



Building Better Financial Futures with Employee Financial Wellbeing

Richard Limkin, Chief Product Officer, Immedis

25 February 2021



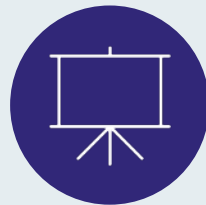
Housekeeping



Live stream and recorded



Questions in the Q&A box



Slides and recording available after the webinar



RICHARD LIMPKIN

Chief Product Officer

Introductions

- Over 20 years experience leading innovative HR and Payroll technology and operational experts towards world-class SaaS solutions.
- Responsible for the technical and product roadmap including platform and service components, which includes leading integration across global human capital management and finance technology partnerships.
- A varied background across quantum mechanics, management consulting and chartered accountancy, into leading Professional Services, Solutions, and Innovation.

“

When it comes to your finances, ignorance is not bliss.
The less you know, the more you pay.

”

What is Financial Wellbeing?

Financial wellbeing is about having the confidence to manage your money; taking day to day expenses into account, planning for the future, and being prepared for unexpected financial shocks.



Employees & Financial Wellbeing

A Leading Cause of Employee Stress

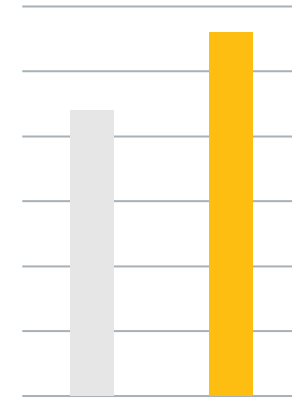


*9th Annual PwC Employee Financial Wellness Survey

DAY-TO-DAY

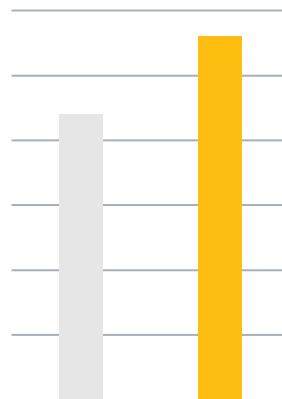


DEBT



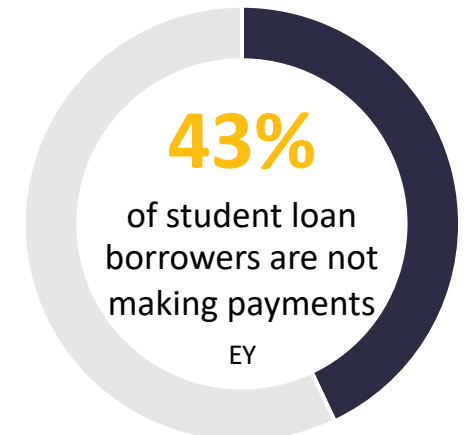
82%
Of adults have some form of debt (credit cards, mortgage, student loan)
Bank of America

RETIREMENT



56%
have saved less than US\$10,000 for retirement
EY

STUDENT LOANS



A photograph of two men in an office setting. The man in the foreground is wearing a blue patterned button-down shirt and is smiling broadly while holding a white tablet. The man in the background is wearing a grey button-down shirt and is also smiling. The background shows office windows and blurred equipment.

Employers & Financial Wellbeing

The Business Impact



Estimates put the business cost of employees' financial stress at
\$500 billion per year

The financial cost to employers is as a result of:

01

Lower
Productivity
Rates

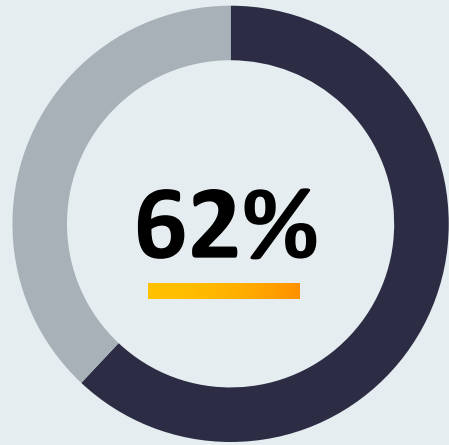
02

Decrease in
Employee
Engagement

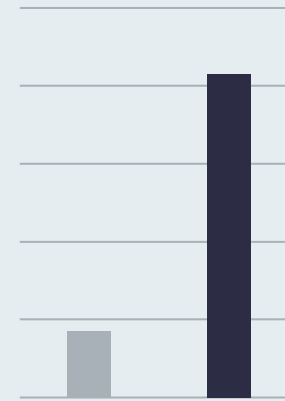
03

Increase in
Absenteeism

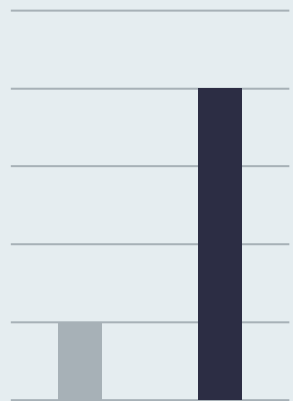
Employer Responsibility



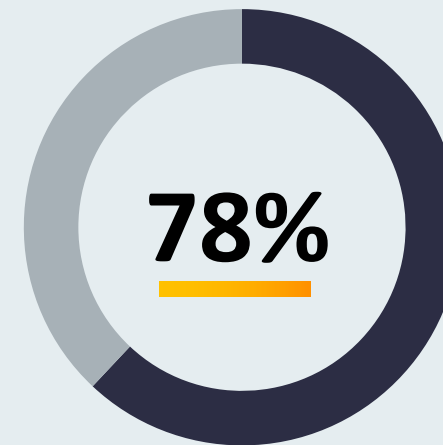
62% of employers feel extreme responsibility for their employees' financial wellness



83% of employers believe financial wellness tools lead to greater productivity



80% of employers feel very/extremely responsible for helping employees with retirement healthcare needs/costs



78% of employers feel very/extremely responsible for helping employees with sustaining assets through retirement

The importance of having a financial wellness program

Only 23%

of companies provide
financial education for
their employees

01

Alleviating a leading cause of stress for employees supporting an overall happier workforce

02

Improve employee engagement and retention through actively supporting employees in this key area

03

Increase productivity and improved bottom line by removing stress that otherwise distracts and disengages employees

04

Gain competitive advantage in the recruitment stakes by offering such employee benefits and supports

Financial Wellbeing Program Planning

Start with the Payslip

01

Income Position:

Understanding income position based on wages or salary is vital in employees balancing against outgoings and maintaining other repayments and saving contributions.

02

Payslip Insights:

Helping employees better understand their payslip is key; deductions that are being made and why, as well as savings and services that might be covered such as contributions to pension schemes and healthcare.

03

Payday Email Opportunity:

As all employees are likely to engage with emails about their payslips, take the opportunity to use this to promote financial wellness offerings or to ask employees what they want to see in your financial wellness program.

04

Payday Engagement:

Every employee looks forward to payday! Leverage the day as a means to promote employee benefits or other financial wellness program initiatives when income is top of mind.

Educate on Current Company Benefits

Saving for Retirement



1. Invite employees to join and contribute to the company pension scheme if in place
 2. Request your organizations pension provider to explain the plans available, contribution recommendations dependant on age, and investment options
 3. Explain the employer contribution and what this means for their overall pension fund
-

Healthcare



1. Invite employees to avail of company subsidized/covered healthcare insurance
 2. Request your organizations provider to explain the plans on offer and levels of cover
-

Other Benefits

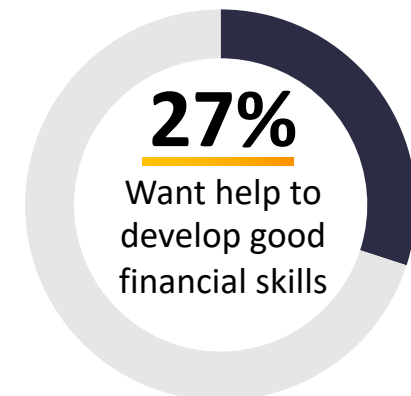
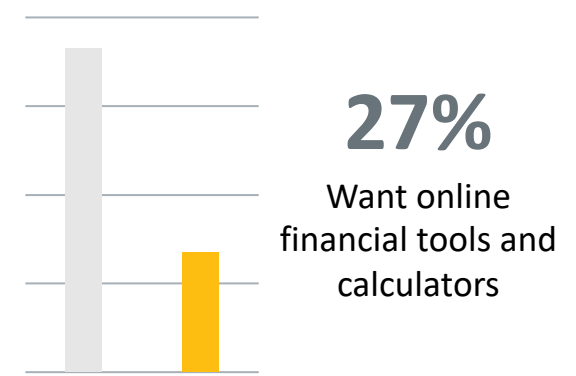
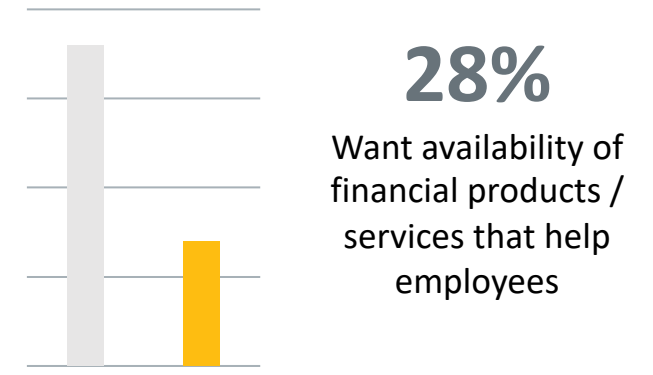
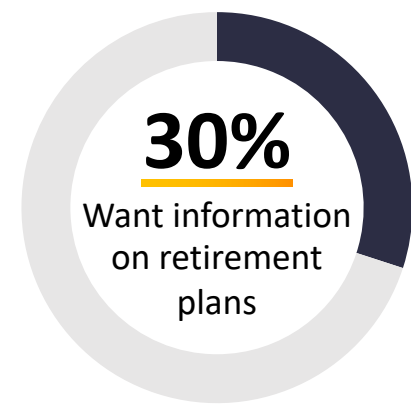
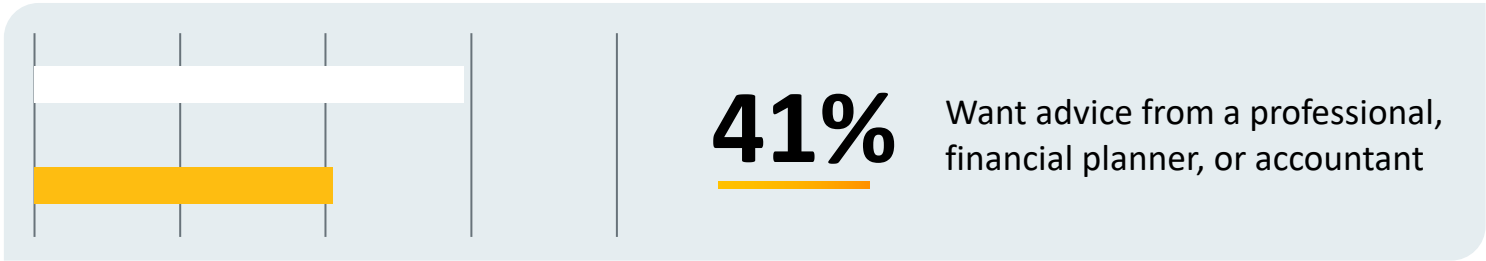


Keep employees up-to-date on other initiatives that may support overall financial wellbeing which may include:

- Saving schemes
- Employee discount schemes
- Expert advise
- Offerings included in your Employee Assistance Program (EAP)

Consider What Employees Want

What employer benefit would you most like to see added in the future (if you do not already have it)?



Consider Generational Financial Goals



Top 3 Financial Goals

BABY BOOMERS / SILENT GENERATION

- 01 Saving for retirement
- 02 Paying off a mortgage
- 03 Paying off credit card debt

GEN X

- 01 Saving for retirement
- 02 Paying off credit card debt
- 03 Growing savings to pay for unexpected expenses

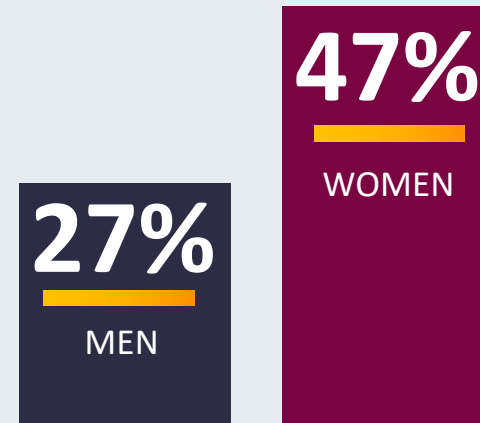
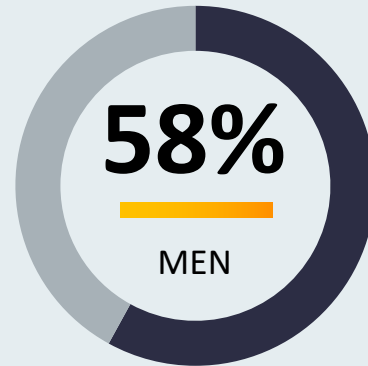
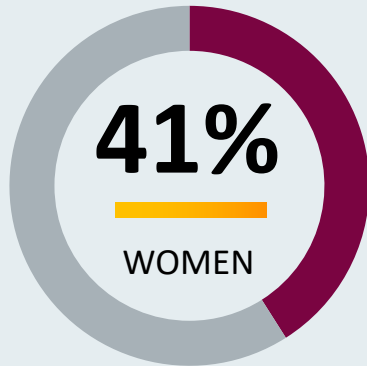
GEN Z / MILLENNIALS

- 01 Paying off credit card debt
- 02 Buying their first house
- 03 Growing savings to pay for unexpected expenses

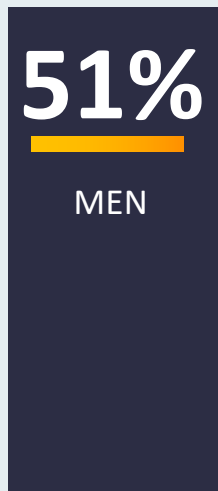
Gender Impact on Financial Wellbeing

Women Feel Less Financially Well Than Men

Percentage who rate their financial wellness as good or excellence

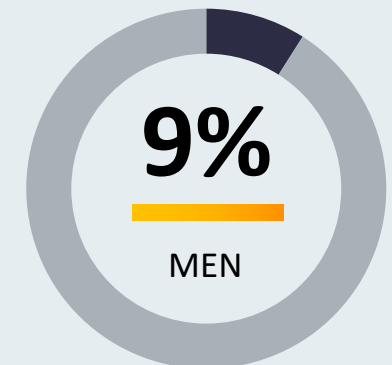
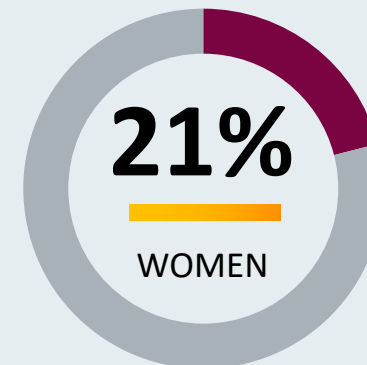


Women are more likely to cite not having spare money after monthly expenses as their main challenge



Men are more likely to feel in control of their debts compared to women

Women are more than twice as likely to rank paying off credit card debt in their top 3 goals

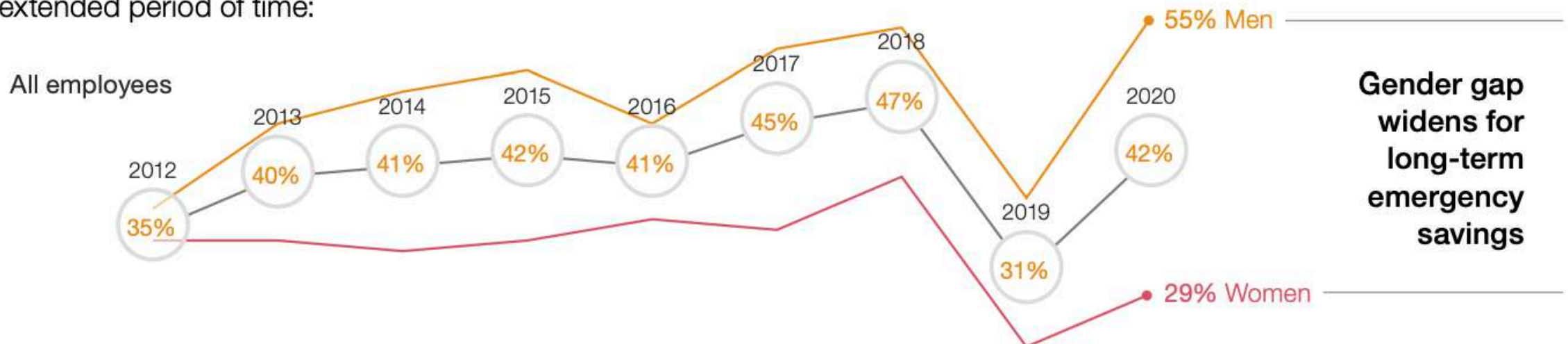


The Financial Wellbeing of Women is Heightened

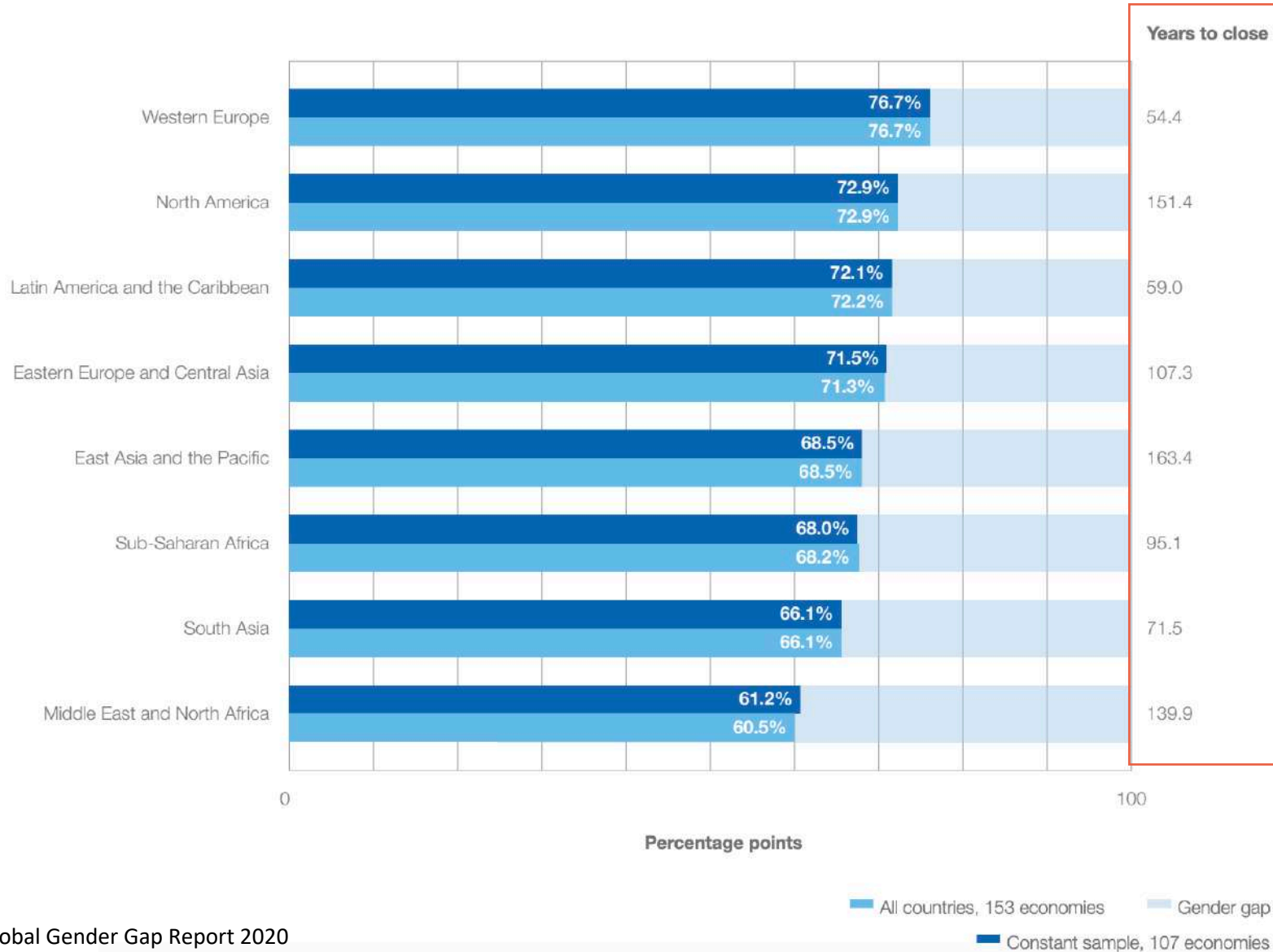
Why:

- 01 The Gender Pay Gap:** Women often earn less than their male counterparts
- 02 Likelihood of Leaving the Workforce:** Women are more likely to take time out of the workforce to raise children or provide care for a family member

Employees who would be able to meet their basic expenses if they were out of work for an extended period of time:



Gender Gap Closed to Date by Region (2020)

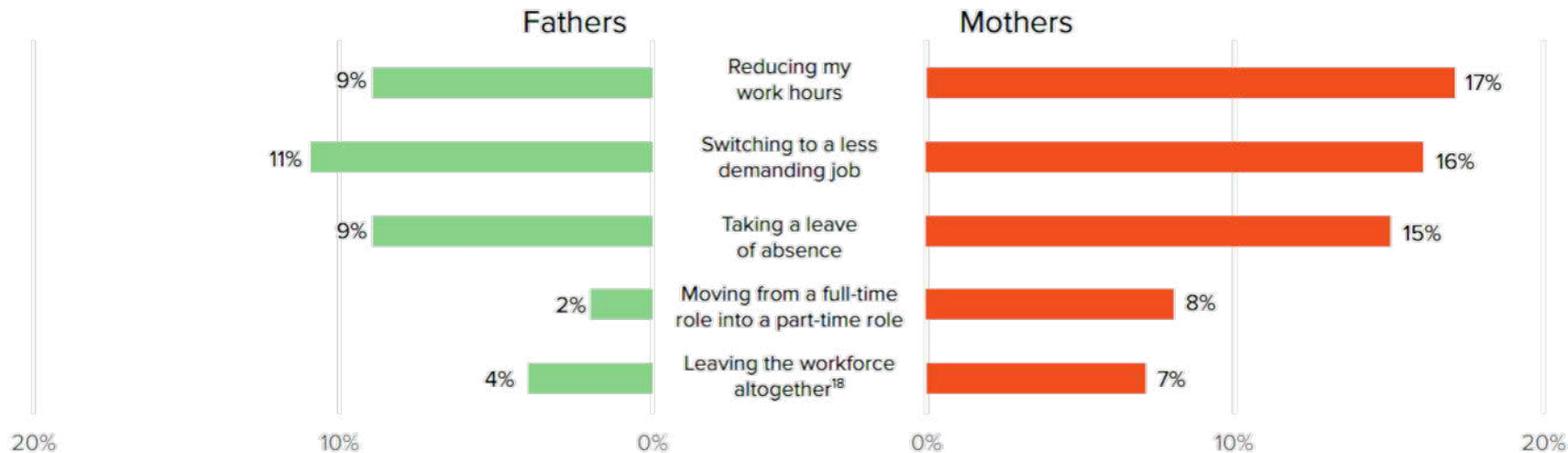


COVID-19 Set Back

Women are more likely to leave the workforce due to COVID-19

MOTHERS ARE MORE LIKELY THAN FATHERS TO CONSIDER SCALING BACK OR LEAVING BECAUSE OF COVID-19

% of employees who have considered changing their work situation during the Covid-19 crisis

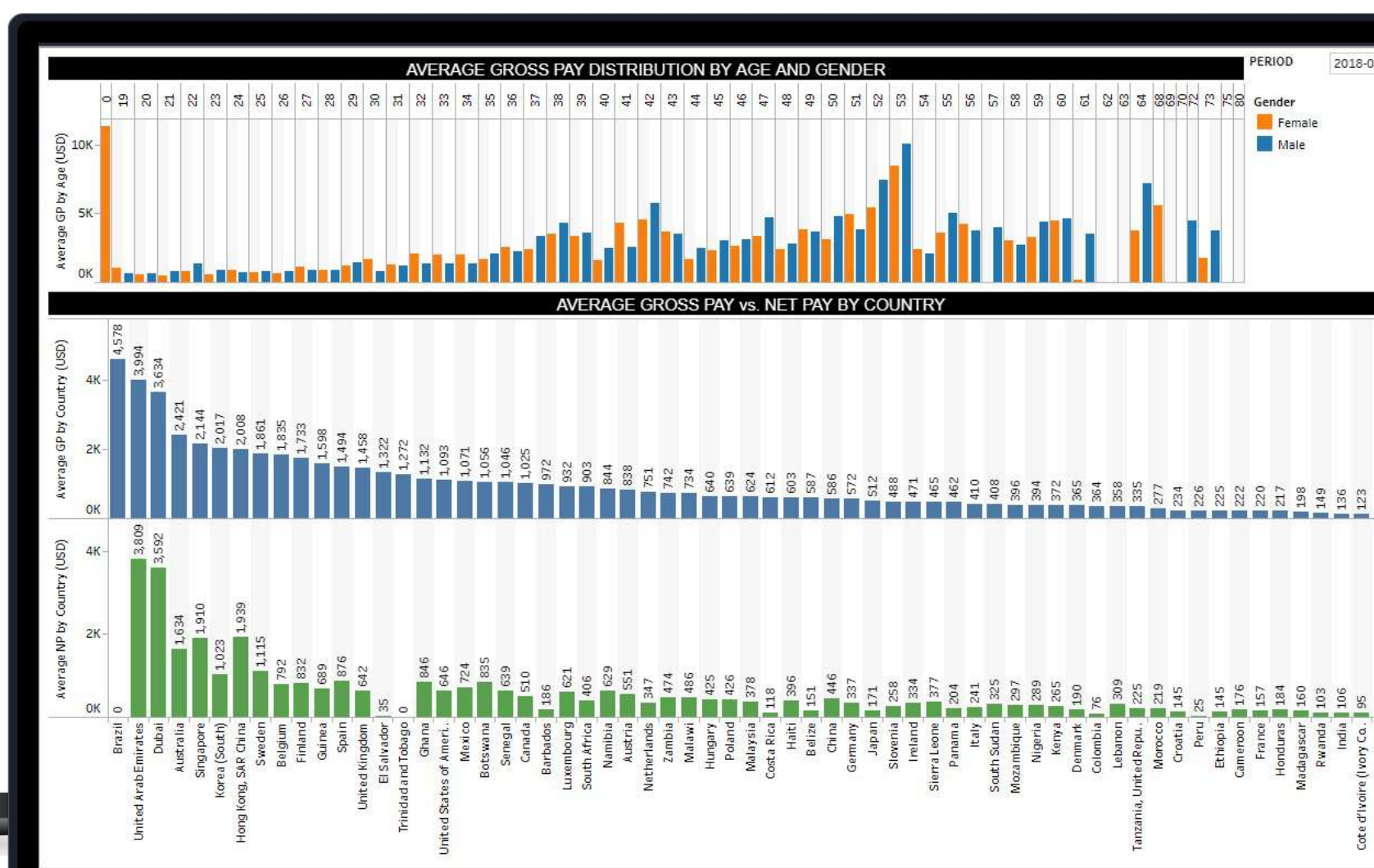
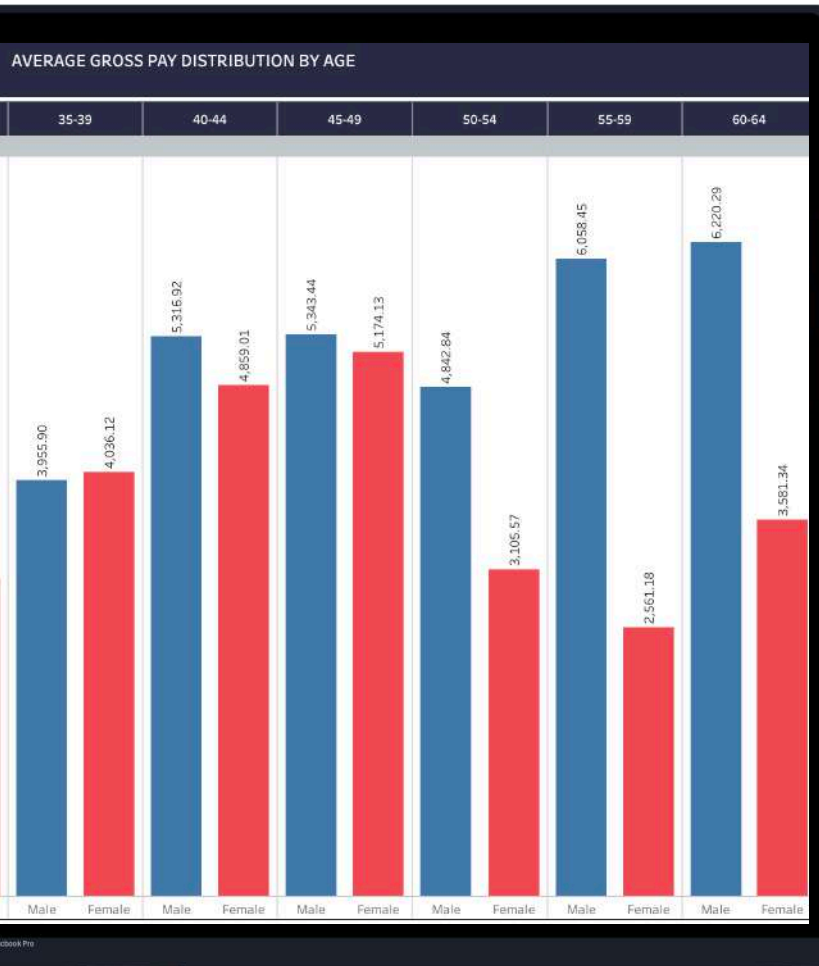


“

There were times when I said to my husband, 'One of us is going to have to quit our job.' And I remember thinking, 'How come I'm the only one thinking about this, and my husband isn't?' I don't think him leaving was ever in question.

ASIAN AMERICAN WOMAN, TWO CHILDREN (AGES 1 AND 5), SENIOR MANAGER

Supporting the Financial Wellbeing of Women with Gender Pay Gap Reporting & Analysis



The Question of On-Demand Pay

On-Demand Pay

What is On-Demand Pay?

On-demand pay solutions give employees the ability to draw on their accrued wages before pay day.

1. Employee accrued pay is calculated at a specific point in time
2. A portion of earnings is made available to the employee to withdraw in near real-time
3. Employers then pay employees the remainder of their wages/salary when due

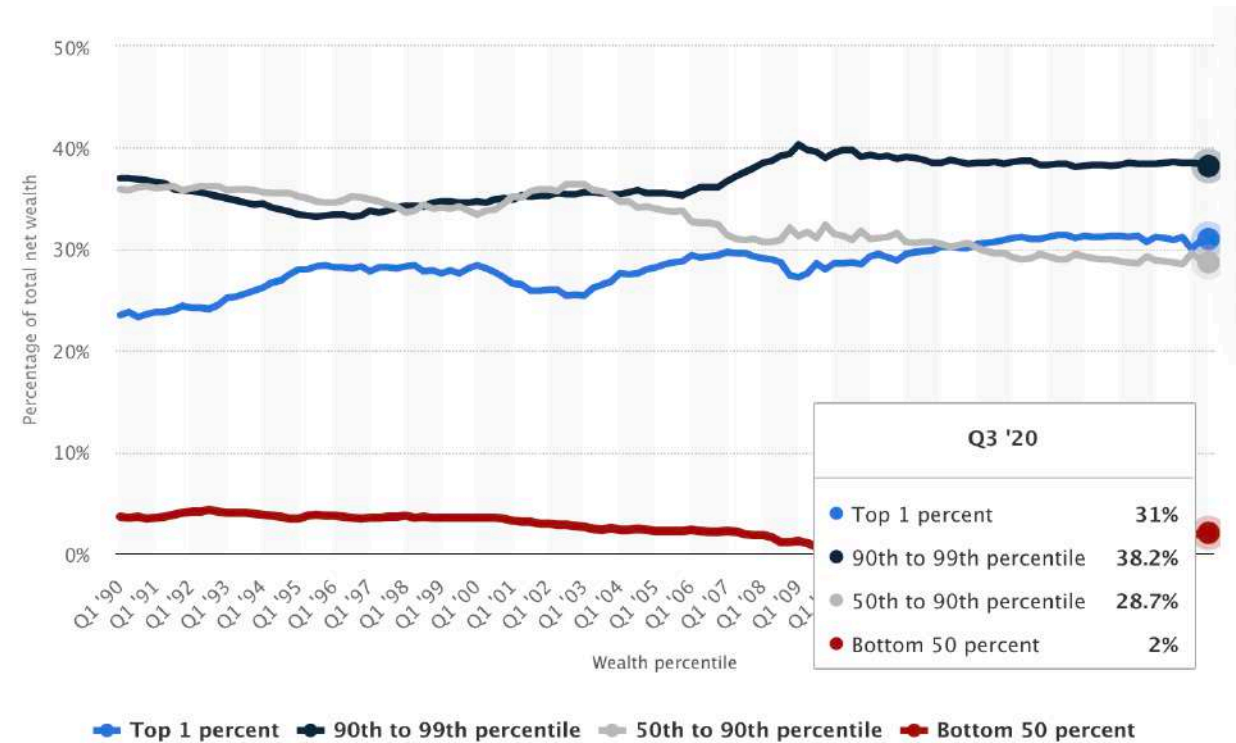
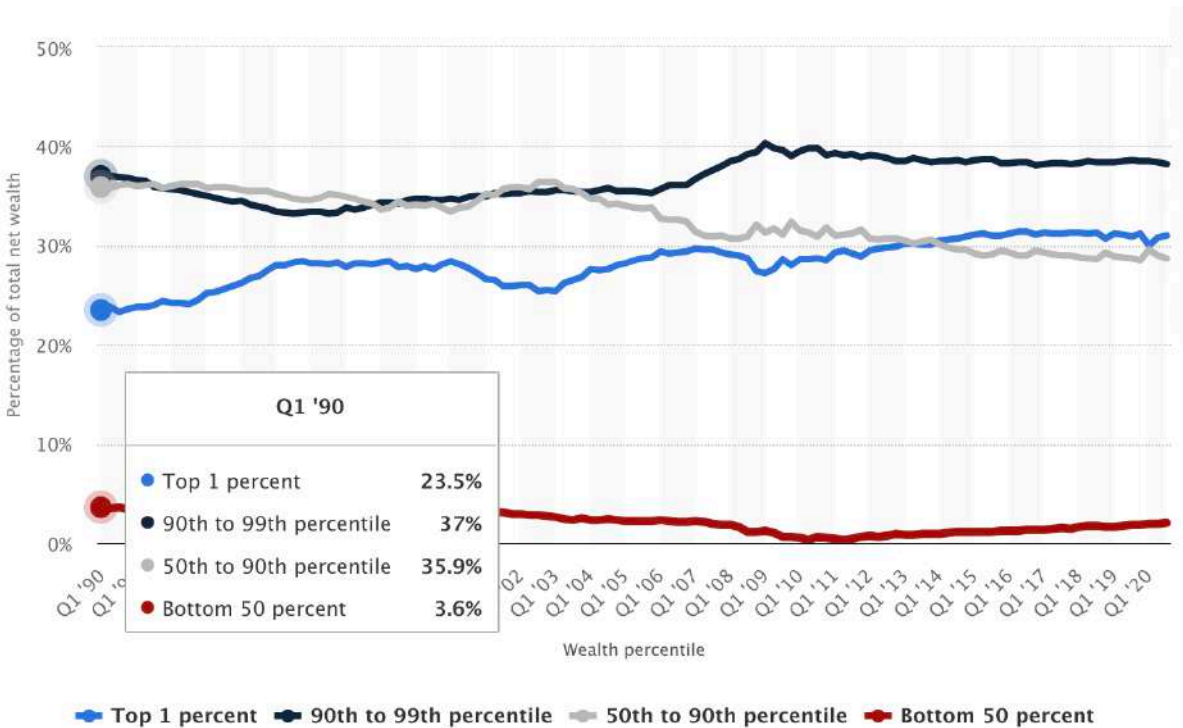
The Growing Need for On-Demand Pay



Distribution of Net Wealth in the US

Q1 1990

Q3 2020



Gig Economy & Unbanked Employees



Increasing the need for alternative payment methods

Gig Economy

Since 2014, the alternative workforce/gig economy has

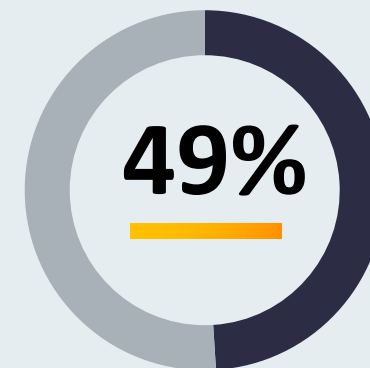
grown **8.1%**

- more than three times the rate at which the traditional workforce has grown in the same time period at **2.6%**

Deloitte

Unbanked Employees

As many as **1.7 billion** adults are unbanked globally

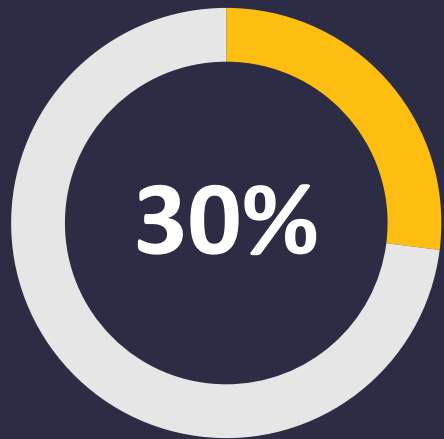


don't have enough money to meet minimum balance requirements

FDIC

Employee and Employer Benefits

Taking Advantage of On-Demand Pay:



consider themselves likely, or very likely to use an on-demand pay offering were it to be offered by their employer

Employee Benefits

01

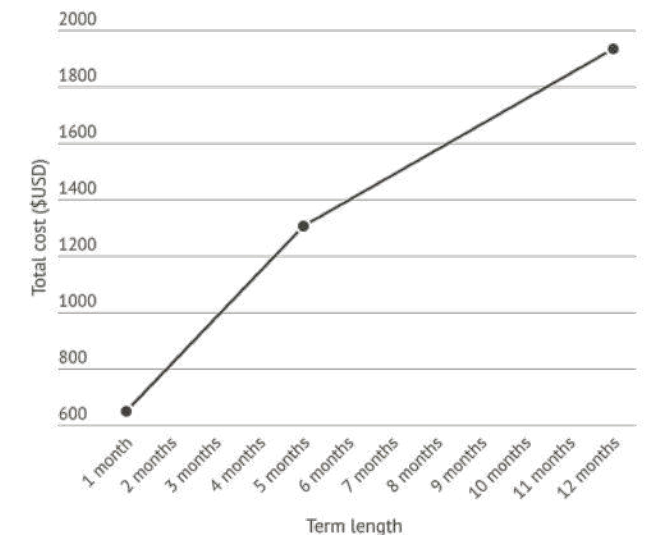
Counteracts the **mismatches between the timing of income and expenses** which are one of the main triggers of financial distress

02

The benefits are clear when comparing the cost of on-demand pay solutions to formal borrowing alternatives (credit cards, overdrafts, short-term, and payday loans).

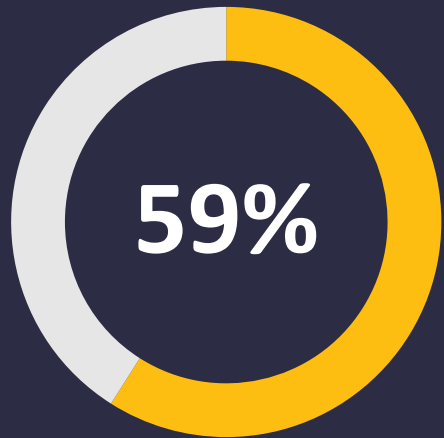
How Much Do Payday Loans Cost Over Time?

Assume you take out a \$500 payday loan with a 360% APR. Here's how much it will cost in total, over time:



As many as **12 million** Americans take a payday loan each year

Employee View of Prospective Employers Offering On-Demand Pay



View this as positive or very positive , with 17% actively seeking out companies who provide this as an option

Employer Benefits

01

Positively impacts on employee productivity, engagement, and levels of absenteeism which removes associated cost

02

Supports employee attrition and reduced turnover

In the context of a 14% average annual turnover, 6% were directly influenced by financial difficulties, driving them to permanently leave their job (EY)

03

Alternative pay models are being utilized as a differentiator within employer propositions to attract and retain talent

04

Support alternative payment method if dealing with the gig economy / unbanked employees

Key Takeaways

01 Start with the basics - understanding the payslip and organizational benefits on offer

02 Ask employees what they want support with

03 Look at the make up and needs of your workforce including locational, generational, and gender considerations

04 On-demand pay is emerging as a permanent feature in employee benefit packages as part of financial wellbeing solutions. Build education on on-demand pay best practices into financial wellbeing programs

THANK
YOU



QUESTIONS?

OVER TO YOU...