

How Not to Get Lost in Translation

With Global Financial Wellness

by | **Iain Jones** and **Julian Larah**

Financial wellness has increasingly become a key priority in the minds of both employers and their employees, with some research showing that it is the highest priority area of benefits support that employers are looking to improve over the next two years.¹ Many individuals across the globe² are living paycheck to paycheck, lack emergency savings and often struggle with basic financial literacy. Global events of the past few years have exacerbated these issues further, reinforcing the need for employers to consider globally consistent financial wellness programs to help support and educate their workforces internationally.

1 in 3

spend more than they can afford

2 in 3

plan less than one year ahead

3 in 4

are stressed about inflation and the cost of living

Sources: The Fidelity Global Sentiment Survey 2022 and data from Fidelity's global financial wellness solution as of October 2023.

This article will further examine some of the key stressors and challenges related to financial wellness. It will explore how leading multinational employers are implementing and managing global financial wellness programs to empower their employees to improve their financial knowledge, confidence and outcomes as well as gain deeper insights into the needs of their workforce.

A financially well workforce is likely to have a higher level of overall well-being, which increases their engagement and productivity, and ultimately improves business performance—a win-win for both organization and workforce. In fact, employers that offer broad financial wellness support experience more than a 50% increase in employee satisfaction.³





The success of global financial wellness programs relies on them being culturally relevant and properly communicated. Fortunately, some basic tenets of financial wellness are applicable globally and can be adapted for specific locations.

The Unaddressed Gap

Fidelity's *Global Financial Wellness Survey*⁴ found that nine in ten employers were worried about the financial wellness of their workforce. It also revealed that only half of respondents had implemented financial wellness programs in their headquarter country, with only 15% doing so on a multicountry basis. The gap demonstrates that there is still a lot of work to be done in this next frontier in supporting and engaging the global workforce.

The growing need for companies to support their employees' financial wellness was brought into sharp focus by the COVID-19 pandemic and subsequent geopolitical events, including the war in Ukraine. Furloughs and pay reductions, fears over job security, volatile financial markets, and dramatic increases in inflation and cost of living in many locations created increased levels of financial anxiety and stress.

However, employers have historically experienced difficulties in globalizing their financial wellness programs. Why is there a gap between domestic and global versions? The top challenges when deploying a global financial wellness program are making programs culturally relevant, communication and the lack of credible providers. The good news is that the market landscape has shifted significantly over the last few years, and there are now providers and platforms that enable employers to deploy comprehensive, holistic financial wellness support to employees across the globe.

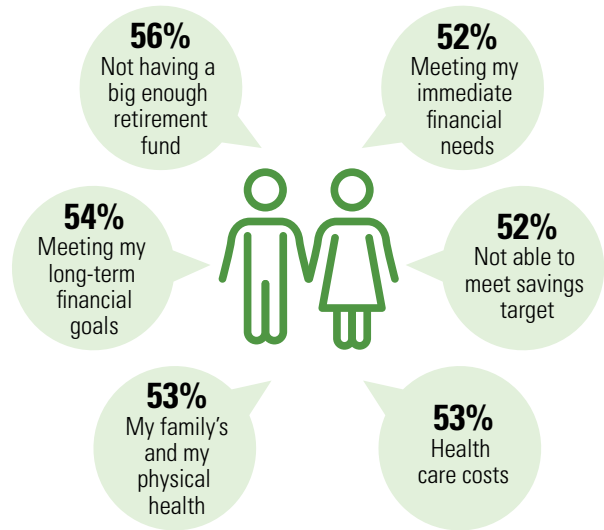
Key Stress Factors

While the leading stress factor among employees surveyed globally was inflation and the rising cost of living, Figure 1 shows many other stressors.⁵

Stress in one area of life leads to stress in others. For example, there is a strong link between financial stress and

FIGURE 1

Employee Financial Stressors



Source: Fidelity Global Sentiment Survey 2022.

mental well-being. Left unaddressed, such stress can lead to more sick days being taken, lower Net Promoter Scores (which measure supporters and detractors), employees being less engaged and productive at work, and negative impacts on business results.

Are Employers Speaking the Same Language as Their Employees?

When defining financial wellness and determining how best to communicate with and engage employees, it's important for employers to understand the challenges and issues their employees are facing. Figure 2 shows that there can be significant discrepancy between the financial issues that are most important to employees vs. those identified as top issues by their employers.⁶

Broadly speaking, employers tend to focus on long-term financial planning (such as retirement programs) whereas employees are more focused on near-term needs (such as emergency savings). This underlines the importance of ensuring that employers have a mechanism to collect real data on the actual priorities and issues faced by their workforce, rather than relying on educated guesswork or general market data.

learn more

Education
CONNECT Global Employee Benefits and Workforce Strategies Summit
July 22-24, Chicago, Illinois
 Visit www.ifebp.org/CONNECT for more details.

Certificate in Global Benefits Management
July 29-August 2, Boston, Massachusetts
 Visit www.ifebp.org/globalcertificate for more information.

Defining Financial Wellness

The following are four basic tenets of financial wellness that can be applied globally and adapted for specific local conditions. Each tenet includes messages and tips that could be included in global financial wellness support for international employees.

1. Budgeting and expense management

Budgeting and short-term debt management are top concerns and among the most common element included in employer financial wellness programs. While employees might be daunted by the prospect of budgeting, it needn't be scary or overwhelming.

Tips

- Know how much you're earning and spending and create a budget.
- Limit essential expenses to 50% of income and hold back at least 5% of income for short-term savings.
- Learn about resources that may help you in a crisis.

2. Debt

Getting out of debt can be painful but rewarding; money that individuals were paying in interest on past spending can instead be saved for their future.

Tips

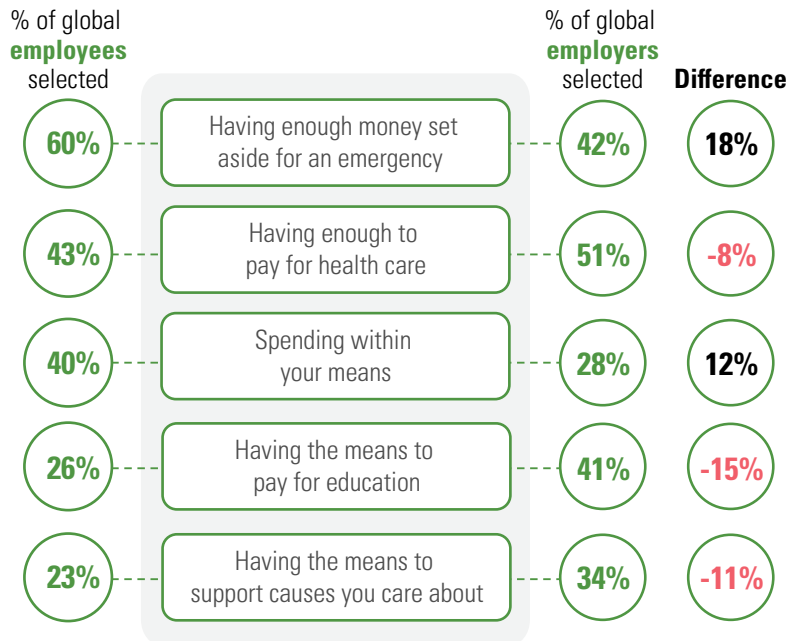
- Look for lower interest rates.
- Pay more than the minimum on credit cards.
- Build an emergency fund of three to six months of essential expenses to avoid going back into debt.

3. Savings

Ensuring that employees are financially secure and ready for retirement and empowering employees to make financial decisions were the key objectives expressed by survey

FIGURE 2

Differing Opinions on Top Financial Issues: Employees vs. Employers



Source: Fidelity Global Sentiment Survey 2022.

FIGURE 3

Basic Tenets of Financial Wellness

Budgeting and Expense Management

Maintaining a budget and positive cash flow are necessary (though not sufficient) precursors to managing debt, saving for the future, investing and protecting against risk.

Debt

Managing debt is a key area of financial wellness. Too much debt can be a considerable barrier to savings. While all debts pose a burden on financial resources, not all debts are created equal.

Savings

Savings and investing is an important area to focus on for long-term financial wellness. Saving and investing may be for short-term expenses and for long-term goals such as retirement.

Protection

Protecting and insuring against potential losses is another important area. Without adequate emergency savings and/or financial protection, one's financial situation can go from comfortable to distressed very quickly.



respondents. Retirement planning is the most commonly included element within respondents' financial wellness programs, closely followed by saving/investing.

Tips

- Consider risk tolerance and time horizon when saving.
- Invest for retirement—In many countries, the recommended supplementary savings rate is more than 10% of income to meet target retirement income.

4. Protection

The overall concept of planning ahead in a meaningful way is the No. 1 concern among workers completing a financial wellness assessment. Many financial wellness programs include this topic, and it is an important aspect for individuals to incorporate into a holistic financial plan. This includes using tools like life insurance and estate planning.

Tips

- Create an estate plan and will.
- Ensure adequate life and disability insurance.

One Size Doesn't Fit All

Research⁷ shows a universal need for employees to better plan ahead. It

also shows some differences in underlying financial issues based on various demographic criteria such as age, gender, country, income levels and so forth, including the following.

- Asia Pacific and Latin America have lower savings scores than other regions.
- Women tend to be less confident about their investing abilities.
- Single parents are, not surprisingly, more concerned about budgeting and the ability to save than dual-income households.
- Employees in India are concerned about both long- and short-term savings, especially retirement, despite access to mandatory retirement benefits (likely due to the low caps).

It's important to recognize that a one-size-fits-all approach to communicating and engaging likely won't resonate well—to borrow a popular phrase in the corporate benefits world, employers need to “meet employees where they're at.” Many programs are evolving from the traditional pillar-based approach to financial wellness to a life events-based framework. It's vital to have something for everyone—from employees at the beginning of their careers looking to es-

Employer Example

A chemical company launched a financial wellness online platform and content for its China operation. The platform included links to its existing in-country benefits, resources and vendors and was provided in both English and simplified Chinese.

The company had a 24% employee participation rate, based on one launch and a reminder campaign. The campaign helped to uncover a huge issue with savings rates, particularly among lower income employees in manufacturing job roles and locations. The program developed communications materials to help address gaps and raise awareness of resources and programs.

establish a financial foothold, to someone looking to buy a house or start a family, to employees on the cusp of retirement. This means that a financial wellness program should allow employers to slice and analyze data by demographic criteria to understand the workforce and its needs. It also allows employers to focus resources where they are needed the most.

To be successful, a global financial wellness program should:

- **Deploy resources that can be accessed by employees of all backgrounds, circumstances and locations.** Often smaller head count countries might get ignored when global programs are rolled out. Having a solution that is scalable yet feasible enough to budget for and implement to an entire global workforce, without excluding anyone, is key.

takeaways

- Many individuals across the globe live paycheck to paycheck, lack emergency savings and often struggle with basic financial literacy. The COVID-19 pandemic and geopolitical events have exacerbated these issues.
- A small percentage of multinational companies have implemented financial wellness programs on a multicountry basis. Challenges include communication and making programs culturally relevant.
- Key financial stress factors for global employees include inflation, the rising cost of living, saving enough for retirement and long-term goals, and health care costs.
- Four basic tenets of financial wellness—budgeting, debt, savings and protection—can be applied globally and adapted for specific locations.

- **Provide resources that are globally consistent, yet locally relevant.** Localized educational content in local language is one way of delivering local relevance (for example, citing specific savings vehicles or tax regulations in a country). However, employees often want to supplement this with individual support tailored to their unique circumstances. Offering self-assessment and digital education, in conjunction with live individual telephonic counseling (delivered by locally qualified counselors in the local language) can provide the ideal combination of educational and individual in-the-moment support to empower employees to improve their financial knowledge, confidence and outcomes.
- **Emphasize clear communication.** Many organizations that have experienced high rates of success in their global programs have attributed this primarily to clear communication and ensuring that employees understand the “what’s in it for me.” Employers that can stay in front of their employees with such regular, clear communications tend to have higher engagement and utilization.
- **Support employees with educational resources.** This gives them a sense of agency and control, leading to resilience. It can be as simple as practical steps to help individuals cut down on optional expenses (such as a to-go coffee each day, for example, or an extra streaming subscription service). It’s the small steps that add up and make a difference in the long run.

What Can Employers Do to Get Started?

Employers may kick off their financial wellness program with a live webinar to show employees they care. Often, employers are investing in programs already that support financial well-being at the local level; the challenge sometimes is to help make employees aware of these resources, how to access them and ultimately how it will benefit them. Employers shouldn’t assume that employees understand even the basics of financial wellness or want sophisticated tools immediately; starting with the basics can deliver big returns.

bios



Iain Jones, FFA, is a vice president within Fidelity’s global consulting team. He brings more than 20 years of experience supporting multinational companies in a variety of areas and industries to help effectively align their global benefits strategies with their business needs. He can be reached at iain.jones@fmr.com.



Julian Larah, ASA, MAAA, is based in Southern California and is a senior consultant within Fidelity’s global consulting team. He brings more than 15 years of experience working across many countries and is a frequent speaker on global topics. He can be reached at julian.larah@fmr.com.

What’s Next for Multinational Companies?

Employers are beginning to add innovative features to their global programs. This includes formal learning curriculums with financial incentives at the end for completion. Employers also are focusing on helping employees with emergency savings and providing financial incentives to help them build healthy, regular savings habits. 🎯

This article is by Fidelity Workplace Consulting, a division of Fidelity Workplace Investing, which provides strategic consulting services to plan sponsors. All content in this article is for informational purposes and is not intended to provide tax, legal, insurance, investment or other financial advice. No part of this article should be construed, explicitly or implicitly, as an offer to sell, a solicitation of an offer to buy, an endorsement, guarantee or recommendation for any financial product or service by Fidelity, its affiliates, or any third party. 2024 © FMR LLC. All rights reserved.

Endnotes

1. WTW 2023 *Benefits Trends Survey*.
2. Fidelity *Global Sentiment Survey*, 2022.
3. Fidelity *Global Employer Survey*, 2023.
4. Fidelity’s April 2020 *Global Financial Wellness Client Panel Survey*, with 59 respondent multinational organizations representing more than 4 million employees globally.
5. Fidelity *Global Sentiment Survey*, 2022.
6. Ibid.
7. Data from Fidelity’s global financial wellness solution as of October 2023.

