



# Asset Funders Network

ASSET FUNDERS NETWORK'S FINANCIAL COACHING WORKING GROUP

## SUPPORTING EMPLOYEE FINANCIAL STABILITY

### How Philanthropy Catalyzes Workplace Financial Coaching Programs

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More than half of all employees in the United States report that they are financially stressed, and nearly one in three employees reports being distracted by personal financial issues while at work.<sup>1</sup>

This financial stress impacts individuals' health, relationships, productivity, and time away from work.<sup>2</sup> Philanthropy has played an important role to encourage the growth of workplace approaches for reducing financial stress and to begin building the case for workplace programs as a strategy to help low-income workers achieve financial stability. Concentrating on traditional, full-time employees as opposed to self-employed or part-time workers, this study explores different workplace-based financial coaching models that feature nonprofit organizations that are partnering with employers, the common characteristics and challenges of these programs, and recommendations for funders who want to invest in workplace approaches.



## WHY FOCUS ON WORKPLACE-BASED FINANCIAL COACHING MODELS?

Studies show that employers are increasingly seeking ways to support the overall financial health of their employees<sup>3</sup> and are likely to expand programs to promote employee financial well-being beyond retirement decisions.<sup>4</sup>

Financial coaching is an approach that seeks to address financial health more comprehensively through a one-on-one coach and client relationship that focuses on identifying, setting, and achieving financial goals. Utilizing a workplace-based model of financial coaching provides many benefits to both the employer and the employee. A primary benefit is that the programs make use of the workplace infrastructure and therefore have the ability to reach and deliver financial services to a broader group of people. As the primary source for worker wages and benefits, the place of employment/workplace is a natural location for offer-

ing services that promote financial well-being and deal directly with issues and questions surrounding personal finances. Additionally, offering the services in the workplace makes it more accessible and the take-up rate may be higher because the services are being provided by the employer, who is viewed as a potentially trusted source. Finally, workplace programs provide financial information to employees at a time when it is relevant to them and can be most beneficial in their lives. Employees have an opportunity to act on what they learn as they earn income and make financial choices.

## CASE STUDY EXPLORATION AND FINDINGS

This more comprehensive approach to financial well-being typically requires employers to partner with a nonprofit organization to deliver financial coaching services. Using case study exploration methodology, this study explores the workplace-based model from the perspective of the nonprofit organization that serves as a provider of the financial coaching services to employer partners.

Four case study organizations, chosen to represent a range of program sizes, ages, structures, and geographic locations, included: \$tand by Me located in Delaware, Working Credit NFP in Illinois, Neighborhood Trust in New York, and WorkLife Partnership in Colorado. Through in-depth interviews with the case study organizations, several key insights emerged into considerations and challenges in implementing financial coaching in workplace settings:



**CLOSE COLLABORATION** with the employer, particularly with senior management, is critical to help organizations understand the employer's business model and tailor the program to align with each unique operational environment.



**FLEXIBILITY AND COMPROMISE** are equally important in the design and implementation processes as workplace settings present unique barriers not found in more traditional models of financial coaching in social service settings.



**WEB-BASED PLATFORMS** or other forms of technology helped many organizations increase the accessibility of financial coaching services to reach more employees and achieve greater economies of scale.

## THE ROLE OF PHILANTHROPY

A common theme emerging across all four case studies is the critical role that philanthropy plays in workplace-based financial coaching programs. Though most employers paid for some or most of the cost of financial coaching services, many organizations use philanthropic support to provide the service for free for a short period to demonstrate its impact.

Philanthropy also provided flexible resources for organizations to develop, test, and/or grow their models as well as their internal capacity to support and implement the programs to meet increasing employer interest in providing the service.

Based on the information from the four case studies, six recommendations emerged for funders who are interested in actionable strategies to elevate and support workplace programs:

- 1 Despite workplace-based financial coaching being a relatively new approach, there is an opportunity to lift up promising practices about the variety of products and services that help employees make gains toward financial stability.
- 2 Some funders may be in a position to bridge relationships between employers and non-profits. If a funder has connections with local employers, they could serve as a conveyor to make introductions between well-suited partners and to promote better understanding of the important role that nonprofits play in financial coaching programs and financial well-being.
- 3 Funders can support projects that build a business case for effective approaches that improve financial well-being and security for low-income workers, people of color and financially vulnerable populations.
- 4 Funders can help move the field toward proven best-practices by supporting research or pilot programs that explore effective strategies and persistent challenges based on the characteristics, size, and sector of the employer.
- 5 Funders can play an important role in connecting financial coaching to other asset-building strategies, such as employment and job-training programs, employment capital, and access to financial products and services.
- 6 Bringing financial coaching into the workplace is complicated and dependent on understanding the employer's organizational structures and cultures. Funders cannot assume or create the capacity of nonprofit organizations to take on these new opportunities.

**A COMMON THEME EMERGING ACROSS THE CASE STUDIES  
is the critical role philanthropy plays in workplace-based  
financial coaching programs.**

## CONCLUSION

Embedding financial coaching services into workplace settings provides an effective and efficient model for expanding the scale and increasing impacts to promote greater financial health. Leveraging this moment in time, as the market is still emerging and models are still being developed, creates a unique opportunity for the field to come together to identify best practices and promote the approach. Bringing philanthropy, practice, and research together to work toward models of workplace-based financial coaching will bring the field closer to our shared goal: greater financial security and wellness for all consumers.

## REFERENCES

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