



NHRMA 24

86TH ANNUAL CONFERENCE + TRADESHOW

CS26

Life on the Edge: Employee Instability and Its Impact on Employers

Life on the Edge: Employee Instability and its Impact on Employers

Presented by:

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Today, we'll talk about:

- How I got interested in financial instability among employees
- The precipitating events that cause employee instability
- The scope of the problem in the US workforce
- How employee financial anxiety impacts the workplace
- Signs an employee is experiencing instability
- The cost of instability to your organization
- Strategies you can use to support employees and improve organizational performance
- Questions you have
- Prizes for the bingo game!

How I Got Interested in Employee Financial Instability

What homelessness looks like:

10%



Profile: 55-year-old white male, formerly employed
Drivers: Disabilities and mental health disorders, including substance use disorders

80%



Profile: More likely to be a POC, employed
Primary drivers: The combination of an unaffordable expense and the absence of a financial safety net

Government funding priorities for services:

- Chronically homeless individuals (people with the longest histories of residing in places not meant for human habitation, in shelter, or in safe havens)
- Individuals with significant physical or behavioral health challenges
- High utilizers of crisis or emergency services
- The extent to which people, especially youth and children, are unsheltered
- Vulnerability to injury or death
- Vulnerability to victimization (including domestic violence)

Employed
individuals generally
do not qualify for
government support.



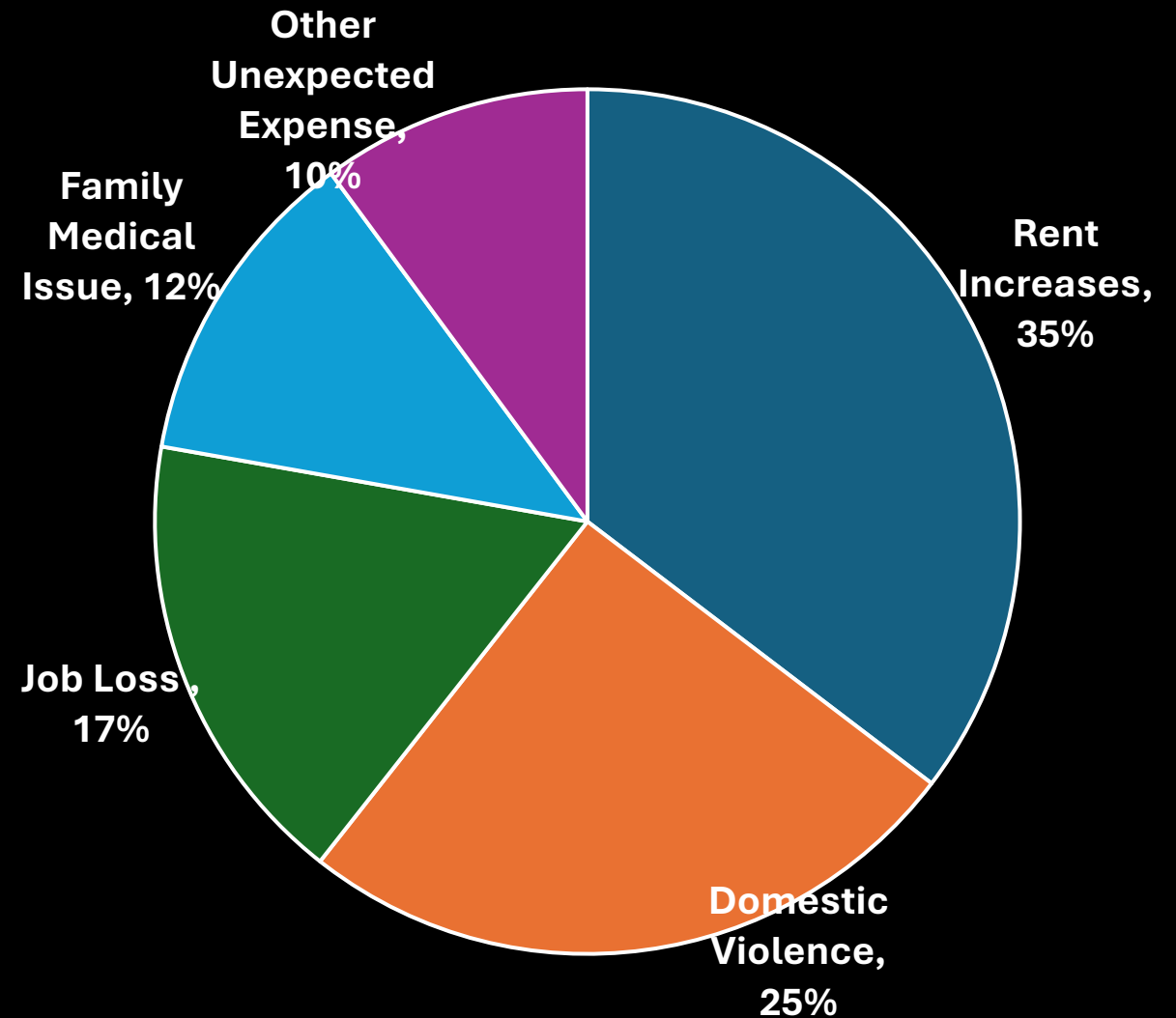
Precipitating Event
+
No Financial Safety Net
=
Employee Instability

Precipitating Events

Other Unexpected Expenses include: Loss of free childcare coverage, divorce, car repair bill, home repair bill, separation, increased cost of childcare, legal problem, increase in gas prices, natural disasters

Family Medical Issues include: Unexpected medical bill, medical bill co-pay, car accident, death of a family member, cancer diagnosis, family member diagnosed with a disability, birth of a child, incapacitation of an elderly relative, extended illness,

Job Loss includes: Partner/spouse lost job; reduction of work hours; loss of second job, inflation outpaces compensation



Financial Safety Net Resources:

- Cash
- Credit Cards
- Loan/Line of Credit
- Family/Friends who would help
- Insurance (health, home, car)
- Retirement accounts
- Investments
- Assets I could sell
- Access to a cash advance at work

Financial Instability Among Employees: The Scope of the Problem

How many employees are financially unstable?

- 64% of all employees live paycheck to paycheck
- 60% are experiencing financial anxiety
- 32% of employees run out of money between paychecks
- 24% are behind on their bills



The Impact of Instability on Performance

Your employees' financial instability is impacting their performance.

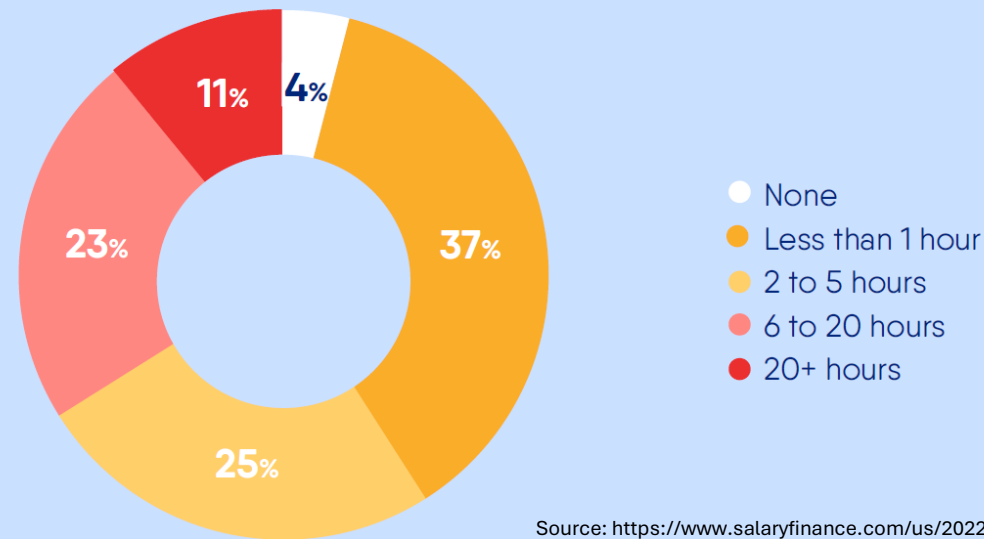
44%

Percentage of financially-stressed employees who admit their issues have been a **distraction** at work

56%

Percentage of financially-stressed employees who **spend 3+ work hours per week** dealing with or thinking about issues related to their crisis

How many hours did you spend in the last week thinking about or dealing with personal financial issues while at work?



Source: <https://www.salaryfinance.com/us/2022-cost-of-living-report>

36%

Percentage of financially-stressed employees who are **actively job searching**, which is **twice the average** the number of employees who are not financially-stressed

<https://www.pwc.com/us/en/services/consulting/business-transformation/library/employee-financial-wellness-survey.html>

https://resources.salaryfinance.com/hubfs/Campaigns/USGuide19/Employers_Guide_to_Financial_Wellness_2019_Salary_Finance.pdf?utm_campaign=USGuide19

<https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-revolving-debt-financing-credit-scores/>

And their performance impacts your organization's performance ...

The 2019 Salary Finance publication, *The Employer's Guide to Financial Wellness*, notes that financially-distressed employees are:

- **6 times** more likely not to finish daily tasks
- **5 times** more likely to have poor work quality
- **4 times** more likely to have problems with relationships at work
- **8 times** more likely to experience sleepless nights

Employee anxiety and poor performance also impact:

Broader **workforce satisfaction**

Your **customer or client experience**

Your **brand and reputation** in the community

... which is costing your organization a lot of money.



48.6 days of lost productivity per year for employees who are behind on their bills



\$300 per employee per week, on average



21% of annual salary to replace a lost employee



\$500 billion in cost to US businesses every year



11% to 14% additional payroll expense due to higher health insurance, workplace injuries, disruptive behaviors

<https://www.benefitspro.com/2021/08/18/financial-stress-costs-u-s-companies-4-7-billion-per-week/?streturn=20230202201238>

[CostofTurnover0815.pdf \(americanprogress.org\)](#)

[Panic Attack: Worker Financial Stress Costs Employers \\$500 Billion Annually \(401kspecialistmag.com\)](#); [Salary Finance | The Employer Guide To Financial Wellbeing 2019-20](#)

[Half of US Workforce Suffers Panic Attacks and Depression Due to Money Worries, New Survey Finds \(prnewswire.com\)](#)

Signs of Financial Instability

Signs of Financial Anxiety and/or Homelessness

Requested an advance on pay	Has borrowed against their 401(k)/403(b)	Has withdrawn money from their 401(k)/403(b)	Has taken a payday loan
Has debt garnishments on their paycheck	Has changed addresses more than twice in 12 months	Has frequent employment verification requests	Is often absent from work
Is absent-minded at work	Has difficulty getting along with co-workers	Has fallen asleep on the job	Has poor productivity relative to their peers
Has poor grooming habits	Has difficulty getting along with customers	Is easily agitated	Frequently misses deadlines
Often talks about looking for new housing	Says they are temporarily staying with friends	Seems to be making a lot of personal calls	Seems depressed
Avoids going out for lunch or drinks with others	Wears the same clothing frequently	Talks about a second job	Doesn't talk about home life



Calculating Your Cost

A Tale of Two Companies



Company Information

Employer Data

Total number of employees

250

Average annual income per year across all employees

\$95,000



Company Information

Employer Data

Total number of employees

1,200

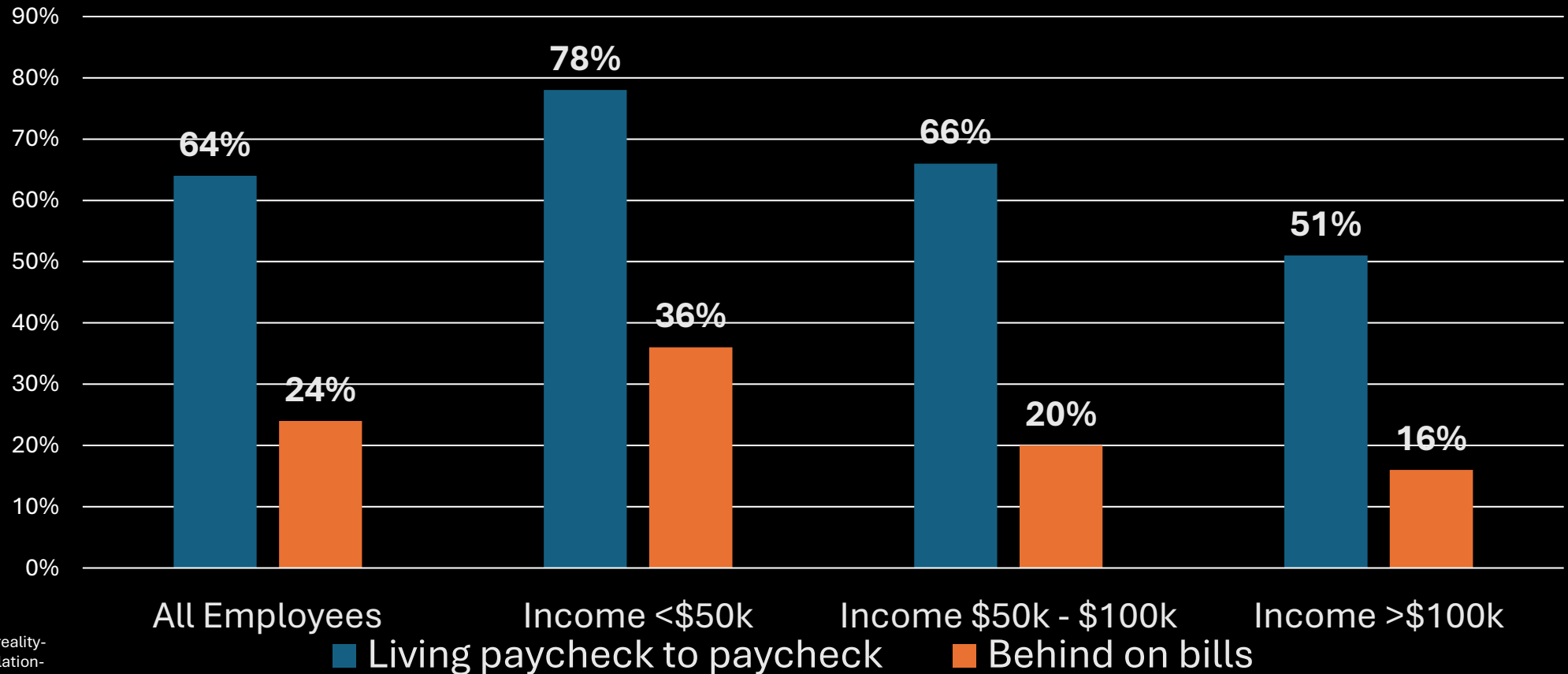
Average annual income per year across all employees

\$50,000

How many of your employees are experiencing instability?

Well & Associates: 20%
Spring Senior Living: 36%

Employees Living Paycheck to Paycheck

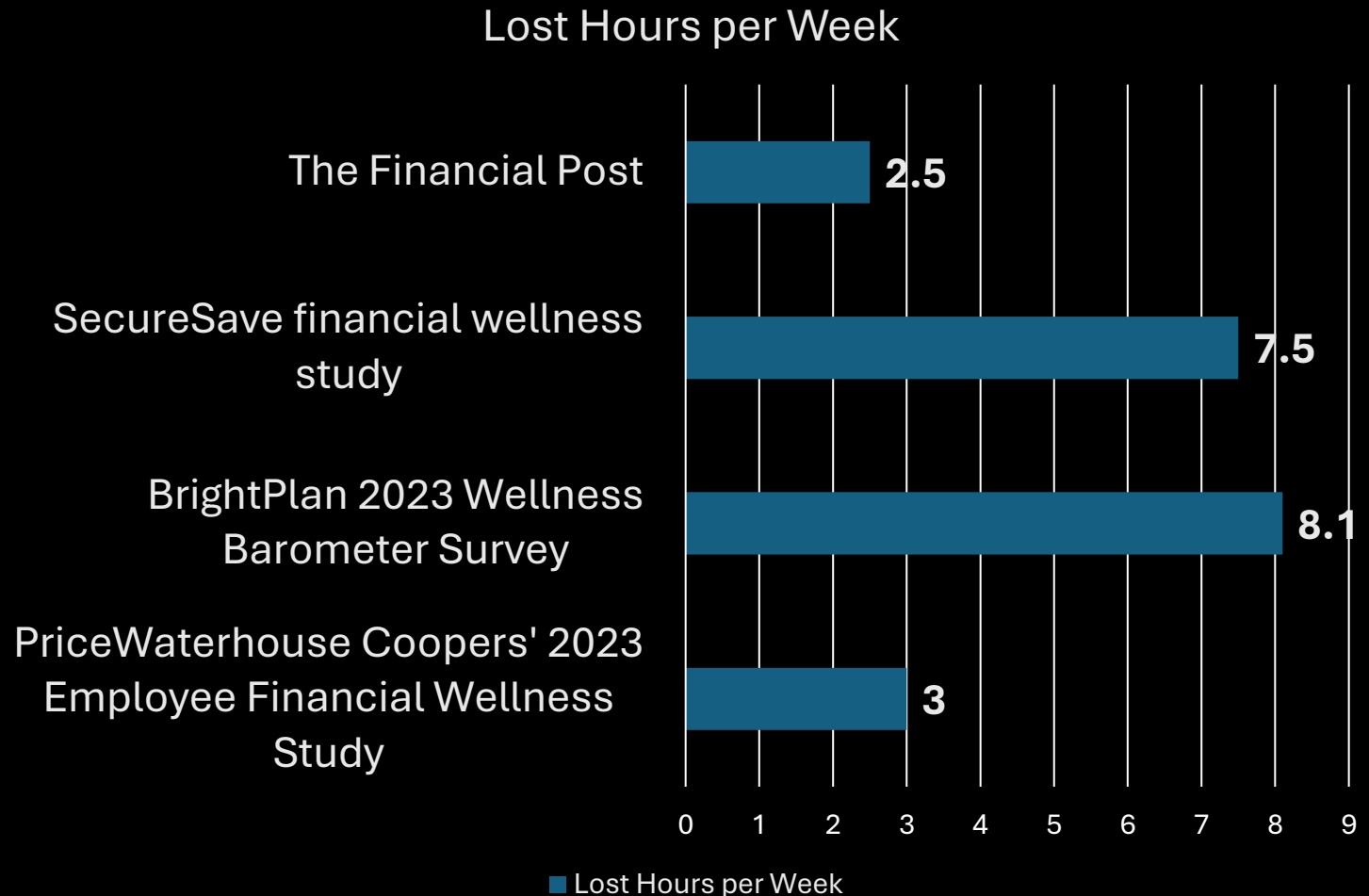


How much time is lost to instability?

Employees spend **at least 2.5 hours per week and up to more than 8 hours per week** worrying about their financial situation. Annually, this results in losses of **3 to 11 weeks of work**.

For purposes of our estimated cost, we will use **48 days of lost time** for individuals who are already behind on their bills.

This is about **7 hours per week** for those individuals, and **0 hours per week for others living paycheck to paycheck**.



Well & Associates: The Cost of Lost Productivity

48 days of lost productivity =
384 hours



Company Information

Employer Data

Total number of employees

250

Average annual income per year across all employees

\$95,000

Employer Estimates

Percentage of employees who are behind on bills, based on average income

20%

Step 1

Estimate Costs of Lost Productivity and Excess Turnover

Lost Productivity - Cost of lost productivity due to financial anxiety

Average *annual* income per employee

\$95,000

Number of working hours per year (assuming 40 hour work-week)

/ 2080

Average *hourly* income per employee

= \$45.67

Average number of hours lost per employee in financial distress per year

x 384

Cost of lost productivity per employee (rounded to nearest dollar)

= \$17,538

Total number of employees

x 250

Cost of lost productivity for all employees (rounded to nearest dollar)

= \$4,384,615

Estimated percentage of employees in financial crisis

x 20%

Total Cost of Lost Productivity

\$876,923

Spring Senior Living: The Cost of Lost Productivity

48 days of lost productivity =
384 hours



Company Information

Employer Data

Total number of employees

1,200

Average annual income per year across all employees

\$50,000

Employer Estimates

Percentage of employees who are behind on bills, based on average income

36%

Step 1

Estimate Costs of Lost Productivity and Excess Turnover

Lost Productivity - Cost of lost productivity due to financial anxiety

Average *annual* income per employee

\$50,000

Number of working hours per year (assuming 40 hour work-week)

/ 2080

Average *hourly* income per employee

= \$24.04

Average number of hours lost per employee in financial distress per year

x 384

Cost of lost productivity per employee (rounded to nearest dollar)

= \$9,231

Total number of employees

x 1,200

Cost of lost productivity for all employees (rounded to nearest dollar)

= \$11,076,923

Estimated percentage of employees in financial crisis

x 36%

Total Cost of Lost Productivity

\$3,987,692

Well & Associates: The Cost of Excess Turnover

Cost of turnover = 21% of annual compensation

Percent to retain to get to “normal” turnover = 54%



Company Information

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Total number of employees

250

Average annual income per year across all employees

\$95,000

Employer Estimates

Percentage of employees who are behind on bills, based on average income

20%

Excess Turnover - Cost of additional turnover due to financial anxiety

Average annual income per employee

\$95,000

Cost of turnover as percentage of wages

x 21%

Cost of turnover per employee

= \$19,950

Number of employees

x 250

Total turnover cost

= \$4,987,500

Estimated percentage of employees in financial crisis

x 20%

Total turnover cost (of employees in financial crisis)

\$997,500

Estimated cost of turnover related to other issues

54%

Total Cost of Excess Turnover

\$538,650

Total Estimated Cost (Lost Productivity Cost + Turnover Cost)

\$1,415,573

Spring Senior Living : The Cost of Excess Turnover

Cost of turnover = 21% of
annual compensation

Percent to retain to get to
“normal” turnover = 54%



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Percentage of employees who are behind on bills, based on average income

36%

Excess Turnover - Cost of additional turnover due to financial anxiety

Average *annual* income per employee

\$50,000

Cost of turnover as percentage of wages

x 21%

Cost of turnover per employee

= \$10,500

Number of employees

x 1,200

Total turnover cost

= \$12,600,000

Estimated percentage of employees in financial crisis

x 36%

Total turnover cost (of employees in financial crisis)

\$4,536,000

Estimated cost of turnover related to other issues

54%

Total Cost of Excess Turnover

\$2,449,440

Well & Associates: The Cost of Financial Anxiety



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Total number of employees

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Average annual income per year across all employees

\$95,000

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Percentage of employees who are behind on bills, based on average income

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Lost Productivity - Cost of lost productivity due to financial anxiety

Total Cost of Lost Productivity

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Excess Turnover - Cost of additional turnover due to financial anxiety

Total Cost of Excess Turnover

\$538,650

Total Estimated Cost (Lost Productivity Cost + Turnover Cost)

\$1,415,573

Spring Senior Living: The Cost of Financial Anxiety



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36%

Step 1

Estimate Costs of Lost Productivity and Excess Turnover

Lost Productivity - Cost of lost productivity due to financial anxiety

Total Cost of Lost Productivity

\$3,987,692

Excess Turnover - Cost of additional turnover due to financial anxiety

Total Cost of Excess Turnover

\$2,449,440

Total Estimated Cost (Lost Productivity Cost + Turnover Cost)

\$6,437,132

Strategies to Address Instability and Improve Workplace Performance

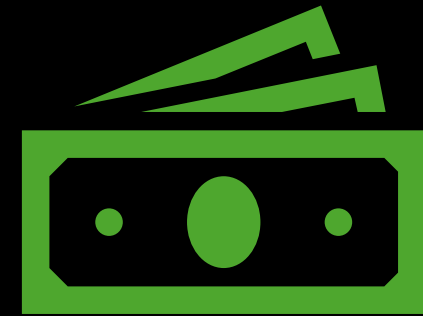
What do employees experiencing financial instability need?



Information



**Case
Management**



**Financial
Assistance**

Strategy: Build an Information Library



Description: Build a list of resources for employees seeking services. This could include resources in the community, web-based services, printed materials, or contact information for local organizations who could help.

Pros:

- ✓ Easy and relatively inexpensive

Cons:

- ✓ Broad spectrum of information needed
- ✓ Information changes frequently
- ✓ Can be difficult to find community-specific resources online
- ✓ Nonprofit organizations may not be able to serve your employees

Tips:

- ❖ Consider using an internal website with links grouped by category
 - ❖ Rather than building this in house, consider contracting with a nonprofit human service organization to do the research and provide the links.

Considerations for ROI Calculations:

- Low cost, low impact

Strategy: Refer Employees to Your Current EAP



Description: Leverage your existing EAP resources by referring employees to mental health services, legal services, and other support through your EAP program.

Pros:

- ✓ Leverages an existing resource
- ✓ Some EAPs can provide referrals to legal services, childcare programs, elder care support, and other services

Cons:

- ✓ EAPs are designed to be referral services, which means the employee may incur an expense

Tips:

- ❖ Talk to your EAP provider about how you can expand relevant resources delivered through your EAP. These could include expanded or on-demand financial literacy training or expanded referral resources.

Considerations for ROI Calculations:

- Low cost, low impact

Strategy: Invest in Financial Literacy Training

Description: Explore resources in the community that provide financial literacy training for employees. Consider nonprofits like Financial Beginnings, banks and other financial institutions, and your Employee Assistance Program.



Pros:

- ✓ Provides some proactive support for employees
- ✓ May help employees who are already in crisis

Cons:

- ✓ Timing
- ✓ It can be difficult to find training tailored to this audience

Tips:

- ❖ Consider investing in on-demand, online, micro-learning to be most timely for employees.
- ❖ Make sure that the content is appropriate. Many financial training courses focus on topics that are not relevant to employees in crisis, such as saving for college or investing in securities.

Considerations for ROI Calculations:

- Low to moderate cost, low to moderate impact

Strategy: Allow Payroll Advances, PTO Payouts, & Retirement Plan Loans



Description: Change payroll policies to allow employees to take advances on payroll and/or accrued PTO.

Pros:

- ✓ Provides immediate support
- ✓ Provides an alternative to predatory lending practices

Cons:

- ✓ Shifts the timing of payments, but does not reduce the financial burden

Tips:

- ❖ Limit advances to compensation earned to protect the organization
- ❖ Consider a discretionary contribution to retirement plans rather than a match. These are more equitable to low-income employees and help organizations avoid top-heavy rules.

Considerations for ROI Calculations:

- Low cost to moderate, low to moderate impact

Strategy: Provide a One-Time Bonus



Description: After identifying an employee in need, provide them with a one-time financial bonus to help them through their economic challenge.

Pros:

- ✓ Provides timely support

Cons:

- ✓ Taxable to the employee (payroll and income) and the employer (payroll)
- ✓ Must be applied equitably across the organization
- ✓ May impact employee eligibility for public benefits
- ✓ May establish expectations for subsequent years of pay

Tips:

- ❖ If the purpose of the bonus is to help an employee in financial crisis, talk to the employee before making the decision. Some public benefits, such as a childcare subsidy, could disappear once compensation exceeds a threshold, and the bonus may be less than the value of the benefit.
- ❖ If you want to address a \$1,000 need, plan to spend almost \$2,000 to net the desired sum. This will cover the organization's benefits and taxes, and the employee's benefits, payroll taxes, and income taxes.

Considerations for ROI Calculations:

- Moderate cost, moderate impact

Strategy: Create an Employee Assistance Fund



Description: Create a fund to provide emergency assistance to employees. This could be structured as an employer-only fund or funded in part through employee donations.

Pros:

- ✓ Costs can be shared by employees
- ✓ If structured correctly, contributions are tax-deductible and distributions are tax-exempt.

Cons:

- ✓ Many employees will be concerned about letting their employer know about their situation
- ✓ A refusal to fund could result in negative press
- ✓ Running a non-profit can be expensive

Tips:

- ❖ Structure the organization as a charitable entity to ensure donations are tax-deductible.
- ❖ Make sure the mission is aligned with the anticipated use of funds to ensure that receipts are tax-exempt.
- ❖ Make all payments to third parties to avoid potential use of funds for non-exempt purposes.
- ❖ Create and use sound criteria for evaluating eligibility.
- ❖ Consider using a third-party administrator to evaluate need.

Considerations for ROI Calculations:

- Moderate to high cost, moderate impact

Strategy: Increase Pay



Description: Raise compensation to meet or exceed area media income for your geographic location.

Pros:

- ✓ Very popular with employees
- ✓ If others aren't doing the same thing, generates positive media attention
- ✓ It works well to recruit potential staff
- ✓ Provides immediate support

Cons:

- ✓ Increases tax and benefit costs
- ✓ Must be applied across the board
- ✓ If everyone is doing it, regional prices will rise
- ✓ Competitors will eventually match
- ✓ Not based on employee need

Tips:

- ❖ Consider the short and long-term impacts of this strategy carefully before moving forward.
- ❖ Unless you are the only one in the market doing this, it is unlikely to be a sustainable strategy.

Considerations for ROI Calculations:

- High cost, low to moderate impact

Strategy: Provide Childcare to Employees



Description: Provide or subsidize childcare for employees with children under six years old.

Pros:

- ✓ Provides proactive support
- ✓ May help employees already in crisis
- ✓ Is one of the most significant costs for families

Cons:

- ✓ The cost per child is significant
- ✓ The company may pick up a significant liability with the program
- ✓ Some employees will believe such a program is inequitable
- ✓ Doesn't focus exclusively financially unstable employees

Tips:

- ❖ Consider alternative programs to protect your organization, including contracting with childcare providers to deliver services
- ❖ Consider providing temporary childcare coverage only, offering it when a regular provider is not available
- ❖ Consider subsidizing childcare rather than providing it
- ❖ If you don't already offer a dependent care 125 plan, consider setting one up
- ❖ Be sure to factor in the employer-provided childcare credit if you choose to cover childcare costs.

Considerations for ROI Calculations:

- Low to high costs, low to moderate impact

Strategy: Develop a Student Loan Reimbursement Plan



Description: Reimburse or pay for educational costs on behalf of employees.

Pros:

- ✓ Provides proactive support
- ✓ May help employees already in crisis
- ✓ Can be a significant cost for younger staff, who typically are paid at lower wage rates

Cons:

- ✓ Some employees will believe such a program is inequitable
- ✓ Doesn't focus exclusively financially unstable employees

Tips:

- ❖ Consider offering up to \$5,250 in tuition reimbursement or assistance, the limit for tax free distributions
- ❖ To reduce perceived inequities, offer to apply a similar amount per employee for other benefits

Considerations for ROI Calculations:

- Moderate to high costs, moderate impact

Strategy: Offer Employee Loans



Description: Engage a third party, nonprofit organization like the Community Impact Fund, to provide zero-interest loans to employees in need.



Pros:

- ✓ Provides qualified employees with immediate access to funds
- ✓ Zero interest to employees
- ✓ Many require a financial recovery plan before lending
 - ✓ Some incentivize savings
 - ✓ Confidentiality

Tips:

- ❖ Comparison shop to find the right terms for you and your employees
- ❖ Look for programs that include online systems
- ❖ Look for programs that require a financial plan and either provide financial coaching or partner with another agency to support employees

Cons:

- ✓ Requires a financial contribution to begin delivering loans
- ✓ Not every employee qualifies for a loan

Considerations for ROI Calculations:

- Moderate cost, moderate to high impact

Strategy: Build Internal Support Services



Description: Create your own Employee Stability Program by hiring a team of case managers, developing systems to support them, and establishing a financial assistance fund to support employees.

Pros:

- ✓ Delivers on all three components
- ✓ Less expensive than outsourcing
- ✓ Costs can be shared by employees
- ✓ If structured correctly, contributions are tax-deductible and distributions are tax-exempt.

Cons:

- ✓ Perceived lack of confidentiality
 - ✓ Potential bad press
- ✓ High cost may make this impossible for all but the largest organizations

Tips:

- ❖ Structure the organization as a charitable entity to ensure donations are tax-deductible.
- ❖ Make sure the mission is aligned with the anticipated use of funds to ensure that receipts are tax-exempt.
- ❖ Make all payments to third parties to avoid potential use of funds for non-exempt purposes.
- ❖ Create and use sound criteria for evaluating eligibility.
 - ❖ Make sure your case managers have adequate reflective supervision and mental health support.

Considerations for ROI Calculations:

- High cost, moderate to high impact

Strategy: Partner with a Human Service Provider



Description: Partner with a human service provider with housing expertise to provide Employee Stability Program services as a customized program.

Pros:

- ✓ Delivers on all three components
 - ✓ Confidential services
- ✓ Costs can be shared by employees
- ✓ If structured correctly, contributions are tax-deductible and distributions are tax-exempt.

Cons:

- ✓ This would be a new business service for most human service organizations

Tips:

- ❖ Look for a human service organization with a mission that includes addressing homelessness
- ❖ Be prepared to pay 25% more than the total direct costs to account for administrative overhead
- ❖ Unless they already deliver these types of services, they may need additional investments in technology infrastructure

Considerations for ROI Calculations:

- High cost, moderate to high impact

Strategy: Expand your EAP



Description: Ask you current EAP provider to expand services to include case management support and financial assistance services.

Pros:

- ✓ Delivers on all three components
- ✓ Leverages an existing system
- ✓ Confidentiality

Cons:

- ✓ Only works for large employers
- ✓ Cost per employee will rise significantly with the added benefits
- ✓ Not all EAPs have the ability to deliver case management or financial assistance

Tips:

- ❖ Consider requesting full-time, embedded case manager(s)
- ❖ Make sure that the case manager is a social worker with housing experience
- ❖ Ensure that the financial assistance fund is managed by a non-profit entity, and that funds are paid to third parties, not directly to employees, to avoid tax liability

Considerations for ROI Calculations:

- Moderate to high cost, moderate to high impact

Strategy: Enroll in an ESP



Description: Enroll in the Wellspring Employee Stability Program (ESP). Wellspring combines 130 years of experience as case managers serving households experiencing homelessness with 45 years as an Employee Assistance Program.



Pros:

- ✓ Delivers on all three components
 - ✓ Confidential services
- ✓ Costs can be shared by employees
- ✓ Contributions are tax-deductible and distributions are tax-exempt
 - ✓ Existing program
 - ✓ Deep experience
- ✓ Offers loans as well as financial aid

Tips:

- ❖ Participate in a webinar to learn more.
- ❖ Note my disclaimer: While I have retired from Wellspring, I was a primary architect in this innovative program and remain a champion of its transformative power for employees experiencing instability.

Cons:

- ✓ Requires a financial contribution to begin delivering loans and other financial support

Considerations for ROI Calculations:

- Moderate cost, high impact

Calculating Return on Investment

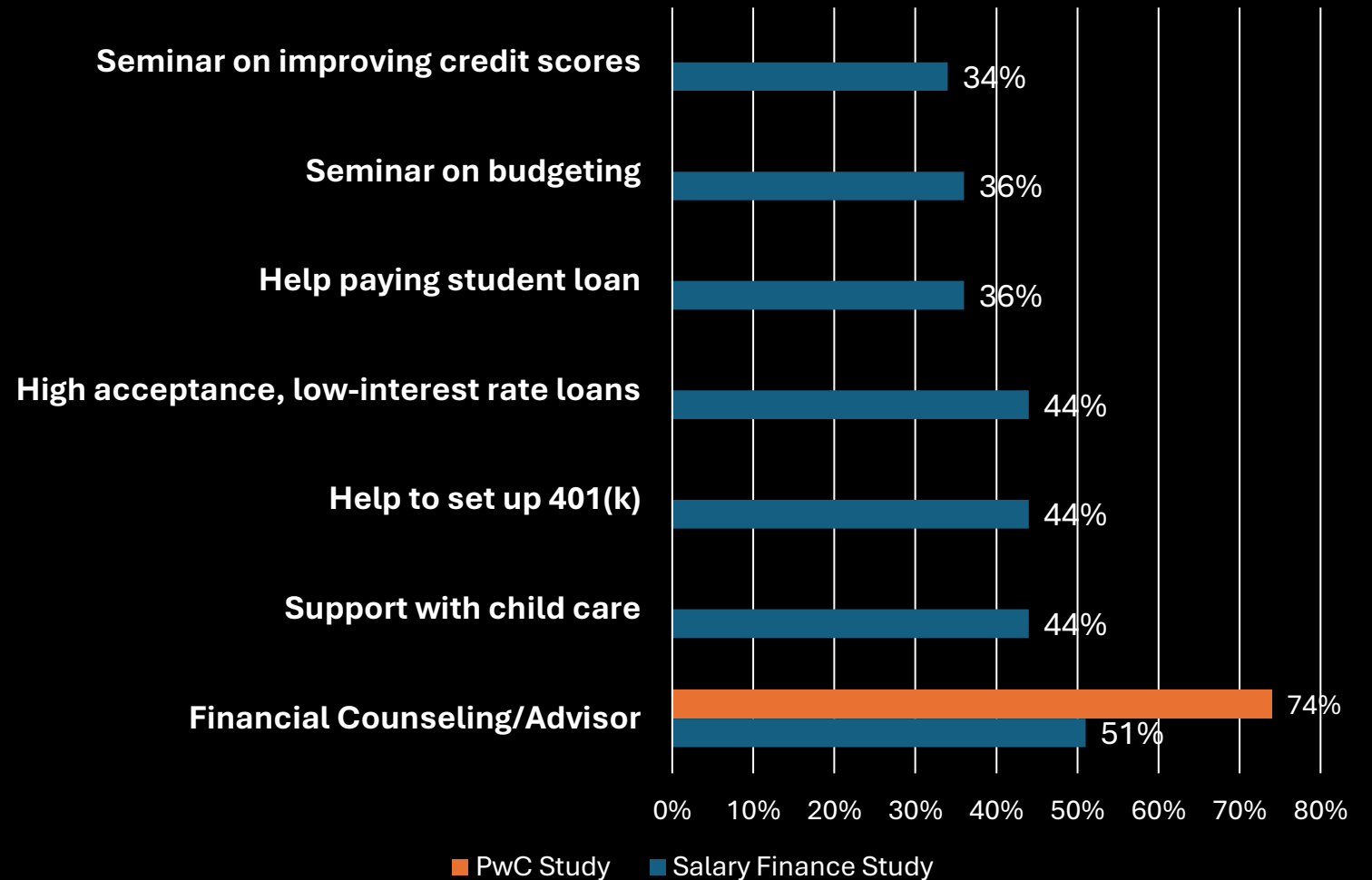
To calculate ROI, you need to make four assumptions:

1. What percent of your employees will use the program?
2. What impact will it have on productivity?
3. What impact will it have on turnover?
4. What is the cost of the program?



A little research
will give you
guidance
relative to these
assumptions.

Top 8 Desired Benefits for Financially-Distressed Employees



<https://www.pwc.com/us/en/services/consulting/business-transformation/library/employee-financial-wellness-survey.html>

https://resources.salaryfinance.com/hubfs/Campaigns/USGuide19/Employers_Guide_to_Financial_Wellness_2019_Salary_Finance.pdf?utm_campaign=USGuide19

At Wellspring,
we saw these
needs among
employees
experiencing
instability:

- Assistance negotiating debt relief or payment terms with landlords, healthcare providers, student loan holders, and others
- Referrals to service providers in their community
- Support locating new housing solutions
- Support with childcare and/or student loans
Experience working with and enrolling people in the public assistance programs that are available to employed individuals
- Guidance in leveraging benefits, including EAP benefits, to address anxiety and depression

For purposes of this exercise, I'm using the estimates Wellspring uses for the ESP program:

51%

Of employees who are behind on their bills will use the Wellspring Employee Stability Program.

25%

Of lost productivity will be recovered because the case manager will take on much of what the employee would have done while at work.

51%

Of turnover associated with financial anxiety will be reduced because of the access to financial aid through the program and connections with mental health support.

Cost Estimate:

\$6.25 PEPM for the case management piece

\$1,400 per employee for every employee who is estimated to be behind on their bills

Well & Associates: Potential ROI on Wellspring ESP



Company Information

Employer Data

Total number of employees

250

Average annual income per year across all employees

\$95,000

Employer Estimates

Percentage of employees who are behind on bills, based on average income

20%

Step 1

Estimate Costs of Lost Productivity and Excess Turnover

Lost Productivity - Cost of lost productivity due to financial anxiety

Total Cost of Lost Productivity

\$876,923

Excess Turnover - Cost of additional turnover due to financial anxiety

Total Cost of Excess Turnover

\$538,650

Total Estimated Cost (Lost Productivity Cost + Turnover Cost)

\$1,415,573

Well & Associates: Potential ROI on Wellspring ESP



Company Information

Employer Data

Total number of employees	250
Average annual income per year across all employees	\$95,000
Donation to financial assistance fund (per employee behind on bills)	1,400

Employer Estimates

Percentage of employees who are behind on bills, based on average income	20%
Anticipated Employee Utilization of Program	51%
Estimated Productivity Savings	25%
Estimated Reduction in Turnover	51%

Program Fees

Cost per Employee per Month (PEPM)	\$6.25
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Well & Associates: Potential ROI on Wellspring ESP



Step 2

Calculate Savings from Investment in Program

Potential Savings due to Improved Productivity

Total cost of lost productivity		\$876,923
Expected ESP utilization	x	51%
Potential savings (rounded to the nearest dollar)	=	<u>\$447,231</u>
Expected savings in productivity for individuals who participate	x	25%
Return (reduction in lost productivity costs)	=	\$111,808

Potential Savings due to Decreased Turnover

Turnover cost per employee		\$538,650
Expected impact on turnover due to financial distress	x	51%
Return (reduction in turnover costs)	=	\$274,712
Total Estimated Return/"Savings" from Investment in Program		\$386,519

Well & Associates: Potential ROI on Wellspring ESP



Step 3

Calculate Investment

Investment in Case Management Component

Total number of employees		250
Cost per employee per month (PEPM)	x	\$6.25
Number of months	x	12

Investment in Case Management = \$18,750

Investment in Financial Assistance Component

Contribution per employee in financial distress		1,400
Number of employees in financial distress	x	50

Investment in Financial Assistance = \$70,000

Total Investment in ESP = \$88,750

Well & Associates: Potential ROI on Wellspring ESP



Step 2

Calculate Savings from Investment in Program

Total Estimated Return/"Savings" from Investment in Program	\$386,519
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Step 3

Calculate Investment

Investment in Case Management	=	\$18,750
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Investment in Financial Assistance		\$70,000
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Total Investment in ESP	\$88,750
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Return on Investment

Total Estimated Return		\$386,519.19
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Total Investment	/	\$88,750.00
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Estimated ROI per \$1 spent	\$4.36
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Spring Senior Living: The Cost of Financial Anxiety



Company Information

Employer Data

Total number of employees

1,200

Average annual income per year across all employees

\$50,000

Employer Estimates

Percentage of employees who are behind on bills, based on average income

36%

Step 1

Estimate Costs of Lost Productivity and Excess Turnover

Lost Productivity - Cost of lost productivity due to financial anxiety

Total Cost of Lost Productivity

\$3,987,692

Excess Turnover - Cost of additional turnover due to financial anxiety

Total Cost of Excess Turnover

\$2,449,440

Total Estimated Cost (Lost Productivity Cost + Turnover Cost)

\$6,437,132

Spring Senior Living: The Cost of Financial Anxiety



Company Information

Employer Data

Total number of employees

1,200

Average annual income per year across all employees

\$50,000

Donation to financial assistance fund (per employee behind on bills)

1,400

Employer Estimates

Percentage of employees who are behind on bills, based on average income

36%

Anticipated Employee Utilization of Program

51%

Estimated Productivity Savings

25%

Estimated Reduction in Turnover

51%

Program Fees

Cost per Employee per Month (PEPM)

\$6.25

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Step 2

Calculate Savings from Investment in Program

Potential Savings due to Improved Productivity

Total cost of lost productivity		\$3,987,692
Expected ESP utilization	x	51%
Potential savings (rounded to the nearest dollar)	=	<u>\$2,033,723</u>
Expected savings in productivity for individuals who participate	x	25%
Return (reduction in lost productivity costs)	=	\$508,431

Potential Savings due to Decreased Turnover

Turnover cost per employee		\$2,449,440
Expected impact on turnover due to financial distress	x	51%
Return (reduction in turnover costs)	=	\$1,249,214

Total Estimated Return/"Savings" from Investment in Program **\$1,757,645**

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Step 3

Calculate Investment

Investment in Case Management Component

Total number of employees		1,200
Cost per employee per month (PEPM)	x	\$6.25
Number of months	x	12

Investment in Case Management = \$90,000

Investment in Financial Assistance Component

Contribution per employee in financial distress		1,400
Number of employees in financial distress	x	432

Investment in Financial Assistance = \$604,800

Total Investment in ESP = \$694,800

Spring Senior Living: The Cost of Financial Anxiety



Step 2

Calculate Savings from Investment in Program

Total Estimated Return/"Savings" from Investment in Program	\$1,757,645
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Step 3

Calculate Investment

Investment in Case Management	=	\$90,000
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Investment in Financial Assistance		\$604,800
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Total Investment in ESP		\$694,800
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Return on Investment

Total Estimated Return		\$1,757,645.17
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Total Investment	/	\$694,800.00
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Estimated ROI per \$1 spent		\$2.53
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Five Final Thoughts

1. The events that cause instability are common, but financial safety nets are not.
2. It is difficult to identify an employee experiencing instability, and they probably don't want you to know.
3. Most of your employees are living paycheck to paycheck, and their anxiety is impacting your bottom line – and your brand – in measurable, financial terms.
4. There are strategies you can adopt to reduce turnover, increase productivity, and help employees find stability in their lives.
5. They can generate a positive return on your investment.

Questions (or Suggestions)?

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During the conference, you can also look for me at the Archbright booth or the Wellspring booth.