

UBS Workplace Voice

Employee attitudes and behaviors
Presented by UBS Workplace Wealth Solutions
Issue 5

Tomorrows, new and improved

What you can do to boost your employees' financial health



2022 started off strong for employees: the job market was hot, and employees were wooed with perks and bonuses ...

... but as we enter 2023 with more uncertainty about the economic environment, the pendulum has swung. Fears of a global recession have caused employers to tighten their belts. Now, mandates to cut costs must be balanced with calls to assist employees during times of financial struggle. So, how are economic headwinds impacting employers and employees? What tradeoffs are people making, and how can employers best support their workforce during this time?

Life is being put on hold

Seven in ten employees are delaying important life and wealth building events in today's economy. For example, one in three are delaying retirement, on average by about five years. As a result, the "financial wellness" of employees is taking a toll: just over half (55%) report high levels of feeling secure in their finances and making choices that allow them to enjoy life.

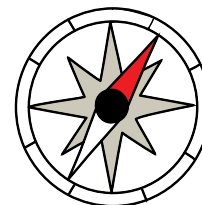
Employees are looking for help managing their financial wellness

Many employees are turning to their employers for help in today's economic uncertainty. About seven in ten employees agree that companies have a responsibility to their employees to help them achieve high levels of financial wellness. Almost nine in ten employees recognize the value of financial wellness programs in helping them stay accountable when managing their finances. But while the value of these programs is recognized, adoption is low: only 44% of employees are currently participating when one is available. The good news is that there are many ways employers can increase adoption of financial wellness programs:

- Customize financial wellness programs to meet individual needs
- Help employees better prepare for retirement
- Communicate proactively and consistently during times that matter the most
- Provide access to financial coaching
- Showcase the many benefits of participation

Financial wellness programs are also beneficial to the employer

Employees who participate in financial wellness programs have a more favorable view of their company, are more satisfied in their current role and are more motivated to go above and beyond their current job requirements. Financial wellness participants are more than twice as likely to rate their company highly in helping them reach their retirement goals compared to employees who do not participate. Millennials, who make up half of the workforce, find the most value in financial wellness programs. With so many proven benefits, the stark reality is only 27% of companies offer a comprehensive financial wellness program beyond a standard 401(k) education program. Adding this program can help foster more satisfied, productive employees.



The current state of employees' financial well-being

Uncertainty in the economy is impacting employees' decisions around major life events

2023 has brought more uncertainty to the economy—so much so that, seven in ten employees are putting some aspect of their personal or financial lives on hold. While delaying a major purchase is the most common way employees are dialing their spending back, many are also putting retirement or investing plans aside. Those planning to delay their retirement delay it by an estimated five years.

“Financial wellness” is often defined as feeling secure in one’s finances and making choices that allow you to enjoy life. It should come with no shock that only slightly more than half (55%) of employees report high levels of financial wellness. Feelings of financial wellness are even lower among women with 47% reporting high levels compared to 63% of men.

Many employees are delaying important life- and wealth-building events in today's economy

7 in 10

employees are delaying at least one major life event due to the current economy

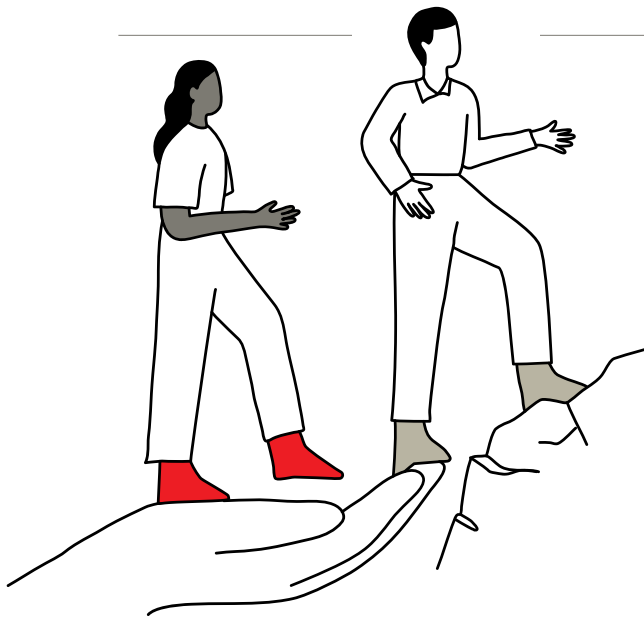
Life events (delayed by employees)	Overall
Taking a vacation	39%
Retirement	33%
Switching jobs	21%
Starting a family	16%
Getting married	14%

Financial events (delayed by employees)	Overall
Buying a car	39%
Investing in the markets	35%
Saving for retirement	29%
Buying a home	29%

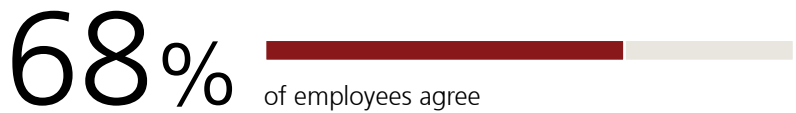
Employees recognize the value of financial wellness programs but many aren't taking advantage

In today's economic uncertainty many employees look to their companies for help. Almost seven in ten employees agree that their employer has a responsibility to help them achieve high levels of financial wellness. Most employees, especially the younger generations, recognize that these types of programs help them stay accountable when managing their finances.

While the need for financial wellness programs is clearly valuable and important to employees, only 44% are taking advantage of the benefit.



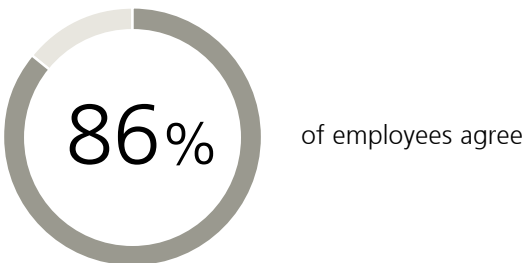
Companies have a responsibility to help employees achieve high levels of financial wellness



By generation



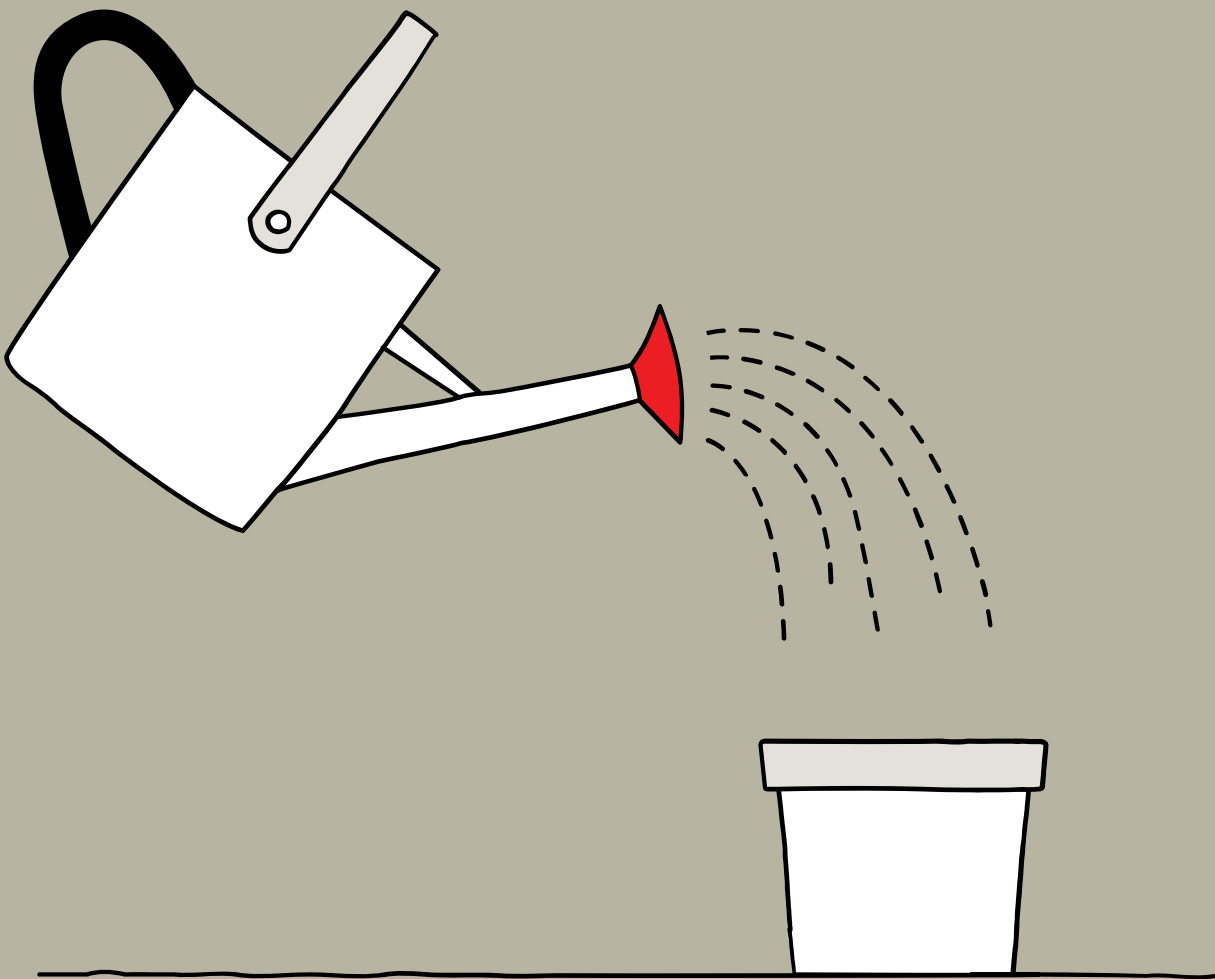
Financial wellness programs help employees stay accountable for their finances



Yet, few employees actually participate when a financial wellness program is available



5 ways employers can increase adoption of financial wellness programs



1

Customize financial wellness programs to meet individual needs

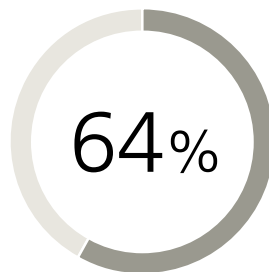
While current adoption of financial wellness programs is low, there are many steps companies can take to help improve participation. Most employees agree that a financial wellness program should be highly customized, and most are willing to share personal information.

Younger employees, especially Millennials, are more willing to share personal information. Contrary to popular belief, most employees don't need to be incentivized to participate in a financial wellness program.

A financial wellness program should be highly customized to my financial needs

88%
of employees agree

Many are willing to share personal data to get customized financial wellness support ...

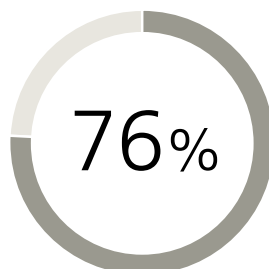


of employees are willing to share their personal data (i.e., age, pay-raise dates, changes to marital status, leaves, etc.) with their employer's financial wellness service provider if this gets them personalized support.

By generation

69%	77%	62%	52%
Gen Z	Millennials	Gen X	Boomers

... and don't need to be incentivized to participate



of employees do not need to be financially incentivized to participate in a financial wellness program if it has a positive impact on their financial well-being

2

Provide access to financial coaching

Most employees agree that access to ongoing human support is helpful in keeping them accountable during their financial wellness journey. More than eight in ten employees who participate in a financial wellness program said access to a financial coach motivated them to join. However, only about four in ten companies offer this benefit.



Ongoing human support is needed ...

86%

of employees agree ongoing human support (e.g., access to financial coaching) is helpful in keeping them accountable on their financial wellness journey

... but only about half of employees currently work with a financial professional

54%

of employees work with a financial professional who helps manage finances and makes investment decisions

Access to human support is a strong motivator for joining ...

... yet few companies provide this benefit

84%

of financial wellness participants joined their company's financial wellness program because it gave them access to a financial professional

41%

of employers provide access to a financial coach as part of their company's financial wellness offering

3

Communicate proactively and consistently during times that matter most

Communication is essential to helping improve adoption. Nearly nine in ten employees appreciate when their employer communicates both proactively and consistently during times that impact their financial well-being.

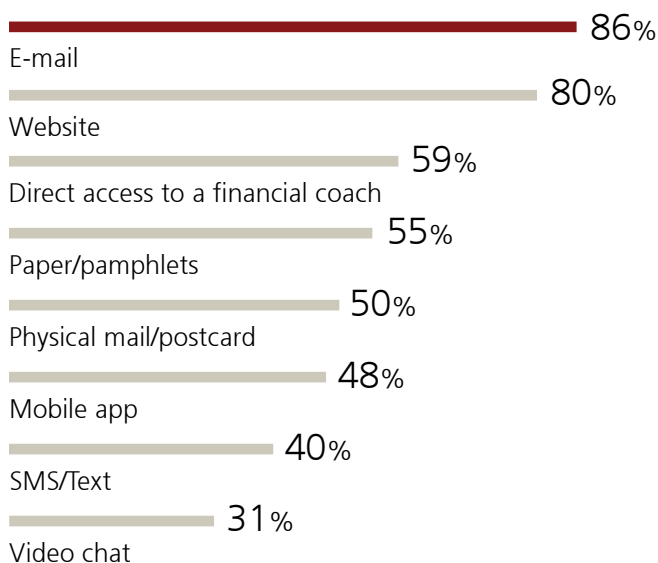
I appreciate when my employer communicates proactively regarding matters that impact my financial well-being.

87%
of employees agree

The most preferred times to communicate to help employees attain high levels of financial wellness

	Overall employees
Benefits enrollment period	83%
Pay changes	80%
Compensation changes	80%
Bonus time	76%
Tax season	62%
Death in the family	54%
Expecting a child	51%
Getting married	40%

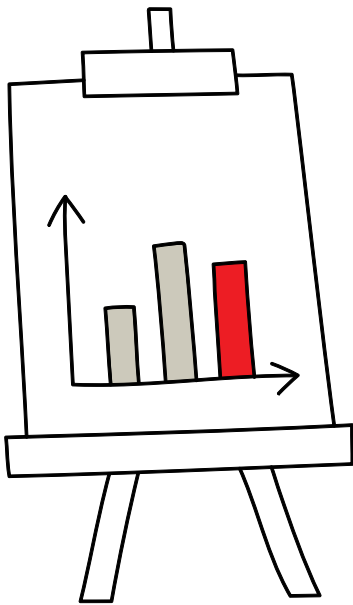
Methods of communication



4

Help employees better prepare for retirement

Employees say that saving for retirement is the most important need when it comes to their overall financial well-being, but many need help in the area. Unfortunately, less than half of employees feel their company is effective in helping them reach their retirement goals. In fact, one-third don't even offer this benefit.



Employees highly value retirement benefits ...

8 in 10

employees rate 401(k) matching as highly important in helping them improve their overall financial wellness

AND

3 in 4

employees feel they need help saving for retirement, yet companies are not living up to expectations or don't even offer it

42%

of employees rate their company as doing very well at helping them reach their retirement goals

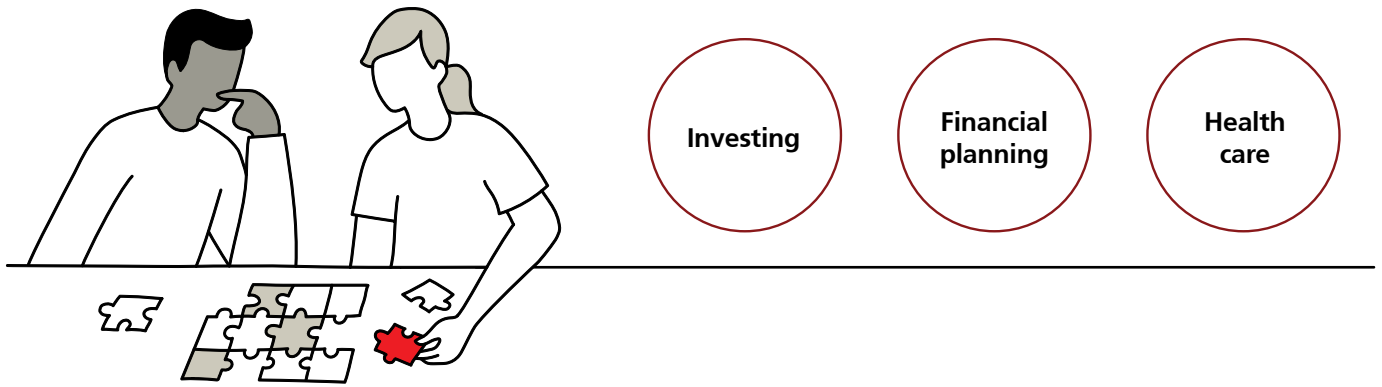
32%

of US companies don't provide access to retirement plans¹

¹ US Bureau of Labor Statistics, Retirement benefit access and participation rates, March 2021.

Other areas where financial support is needed

Employees have many financial needs, which are similar among men and women.



Employees' perceived need for assistance

(Great or somewhat)

	Overall	Male	Female
Investing my money	77%	75%	79%
Overall financial planning, how all the pieces fit together	76%	74%	78%
Saving for health care in retirement	75%	73%	77%
Financial education focused on saving and investing in a recession	70%	68%	72%
Estate planning	68%	68%	69%
Saving for emergencies	64%	62%	66%
Basic budgeting	53%	53%	54%

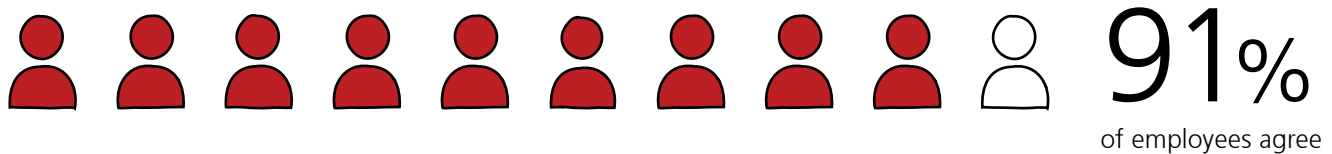
5

Showcase the many benefits of participation

Nine in ten financial wellness participants felt their company's program provided them with the knowledge and resources needed to manage the current economic uncertainty. Participants have a much greater sense of financial wellness and being able to achieve their financial goals. They are also more confident in their ability to retire when and how they'd like.

Financial wellness participants are also more likely to have investments and retirement accounts beyond their employee-sponsored retirement plan. That's a sign of financial health.

Financial wellness programs can help employees navigate economic trends



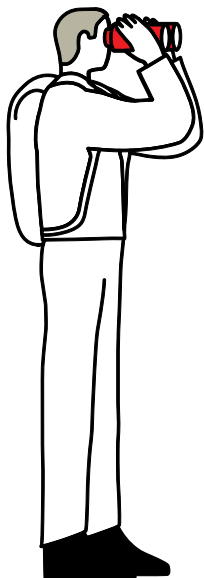
Participants have increased levels of financial wellness	Participant	Non-participant
Those who rate financial wellness as excellent/very good	79%	45%
Those who feel highly confident that they will achieve their financial goals	80%	53%
Those who feel they are on track to retire when and how they'd like	69%	54%

Wellness participants diversify financial vehicles beyond employer-sponsored retirement plans

With greater understanding of a range of financial vehicles, participants are diversifying their effort and taking advantage of more ways to save for retirement.

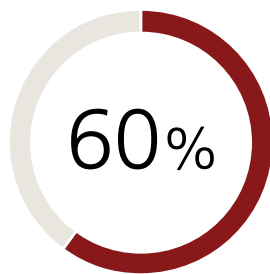
Diversification beyond employer-sponsored retirement plans (e.g., 401(k)/403(b), pension plan)

	Participant	Non-participant
Life insurance	65%	50%
Investment account (outside of 401(k)/403(b))	59%	46%
Health Savings Account	53%	30%
Profit-sharing plan	24%	7%
Guaranteed income annuity	23%	9%



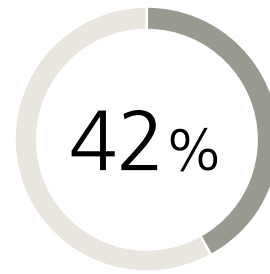
Participants are more likely to have an estate plan/up-to-date will to ensure wealth is passed on

Have an estate plan/up-to-date will

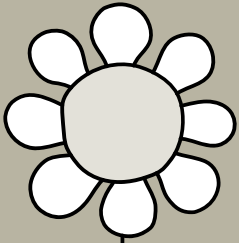


Participant

vs.

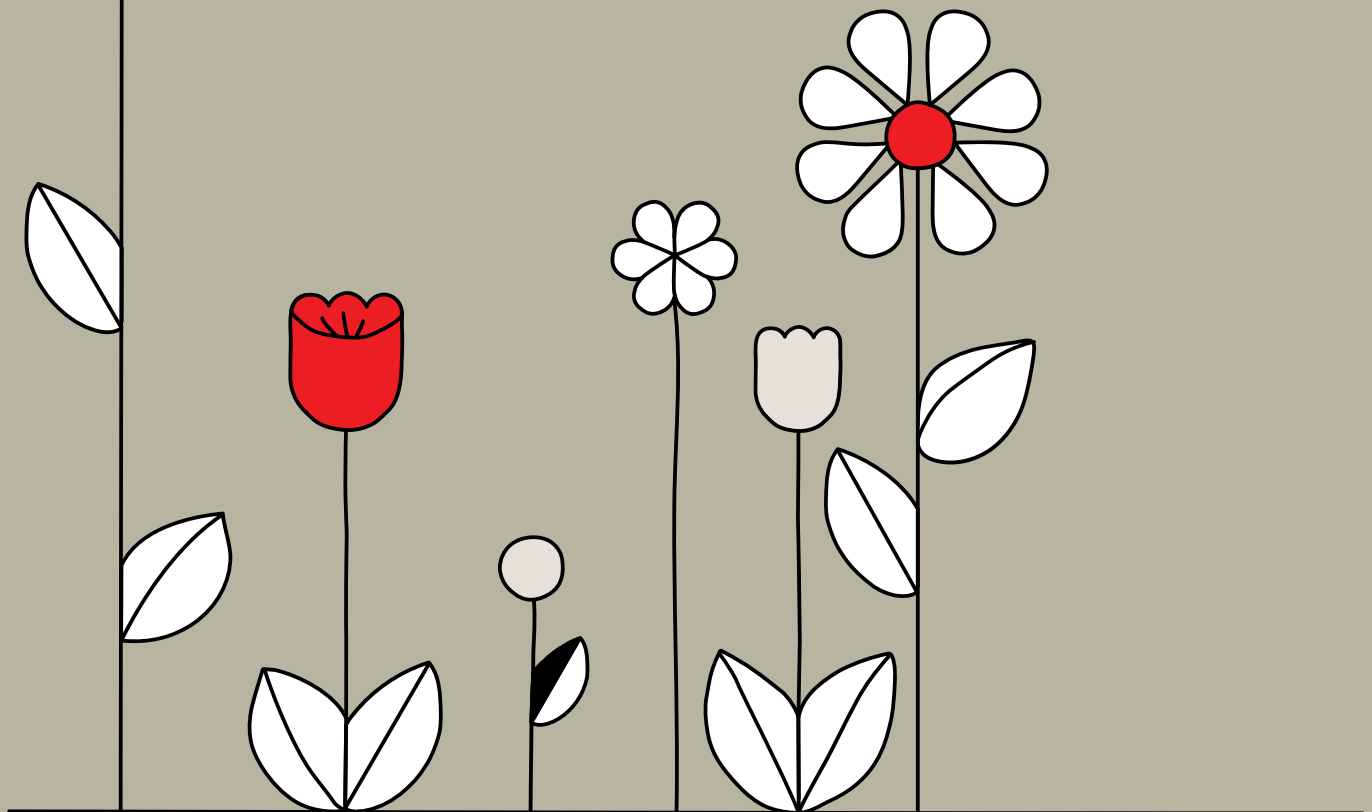


Non-participant



Employer spotlight

Why should employers care?



Employee participation in financial wellness programs increases satisfaction with their company

Most employees agree that those who have financial wellness are better off than those who don't. This can range from being more productive at work to being more motivated to go above and beyond in their current responsibilities.

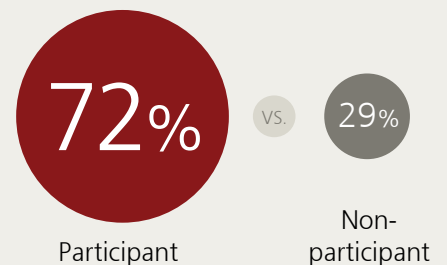
Financial wellness programs improve job performance

82% of employees agree

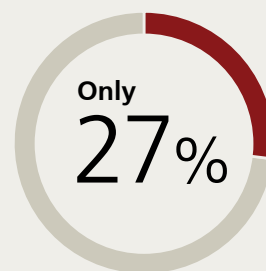
	Participant	Non-participant
Highly confident that their job is secure	85%	69%
View their company as highly favorable	85%	60%
Highly satisfied in current role or position	83%	63%
Highly motivated for new responsibilities and opportunities outside of their current role	76%	44%

Financial wellness programs greatly help employees reach their retirement goals

Employees who rate their company highly in helping them reach their retirement goals



But many companies don't provide a financial wellness program



offer a comprehensive financial wellness program beyond a standard 401(k) education program²

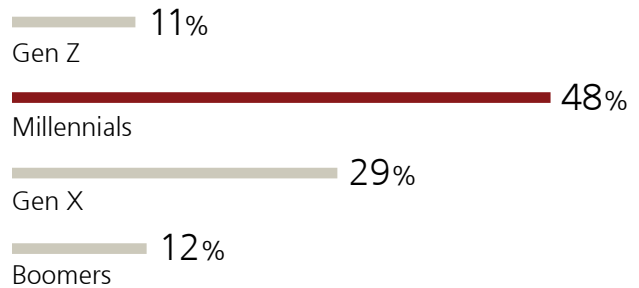
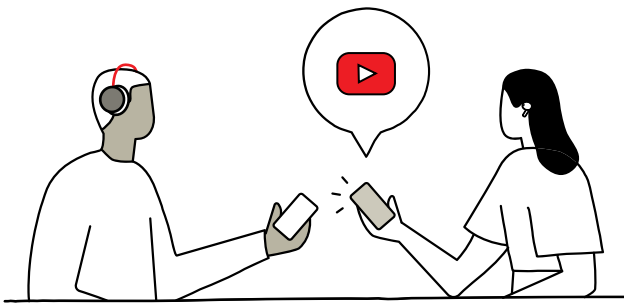
² Pensions & Investments website, *Financial wellness to top employer priorities in 2023*, January 2023.

Millennials, who will soon make up half of the workforce, find the most value in financial wellness programs

By the year 2025, Millennials are projected to represent almost half of the total workforce.³ When comparing the effectiveness of financial wellness participation by generation, these programs are most beneficial for this age group. Millennials who participate in financial wellness programs report the highest levels of financial

wellness, confidence in achieving financial goals, satisfaction with current position and higher levels of motivation to go above and beyond. They also rate their companies highest in helping them reach their retirement goals.

Millennials are expected to represent about half of the US workforce by 2025³



Millennials benefit from financial wellness programs more than any other generation

	Financial Wellness participants			
	Gen Z	Millennials	Gen X	Boomers
Those who rate financial wellness as excellent/very good	78%	85%	74%	69%
Highly confident they will achieve their financial goals	78%	87%	75%	63%
Highly satisfied in their current role or position	75%	89%	81%	71%
Those who rate their company highly in helping them reach their retirement goals	72%	79%	69%	55%
Highly motivated for new responsibilities and opportunities outside of their current role	71%	81%	77%	59%

³ Projected size of the US labor force by age, for the year 2025. Department of Labor.

Key takeaways

The last several years have revolutionized the way we live and work. Events in 2022 that carried over into 2023 have brought uncertainty to the economy—so much so that, seven in ten employees are putting some aspect of their personal or financial lives on hold. Add to this social activism, geopolitical insecurity and the prioritization of holistic well-being during the pandemic and there is no surprise that people are turning to their employers for help.

The good news is that employers have the power to help by offering benefits that matter to employees, like financial wellness. Financial wellness is becoming critical in the workplace, and for good reason—it works. Financial wellness programs can help employees build better financial habits, see the true value in a company's overall benefits offering and prepare them for the future.

While current adoption of financial wellness programs is low, there are steps companies can take to help improve participation. Below is a recap of what we examined in this report.

1 Customize financial wellness programs to meet individual needs

Finances are personal and everyone's financial journey is unique. Consider sharing additional employee data with your provider to help them customize the program and approach—and look into offering access to a financial coach who can address your employees' financial challenges on a one-on-one basis.

2 Provide access to financial coaching

Financial coaching offers individuals access to one-on-one, personalized support from qualified coaches. This coaching can be tailored to the specific needs, challenges and opportunities of each individual and ideally is available as often as employees need it and at every stage of their financial journey.

3 Communicate proactively and consistently during times that matter most

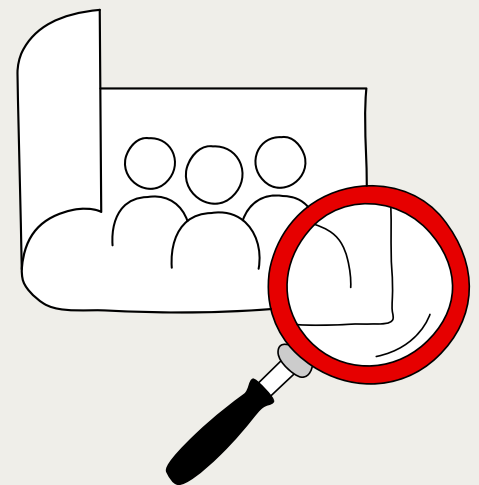
Your workforce needs to be reminded of financial wellness programs more frequently—and they are asking for it—during certain events that can have a financial impact on their lives, such as a promotion, tax time or the arrival of a child in the family.

4 Help employees better prepare for retirement

Employees state that saving for retirement is the most important need when it comes to their overall financial well-being. A financial wellness program must include educational resources that help employees better understand their options for retirement.

5 Showcase the many benefits of participation

Time and again, we see how employees benefit from workplace-provided financial wellness programs. When you talk to your employees about financial wellness programs, make sure they understand the impact these programs can have on their financial life and well-being.



About UBS Workplace Wealth Solutions

UBS Workplace Wealth Solutions collaborates with corporate clients to deliver customized solutions across a range of programs for the workplace, including financial wellness, retirement and equity plans. We currently provide more than 10,000 employers and their two million employees in over 150 countries with access to financial knowledge, benefits programs that prepare them for retirement, and an integrated experience that combines the right mix of people and technology. We work side-by-side with our clients so that everyone feels rewarded at work and optimistic about realizing their long-term financial goals.

About the survey

UBS Workplace Voice is an industry-wide online survey of employee benefit participants. It is designed to generate insights employers can use to help participants maximize the value they receive from their company benefits such as equity awards, financial wellness and retirement. The responses represent a cross section of companies, industries and service providers. For this edition of *UBS Workplace Voice*, we surveyed 2,094 employees across various industries, ages and asset levels in February of 2023. We also surveyed 301 Financial Wellness professionals who are highly involved in benefit decisions.



We welcome your questions about how we can help you create a more rewarding workplace through UBS Workplace Wealth Solutions and the services we offer. Please contact a UBS representative by e-mailing **UBSWorkplaceSolutions@ubs.com** or visit us at **ubs.com/workplacesolutions**.

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