

Payments Insights

3 Industry Payroll Leaders Weigh in on Financial Wellness Amid Turbulent Economic Times

November 09, 2022



By **Elena Whisler**

Senior Vice President, The Clearing House

The job market has returned to pre-pandemic levels, salary increases are at a 20-year high, and there are two open positions for every person job-hunting. And still, consumer morale is at an all-time low.

For months, economists have been teasing an impending recession. Some companies have **laid off hundreds**, if not thousands, while others have implemented a hiring freeze or slowed hiring. But what about middle income and working-class Americans for whom a recession will impact the most?

News of a possible recession and the subsequent layoffs have terrified the workforce, with 80% **scared to lose their jobs**. Employees are disengaged at work as “quiet quitting” enters the mainstream lexicon. They’re feeling unempowered, too, on high alert for signs of layoffs and, in some cases, planning exit strategies. Inflation, coupled with the two-year COVID-19 onslaught, has depleted **personal savings**, leaving people financially unprepared.

For all companies, this is an excellent opportunity to prioritize improving employees’ financial lives. Companies focused on retaining and motivating their workforce through these difficult times are **investing heavily** in employee wellness programs. Here’s what three industry payroll leaders recommend for employee financial wellness amid today’s turbulent economic times.

1. Jeanniey Walden, Chief Marketing Officer of DailyPay: Implement on-demand pay

Financial equity and inclusion are about ensuring individuals have equal access to professional opportunities, financial systems, products and services, and ultimately, wealth. America’s largest employers are leveraging on-demand pay (or Earned Wage Access), often enabled by real-time payments over the RTP network, to improve the financial equity of their workforce. With on-demand pay, employers provide a much-needed lifeline and cash flow to their employees, who are often unbanked or underbanked. This helps users improve their credit, build savings, and feel more financially capable and independent by reducing the need to rely on payday loans, pay advances, or personal loans from family and friends.

“DailyPay is on a mission to improve our users’ lives through unparalleled choice and control over their earned pay,” says Walden. “Through the power of our on-demand pay solution, we are building a new, equitable financial system that starts working the minute work starts.”

Most workers would consider **switching jobs** for more frequent pay because it aids in budgeting and saving, avoiding late or overdraft fees, and reducing financial stress. Unsurprisingly, a quarter of payroll professionals believe that **on-demand pay is necessary** to improve employee morale.

“An employee that is not stressed about finances and can successfully stay out of debt is more likely to stay on the job longer,” says Walden. “They can save and invest more for a brighter, more stable financial future, with easier access to credit to buy a house or take out student loans to pay for college.”

2. Eric Wade, Product Strategy Manager at Paychex: Offer holistic financial wellness benefits

EWA is only one piece of the puzzle — a temporary salve to a larger issue that many people don’t understand money very well. **Thirty percent** of Americans have unpaid credit card debt, while **41%** have outstanding medical bills. Eric Wade says that a holistic financial wellness package will empower employees through a broad range of financial advice and tools on budgeting, debt management, and investing.

"There are various financial wellness programs that employers can offer their employees and many of them can be provided at no cost to the employer when bundled with other products like earned wage access," says Wade. "These programs will often offer access to financial coaches, budgeting tools, and savings programs."

A holistic package can also include tuition reimbursement, professional development stipends, student loan repayment, and childcare support, which **ranked high for employee retention**. Employees who utilize wellness benefits also generally report higher levels of mental health and lower levels of financial stress, improving workplace performance.

3. Kristin Walle, Senior Vice President at ADP: Provide financial literacy

According to an ADP EWA research study, nearly 75% of employees want to work for a company that cares about their financial wellbeing and 95% of employers say that employee financial wellness positively impacts productivity.

An employer-based program supporting employee financial wellness may include tools and support to help employees remain on track with personal expenses, maximize their income and savings, respond to unanticipated expenses, and plan for retirement.

Traditionally, employers offered a main source of financial and retirement planning in the form of pensions, 401(k), life insurance, stock plans and other insurance and financial benefits. Although the workforce has evolved dramatically and continues to change, employees are still looking to employers for financial wellness support. In fact, employers who offer financial wellness programs, such as earned wage access, have a distinct recruitment and retention advantage, and businesses can thrive when employees are more secure.

"Financial education can give workers tools and resources to help them make better decisions about how they use their paychecks and build a sturdy financial foundation that will carry them into the future and help them avoid stress and debt," says Walle. "Ultimately, a financial wellness offering that can help your employees get a handle on their spending will also help them to proactively focus on saving."

Conclusion

Employees spend the majority of their day helping employers meet their bottom lines. Doesn't it seem fair to return the investment?

Employees certainly think so. Employers who equip their workers with the necessary skills and tools to weather financial storms are making an investment — in employee wellbeing, morale, productivity, and retention.

Share



[News](#) [Events](#) [Calendar](#) [Careers](#) [Contact Us](#)

[Privacy Policy](#) [Terms & Conditions](#) © The Clearing House Payments Company L.L.C.