

Stakeholders Meeting on Developing A Cooperative Approach to Financial Wellness

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On February 24, 2021, leadership from 13 organizations with an interest in financial wellness gathered virtually for a stakeholders meeting with the following objectives:

- 1** Compare approaches to financial wellness, whether focused specifically on state and local government employees or more general categories of K-12 youth or adults.
- 2** Identify technology and process challenges to the effective communication of relevant information, particularly for those who may not be easily reached via a one-size-fits-all intranet-based approach.
- 3** Collaborate on spreading best practices, solutions, and the sharing of print or electronic resources.

As the economy fluctuates in the wake of the pandemic, and as retirement plans and other key benefits evolve, financial wellness is a major concern for employees and employers alike. The following represents both an inventory of existing programs being undertaken by organizations with an interest in state and local government and a roadmap for ongoing collaboration. Also included are links to key online resources.

Key Audiences

Employees

With financial pressures brought on by COVID-19 and the active engagement required for individuals to manage their defined contribution retirement assets, employees are an essential audience for financial wellness programs. Beyond understanding budgets, investments, risk acceptance/profiles in asset allocation, and topics such as identity theft and payday loans, a key emerging topic is setting aside emergency funds for nonretirement needs and financial shocks (e.g., weathering natural disasters, unexpected medical expenses, pandemics, or layoffs).

The National Endowment for Financial Education (NEFE) is working to build consensus around core financial competencies

all Americans should have around debt, banking products, and behavioral influences, and to support teacher competencies as well.

Groups like the Government Finance Officers Association (GFOA) and the International Public Management Association for Human Resources (IPMA-HR), and the National Retired Teachers Association (NRTA) are following a similar track to provide educational resources to their state and local government members.

ICMA-RC looks at employee financial wellness initiatives as a holistic effort, guiding its plan participants through a savings journey from hiring through retirement. It offers advice on paying off debt and establishing emergency funds first, so

that employees can then focus on retirement savings. A clear understanding of investing is even more important with COVID-19, as employees must decide whether to take loans from their defined contribution (DC) accounts through the [CARES Act](#) and how to plan to pay themselves back.

In turn, centers like the Global Financial Literacy Education Center (GFLEC) at George Washington University are collecting data on how education programs impact employee money management behaviors. The Center for State and Local Government Excellence at ICMA-RC (SLGE at ICMA-RC) has studied both the [behavioral economics of employee financial decision making](#) (around auto-enrollment and auto-escalation in supplemental retirement plans) and employee interest in financial wellness programs ([68% would participate in a financial wellness program](#) if offered.)

The National Conference of State Legislatures (NCSL) monitors proposed legislation as it affects public employees, private sector employees, and education programs more generally. Many financial wellness programs are established administratively through state departments of human resources, education, or treasury. For ease of state-by-state comparisons, SLGE at ICMA-RC and IPMA-HR partnered with the National Association of State Treasurers (NAST) and the Wells Fargo Foundation to develop a census map with a [state-by-state financial wellness program inventory](#).

Employer-Based Financial Wellness Programs: The Business Case

Even before the COVID-19 pandemic, studies showed that [85% of Americans felt financial anxiety, and nearly one out of three workers reported that finances have been a distraction to them at work](#). As more employees now work from home, the likelihood of personal financial concerns blurring into workplace distractions is increased. Thus, employers have a vested interest in seeing that employees are well-informed about their finances, and they may even find that their support of such programs increases employee satisfaction or retention. Nevertheless, even though financial wellness programs have become common at the federal level and in the private sector, SLGE at ICMA-RC found that only [29% of state and local governments offered a program](#).

The professional associations focusing on financial wellness have been doing so from the varying perspectives of their members – such as human resource directors (IPMA-HR), chief administrative officers (International City/County

Management Association – ICMA), and state treasurers (NAST), and touching on issues ranging from staff training, employee assistance programs, deferred compensation benefits, and the administration of 529 and ABLE education savings programs.

GFLEC works to provide not only general resources but also to tailor those to each government's specific employee needs. The National League of Cities (NLC) sees financial wellness as one component in making cities model employers, and NLC is also devoting particular attention to how student debt initiatives can serve as part of larger financial wellness programs.

Advocacy, for certain groups, is a key priority, with AARP/NRTA advocating on pension issues and NCSL promoting innovation. GFOA is advising plan sponsors to fully fund annual pension contributions, offering recommendations on how to structure education programs, and discouraging the use of pension obligation bonds. Financial wellness has only recently become a focus for the National Association of Government Defined Contribution Administrators (NAGDCA), but they are likewise working with their core membership of plan administrators.

When 401K programs were first offered by the [private sector](#), employee education was not a priority. Learning from that mistake, NEFE is conducting research and promoting best practices so that public sector employees are not similarly overlooked.

Looking at the content of financial wellness efforts, the Wells Fargo Foundation has targeted four areas: opening paths to economic advancement, housing affordability, thriving small businesses, and a sustainable future.

Targeted Groups

Not all audiences need the same financial wellness information, and not all communication methods are equally effective with different cohorts of employees.

At AARP/NRTA, the focus is on those aged 50 or older, with many in this age cohort in the teaching profession being women.

ICMA-RC is targeting resources based on employee demographic characteristics and life stages, participant behavior, and learning styles. For those who prefer articles, webinars, or videos, ICMA-RC's website offers articles, webinars, and videos on these topics.

SLGE at ICMA-RC is researching the needs of both state and local employees, with particular attention to those who are not office-based or who may have more limited computer skills.

GFLEC recently released a report on financial wellness among women and minorities and has collected data on the financial wellness of millennials. It is using assessments of results to make content more relevant and to increase employee participation.

With a broader emphasis placed on retirement, NAGDCA has recommended looking at finances holistically, without overlooking student loans and emergency savings. And while IPMA-HR is focused on human resources directors, it also tries to provide financial wellness information to management staff and elected officials.

To address wealth disparities by racial cohort the Wells Fargo Foundation works with communities of color and local organizations to improve inclusion and access to financial wellness programs.

Employees' families are also a key audience, particularly since an employee's spouse or partner may be equally or more involved in financial decision making. Inviting spouses and dependents to join in-person trainings or making resources available online as well can result in higher participation and completion rates.

Beyond serving government employees and beneficiaries, many NAST members are asked to speak at community events, particularly at events for veterans, women, and those with disabilities, or to address topics like estate planning, childcare, or providing financial assistance to their grandchildren. NAST has developed a series of [speaker materials](#), all of which are open source.

NLC has also identified former employees as a target group for financial wellness education, particularly as many employees were laid off or furloughed in 2020, some of whom may be returning to the workforce in the near future.

Schools are a common venue for financial wellness education, which is often a mandated part of school curricula. NLC has emphasized college savings (529) accounts, while NEFE has hosted policy convenings around K-12 education, and NAST provides a boilerplate resolution to adopt a high school financial literacy graduation requirement.

Programs

In-Person Events

Traditionally, employer-centered financial wellness education has been delivered via in-person events, such as staff training sessions, lunch-and-learns, or evening events for employees and their families. NCSL averages about 100 in-person meetings per year to better acquaint state legislators with the overall topic of financial wellness as well as ways in which they can facilitate the financial wellness of their constituents. ICMA-RC supports financial wellness generally and provides personalized, one-on-one assistance to its investors from financial advisors.

Many in-person programs migrated to meeting apps in 2020, but in areas where field workers are unable to work from home, start-of-shift or tailgate meetings can still provide essential advice, particularly for an audience that may not have a work-issued computer or an opportunity to participate in webinars during working hours.

Web-Posted Content

Much of the print media distributed at in-person meetings in the past has been supplemented or replaced by online posting of resource libraries.

AARP and NRTA provide financial resilience resources for the 50+ that focus on savings, budgeting, investment planning, asset allocation, and long-term care insurance for employees approaching retirement.

IPMA-HR's website includes a resource page with suggestions from members on how to partner with finance staff or engage with employees around financial wellness topics.

ICMA has almost 200 pieces of content, plus webinars and conference sessions that cover childcare challenges for local government workers, learning pods enabling working families to do virtual education, and enhanced options for remote work.

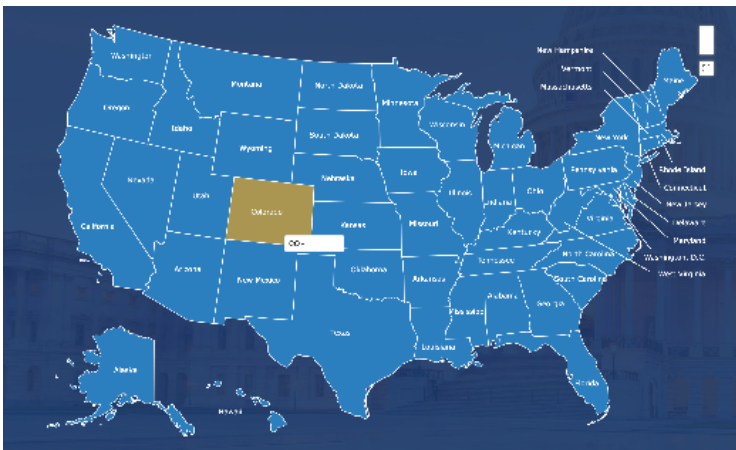
SLGE at ICMA-RC has conducted a [survey of HR directors](#), and collected practitioner recommendations and case studies, and compiled a [quick reference guide](#) for elected and appointed officials.

[NAST resources](#) range from PDFs to videos, including sample use cases, such as advice on buying vs. leasing a car and recommendations for the best methods of communicating.

Interactive Tools

Even beyond posting online videos, some organizations have worked to make their offerings more interactive so that users can gain a customized experience or tailor their financial education to their own circumstances.

Through the NAST/SLGE at ICMA-RC/IPMA-HR [state-by-state map](#), visitors can click both on their own state and other states to get a sense of the current inventory of financial wellness offerings. The map has fostered a friendly competition among NAST members to do more for their local workforces. The [speaker's kit](#) and [conference in a box](#) resources provide PowerPoint templates and other tools that can be customized for presentations to employees, community members, elected officials, or others.



Interactive map developed by NAST, SLGE at ICMA-RC and IPMA-HR links to an inventory of state programs.

[Online calculators](#) also bring users directly into the discussion, allowing them to estimate their retirement income, college expenses, or savings needs (ICMA-RC) or compare to [national averages for debt and assets](#) (NAST). NAGDCA is also [facilitating such comparisons across various DC plans](#) and other investments so participants can get a holistic view of their readiness for retirement, emergency spending, or other life events, as well as providing advice on how to save more.

Since some learners prefer even more interaction, ICMA-RC has also been pursuing gamification – the incorporation of targets, recognitions, or other incentives that encourage people to complete a set of online learning modules – and then measuring the behavioral changes that result (e.g., increased defined contribution savings).

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Funding Support

The primary means of funding support among the stakeholder groups has been a program that has provided grants of \$10,000 to \$100,000 to 24 state and local governments for the initiation or expansion of employee financial wellness programs. With staff support from SLGE at ICMA-RC, NAST, and IPMA-HR and funds provided by the Wells Fargo Foundation, this one-year program is set to conclude in the fall of 2021, with case studies developed from program implementation and one-pagers describing each grantee program intended to spread best practices to other state and local governments.

Virtual Events

In addition to conferences and webinars, several groups are hosting other specialized virtual convenings. GFOA hosts roundtables to hear feedback from members, along with Basecamp message boards for Q&A. NAST has hosted state-specific events, such as a virtual version of their [Utah Women in Finance](#). And in connection with the state/local financial wellness grant program sponsored by the Wells Fargo Foundation, IPMA-HR, NAST and SLGE at ICMA-RC have offered webinars for a general audience and held quarterly online convenings of the grantees to discuss results, troubleshoot contracting for web portal design, and plan for best practices case study development. The July convening of the 24 state and local government financial wellness grantees will also coincide with a related IPMA-HR article in HR News.

Communication Methods

In addition to the communication methods cited above, stakeholders include financial wellness information in regular newsletters, infographics, or listservs open to practitioners and financial education specialists. Organizations also use social media to spread related messages around America Saves Week and Financial Literacy Month. At NAST, another outlet for that communication is Thought Leadership Thursday – a member-driven blog.

Partnerships and Collaborations

A number of the stakeholder groups have existing partnership arrangements and remain open to expanding those collaborations going forward. NRTA worked with the National Institute on Retirement Security (NIRS) to create fact sheets for each of the AARP state offices.

Regarding workshops and training, GFLEC presented a webinar with the Society for Human Resource Management (SHRM) and issued a report with the TIAA Institute on working with academia and the public sector on program start-up. NEFE and NAST have worked together to facilitate discussions, and ICMA and ICMA-RC have partnered on the planning of conference sessions.

ICMA-RC staff have provided advice and recommendations to GFOA on how finance directors can partner more effectively with human resources departments.

SLGE at ICMA-RC, ICMA, and NLC have partnered on surveys of human resource managers and city managers.

NAGDCA is partnering with the Employee Benefit Research Institute (EBRI), ICMA-RC, and other public, nonprofit, and private sector organizations on a first-of-its-kind defined contribution database, the Public Retirement Research Lab. The National Association of State Retirement Administrators (NASRA) has also been helping to add data on defined benefit pensions and Social Security, while also working with SLGE at ICMA-RC and the Center for Retirement Research at Boston College (CRR) on the [Public Plans Database](#), which includes data and trend analysis for 200 state and local pension plans going back to 2001.

As noted above, NAST, IPMA-HR, and SLGE at ICMA-RC have also partnered with the Wells Fargo Foundation on administering a state and local government financial wellness grant program. NAST has built on this partnership by providing Wells Fargo Foundation Hands On Banking materials on its website in English and Spanish.

Challenges Encountered

One challenge to successfully implementing employee financial wellness programs that GFOA found in exit surveys of their members was departing finance officers citing ethical challenges from supervisors and employers. This pointed to the need for updated ethics guidelines and model employment contracts. Reinforcing an ethical culture helps finance staff to support the financial health of the government, and in

turn, employee trust in their employer as a source of financial wellness education.

Pandemic-induced burnout and stress noted by ICMA have impacted public safety and public health, with spillover effects on overall wellness and financial wellness. Where there is high stress on the government, there can be a similar level of stress on its employees, which SLGE at ICMA-RC research has also tied to a [rising percentage considering leaving their jobs](#).

Health issues aside, much of the stress is linked to not having enough money saved or being uncertain about potential layoffs. According to a [survey by NEFE](#), 24% of Americans were stressed around job security, and 40% felt that 2021 would be worse for them financially than 2020. According to a 2020 SLGE at ICMA-RC survey, [only 29% felt they had a sufficient emergency fund](#).

One procedural hurdle many of the financial wellness grantees have encountered is the variety of state and local procurement rules that have complicated their efforts to collaborate on the selection of vendors to build financial wellness portals. Via the quarterly grantee convenings, all parties are trying to identify best paths forward, whether via memoranda of understanding, master agreements, hyperlinked/open source content, or other procedures.

Looking at the bigger picture, the Wells Fargo Foundation is focused on how to get the necessary financial wellness resources to key audiences as quickly as possible, and how to help stakeholder groups build resilience to withstand future economic shocks.

Thorny challenges aside, there are a few areas where hard data is still lacking. NAGDCA noted that state-administered DC plans for private/nonprofit sectors is one area that has not been their priority to this point. While ICMA has supported financial wellness generally, it has not yet collected data on how involved managers and chief administrative officers are in spearheading such efforts.

Meanwhile, NEFE has identified the need to improve financial wellness metrics so that they can be used to inform decisions, improve systemic equality, and mitigate wealth disparities. For example, there has still not been sufficient research into the effectiveness of state mandates; differences in results within urban, suburban, and rural or isolated communities; the dynamics of discussing money within the home; and the roles and limitations of education efforts.

Next Steps

Immediate next steps on financial wellness from the participating stakeholder organizations include a pending report from GFLEC in April and the annual [workforce survey](#) being conducted by SLGE at ICMA-RC, IPMA-HR, and the National Association of State Personnel Executives (NASPE). SLGE at ICMA-RC has also completed two rounds of surveys on state and local government [employee impressions of the job, safety, and personal finances in light of COVID-19](#), with a third round scheduled for May 2021. NEFE has also completed its own surveys on this topic for the broader workforce.

IPMA-HR will be researching compassion fatigue among public sector employees – from the pandemic and simultaneous stresses of racial injustice, civil unrest, wildfires in California, power outages in Texas, and other crises – to see how that combination of factors is impacting financial decision making.

Once the current grant cycle ends in September 2021, SLGE at ICMA-RC will create one-page summaries for each grantee's results and lessons learned and develop five more in-depth case studies.

As for what the future holds for the public workforce, ICMA surveys show that post-pandemic, 20% expect telework to continue, or at least expect an increased hybrid approach. Some data go so far as to say 40-60% of the post-pandemic workforce might be virtual – a consideration that will impact all aspects of service delivery, human resources management, recruitment, and retention.

With this program and collaboration inventory, SLGE at ICMA-RC will continue convening conversations among the stakeholder organizations to ensure data sharing, research coordination, and the proliferation of financial wellness education best practices.

Resources and Links

AARP/NRTA/NAST

State Teacher Retirement Fact Sheets, <https://www.nirsonline.org/resources/nirs-fact-sheets/>

SLGE at ICMA-RC

Financial Wellness Programs for State and Local Employees: A Quick Reference Guide, <https://slge.org/assets/uploads/2020/07/financial-wellness-quick-reference-guide.pdf>, July 2020

Financial Literacy Programs for Local Government Employees, <https://slge.org/assets/uploads/2020/05/financial-literacy.pdf>, January 2019

A Focus on Public Sector Financial Wellness Programs: Employee Needs and Preferences, <https://slge.org/assets/uploads/2020/04/financial-wellness-report-2020.pdf>, April 2020

Case Studies of Successful Local Government Financial Wellness Programs, <https://slge.org/assets/uploads/2020/10/financial-wellness-case-studies-1.pdf>, October 2020

Infographic: Financial Wellness Programs: What Do Public Sector Workers Want and Need?, <https://slge.org/assets/uploads/2019/10/financial-literacy-infographic.pdf>, October 2019

GFLEC

Financial Wellness: What is it? How do we make it happen?, https://gflec.org/wp-content/uploads/2020/08/TIAA_GFLEC_Report_FinancialRoundtable_August2020_02.pdf?x27564, August 2020

Financial Well-being among Black and Hispanic Women, <https://gflec.org/wp-content/uploads/2021/02/Financial-Well-being-among-Black-and-Hispanic-Women-WP-Feb2021.pdf?x27564>, February 2021

NAST

State and Local Financial Wellness Programs, <https://nast.org/financialwellness/>

NEFE

Financial Education Evaluation Toolkit, <https://toolkit.nefe.org>

The Personal Finance Ecosystem, <https://nefe.org/initiatives/ecosystem/default.aspx>, 2019

Survey Update: Over 4 in 5 Americans Experiencing COVID Related Financial Stress, <https://www.nefe.org/news/2020/10/survey-update-americans-still-experiencing-financial-stress.aspx>, October 2020

Five Key Factors for Effective Financial Education, <https://www.nefe.org/initiatives/5-factors.aspx>

Our Funding Priorities, <https://www.nefe.org/research/get-funding/funding-priorities.aspx>

Appendix: Stakeholder Groups

Those participating in this effort include:

[Center for State and Local Government Excellence](#) (SLGE at ICMA-RC)

[Global Financial Literacy Excellence Center](#) (GFLEC)

[Government Finance Officers Association](#) (GFOA)

[ICMA-RC](#)

[International City/County Management Association](#) (ICMA)

[International Public Management Association for Human Resources](#) (IPMA-HR)

[National Association of Government Defined Contribution Administrators](#) (NAGDCA)

[National Association of State Treasurers](#) (NAST)

[National Conference of State Legislatures](#) (NCSL)

[National Endowment for Financial Education](#) (NEFE)

[National League of Cities](#) (NLC)

[National Retired Teachers Association](#) (NRTA)

[Wells Fargo Foundation](#)

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The Center for State and Local Government Excellence (SLGE) at ICMA-RC

The Center for State and Local Government Excellence (SLGE) was founded in 2007 by ICMA-RC, and in 2021 the two organizations formally joined forces to form The Center for State and Local Government Excellence at ICMA-RC. SLGE at ICMA-RC helps local and state governments become knowledgeable and competitive employers so they can attract and retain a talented and committed workforce. SLGE at ICMA-RC identifies leading practices and conducts research on public retirement plans, health and wellness benefits, workforce demographics and skill set needs, labor force development, as well as topics facing the not-for-profit industry and the education sectors. Additionally, SLGE at ICMA-RC brings state and local leaders together with respected researchers. For more information, access to all research and publications, and to sign up for the SLGE at ICMA-RC newsletter, visit slge.org and follow [@4GovtExcellence](https://twitter.com/4GovtExcellence) on Twitter.