origin Built for every employee, everywhere.

Delivering Through DEI:

How Financial Wellness Can Help Your Diversity, Equity, and Inclusion Strategy

Table of Contents

Introduction

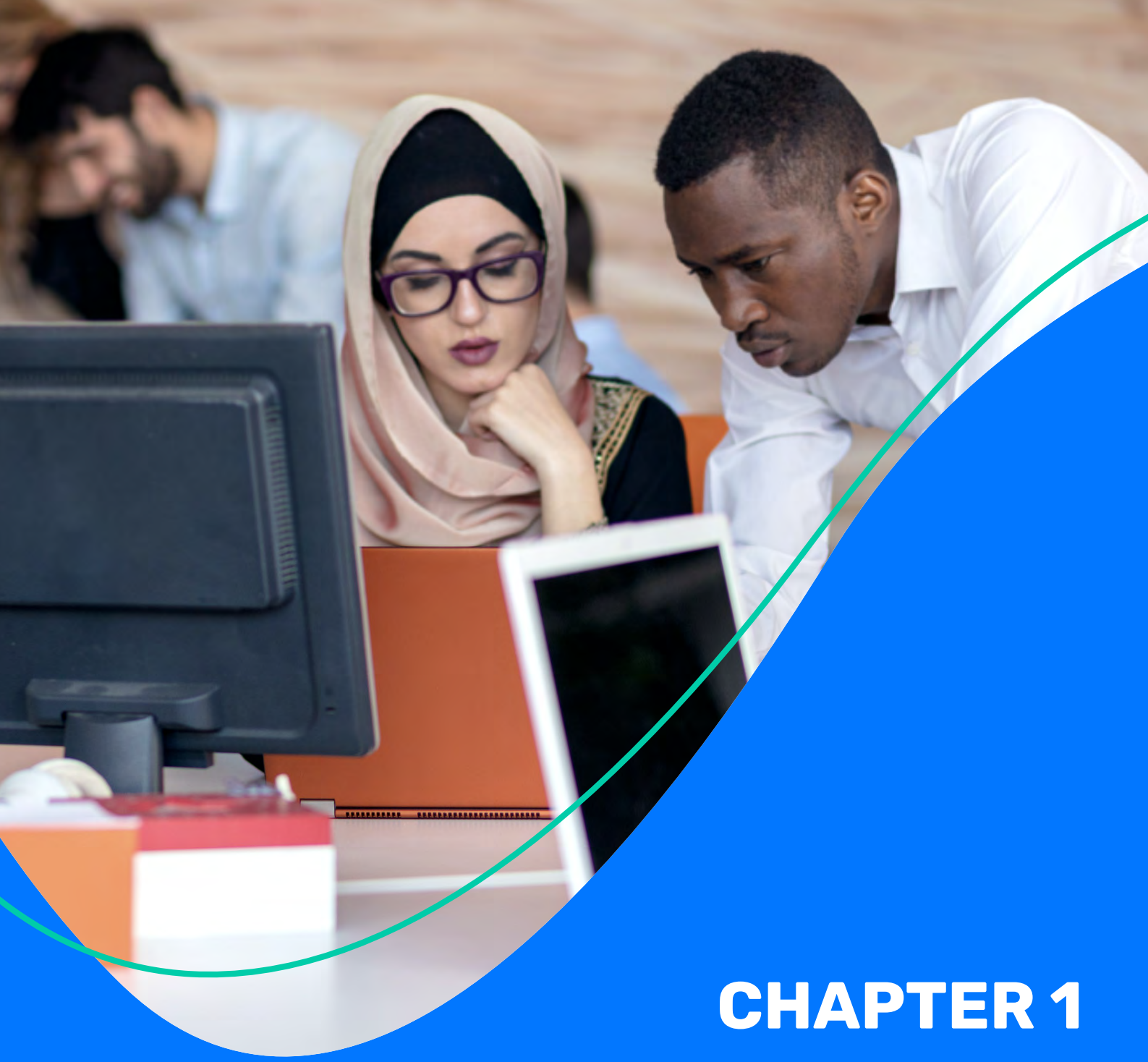
The conversation around Diversity, Equity, and Inclusion (DEI) has been a topic of growing interest within the workplace in recent years. As an HR leader, you're likely leading many conversations about these issues at your company—but DEI is more than just unconscious bias training, employee resource groups, or hiring a DEI officer.

Time and time again, studies confirm that employees of color are more likely to experience high levels of financial stress, carry more debt, and are less likely to have basic estate planning in place.

This is not just a problem for the individual; it's a problem for employers. It costs companies billions of dollars in lost productivity, absenteeism, and higher health care costs.

Employers have the unique opportunity to break this pattern through an employer-sponsored financial wellness program. Financial wellness is an important part of building and maintaining a culture that aligns with your company's values.

This book will explore how financial wellness can support an organization's DEI efforts and tips on implementing this into your HR department. Let's dive in!



CHAPTER 1

Why Diversity, Equity, and Inclusion matter

CHAPTER 1

Why Diversity, Equity, and Inclusion matter

To effectively engage in discussions about DEI, it's essential to understand *what* DEI is and *why* these programs, policies, and processes have become the core focus of so many companies. First, let's start with the definition. While DEI is typically used as a collective term, each word means something very different:

- **Diversity** refers to differences within a given setting—whether that's differences in thought, gender, age, sexual orientation, or any other identifier.
- **Equity** is about acknowledging that everyone has different needs, experiences, and opportunities. This is different from equality, which is about treating everyone the same, regardless of their individual needs.
- **Inclusion** means understanding what people need to feel valued and included. Inclusion can be baked into anything from policies to physical spaces to products.

DEI-related initiatives have been present at companies for many years. But they've made their way to the forefront of today's workplace-related discussions. Why is that? Several factors contributed to this—but none more strongly than the COVID-19 pandemic that started in 2020.

The pandemic forced employees to slow down and reflect on their priorities. Many concluded they want more from their jobs—whether that's more money, more flexibility, or more fulfillment. A significant number of workers also decided to work somewhere they could feel psychologically safe and have a sense of belonging. This ultimately led to the ongoing exodus of employees from their current companies, called the Great Resignation.

We also witnessed historical events during this time, including the rise of the Black Lives Matter and the inauguration of the United States' first female, Black and Asian-American Vice President.

People mobilized and spoke up about the importance of diversity, equity, and inclusion—and they turned to their employers to see what role they play in the movement.

Many companies are responding to these changes. These organizations recognize that, in addition to responding to the demands of employees, there's a *strong business case* for taking action. Specifically, investing in DEI efforts can:

1. **Attract more top talent**

One of the side effects of the Great Resignation is that it flipped the job market from being employer-driven to candidate-driven. This means that employees have more choices regarding where they work, while businesses face a record-high number of unfilled positions.

To remain competitive and attract top talent, companies have to offer what workers say they want and need from their workplaces. And what the data shows is that nearly 80% of employees say they want to work for a company that values DEI issues.

2. **Improve job satisfaction**

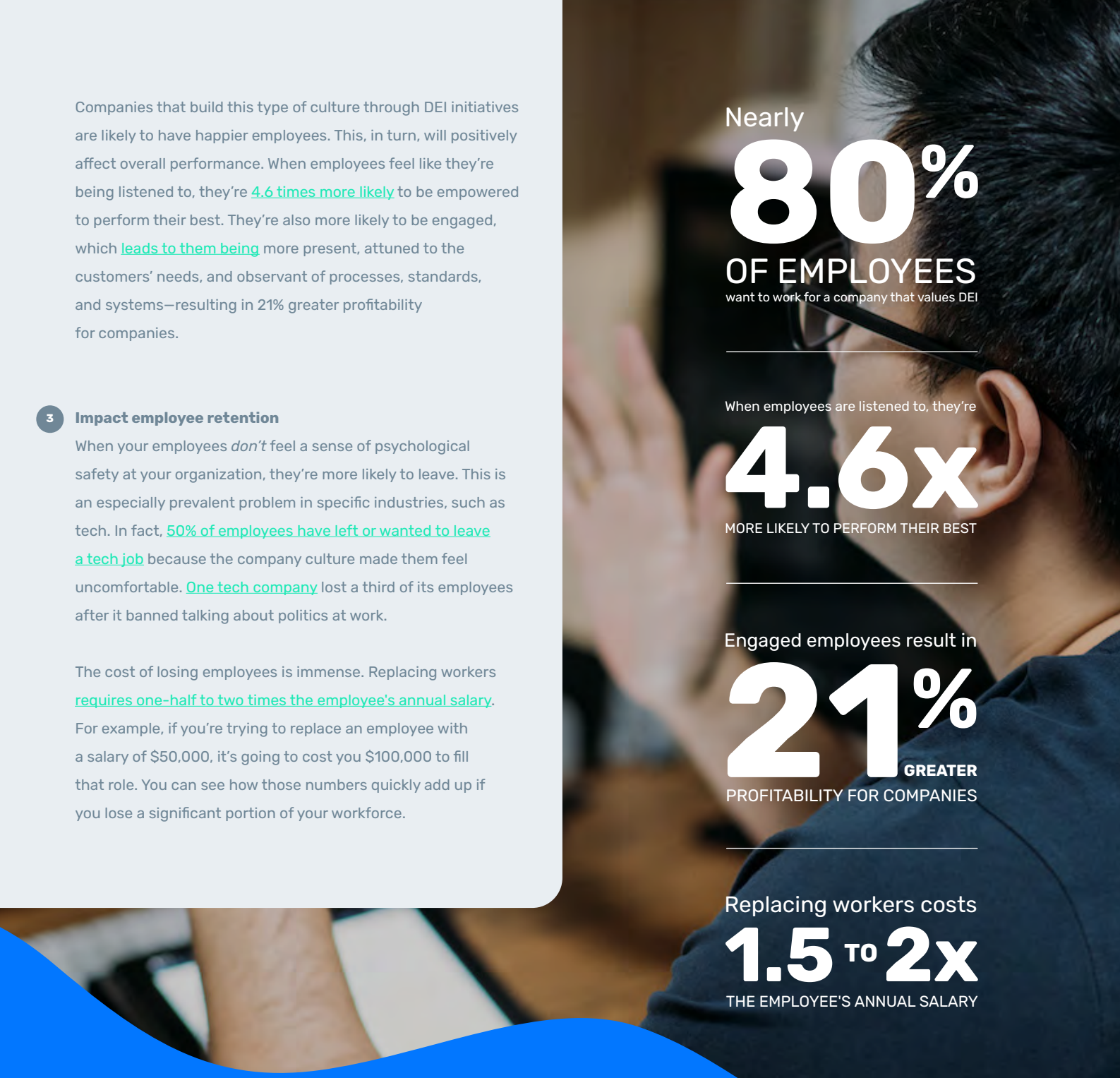
Research found that belonging at work is the most important contributor to happiness. But what exactly leads to a feeling of belonging? The study found that the highest-rated attributes for increasing belonging were fostering a place where everyone has a chance to have their voice heard and where people can be who they want to be.

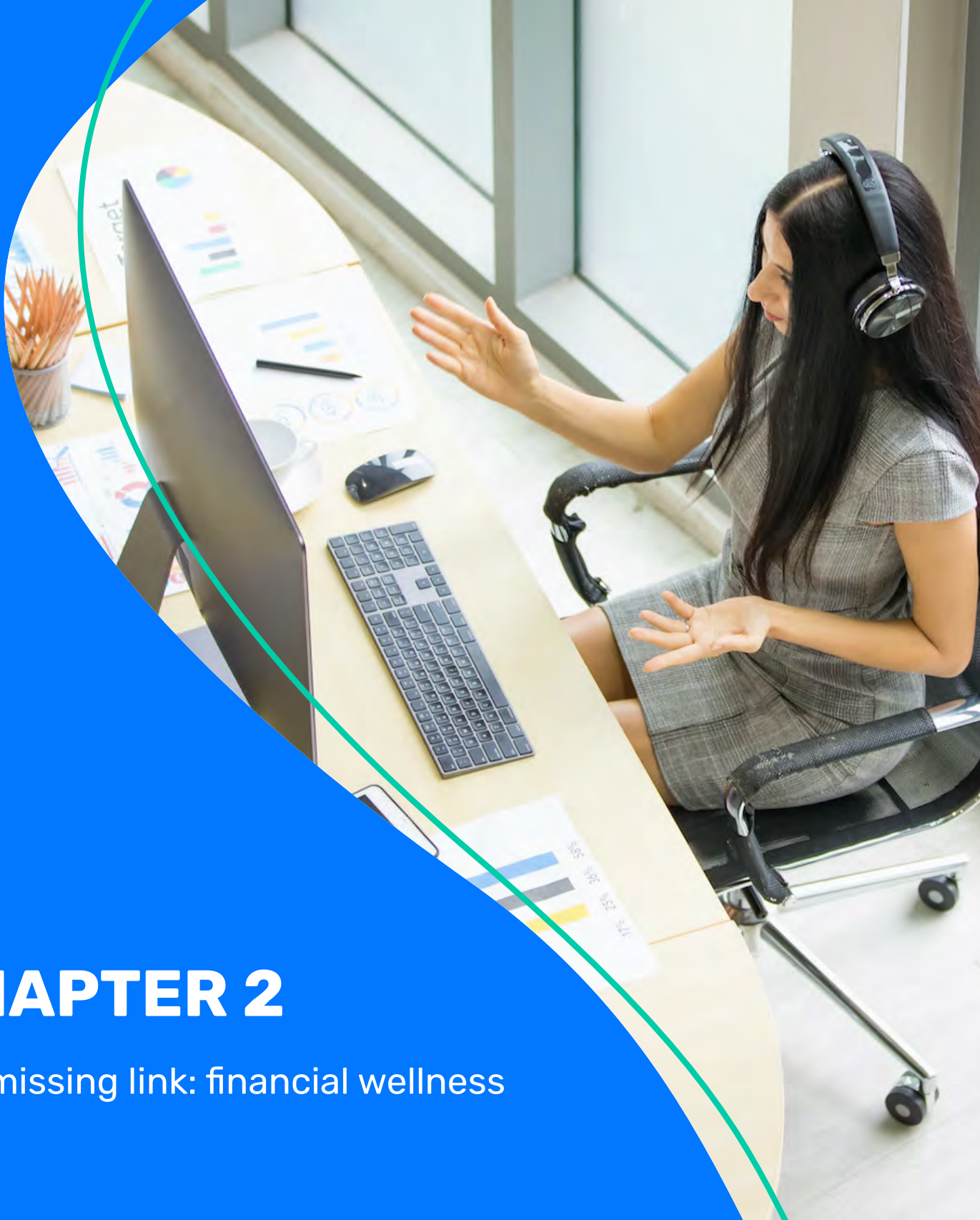
Companies that build this type of culture through DEI initiatives are likely to have happier employees. This, in turn, will positively affect overall performance. When employees feel like they're being listened to, they're 4.6 times more likely to be empowered to perform their best. They're also more likely to be engaged, which leads to them being more present, attuned to the customers' needs, and observant of processes, standards, and systems—resulting in 21% greater profitability for companies.

3 Impact employee retention

When your employees *don't* feel a sense of psychological safety at your organization, they're more likely to leave. This is an especially prevalent problem in specific industries, such as tech. In fact, 50% of employees have left or wanted to leave a tech job because the company culture made them feel uncomfortable. One tech company lost a third of its employees after it banned talking about politics at work.

The cost of losing employees is immense. Replacing workers requires one-half to two times the employee's annual salary. For example, if you're trying to replace an employee with a salary of $50,000, it's going to cost you $100,000 to fill that role. You can see how those numbers quickly add up if you lose a significant portion of your workforce.





CHAPTER 2

The missing link: financial wellness

CHAPTER 2

The missing link: financial wellness

Even when you recognize that DEI is critical for organizations to invest in, it can feel overwhelming to take the first step. We want to emphasize that there are multiple ways you can approach DEI efforts at your company.

In this book, we're going to share recommendations that focus on a frequently overlooked area of DEI—and that's **finances.**

Huh? What does an employee's paycheck have to do with DEI?

That's a fair question. It's important to remember that inequalities start outside of the workplace. In the United States, we have a long-standing history of economic inequality. According to the Federal Reserve, Asian, American Indian, Alaska Native, Black, Hispanic, Native Hawaiian, Pacific Islander, and all respondents reporting more than one racial identification have lower wealth than White families.

This wealth gap results from many complex societal, governmental, and individual factors that have played out over several generations. Some of these factors include:

- **Inter-generational transfers.** Wealth gets passed to future generations. White families are 5x more likely than Black families to receive large gifts and inheritance, and it's 4x the average value of Black families' inheritance.
- **Homeownership opportunities.** Homeownership yields strong financial returns and is a key channel for building wealth. Black Americans have lower homeownership rates (47%) compared to White Americans (76%).
- **Access to tax-sheltered savings plans.** Nearly two-thirds of White workers have an option for retirement programs at their place of work compared to 54% of Black and 35% of Latinx employees.

- **Financial education.** Financial education leads to better decisions that generate wealth. Unfortunately, this isn't built into our education system. NextGen Personal Finance found that less than 12% of students are required to take a personal finance course to graduate high school. But this number is even lower for students of color—only 7.4% of Black and Brown students and 7.8% of low-income students are required to take a personal finance course to graduate.

While it's true that financial inequality starts outside of the workplace, it can be perpetuated—or worsened—by companies that don't actively address this issue. How? Because when you have employees operating from a place of financial stress—and don't have the benefits, tools, or resources to address it—it's impossible to reach a state of **financial wellness**. Take a look at these statistics:

Financial stress directly impacts health, and it can cause everything from high blood pressure to insomnia to respiratory symptoms.

50% of employees are distracted by finances at work, which can lead to a loss of productivity.

40% of Americans say managing their money daily limits the extent to which they can enjoy their day-to-day life.

The more stressed Americans are, the less likely they are to make intelligent decisions when it comes to spending and saving.

Without intervention, these side effects of financial stress will only continue the cycle of inequality. Many companies are starting to recognize that they play a significant role in addressing financial disparities. In fact, 95% of employers feel extremely responsible for their employees' financial wellness. That's because employees' jobs are the only places where they can access:

1. **Salary**
For most people, their salaries are their only source of wealth. When companies pay their employees a competitive wage, it can significantly affect their financial wellness. But if organizations remain complacent about the existing racial and gender wage gaps, they can do more harm than good.

2. **Financial education**
But it's not enough to just hand employees a paycheck and call it a day. Without the proper education, employees won't know how to make the best financial decisions for themselves.

Of course, in an ideal world, everyone would have a financial advisor. But these services are expensive and out of reach for many people, which is why 99% of Americans don't use one. Additionally, many people feel uncomfortable talking about money—a recent survey revealed most adults would rather talk about politics and sex with their friends than money. That's where employers need to step in and provide their workforce with knowledge and guidance.

3. **Financial wellness benefits**
Education is critical. But to take action, employees need access to financial wellness tools that encourage behaviors that create lasting change. Employees recognize this, which is why 53% of employees said they would feel less stressed about their overall financial situation if they had financial wellness benefits.

These 3 factors are critical for employees—especially those from diverse or lower-income backgrounds—to break out of the cycle of financial inequality.

CHAPTER 3

Putting a plan together

CHAPTER 3

Putting a plan together

OK, you recognize the importance of financial wellness and want to make this part of your DEI approach. Where do you start? Here are 5 best practices to follow:

1 **Analyze your compensation data**

Every financially-focused DEI program should start with a compensation analysis. This is a process where you collect all the salary data within your organization to understand how you're paying employees in relation to one another. By slicing the data and comparing it across race, gender, tenure, position, or any other factor, you can identify where you have discrepancies in pay.

Once you identify the gaps, you can take action to address them. This can take the form of re-evaluating your hiring process or introducing a standardized compensation model for people in similar roles. While you won't eliminate the pay gap overnight, taking steps in the right direction ensures that your employees start on equal footing.

2 **Offer financial education to employees**

Low financial literacy is a significant problem in the United States. A study found that only one-third of adults can answer at least 4 of 5 questions on fundamental concepts such as mortgages, interest rates, inflation, and risk. Thankfully, there's a lot that employers like yourself can do to address this issue. For example, you can:

- ☑ Invite a speaker to address basic financial concepts, such as budgeting and investing.
- ☑ Host a monthly workshop to review your employees' common financial questions regarding their personal finances.
- ☑ Design an easy-to-read content series that breaks down critical financial topics.
- ☑ Send out a list of recommended blogs, books, or podcasts to help employees educate themselves.

3 Lessen the stigma

Finances are a topic that's frequently shrouded in guilt, embarrassment, and uncertainty for many individuals. The problem with this is that it makes people unwilling to discuss the subject with their friends, family, or colleagues—only intensifying the negative emotions and leaving them unresolved. This culture of silence around money is especially prevalent amongst underrepresented communities since they're more likely to be financially insecure.

To make it comfortable to talk about money at work, someone has to start the conversation. And that burden can't be on your employees. Instead, get your C-suite and executives involved—whether that's having them join financial wellness workshops, share their struggles with money, or participate in ongoing conversations about money at the company.

4 Think beyond the 401(k)

As we mentioned before, employer-sponsored retirement plans play a huge role in a holistic financial wellness platform in our society. The Federal Reserve found that the average White family has about $50,000 saved, 2.5 times the amount saved as the average Black or Hispanic family, who have about $20,000 saved in retirement accounts.

While 401(k) plans are essential to helping employees achieve their long-term financial goals, it's important to offer benefits that focus on their short-term financial needs as well. Why? If your employees are struggling to budget for their basic needs each month, their 401(k) plan isn't going to be much help. In fact, 42% of employees say it's likely they'll need to use money in a retirement account for expenses other than retirement.

So, in addition to retirement accounts, make sure to invest in:

- ☑ Saving and budgeting apps
- ☑ Loan or debt repayment programs
- ☑ Reimbursements for certain expenses

5 **Provide access to a holistic financial wellness platform**

If you want to take your financial wellness program to the next level, you may want to consider a holistic financial wellness platform. You may be wondering how this differs from other financial wellness benefits. Unlike a separate budgeting app or investment tool, a financial wellness platform **consolidates all your employee's financial information into one place.** This makes it easier to manage, track, and take action on their finances.

Most financial wellness platforms also give your employees access to personalized guidance—typically by connecting them to a financial professional. But not all advisors are created equal. Here are a few questions to ask your vendors:

- ☑ Do you offer our employees access to certified financial experts, such as CFP® professionals?
- ☑ Are your financial professionals held to the fiduciary standard?
- ☑ Do you have a diverse network of financial professionals who specialize in advising employees who are BIPOC, LGBTQIA+, veterans, and women?

This last question is critical. According to the CFP Board Center for Financial Planning, less than 3.5% of all the 80,000 CFP® professionals in the United States are Black or Latino. This lack of representation is problematic. Underrepresented employees may be reluctant to seek help when they don't have access to diverse financial professionals they feel comfortable with and who understand them personally and professionally.

We outlined all the things that you should do when addressing financial wellness from a DEI perspective. Here's a brief overview of all the things you shouldn't do when providing your employees with financial guidance:

- ☑ **DON'T** take a one-size-fits-all approach to your financial wellness program. Remember that the goal is equity—not equality.
- ☑ **DON'T** forget to make your resources accessible to *all* your employees, regardless of their age, gender, race, income, sexual orientation, or location.
- ☑ **DON'T** choose a vendor who doesn't offer diverse, equitable, and inclusive services. Support the benefits providers that bake DEI into their offering.

CHAPTER 4

Bonus: Taking it a step further

CHAPTER 4

Bonus: Taking it a step further

If you have a financial wellness program that meets all the guidelines we shared in the last section or are well on your way to launching one, congratulations! This already puts you in a great position to take your DEI strategy to the next level—here's how.

1. **Align your goals**

   Find ways to align your financial wellness program with your DEI objectives. For example, let's say part of your DEI strategy is to diversify the types of employees you hire. You can add a financial component by ensuring all your new hires are paid the same amount for their given position.

2. **Collect data**

   We encourage companies to collect data early and often! Gather both quantitative and qualitative feedback by using pulse surveys, focus groups, and one-on-one conversations. This data can help you understand the financial needs of your workforce, make informed decisions, and allow you to see the link between your DEI strategy and your financial wellness initiatives.

3. **Measure progress over time**

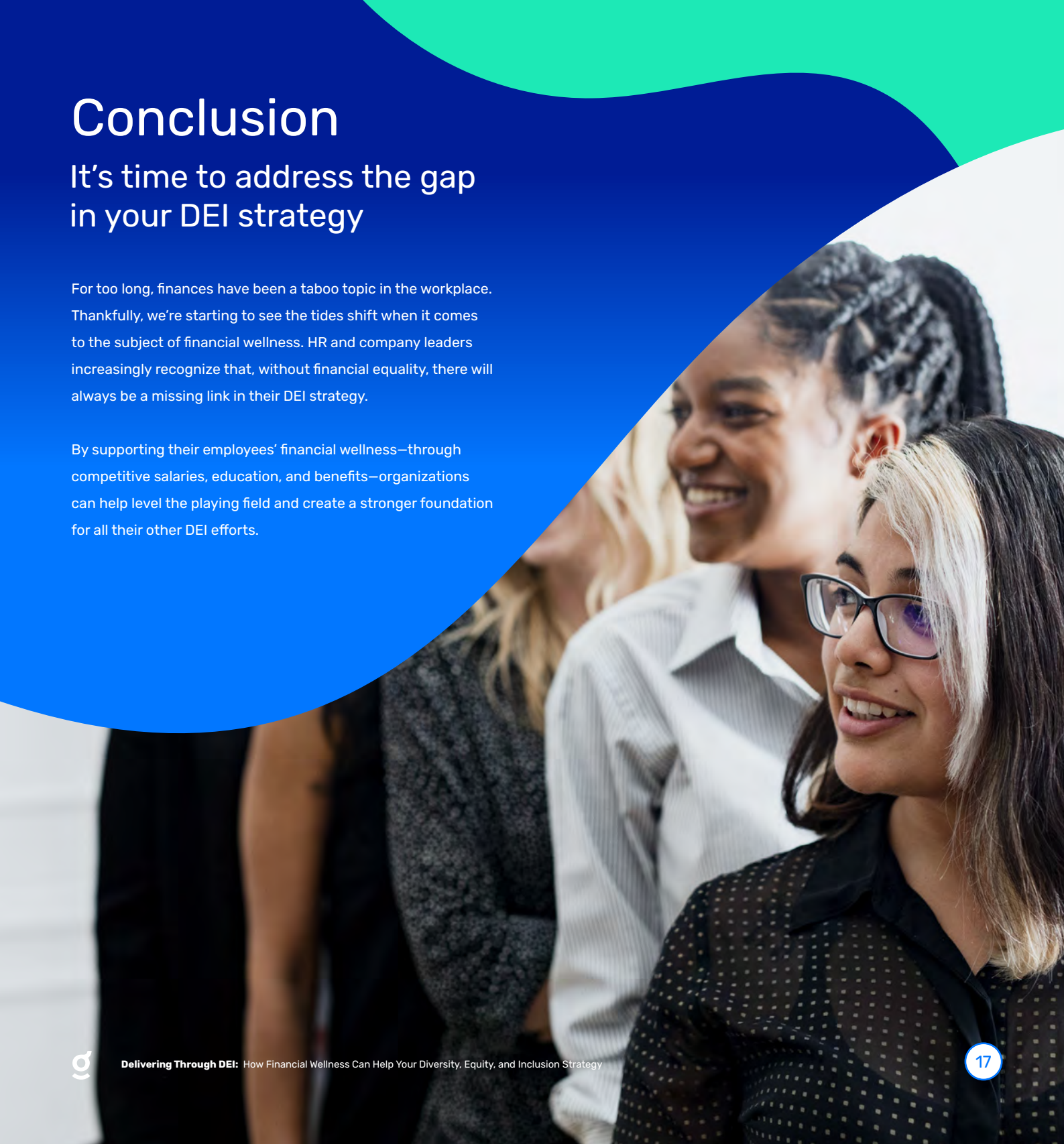
   The only way to see whether your strategies are working is to measure progress over time. Start with a baseline of metrics, which can include anything from sign-up rates to engagement levels to employee sentiment. Every quarter, analyze how these metrics have changed. If all your numbers are moving in a positive direction, then you know your strategy is working. If not, then it's time to identify the areas that need improvement.

Conclusion

It's time to address the gap in your DEI strategy

For too long, finances have been a taboo topic in the workplace. Thankfully, we're starting to see the tides shift when it comes to the subject of financial wellness. HR and company leaders increasingly recognize that, without financial equality, there will always be a missing link in their DEI strategy.

By supporting their employees' financial wellness—through competitive salaries, education, and benefits—organizations can help level the playing field and create a stronger foundation for all their other DEI efforts.



About Origin

Origin is a comprehensive financial wellness platform that helps employees manage their compensation, benefits, and personal finances—all with the personalized guidance of financial professionals. By combining cutting-edge technology with the expertise of real humans, we help companies support the financial journeys of their workforce, every step of the way. At Origin, we strive for our planners to be as diverse as the employees we serve, which is why over 25% of our CFP® professionals are women or POC. It's also why we allow people to request planners they feel comfortable with and personally identify with.