

# Bringing greater financial equity to the workplace to support everyone's opportunity for a better financial future

How diversity, equity and inclusion best practices can help close retirement savings gaps to improve financial outcomes

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# Executive summary

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*“Together we fight for everyone’s opportunity for a better financial future”*

The idea of incorporating diversity, equity and inclusion (DEI) into the business world has been gradually gaining traction for at least the past decade. Over the last several years, employers have increased their focus to drive greater inclusivity. This includes both broad-based efforts to bring cultural change as well as a focus on delivering greater financial parity, particularly through the workplace retirement plan and benefits package.

In June of 2022, Voya conducted an innovative DEI research analysis, collaborating closely with six plan sponsor clients to gather and analyze ethnographic and gender employee retirement plan data. We studied four employee communities: Black/African American ("Black"), Latino/Hispanic ("Latino"), Asian and White to better understand opportunities to help employees from different communities manage finances in general and save for retirement in particular.

In addition to studying overall trends across all six employers, Voya collaborated with each plan sponsor to benchmark their individual plan and identify opportunities to drive greater financial care with their specific workforce. Financial care addresses employee needs with connected financial solutions designed to help them achieve a healthy balance of living for today, preparing for tomorrow and feeling confident about the future.

Voya’s analysis found that employers who implement inclusion-focused best practices see positive results. Employers, in close collaboration with their workplace retirement plan and benefits providers, have many tools at their disposal — including new, emerging digital innovations that drive hyper- personalized experiences — to help deliver greater access and improved financial care for all employees.

We found that retirement plan auto features make the biggest difference. Black and Latino employees with access to an auto enrollment retirement plan have a participation rate two-to-three times higher than peers at employers who don’t have auto enrollment. Personalized digital experiences, employee benefits offerings and financial wellness programs also drive inclusion. In addition, employers see value in getting workplace benefits and savings in sync through personalized guidance that takes into account the differing needs and values across diverse communities.

In this paper, we will share examples and solutions that employers can adopt to improve benefits utilization and employee outcomes, with a focus on the retirement plan as foundational to an employer’s benefits package and to employees’ overall financial wellbeing.

While delivering financial care through an inclusion lens takes effort and focus, the payoff can be transformative for employees and their families — as well as for employers.

# Key takeaways

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- **Black and Latino communities face savings barriers.** Added financial challenges reduce retirement plan participation and savings rates, which can result in lower average account balances for employees, which, in turn, can negatively impact retirement outcomes.
- **Lack of emergency funds can have a snowball effect on savings.** Insufficient emergency funds make it more likely that employees will take hardship withdrawals or loans from their retirement plan. Employers can help their employees by educating them on the importance of emergency savings and providing planning tools to help with household budgeting and spending strategies.
- **Employers can drive positive results through inclusion-focused best practices.** Proven strategies that can help close retirement savings gaps include automating plan enrollments and contributions, designing flexible match programs tied to student loan payments, getting workplace benefits and savings in sync, ramping up financial wellness programs and offering personalized financial guidance. The driving factor is delivering personalized financial care to all employees.
- **Connect workplace benefits and savings.** A proven solution is to design a more connected, personalized approach that gets workplace benefits and savings in sync. Integrating workplace benefits and savings programs can boost employee engagement, save time and help improve outcomes by simplifying decision-making. Employees can benefit greatly from this type of connected and hyper-personalized benefits experience.
- **Take action through inclusion-oriented workplace strategies.** For employers, it's key to build DEI strategies aligned with their organization's size, culture, values, employee population and benefits package. This paper offers concrete examples and ideas to help drive greater inclusion and financial parity, particularly through the workplace retirement plan and benefits package.
- **Health equity expands the inclusion lens.** Health inequities existing within some communities can undermine the strength and resilience of the workforce. Employers providing health and wellness benefits to their employees must find ways to help them efficiently allocate limited benefits dollars to support adequate insurance coverage along with retirement and emergency savings.

# About Voya's research

This paper draws extensively from a DEI analysis conducted by Voya in June of 2022 on the state of workplace retirement savings gaps among underserved employee populations. The research examined retirement plan participant data from six plan sponsor clients, including Voya, across various industries — retail, financial services, government, consumer goods and utilities — representing over 163,000 employees from four employee populations:

- Black
- Latino
- Asian
- White

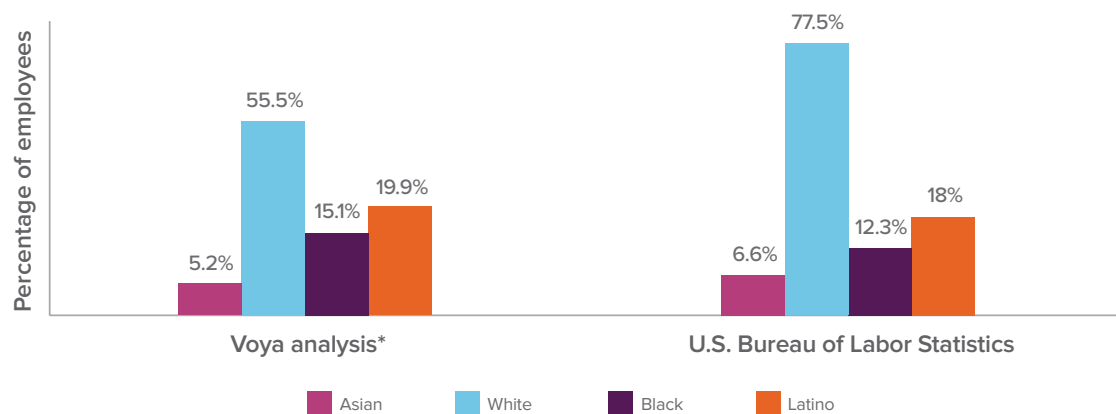
In an effort to gain insights into differences among employees when it comes to managing finances in general and saving for retirement in particular, Voya researchers focused on three key areas:

- **Plan health** — participation, savings behaviors, income replacement
- **Engagement** — digital engagement, web registration, customer service calls
- **Financial wellness** — protection, spending and saving, emergency funds, debt

All of the above contribute to transforming financial care in the workplace.

We controlled for salary disparities when studying savings rates and balances so that we could observe what effect, if any, income had on those key elements. The employee population in the analysis was slightly more diverse than the overall U.S. labor force averages.

## Employment by community<sup>1</sup>



<sup>1</sup> U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, Jan. 2023.

Note that U.S. Bureau of Labor Statistics totals don't add to 100% due to some individuals identifying within multiple communities.

\* Voya analysis included 4.3% who identified themselves as "other".

# Black and Latino communities face savings barriers

## Financial pressures are magnified for Black and Latino communities

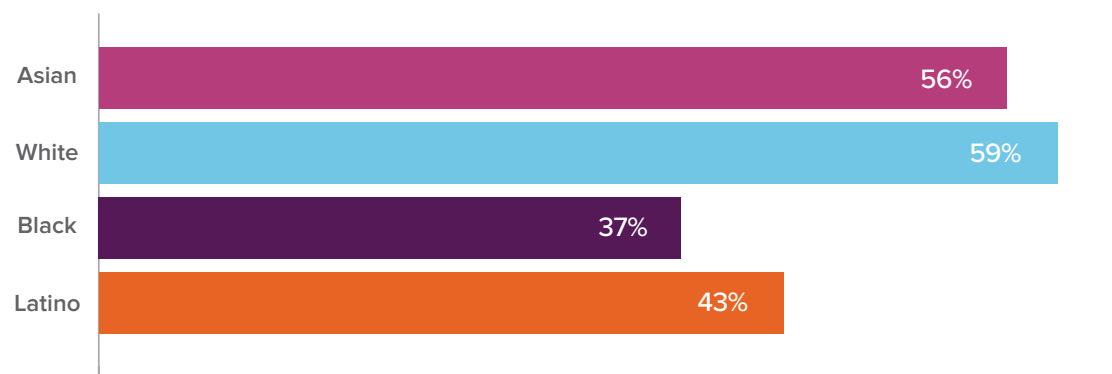
Broad socioeconomic factors have kept diverse groups playing catch-up when it comes to financial wellness. U.S. Census data from 2020 shows that Black Americans were twice as likely as White Americans to be living in poverty, with a median Black household earning just 61% of the median White household. Federal Reserve data on household wealth inequality have remained consistently similar over the last 30 years, meaning the wealth gaps have not significantly improved.<sup>2</sup>

If anything, the COVID-19 pandemic created added financial impacts for all workers to various extents but was especially hard on Black and Latino employees. Consider that at the height of the pandemic:

- Black employees were significantly more likely to tap their savings to make ends meet.<sup>3</sup>
- Half (49%) of Latino households experienced a pay cut or job loss compared to 33% of the total population.<sup>4</sup>
- 90% of Spanish-speaking Latino individuals in the U.S. suffered COVID-related income loss.<sup>5</sup>
- In the first six months of 2021, unexpected medical expenses were the number one reason for hardship withdrawals from employer retirement plans based on Voya internal data, showing the deep connections between wealth and health decisions.

Given the broader financial pressures and impact of COVID-19, our study found that Black and Latino employees have lower levels of financial confidence.

### Financial confidence<sup>6</sup>



<sup>2</sup> Federal Reserve Bank of New York; Total Household Debt Surpasses \$16 trillion in Q2 2022; Mortgage, Auto Loan, and Credit Card Balances Increase, August 2022.

<sup>3</sup> Employee Benefits Research Institute; Retirement Confidence Survey; June 2021.

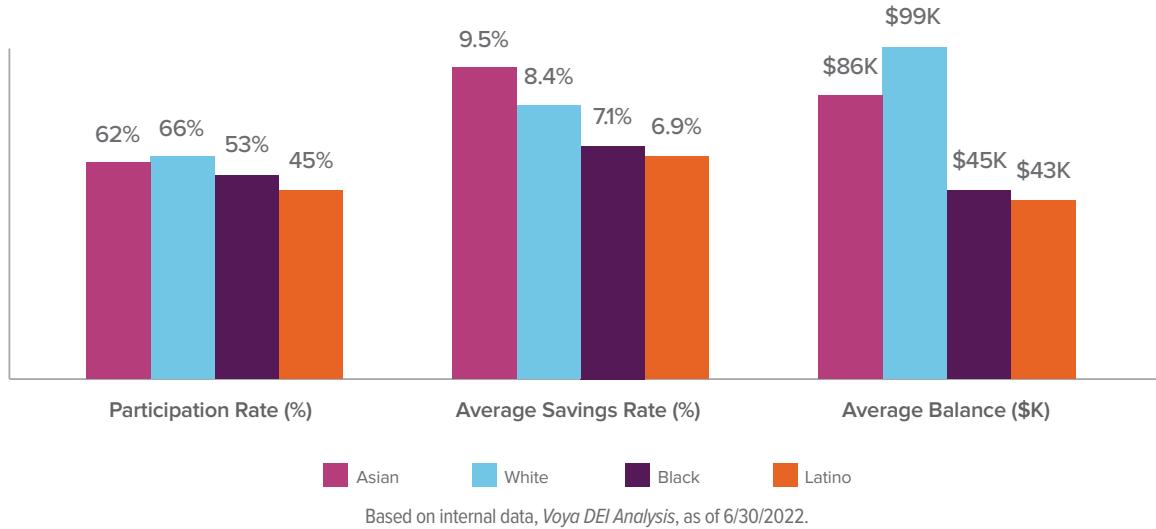
<sup>4</sup> Pew Research Center; U.S. Latinos among hardest hit by pay cuts, job losses due to coronavirus; March 19-24, 2020.

<sup>5</sup> Consolidated Credit Survey; Spanish Speaking Americans More Likely to Face Pandemic Money Problems; June 2020.

<sup>6</sup> Based on internal data, Voya DEI Analysis, as of 6/30/2022.

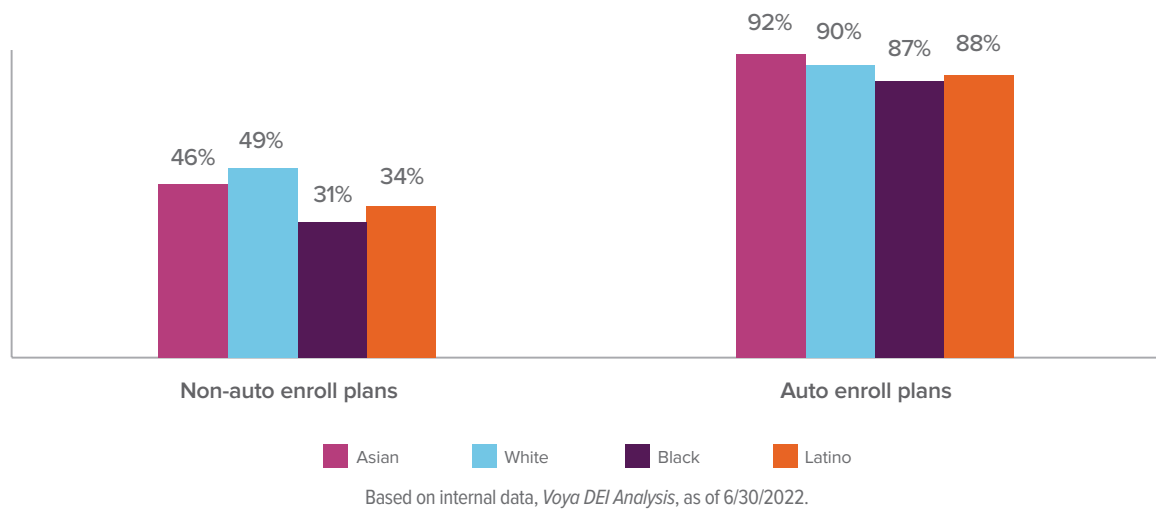
## The impact of auto features on workplace savings plans and retirement outcomes

Voya's DEI analysis found that on average Black and Latino employees exhibit lower retirement plan participation, lower savings rates and smaller average account balances, compared to Asian and White employees.



Our research shows that auto features are a powerful tool to even the playing field. Black and Latino employees with access to an auto enrollment retirement plan have a participation rate two-to-three times higher than their peers at employers who don't have auto enrollment.

### Participation rate – % of employees actively contributing

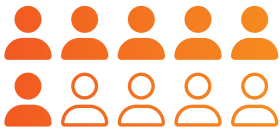


### Gaps amplify over time

The impact of reduced savings levels compounds over the years leading up to retirement. Even small gaps in retirement savings today will expand over a person’s working years and negatively impact their ability to build sufficient income for retirement. To understand how these gaps may affect retirement outcomes, Voya analyzed the average balance, average savings rate, average age and average salary of Black and Latino participants. Based on findings, we calculated an expected overall average monthly retirement income shortfall of \$432 — or nearly \$5,880 a year for Black participants — and a shortfall of \$460, or nearly \$4,812 a year for Latino participants.<sup>6</sup> This gap may require Black and Latino employees to either delay retirement or cut back on their retirement lifestyle expectations.

### Lack of emergency funds compounds retirement savings problems

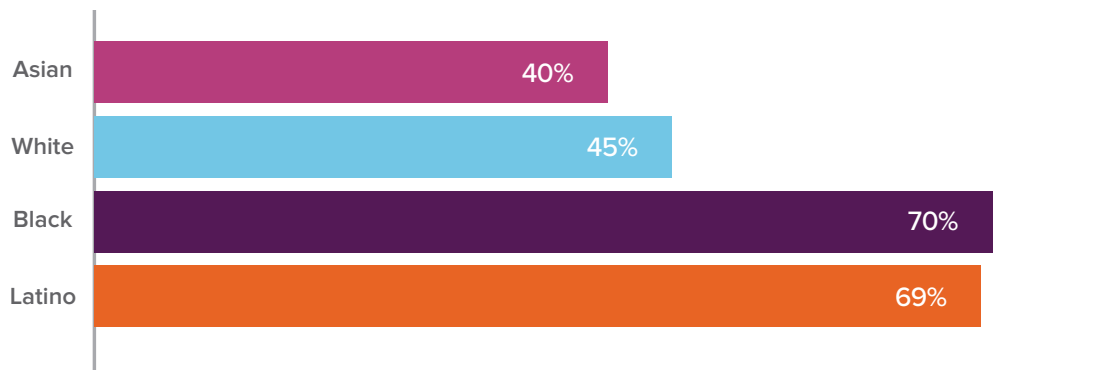
There is one common financial vulnerability shared by all employee groups — a single unplanned expense can disrupt financial stability due to a lack of emergency savings. We found that two in 10 individuals have less than three months of emergency savings and three in 10 have no emergency savings at all. Only 28% of individuals have six or more months of emergency savings. Voya data also shows that participants with inadequate emergency savings were 30% more likely to decrease retirement plan contribution rates.<sup>7</sup>



In 2022, **60% of all employees** say their **workplace retirement plan** is their **only source of emergency savings** (up from 54% in 2021).<sup>8</sup>

Among Black and Latino employees who completed Voya’s Financial Wellness Assessment, approximately seven in 10 had inadequate emergency savings compared to less than half of White and Asian employees.<sup>6</sup>

#### Emergency savings – % off track



Based on internal data, Voya DEI Analysis, as of 6/30/2022.

<sup>7</sup> Voya internal data, October 2020.

<sup>8</sup> Employee Benefits Research Institute and Greenwald Research; 2022.

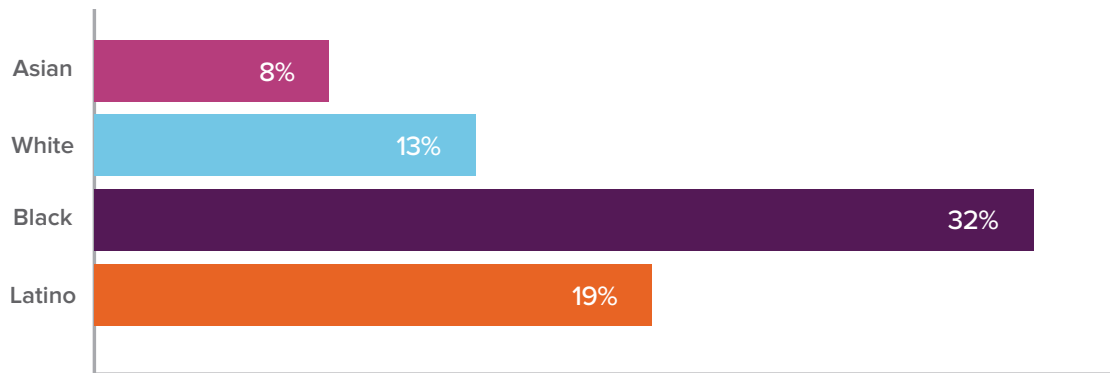


Black and Latino employees were also much less likely to be on track for their top savings goals (outside retirement) of saving for a new home or vacation. While the vast majority of all populations felt off track for their top savings goals, 91% of Black employees and 88% of Latino employees said they are not on track to save for a new home compared to 77% of White employees and 80% of Asian employees.

### Dipping into retirement for loans or hardship withdrawals causes savings setbacks

Inadequate emergency savings can force employees to resort to retirement plan hardship withdrawals and loans to fund short-term needs. Voya's DEI analysis found that from July 2020 to June 2022, Black employees were more than twice as likely and Latino employees were almost one-and-a-half-times more likely to take a loan or hardship withdrawal than White employees.

#### % took loan or hardship withdrawal



(July 2020-June 2022) Based on internal data, *Voya DEI Analysis*, as of 6/30/2022.

### Engagement matters to create savings habits

Consumers of all ages have come to embrace and expect personalized and integrated brand experiences. Now, data and technology combine to allow us to move beyond personalization — to hyper-personalization. Combining a personalized approach with all the data we know about an individual can help boost employee engagement and drive better outcomes.

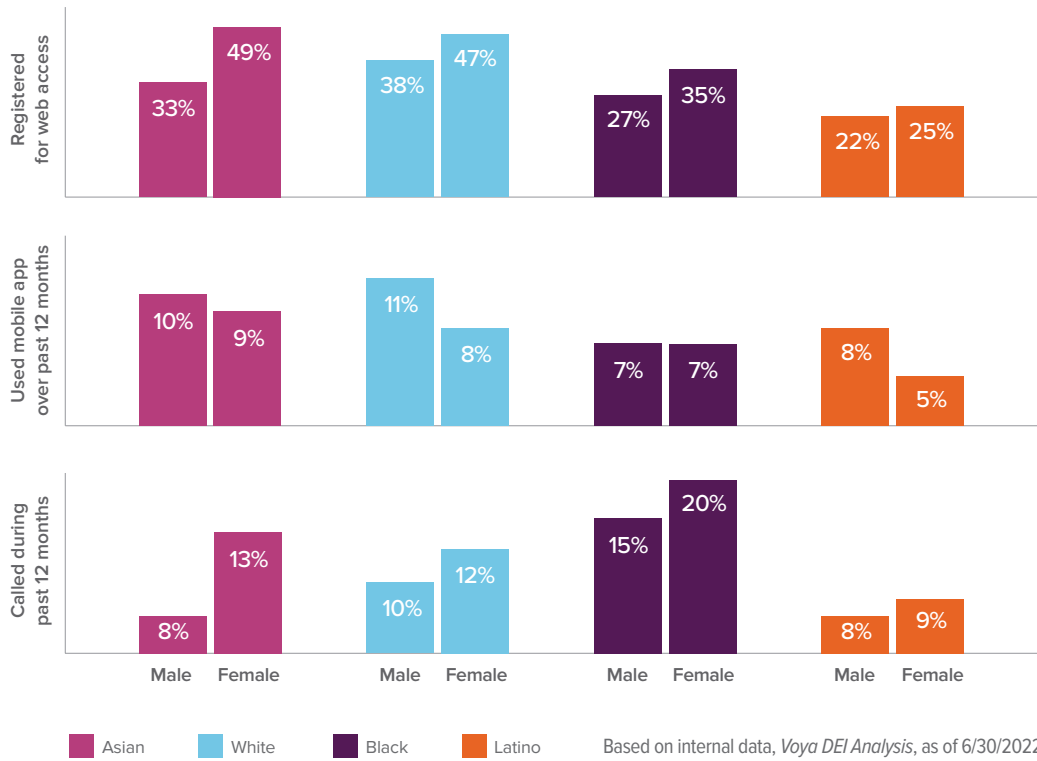


**9 out of 10 employees** who engage in Voya's Financial Wellness Experience have taken or plan to take steps to improve their financial situation.<sup>9</sup>

<sup>9</sup> Voya internal data, as of 06/30/2022.

In our DEI research, Voya found that Black and Latino employees tend to lag behind White and Asian employees in using digital engagement tools, with differences by gender. While 38% of White males and 47% of White females registered for web access, just 27% of Black males and 35% of Black females did so. The numbers were lower for Latino employees: 22% of males and 25% of females. Similar engagement ratios were found in the use of the Voya Retire mobile app. In contrast, Black males and females were more likely to utilize the customer call center compared to other communities.

### Participant engagement

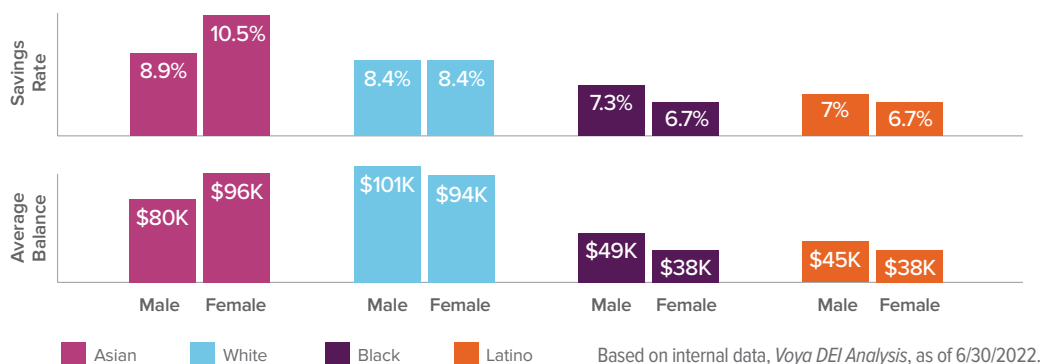


## Expanding the view on underserved communities

Women and the special needs community also need greater financial care and attention. These communities continue to face challenges — income gaps, career interruptions due to family caregiving responsibilities, added health considerations to name a few — that impact the ability to build wealth and achieve financial wellness.

We found that women are participating in the retirement plan at a higher rate than men across all races and ethnicities.<sup>6</sup> Yet, White, Black and Latino women all lag behind men of their same racial/ethnic group in savings rates and average balances. We did see that Asian women have the highest savings rate and are nearly on par with White men for average balance.<sup>6</sup>

### Savings rate and account balance



The special needs community also faces added financial challenges that impact long term security. Across the United States, one in four adults — that’s 61 million people — are living with a special need or disability<sup>10</sup> and one in five (21%) are caregivers.<sup>11</sup> Given the additional expenses related to living with a disability and the cost of caregiving, this community could benefit from additional resources — especially when it comes to long-term financial planning. A majority of caregivers (61%) are female and their numbers have increased from 43.5 million in 2015 to 53 million in 2020.<sup>12</sup> For Black and Latino women, caregiving adds further complexity and financial strain along multiple dimensions.

People with disabilities and caregivers may delay saving for their own retirement, because day-to-day responsibilities and expenses can be overwhelming. A *Voya Cares*® study found that more than half (53%) of caregivers are planning to postpone their retirement due to their caregiving responsibilities.<sup>13</sup> Not only that, four out of five caregiving employees said that they experienced increased stress or anxiety as a result of their dual roles, and a majority also report using sick, personal leave or vacation time to provide care.<sup>14</sup>

Retirement plans are particularly important for financial security, since employees with disabilities could face early retirement, and caregivers may need to plan for both their own future, as well as for their loved one.

# 91%

of caregiver employees say **benefits** are an important reason why they stay at their employer.<sup>14</sup>

<sup>10</sup> Centers for Disease Control and Prevention; *Disability Impacts All of Us*; October 2022.

<sup>11</sup> American Association of Retired Persons; *Caregiving in the United States*; May 2020.

<sup>12</sup> The National Alliance for Caregiving (NAC) and the AARP Public Policy Institute; *Caregiving in the U.S. 2020 Report*; May 2020.

<sup>13</sup> Voya Financial; *America's new retirement reality*; May 2021.

<sup>14</sup> Voya Financial; *For the benefit of all*; 2020.

# Proven employer strategies to help close retirement savings gaps

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*“Inclusion does not happen organically; organizations must be intentional at every level and apply a DEI lens to savings and benefits solutions to ensure all communities have the access, support and tools to clear the path to financial confidence and a more fulfilling life.”*

*– Angela Harrell, SVP, Chief Diversity and Corporate Impact Officer, Voya Financial*

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There are many action steps plan sponsors can take to help narrow the retirement savings gaps experienced by Black and Latino employee populations.

## **1. Automate enrollments and contributions**

For employers who have the financial flexibility, auto features can be a powerful way to make progress. Our research shows striking differences in participation rates when a plan adopts auto enrollment for its employees. Of course, we recognize that auto features may be beyond the scope for some plan sponsors due to the increased costs involved (or regulatory prohibitions).

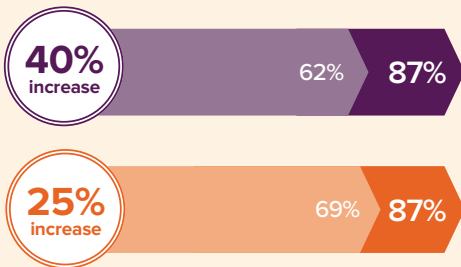
## Case study: City of Milwaukee

**Closing savings gaps** – Over the last five years, Voya client City of Milwaukee has had success in closing many financial gaps of Black and Latino employees and encouraging greater participation and savings for all employees by implementing many of the initiatives outlined in this paper.

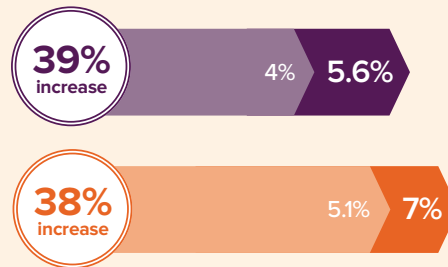
**Plan design action:** Deployed automatic re-enrollment and automatic contribution increases for employees saving below 3%.

### Results:

#### Increased participation rates



#### Increased average savings rates



Black Latino

The City of Milwaukee plan participant data was collected by Voya Financial in 2021, reflecting historical data from Sept. 30, 2016 to Sept. 30, 2021.

Aside from the obvious advantage of increased participation, auto enrollment also frees up time and energy for human resources teams to focus on implementing other initiatives to drive engagement and deliver customized support to diverse populations.



*“Incorporating auto enrollment and re-enrollment features into our plan design has resulted in our ability to address and close prior disparity gaps. This best practice serves as a powerful tool — it is the tide that raises all boats and has yielded proven outcomes in terms of participation and saving rates amongst all of our participants.”*

*– Beth Conradson Cleary, City of Milwaukee*

## 2. Introduce emergency savings solutions

There are many different approaches that employers can take to help employees with emergency savings. A good starting point is to increase education around the topic. Employees need encouragement to save more for emergencies. They are looking for information that speaks to the real-world ramifications of having adequate or inadequate emergency savings, such as testimonials and motivational stories from their peers. They also want actionable information on how to achieve positive outcomes.

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Employers may consider offering **guidance on household budgeting, spending and cost-cutting plans**, along with **step-by-step saving strategies supported by interactive planning tools and calculators**. Taking these ideas to another level of personalization, one-on-one advice from a financial professional can provide a deeper level of support to drive positive action.

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**80% of Black and Latino** participants are interested in a **workplace emergency savings plan** versus 60% of White participants.<sup>15</sup>

SECURE 2.0 includes provisions that support greater retirement security and help support some of the distinct needs of underserved communities.

- **Automatic enrollment:** Automatically enrolls eligible participants (who do not opt out) using a 3% minimum and 10% maximum contribution rate
- **Automatic escalation:** Enables a feature that increases employee contributions by 1% per year up to at least 10% (capped at 15% of compensation)
- **Student loan:** Provides a retirement plan match on student loan payments
- **Emergency savings:**
  - Offers non-highly compensated employees an opportunity to contribute to an emergency savings account up to a maximum of \$2,500
  - Contributions are made via a Roth contribution
  - Plan sponsor may automatically enroll participants at a maximum of 3% of their eligible compensation

### 3. Help employees pay down student loan debt

The 2022 EBRI Workplace Wellness Survey shows that eight in 10 employees describe debt as a problem, a significant increase from the 2021 survey.<sup>8</sup> Student loan debt is now the second largest debt category, trailing only home mortgages.<sup>2</sup> Voya research shows that 63% of Black individuals and 56% of Latino individuals are interested in workplace student loan debt management programs, versus 31% of White individuals.<sup>16</sup>



**95% of those with student loan debt** would be likely/very likely to **save more for retirement** if they felt like they had their student debt under control.<sup>17</sup>

There are a variety of ways employers can help employees pay down student loan debt, including tuition assistance, loan contributions, student loan benefit offerings and retirement plan match programs. A 2022 Mercer study found that employees under 45 want employers to provide a retirement plan match on student loan payments.<sup>18</sup>

Student loan debt can represent a substantial percentage of younger workers' income and can keep them from making meaningful retirement plan contributions. A flexible match design may help these employees save more, increase their retirement confidence and reduce financial stress.

<sup>16</sup> Voya Financial; Voice of the Customer Report; 2022.

<sup>17</sup> Voya Financial; Financial Wellness survey.

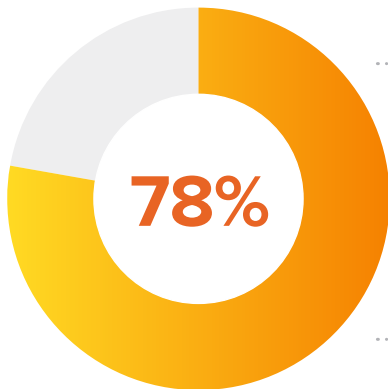
<sup>18</sup> Mercer; Rethinking what we need from work; 2022.

#### 4. Get workplace benefits and savings in sync

The employee benefits landscape is becoming more complicated. Some employees are having to shoulder more responsibility financially, such as saving for retirement in a defined contribution plan instead of relying on a lifetime defined benefit pension. More options in benefits menus may create uncertainty about how one choice may affect another, such as how a medical or voluntary insurance plan decision may impact how much an employee can contribute to the retirement plan.

These decision-making pressures are particularly acute for Black and Latino populations because these individuals tend to be more vulnerable to short-term financial upheavals, such as those exacerbated by the COVID-19 pandemic. For example, 27% of Black employees reported COVID-related job losses compared to 12% of White employees.<sup>19</sup> And, Latino employees are more likely to not have enough money to cover caregiving needs.<sup>20</sup>

Employees across all communities need help with the benefits decision process, and a 2021 Voya survey found that 78% of respondents rate their employer as a trusted source of information when it comes to making employee benefit decisions.<sup>21</sup> But due to the inequities discussed earlier, Black and Latino communities may need even more personalized guidance from their employer.



**of employees want help maximizing benefit dollars** across retirement savings, health savings accounts, health insurance and voluntary benefits.<sup>16</sup>

It's not just employees who are reassessing their benefits needs. Employers recognize the dynamics around the convergence of workplace benefits and savings and are reevaluating their programs to understand how they can more fully support employee financial, physical and emotional well-being.

The goal is to offer easy access to information, tools and guidance to support financial decision-making, resources that help employees manage both physical and mental health issues, and guidance for long-term holistic wellness planning.

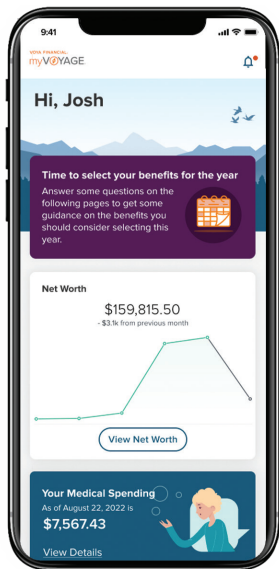
<sup>16</sup> <sup>19</sup> Based on the results of a Voya Financial survey conducted March 12-15, 2021, on the Ipsos eNation omnibus platform among 1,005 adults aged 18+ in the U.S., including 75 Black individuals.

<sup>20</sup> Employee Benefits Research Institute; 2021 Workplace Wellness Survey; 2021.

<sup>21</sup> Based on the results of a Voya Financial survey conducted Nov. 23-24, 2021, on the Ipsos eNation omnibus online platform among 1,004 adults aged 18+ in the U.S.



Voya's myVoyage digital experience is an example of broad-based, hyper-personalized guidance aimed at helping employees make optimal decisions around their workplace benefits, including health benefits, HSAs, student loan debt, emergency savings and retirement savings.



One solution is to design a more connected, personalized approach that gets workplace benefits and savings in sync. Integrating programs can encourage employee engagement, help save time and help improve outcomes by simplifying decision-making. Employees may be able to benefit greatly from this type of connected and hyper-personalized benefits experience. Employers recognize the dynamics around this convergence of workplace benefits and savings and are reevaluating their programs to offer easy access to information, along with tools and guidance that support decision-making for diverse communities.



**>98% of employers** are interested in an **integrated workplace benefits and savings solution.**

**Most appealing features of an integrated solution:**

**54%** – Access to a dashboard that holds all employee accounts

**51%** – Access to a trusted advisor for determining benefits

**49%** – Ability to work with a single point of contact

Source: Voya Employer Survey, included 245 employers across a range of industries and size; October 2021

Health savings accounts (HSAs) are a good example of the symbiotic relationship between workplace benefits and savings; Voya data shows that the number one reason for retirement plan hardship withdrawals is an unexpected medical expense.<sup>22</sup> Taking a withdrawal from the retirement plan may subject employees to taxes and penalties, which could potentially cause them to delay retirement as they rebuild their savings.

Employees — even those who currently contribute to an HSA — have a limited understanding of how HSAs work. Overall, only 2% of study respondents were able to correctly identify all attributes of an HSA. This knowledge gap can hinder the use of the HSA as a way to contribute funds that can be saved for use toward eligible health care expenses now and into retirement.<sup>23</sup> Employers can help workers take advantage of HSA benefits by positioning the account as a tax-advantaged vehicle that can help them save for eligible health care expenses over the long term and educate them on how health, retirement and savings decisions are interconnected.

Research shows that needs and values differ across communities. For example, in comparison to White employees, Black employees are more interested in HSAs,<sup>24</sup> are significantly more likely to agree that employee benefits providers should provide financial education to under-represented groups<sup>25</sup> and find advisory services significantly more important.<sup>21</sup> Employers will want to be aware of these differences and tailor messaging to best resonate with Black and Latino employees, as well as other communities. Doing so can encourage greater engagement and demonstrate a commitment to inclusiveness.

<sup>22</sup> Based on Voya internal data, 1/1/2021-7/31/2021.

<sup>23</sup> An online survey conducted by Voya Financial, in partnership with Russell Research, between Sept. 2-6, 2020 among 315 U.S. consumers currently enrolled in an employer-sponsored health plan.

<sup>24</sup> Based on the results of a Voya Financial survey conducted March 29-30, 2022, on the Ipsos eNation omnibus online platform among 1,000 adults aged 18+ in the U.S.

<sup>25</sup> Stephen Shu, Hal Hershfield, Richard Mason, and Shlomo Benartzi. "Reducing savings gaps through pennies versus percent framing." SSRN Working Paper (2022).

## Engagement through language

Education and guidance provided in a language that's not readily understood by portions of the workforce will not help to boost retirement plan and benefits engagement. Employers with a large Latino workforce should have support specific to the Latino community. This includes offering resources in Spanish. Speaking the language is essential, but so is understanding the culture.

Voya offers end-to-end Spanish language experiences for retirement plan participants through Voya Learn's bilingual education specialists, Spanish-speaking Customer Service Associates and Spanish language digital experiences.

## 5. Ramp up financial wellness and education campaigns

Employers increasingly want to ensure that employees are aware of and fully appreciate all of the benefits available to them — and how they all work together. Beyond general awareness, personalized messaging through targeted communication programs is also impactful. Personalized messaging can filter only those benefit options most relevant to each individual, simplifying choices and helping to mitigate decision fatigue.

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**Step-by-step guidance** as well as access to **tools and other resources** may also help **improve employee engagement and participation**, as well as encourage employees to take advantage of employer matching contributions where applicable or available.

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## Information architecture makes a difference

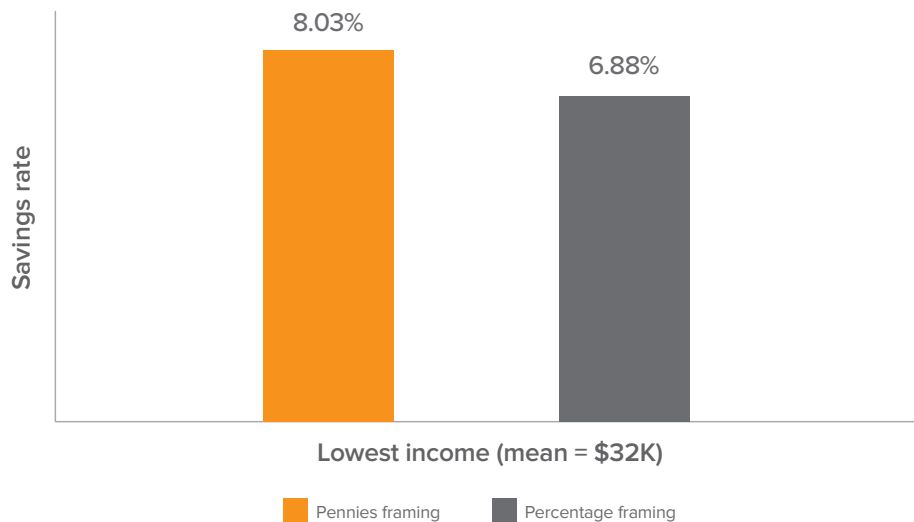
The Voya Behavioral Finance Institute for Innovation is focused on using behavioral economics to gain insights into the financial and retirement planning decisions of Americans and improve retirement outcomes.

To help close the savings gaps discussed in this paper, choice architecture has proven to be effective. Automatic enrollment and auto escalation are two examples of effective choice architecture. Another tool that was studied is information architecture, or how relevant information is framed.

As an example, retirement savings rates are typically communicated as a percentage of pay. Many people understandably have difficulty calculating percentages, so a 7% savings rate can be confusing to a participant. Be-Fi researchers found that describing the savings rate as pennies per dollar earned was much more effective. The 7% savings rate was expressed as saving “7 pennies” for every dollar earned. This change in information architecture had a significant impact on savings behavior — particularly for lower income workers (average of \$32,000), whose savings rate increased from 6.88% to 8.03%.<sup>26</sup> When you factor in the employer match, getting employees to increase savings rates has an added positive benefit.

Digital experiences can help employees understand that benefits and savings decisions are interdependent. When these experiences provide hyper-personalized workplace benefits and savings guidance in real time — and just in time — they help to provide employees with decision-making support and can improve engagement. These technological advances can increase the speed, accuracy and integration of benefits information from multiple providers — without increasing administrative complexity for employers. Pairing digital experiences with access to one-on-one financial guidance services delivered through the workplace brings a more advanced level of assistance and guidance to underserved communities.

### *Pennies framing: Income and savings rates*



<sup>26</sup> WTW; Global Benefits Attitudes Survey: Health and retirement benefits rise in significance in employees' decisions to stay or leave; June 2022.

## 6. Offer personalized financial guidance

Benefits such as health care and retirement savings are important to attracting and retaining employees. But whether employees are leveraging benefits to improve their financial wellness is another story. Despite the solutions available, over half (51%) of employees remain more stressed about their financial lives than they were during the height of the pandemic.<sup>27</sup> Consider that half of employees spend more than they earn each month, and more than a third feel like their debt is unmanageable.<sup>28</sup>

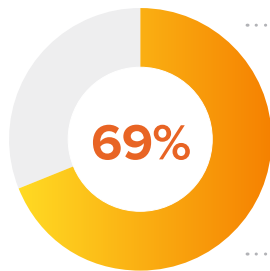


**51% of employees** say that the **pandemic significantly increased concerns** about their ability to retire.<sup>29</sup>



**More than one-third** of employees plan to **push back their retirement by six or more years** to be more financially stable.<sup>27</sup>

Financial guidance programs can help alleviate this stress, and improve employee financial and mental wellness. And it's a sought-after benefit. According to Voya's 2022 Voice of the Customer survey, 74% of White participants, 78% of Black participants and 81% of Latino participants are interested in financial guidance resources. Comprehensive resources often include access to one-on-one financial guidance with financial professionals through the workplace.



**69% of employed Americans** agree or strongly agree they would be **interested in access to a professional advisor** for help managing their savings and investments, if it were offered by their employer or as part of their workplace benefits.<sup>30</sup>

<sup>27</sup> *Benefitnews; Employees spend 25% of their workday worrying about money, 2022.*

<sup>28</sup> *Enrich; The Secret to Conquering Employee Financial Stress.*

<sup>29</sup> *HR Dive; The pandemic increased employee stress about retirement, May, 2022.*

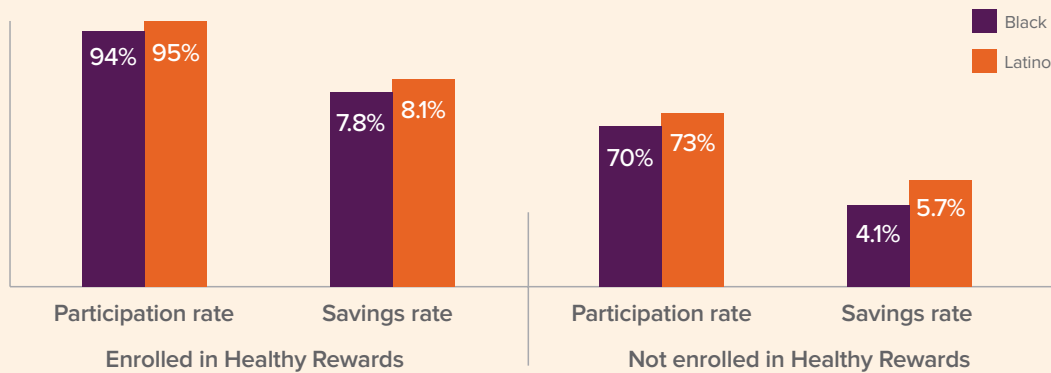
<sup>30</sup> *Based on the results of a Voya Financial survey conducted June 3-4, 2021, on the Ipsos eNation omnibus online platform among 1,005 adults aged 18+ in the U.S., featuring 499 Americans working full-time or part-time.*

# Case study: City of Milwaukee

## Incentive-based financial wellness program raises plan participation and savings rates

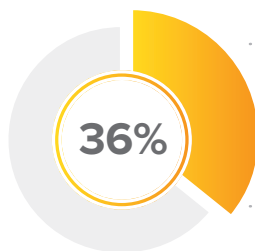
The City of Milwaukee made meeting with a local Voya onsite representative part of the City's Healthy Rewards Program, an incentive-based wellness program where participants can accumulate points to earn funds for a Health Reimbursement Account (HRA) in 2018. Due to the in-person visitation restrictions brought on by the COVID-19 pandemic, the Voya team enabled virtual one-on-one financial consultations. Voya also created new online financial wellness seminars. By offering five Healthy Rewards points for each seminar, City employees (and their spouses) were motivated to explore a variety of financial topics.

We compared the savings and participation rates for Black and Latino employees who engaged in the City's Healthy Rewards activities with those who didn't participate and found that the engaged employees had higher participation and savings rates.



## Benefits of a diverse workplace

Workers with diverse experiences, perspectives and knowledge can challenge assumptions, uncover implicit bias and drive more well-rounded and thoughtful decision-making, which helps a company employ strategies necessary to excel in today's complex and dynamic business environments.



Companies with a **diverse workforce** are **36% more likely to outperform their peers**, comparing profitability of top-quartile to bottom quartile companies.<sup>31</sup>

<sup>31</sup> McKinsey & Company; *Diversity Wins: How Inclusion Matters*; May 2020.

## Social determinants of health

Social determinants of health (SDOH) are conditions in the environments where people are born, live, learn, work, play, worship and age. These conditions can have a major impact on well-being and quality of life.<sup>32</sup>

There are five key areas of SDOH:

- **Health care access and quality**
- **Education access and quality**
- **Social and community context**
- **Economic stability**
- **Neighborhood and built environments**

Some examples include safe housing, unmet transportation needs, polluted air and water, food insecurities and physical health opportunities. SDOH is the interplay of social and structural conditions and one factor that contributes to overall equity across communities.

# Turning the inclusion lens to health equity

The stark health disparities across ethnic and income subpopulations require the urgent attention of employers providing health and wellness benefits to their employees. Health inequities undermine the strength and resilience of the workforce.

Voya is conducting in-depth research on the impacts of health disparities across the Voya employee population to gain insights on how to level this playing field and drive positive outcomes for underserved communities.

As a first step in determining health equity factors, Voya commissioned a study through Mercer\* to identify Voya employees with the highest social risks to design appropriate interventions and support. This initial research found that in comparison to other communities, Black and Latino employees have:

- The lowest percentage of annual physical exams
- The highest unplanned care utilization due to injuries
- The lowest number of visits to professional health care services
- The highest cancer spend

These findings suggest that Black and Latino employees need comprehensive insurance coverage. But the data shows that these employees tend to over-insure by signing up for a PPO health plan even when a high deductible plan would have been a better choice.

Health and wealth decisions and outcomes are inter-connected. Through getting workplace benefits and savings in sync, the new connected approach can help improve health and wealth outcomes. Through the guidance offered by myVoyage, employees have a three times greater rate of switching from a PPO to a HDHP and are 35% more likely to elect Supplemental Health insurance.\*

Voya is engaging and educating employees on ways to use eligible benefits more effectively when they experience a covered event. Some of these efforts are designed to connect the dots between active supplemental insurance coverages for which an employee is enrolled and notify them when they may have a potential claim opportunity. In some cases, eligible benefits may even be paid automatically.

22 <sup>32</sup> U.S. Department of Health and Human Services, *Social determinants of health*.

\* Study of 5,702 Voya employees conducted through Mercer, March 2022.

This example is based on an actual 2021 enrollment that utilized the myVoyage personalized enrollment guidance tool (previously referred to as "myHealth&Wealth"). It is provided for illustrative purposes only. Actual results may vary.

# In conclusion

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Voya's innovative DEI research helps employers identify best practices to bring greater financial equity to the workplace and support everyone's opportunity for a better financial future.

This paper shares proven employer strategies to help close the retirement savings gaps for Black and Latino communities.

1. Automate enrollments and contributions.
2. Introduce emergency savings solutions.
3. Help employees pay down student loan debt.
4. Get workplace benefits and savings in sync.
5. Ramp up financial wellness and education campaigns.
6. Offer personalized financial guidance.

Employers can make progress through both broad-based efforts to bring cultural change as well as a focus on delivering greater financial parity, particularly through the workplace retirement plan and benefits package.



**IMPORTANT:** The projections or other outputs of personalized enrollment guidance regarding the likelihood of various health costs and spending, and investment outcomes are hypothetical in nature. They do not reflect actual health costs and spending or investment results and are not guarantees of future results. Personalized enrollment guidance does not provide tax advice.

Voya Financial and its affiliated companies (collectively, "Voya") is making available to you the myVoyage Personalized Enrollment Guidance tool offered by SAVVI Financial LLC ("SAVVI"). Voya has a financial ownership interest in and business relationships with SAVVI that create an incentive for Voya to promote SAVVI's products and services and for SAVVI to promote Voya's products and services. Please access and read SAVVI's Firm Brochure which is available at this link: <https://www.savvifi.com/legal/form-adv>. It contains general information about SAVVI's business, including conflicts of interest.

Health Savings and Spending Accounts offered by Voya Benefits Company, LLC (in New York, doing business as Voya BC, LLC) are administered by WEX Health, Inc. ("WEX Health"). Investments are not FDIC Insured, are not guaranteed by Voya and may lose value. All investing inherently involves risks of fluctuating prices and the uncertainties of return and yield. All security transactions involve substantial risk of loss.

The personalized enrollment guidance tool provides information and options for your consideration regarding, among other things, Supplemental Health insurance policies. Because Voya sells Supplemental Health insurance policies as part of its overall Health Solutions business, you should consider the conflict of Voya's ownership interest in SAVVI when considering the Supplemental Health insurance policies the personalized enrollment guidance tool highlights for your consideration. You are under no obligation to purchase any benefits highlighted by the personalized enrollment guidance tool, and most such benefits can be purchased or excluded on an individual basis. You are not required to purchase Supplemental Health insurance to enroll in healthcare coverage.

Voya also offers retirement products as part of its Wealth Solutions line of business. You should also consider the conflict of Voya's ownership interest in SAVVI when reviewing the contribution calculations made by the personalized enrollment guidance tool in connection with your retirement savings options. You are not obligated to make any such contribution.

The personalized enrollment guidance tool provides information and options for you to consider in making healthcare, health savings, emergency savings, and retirement savings choices. Those choices are solely up to you to make. The personalized enrollment guidance tool does not provide you with fiduciary advice with respect to your plan elections and contributions. None of SAVVI, Voya, nor WEX Health acts in a fiduciary capacity in providing personalized enrollment guidance or other services to you; any such fiduciary capacity is explicitly disclaimed.

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