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## **Financial Finesse Releases First Quarter Research on Trends in Employee Financial Issues for 2013**

*Employees accept they cannot rely on employers to fund their retirement and health care, and instead take control of their finances themselves*

El Segundo, Calif.—[Financial Finesse](#), the nation's leading provider of unbiased workplace financial wellness programs, has released its quarterly research report on Trends in Employee Financial Issues for the first quarter of 2013.

The report uncovered a trend of employees taking more responsibility for their financial security in Q1, which appears to be positively impacting their financial planning and investing behaviors. Among the report's key findings were:

- **Financial wellness improved in Q1 2013 and there has been a general upward trend in financial wellness since the company began tracking employee financial wellness scores in 2010.** Financial wellness scores increased from 4.9 in Q1 2012 to 5.2 in Q1 2013 on Financial Finesse's proprietary 10-point financial wellness scale which measures employees' overall financial wellbeing in the eight key areas of financial planning.
- **Employees continue to be proactive with their finances.** Nearly three quarters of questions from employees in Q1 focused on building a stronger financial foundation as opposed to resolving serious financial problems. This is the highest level of proactivity the company has seen from employees since it began tracking employee's financial questions in 2001. In addition, more employees are actively seeking help around their finances: utilization of the firm's financial wellness programs more than doubled from Q1 2012 to Q1 2013, with the biggest gains in employees completing online personal financial wellness assessments, participating in webcasts, and meeting with planners to discuss their finances in 1x1 financial planning sessions.
- **The proactivity appears to be driving improvements in retirement planning and investing behaviors.** In Q1 2013, 40% of employees reported using a retirement calculator compared to 37% in Q1 2012 and 36% in Q1 2011. Additionally, 19% of employees reported being on track to replace at least 80% of their income or their goal for retirement, up from 14% in Q1 2012 and 15% in Q1 2011. Improvements in investing behaviors have been more significant, with 49% of employees reporting they have taken a risk tolerance assessment versus 43% in Q1 2012 and 46% in Q1 2011, and 27% reporting they look at combined assets to develop a master asset allocation versus 24% in Q1 2012 and 23% in Q1 2011.

Liz Davidson, CEO and founder of Financial Finesse, says this commitment from employees is representative of a larger trend toward personal financial responsibility, brought on by a prolonged sense of uncertainty around the changing economic and benefits landscapes.

“There has been a major paradigm shift in how employees view their benefits and their employers’ roles in helping them achieve their financial goals,” Davidson says. “We’re seeing that employees, on a mass scale, are proactively taking responsibility for their finances at levels not seen before.”

She points out that this has been an impressive transformation which occurred very gradually over the last decade and has recently gained significant momentum.

“A decade ago, only 5 to 10% of employees took advantage of financial education at their workplace,” she says. “Today we’re seeing an increasing number of workforces where the majority of employees are participating in financial wellness programs, and most employees who use these programs are using them on an ongoing basis.”

Employers are recognizing opportunity with this shift, and are also demonstrating a new commitment to their employees’ financial wellbeing that had only been seen in highly paternalistic companies before. According to a recent [AON Hewitt study](#), 80% of employers are making their employees’ financial wellness a top priority in 2013. The same study found that 61% of employers are already helping their employees evaluate their retirement readiness, a major area of concern for both employees and their employers as the number of employees who are on track to retire comfortably remains alarmingly low.

Greg Ward, Director of the firm’s Think Tank, which is responsible for analyzing trends in employee financial behavior, says that if this trend towards proactive financial planning continues, it could have “huge implications for society,” but still cautions that there is a significant shortfall when it comes to employees’ actual savings rates, which are not at levels needed to achieve retirement preparedness and overall financial wellness. Ward notes that Financial Finesse’s 2012 Year in Review research report identified an increase in the percentage of employees that reported having taken a retirement plan loan or hardship withdrawal, and that the percentage of employees investing up to the match in their 401(k) plan stagnated in Q1 2013. Ward suggests that this is possibly due to the end of the Social Security tax holiday coupled with reductions in employees’ paychecks to pay back retirement plan loans.

He concludes that “we’ve reached a tipping point with employees proactively taking responsibility for their finances, which is absolutely critical for our financial future as a nation, but that’s only the first step. Until we reach critical mass in terms of employees saving sufficiently, there’s a lot more work to be done.”

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### **About Financial Finesse**

Financial Finesse is an unbiased financial education company providing personalized and innovative financial education and counseling programs to over 600,000 employees at over 500 organizations. Financial Finesse partners with organizations to reach goals such as reducing fiduciary liability, increasing plan participation, decreasing stress, and increasing productivity through its unique approach to financial education. Financial Finesse does not sell products nor manage assets. For more information, visit [www.financialfinesse.com](http://www.financialfinesse.com).