employers to help – 68% of employees believe their employer has a role in their financial health<sup>11</sup>
- By committing to financial wellness, employers can bring lasting benefits to employees, and positively impact business outcomes

**WHY EMPLOYERS HAVE  
A ROLE IN FINANCIAL HEALTH**



**Cost is high**

- Financial stress causes more than **11 lost days\*** of productivity per year.
- 20 to 30 per cent\* of those with **high levels of stress from debt live with anxiety or depression.**



**Expectations are there**

- **68% of employees<sup>†</sup> believe employer has a role in their financial health**

\* 2016 Financial Stress Research, Financial Finesse  
† 2016 Sun Life Group Benefits Generations Survey

<sup>8</sup> PWC 2017 Employee Financial Wellness Survey

<sup>9</sup> Manulife Financial/IPSOS Reid, Health and Wellness Study 2014

<sup>10</sup> PWC 2017 Employee Financial Wellness Survey

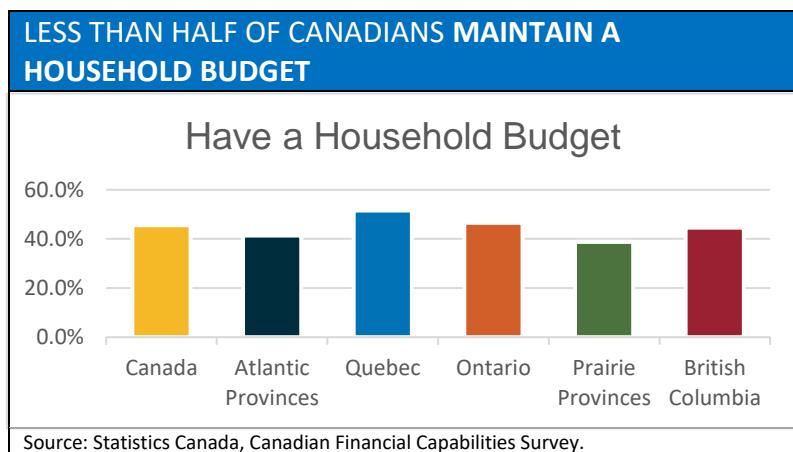
<sup>11</sup> 2016 Sun Life Group Benefits Generations survey

## Benefits for Employers<sup>12</sup>

- Reduced anxiety of employees
- More productivity
- Reduced absenteeism, presenteeism
- Reduced turnover
- Increased employee satisfaction
- Improved loyalty
- Improved morale
- Healthier employees

## Benefits for Employees

- Better understanding of issues regarding personal finances
- Better support for identified needs
- Improved overall health, including mental health, i.e., less stress, anxiety, better sleep, etc.
- Satisfaction and peace of mind
- Increased participation in financial health choices resulting in greater self-confidence and life skills
- Lasting benefits intellectually, physically, socially and economically



## ONLY 40 PER CENT OF CANADIANS FEEL THAT THEY ARE KNOWLEDGEABLE ABOUT THEIR OWN FINANCES

### Many think they are good or very good at making ends meet

Canadians Rating Themselves as Good or Very Good on...(%)

	CANADA	ATLANTIC PROVINCES	QUEBEC	ONTARIO	PRARIE PROVINCES	BRITISH COLUMBIA
Keeping Track of Money	73.0	75.5	76.7	73.7	69.0	70.1
Making Ends Meet	82.7	81.5	85.7	83.3	80.1	81.6
Shopping Around to get the Best Financial Product	66.7	67.8	66.6	70.3	62.5	63.0
Staying Informed on Financial Issues	50.6	51.8	46.9	55.3	47.4	48.2

Source: Statistics Canada, Canadian Financial Capabilities Survey

<sup>12</sup> Mercer Canada, Zen and the Art of Employee Financial Wellness; Sun Life Financial/Ivey, Canadian Wellness ROUI Study Update

## The FINANCIAL WELLNESS STANDARD

Excellence Canada's **FINANCIAL WELLNESS** Standard serves as a roadmap for organizations in any sector that wish to encourage, support and implement exemplary financial wellness-related programs in the workplace. This Standard includes the basic requirements for an employer to start the journey to employee financial wellness.

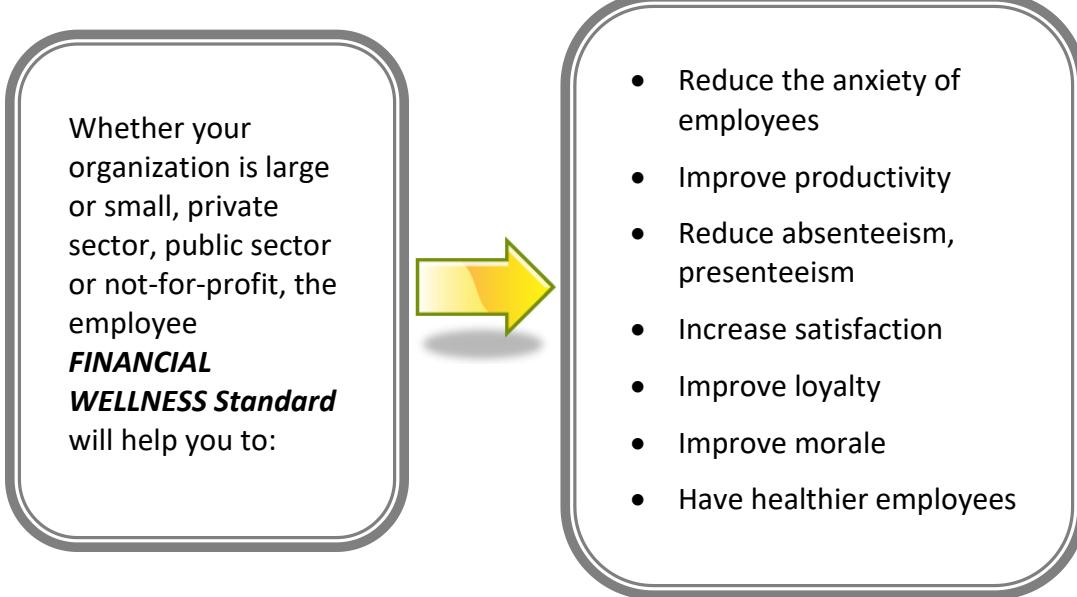
**FINANCIAL WELLNESS** was developed by Excellence Canada in association with private and public sector professionals from across Canada, including financial wellness experts with experience evaluating and improving financial wellness. Advisory committee members represented diverse perspectives, such as entrepreneurial start-ups, not-for-profit organizations, government agencies and global leaders in health benefits and financial services.

The **FINANCIAL WELLNESS** Standard is based on research and knowledge pertaining to success factors of employee well-being in the workplace, the experiences of the Advisory Committee members, and the outcomes of leading organizations.

Employers that focus on the overall health of their people recognize the need for policies and corporate values that support employee health, including physical, psychological and financial wellness. It is good business to have employees who are physically and psychologically healthy and safe, and managers who are sensitive to the impact of short- and long-term decisions on employee health.

Successful organizations know that a conscious effort to focus on employee wellness will have a direct impact on the success of the contributions made by employees, and to the overall success of the business outcomes.

Please note: There is an **IMPLEMENTATION GUIDE** which accompanies these requirements.



## CERTIFICATION

Employers may apply for certification and successful applicants will be eligible for a **Certificate of Merit** under the ***Canada Award for Excellence*** program. Please contact [Bonita@excellence.ca](mailto:Bonita@excellence.ca), 1-800-263-9648 extension 233 for more information.

## THE REQUIREMENTS

### LEADERSHIP AND GOVERNANCE

- a) It is important that the senior leadership team visibly endorses and supports the following Guiding Principles:
  - i. **Commitment to an integrated holistic approach to employee well-being** by providing policies, initiatives and programs that support the physical, mental and financial well-being of all employees.
  - ii. **Stewardship of health by employees**, where leadership demonstrates stewardship of employee well-being and employees are encouraged and inspired to manage their own physical, mental and financial wellness.
  - iii. **Equal access to programs**, where financial wellness programs are designed for all employees regardless of an individual's present level of overall well-being, or regardless of age, or employment type, or socioeconomic status, etc.
  - iv. **Recognition that physical, mental and financial health are interdependent**. The organization recognizes the important interplay between financial wellness, mental health and physical health and how these factors contribute to overall employee well-being and organizational sustainability.
- b) There is a clear internal mandate with sufficient resourcing to plan and deliver on the commitment to Financial Wellness.
- c) A steering committee or working group has been established to oversee the Financial Wellness program (This could be the role of a broader wellness committee). A senior manager is engaged as the Sponsor of the Plan.
- d) The organization has established/amended policies to include specific reference to the management and promotion of financial wellness.
- e) The organization fosters a work environment where coworkers and supervisors are supportive and responsive to employees' financial wellness as part of their overall health and well-being.
- f) Highly effective best practices in Financial Wellness are investigated, captured, implemented and inform ongoing improvement plans.

## **STRATEGY AND PLANNING**

- a) A targeted plan for Financial Wellness has been developed which clearly links to related operational/business plans. S.M.A.R.T. goals are based on current evaluation and needs assessment (see c), addressing key elements of financial wellness. Goals have been communicated across the organization.
- b) Key stakeholders have been consulted to assess financial wellness issues.
- c) The organization has conducted an assessment to identify needs, which may include preferences and risks.
- d) Programs and initiatives are planned and/or implemented to improve employees' financial wellness.
- e) The organization uses a variety of methods to promote various aspects of financial wellness, its plans, programs, and related goals.
- f) The organization has identified and is beginning to track and analyze key indicators related to financial wellness.
- g) Program results are measured and evaluated with results informing ongoing plans.
- h) There are action plans to review and improve the overall financial wellness strategy on an ongoing basis.

## **PEOPLE ENGAGEMENT**

- a) There is a plan, which has been implemented, to provide education to all employees to increase awareness of the interplay between physical, mental and financial wellness, along with the benefits associated with financial wellness.
- b) Management provides various avenues for employees to provide feedback on issues related to financial wellness, and to put forward innovative ideas and suggestions for improvement on financial wellness programs and support.
- c) Training and development requirements related to financial wellness are determined with employee input, and employees are encouraged to acquire and implement new knowledge and skills.
- d) Barriers to participation in financial wellness programs are being identified and their removal is incorporated into the plan.
- e) Participation in financial wellness programs is encouraged and supported.