

The True Cost of Neglecting Employee Well-Being



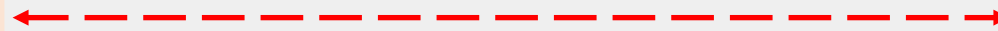
Inputs vs. Outcomes

Total Rewards

- Compensation
- Benefits
- Personal Growth
- Professional Growth
- Work Environment

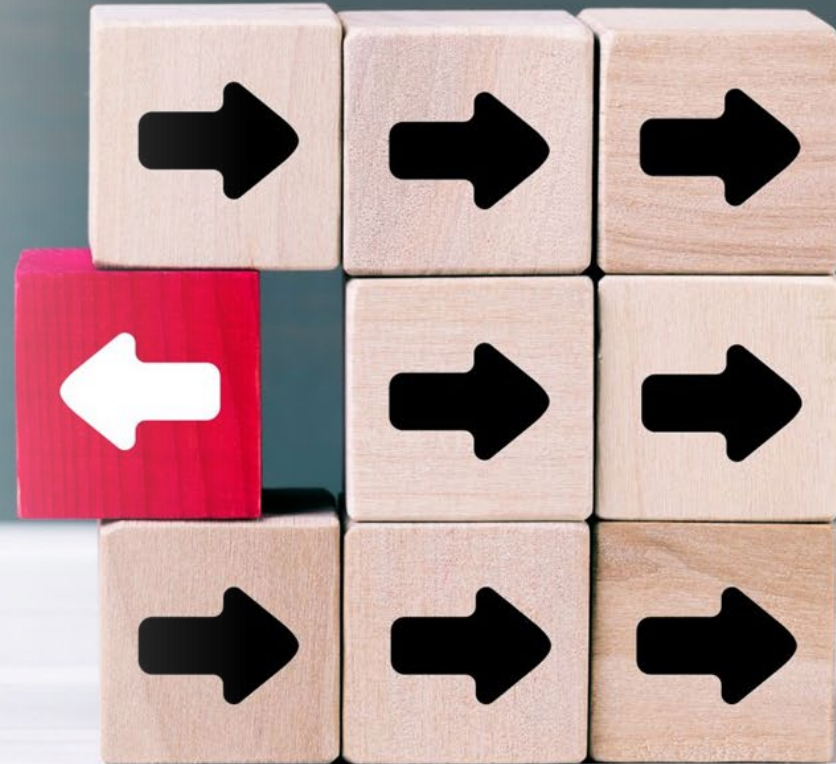
Thriving Goals

- Financial Wellness
- Physical Health
- Mental Wellbeing
- Sense of Purpose
- Career Pathway



Objectives

- Define the gap, its causes, and solutions
- Legal and ethical responsibility to “mind the gap”
- Cost of the gap
- Optimizing rewards for better outcomes
- Human, Profit, and Social impact



Your Presenter

Jervis DiCicco

- Eight securities and insurance licenses and designations
- Individual, family, and business clients, including retirement plans
- How can we create a system with better outcomes for everyone?



A really big thriving gap...

- February, 2009 – “Dear John”
- Summer, 2009 – Income ↓ 80%
- November, 2009 – Dad passes
- January, 2010 – Foreclosure letters

**Whose problem is
this?**



Where can employers make impact?

Human



- Mental
- Emotional/Relational
- Physical
- Financial

Profit



- Productivity
- Turnover
- Healthcare
- HR burden

Social



- Equity
- Community
- Reputation
- Norms

Legal and Ethical Responsibilities

- **97%** of employers feel responsible for employee financial wellness²
- **94%** of employees feel their manager should support their well-being; **96%** of managers agree³
- Only about **one-third** of employees say well-being is improving; over **75%** of the C-suite believe that well-being is improving⁴
- **Less than one-in-three** employees believe their job has a positive impact on their physical, mental, and social well-being⁵
- **75%** of the C-suite is considering quitting for a job that better supports their well-being⁶

AR 38. When disclosing the intended or achieved positive outcomes of its **actions** for **value chain** workers a distinction is to be made between evidence of certain activities having occurred (e.g., that x number of workers have received financial literacy **training**) from evidence of actual outcomes for workers (e.g., that x workers report that they are able to better manage their household budgets so as to meet their savings goals).¹

Work is part of the problem....

Top obstacles to well-being⁷:

- Heavy workload
- Stressful job
- Long work hours

84% say improving well-being is a top priority; 74% say it's more important than their career⁸



...can it be part of the solution?

Human



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- Emotional/Relational
- Physical
- Financial

Profit



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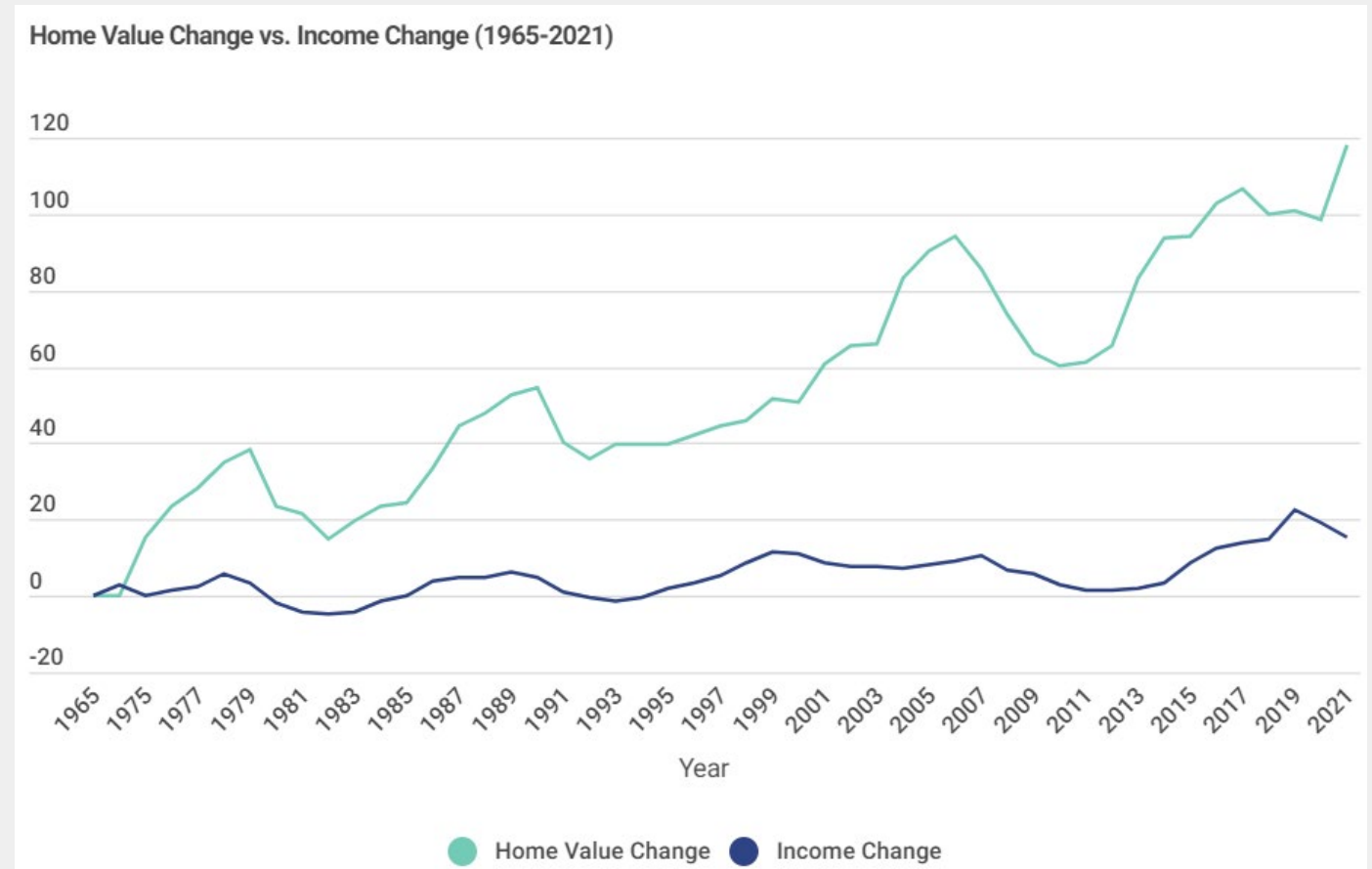
Social



- Equity
- Community
- Reputation
- Norms

Why does it feel like this is getting harder?

- Price-to-income ratios^{9,10,11}
- Credit, debt, and banking¹²
- Real wage decline¹³
- Education & misinformation¹⁴
- Advertising¹⁵



Financial cost of poor well-being

- **75% of medical costs** accrued to preventable conditions¹⁶
- **15-20% of total payroll** in voluntary turnover costs¹⁷
- **7+ hours/week in lost productivity** due to financial stress¹⁸

XYZ Retailers		
Income Statement		
For the year ended 30 June 2011		
REVENUE	\$	\$
Sales		250,000
Cost of Goods Sold		
Opening inventories (as at 1 July 2010)	40,000	
Add purchases	100,000	
Add freight-in and customs duty	10,000	
Less closing inventory (as at 30 June 2011)	60,000	
Less Cost of Goods Sold		90,000
Gross Profit		160,000
Add other operating revenue		
Rent received	3,000	
Commission received	2,000	
Total Revenue		165,000
LESS OTHER OPERATING EXPENSES		
Selling & Distribution expense		
Advertising	5,000	
Public Relations	2,000	
Website marketing	7,500	
General and Administrative expenses		
Depreciation	10,000	
Electricity	1,500	
Insurance	1,000	
Rent expense	30,000	
Wages & salaries	46,500	
Financial expenses		
Bad debts	1,500	
Total expenses		105,000
NET PROFIT (EBIT)		60,000



BENEFITS
COST
CONTROL



Compensation

Inputs

- Wages
- Overtime
- Salary
- Commissions
- Bonuses

Bridges

- Budgeting
- Debt Solutions
- Tax/benefit strategies
- Discounts & rebates
- Gov't/NP resources

Outcomes

- Net disposable income
- Debt-to-Income ratio
- Savings rate
- Net worth

Compensation Bridge Impacts

Human



- Money is dominant stressor¹⁷
- From fear and shame to confidence and self-worth
- More preventive care and exercise¹⁸
- Reduce divorce/relationship issues^{19,20}

Profit



- Reduce turnover¹⁹
- Increase productivity¹⁹
- Lower healthcare costs
- Less 401(k) loans, wage garnishments
- Improved safety²⁰
- Lower payroll taxes

Social



- Wage gaps
- Wealth gaps
- Debt gaps
- Disclosures
- Diversity

Benefits

Inputs

- Health Care
- PTO/Leave
- Retirement
- Insurances
- EAP/Wellness

Bridges

- DPC (virtual/in-person)
- Therapy/counseling
- Diet/food programs
- Emergency Savings Accounts
- Insurance optimization

Outcomes

- Physical health: rest, diet, plan of care
- Mental health: stress, burnout, relationships
- Financial health: proper protections & planning

Benefit Bridge Impacts

Human



- Improved physical health
- Reduced burnout/stress
- Better relationships
- Increased savings
- Appropriate protections

Profit



- Reduce turnover
- Increase productivity
- Lower healthcare costs
- Lower payroll taxes
- Reduced HR burden

Social



- Health gaps
- Wealth gaps
- Access gaps
- Disclosures
- Diversity

The Secret Ingredient

- Intention Gaps
- Navigation Gaps
- Bandwidth Gaps

You have access to your peoples' most important resource to improve well-being: TIME (1%)



Inputs vs. Outcomes

Total Rewards

- Compensation
- Benefits
- Personal Growth
- Professional Growth
- Work Environment

Impact Bridges

- Intentionality
- Measurements
- Resources
- Navigation
- **Time (1%)**

Thriving Goals

- Financial Wellness
- Physical Health
- Mental Wellbeing
- Sense of Purpose
- Career Pathway





prosperbridge

Purpose: to improve access to progress for everyone by providing opportunities that reduce the impact of the systemic bias inherent in the financial system

Let's Connect!

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