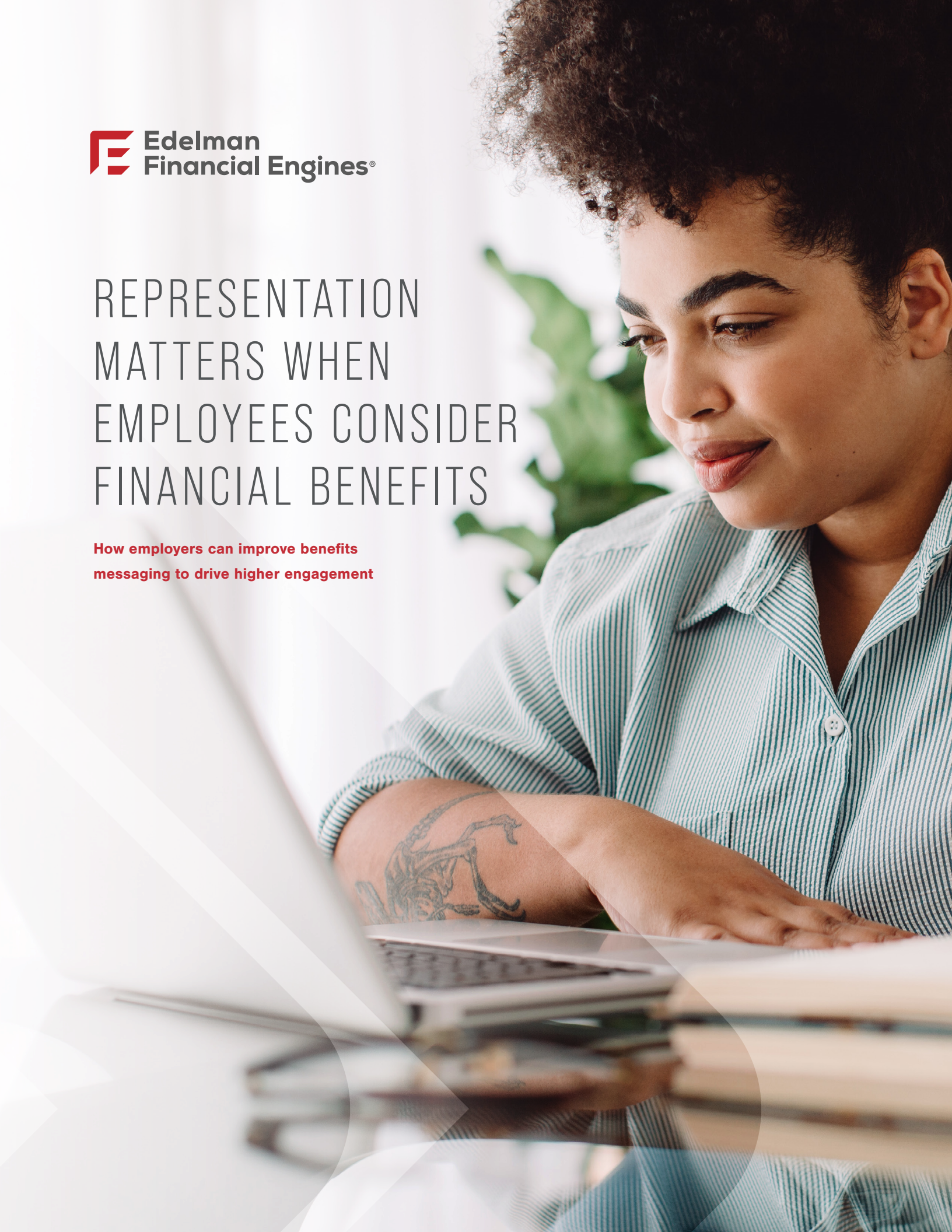




# REPRESENTATION MATTERS WHEN EMPLOYEES CONSIDER FINANCIAL BENEFITS

**How employers can improve benefits  
messaging to drive higher engagement**





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# INTRODUCTION

A majority (83%) of U.S. organizations took steps to implement diversity, equity and inclusion (DEI) initiatives in 2021.<sup>1</sup> However, while most companies have focused on hiring diverse talent and creating an inclusive workplace culture, fewer have taken steps to address DEI-related barriers that discourage employees from using company-sponsored benefit packages.

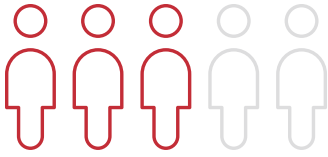


**A majority (83%) of U.S. organizations took steps to implement diversity, equity and inclusion (DEI) initiatives in 2021.**

Despite many companies offering financial wellness services as part of their employee benefits packages, not enough employees take advantage of these services. With this in mind, we set out to explore the reasons why - notably whether employees feel represented in their employers' workplace benefits communications and if that impacts their willingness to utilize financial wellness benefits. We also examined ways companies can make improvements to their benefits communications to drive higher engagement.

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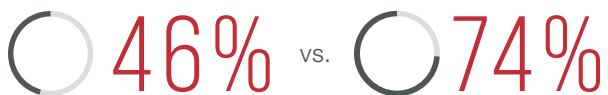
## Key findings



3 in 5 employees **don't always feel their company's benefits messaging represents them**, which impacts their likelihood to take full advantage of available benefits.



Lack of representation in company benefits messaging cuts across many dimensions including race, gender and income. **Women, Black, Hispanic and lower-income employees indicated they are less likely to feel "always represented"** in their company's benefits messaging.



**Fewer than half** (46%) of employees who feel represented only occasionally or less in messaging **are using the financial wellness benefits their company offers**. In comparison, 74% of employees who always or often feel represented in communications use these same benefits.





# DIVERSITY, EQUITY AND INCLUSION EFFORTS NEED TO EXTEND TO BENEFITS

Inclusion isn't just important in the boardroom or around the water cooler but also when it comes to providing employee benefits. In the past five years, companies have prioritized hiring more employees who are Black, Hispanic or identify as LGBTQ+. Still, there are wide disparities in how employees of different backgrounds perceive inclusivity in their company benefits programs, with more than three-in-five (62%) employees saying they don't always feel represented in their company's messaging about benefits.

62%

of employees say they don't always feel represented in their company's messaging about benefits





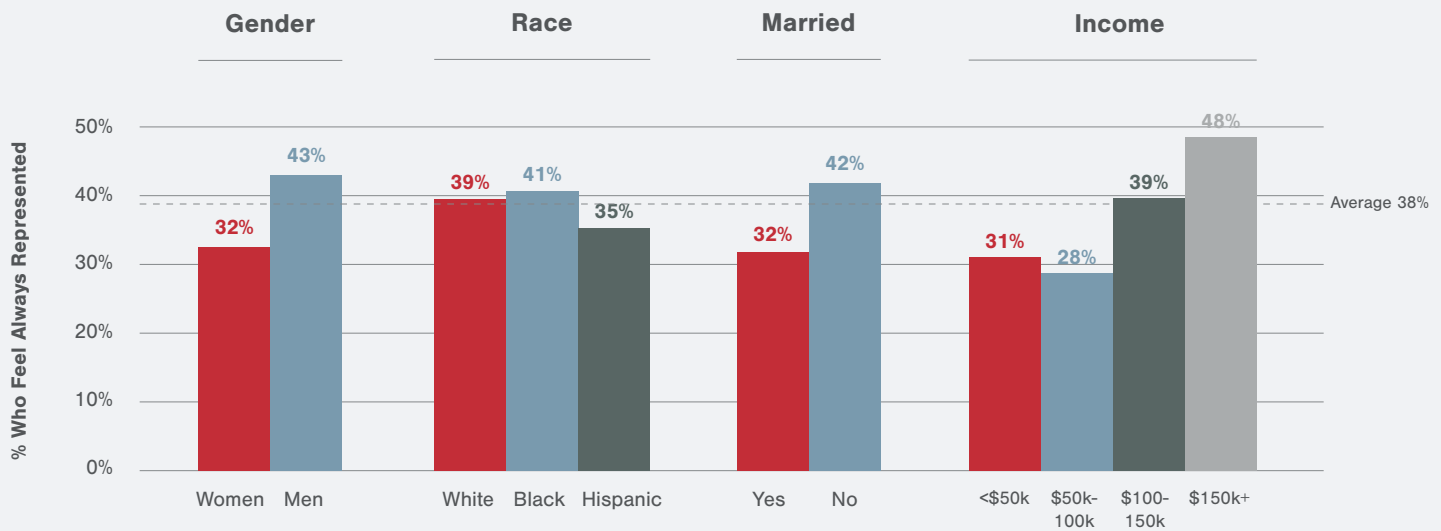
While a vast majority of companies are taking steps to prioritize DEI, their efforts have mainly focused on hiring and promotion practices as well as creating a culture of inclusion in the workplace for all employees. But inclusion practices need to extend beyond hiring and training.

As companies hire a more diverse workforce, they now need to ensure that everything offered to employees—most notably company-sponsored benefits and how those benefits are communicated to staff—is designed with a diverse workforce in mind.

Recent data shows that racial and ethnic minorities make up about 39 percent of the U.S. workforce<sup>2</sup>, women hold half of all jobs in the United States<sup>3</sup>, and 7.1% of U.S. adults self-identify as LGBTQ+<sup>4</sup>.

Yet, despite an increasingly diverse workforce, most companies haven't changed the visuals or language they use to communicate information about benefits. As a result, it's not unusual for employees to assume that many of the benefits offered won't help them or their families because they struggle to feel represented in the benefits communications.

### Employees don't feel represented



**Companies must extend their DEI efforts beyond hiring to include their benefits offerings. A lack of inclusivity in communications impacts employees' willingness to access financial wellness benefits.**







## **Representation matters to your employees, and it should matter to you too**

When it comes to financial decisions, representation matters because there's a strong connection between feeling "always represented" and using financial benefits. Fewer than half (46%) of employees who feel represented only occasionally or less in benefits messaging are using the financial wellness benefits their company offers. In comparison, 74% of employees who always or often feel represented in these communications use these same benefits.



**46%**  
of employees who feel represented only occasionally or less in benefits messaging are using the financial wellness benefits their company offers

vs.



**74%**  
of employees who always or often feel represented in these communications use these same benefits



Eliminating disparities in workplace financial planning begins with ensuring that employees feel well-represented in the communications they receive and showing them how to best use the benefits available to them in ways that more personally resonate with their situation. One way to forge that relationship is by offering diversity among financial advisors. Building trust through similar backgrounds, languages and life experiences can help employees feel more comfortable accessing help through their workplace.

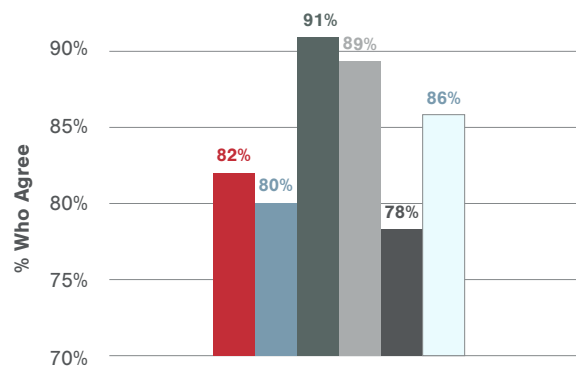
In fact, 82% of employees prefer to work with a financial advisor from a similar background, which applies across race, gender and age. Black or African American employees (91%), Hispanic employees (89%), female employees (78%), the 25-29 age group (89%), and the 30-39 (88%) all overwhelmingly preferred working with financial advisors that share common ground.



### Representation matters

Employees, especially those in underrepresented groups, overwhelmingly prefer working with financial advisors that share common ground.

- All employees
- White
- Black
- Hispanic
- Female
- Male



"If I needed advice from a financial advisor, I would prefer to work with someone who is from a similar background or family situation as me."



# PERSONALIZED MESSAGING CAN BRIDGE THE GAP

Most employees (59%) who do not use financial wellness benefits today say personalized communications would make them more likely to use those benefits in the future.

An overwhelming 93% of employees who don't always feel represented in their company's messaging about benefits say they'd be more likely to use financial wellness benefits offered by their company if information about the benefits and how to use them was personalized to their specific background and family circumstances.

**93%**

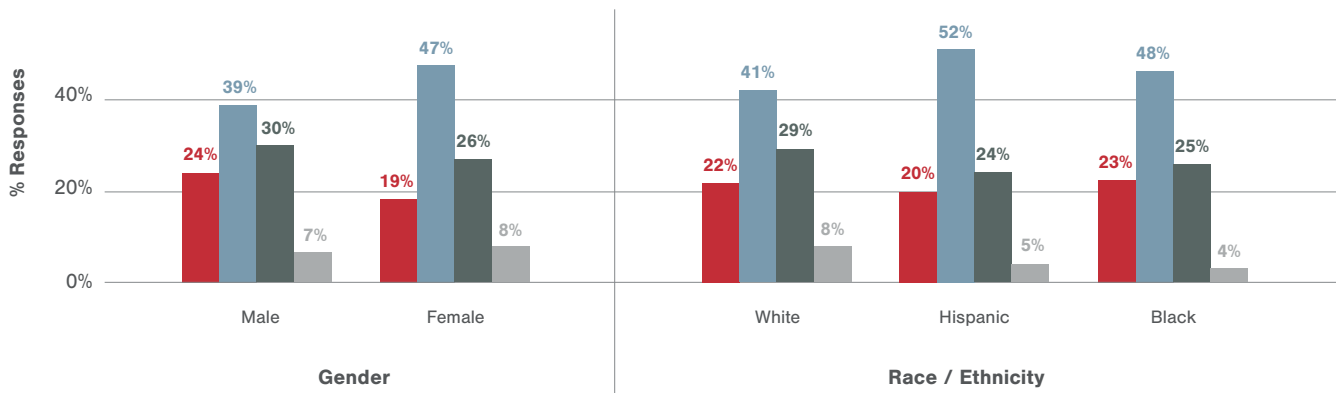
**of employees who don't always feel represented would be more likely to use financial wellness benefits if they were more personalized**





**Likelihood of using financial wellness benefits personalized to specific background and family circumstances**

- Much more likely
- Somewhat more likely
- A little more likely
- Not at all more likely



Because employees are more receptive to counsel and services that cater to their background and lifestyle, benefits messaging must show that the company recognizes and understands employees' particular financial challenges. For instance, about half of LGBTQ+ individuals between the ages of 18 and 35 are planning to become first-time parents or add another child to their family<sup>7</sup>, so companies could present information about the unique considerations for non-traditional family planning to employees who identify as LGBTQ+. Separately, only 34% of African American households owned equity investments as compared with 61% of White families, according to a

2019 Federal Reserve Board survey<sup>8</sup>, so employers might consider presenting information on the importance of participating in the stock market to grow wealth and ways to close the generational wealth gap for Black employees. In addition, only 31% of Hispanic households report currently participating in a workplace retirement plan compared to 48% of all other workers ages 21 to 64<sup>9</sup>, so to encourage Hispanic employees to take advantage of financial wellness benefits, companies might consider providing information, written and presented in English and Spanish, about the importance of contributing to a 401(k) plan.







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Companies can also tailor financial wellness benefits to individuals by offering them through an Employee Resource Group (ERG) that many staff members may already belong to, such as a Women’s Leadership Group or Black Employee Network. One in 5 employees who are not currently using financial wellness benefits offered by their company (20%) rank this among the top two things the company could do to make them more likely to use the benefits offered.

Not only do ERGs create a sense of belonging for employees, but they also support learning and development by offering formal and informal leadership opportunities. ERGs can also represent a safe space for employees to be candid about their experiences or challenges. About 90% of Fortune 500 companies have ERGs, and about 8.5% of employees in US-based companies belong to ERGs.<sup>10</sup>

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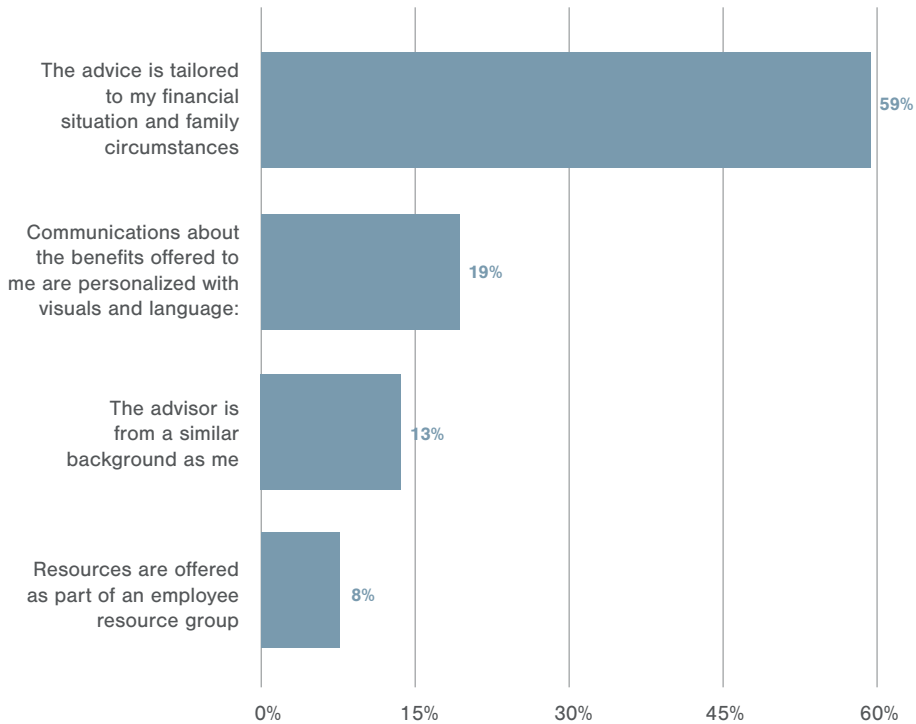
**90%**

**of Fortune 500  
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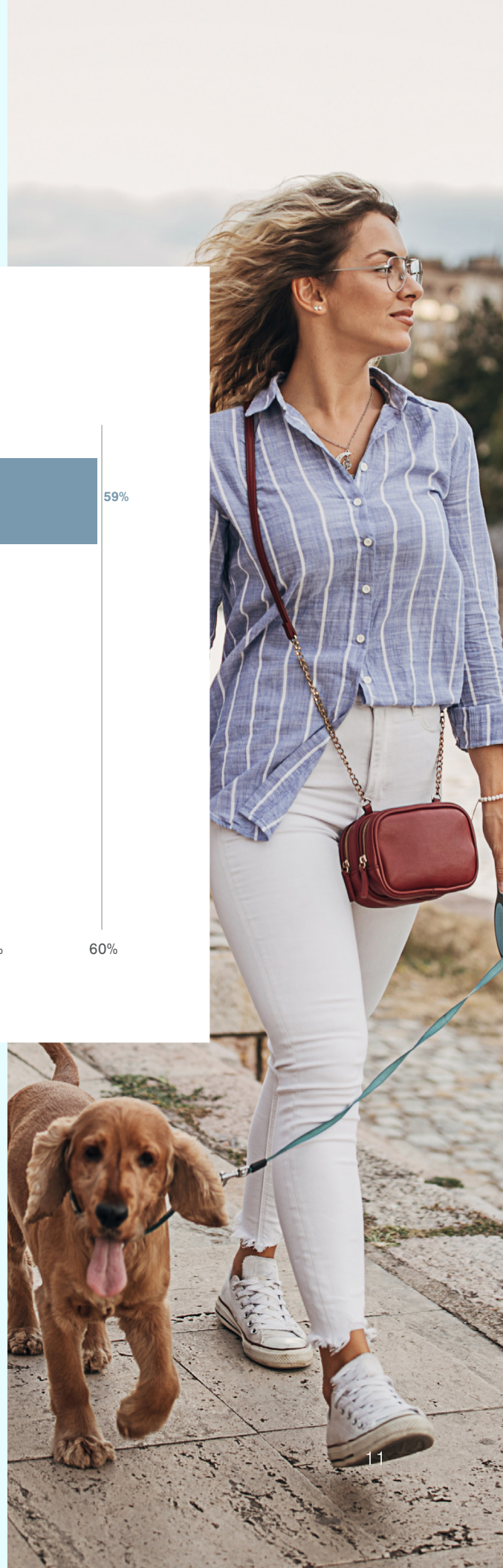


## Increasing inclusivity in your benefits communications

### What would make respondents more likely to use benefits?



Our survey revealed that employees often don't feel represented in workplace benefits communications. Companies seeking to eliminate DEI-related barriers that often prevent employees from using company-sponsored benefits should consider these four steps to improve their benefit communications.







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## Steps to increasing inclusivity in your benefits communications



### **1. Use personalized visuals and language in company communications about the benefits.**

Employees are more receptive to counsel and services that cater to their background and lifestyle.



### **2. Personalize communications about benefits to show that the company recognizes and understands employees' particular financial challenges.**

Employees are more likely to make a secure financial plan for their families when they see how employee benefits are helping people like them.



### **3. Provide diversity among financial advisors so employees can seek counsel and advice from someone with a similar background.**

Building trust through similar backgrounds and life experiences can help employees feel more comfortable accessing help through their workplace.



### **4. Offer these resources as part of an Employee Resource Group (ERG) that staff may already belong to, such as a Women's Leadership Group or Black Employee Network.**

ERGs create a sense of belonging for employees and provide learning and development by offering formal and informal leadership opportunities, such as providing a better understanding of the company's financial wellness benefits.



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# PROVIDE EMPLOYEES THE SUPPORT THEY NEED

This report reveals that employees who don't feel represented in their employers' workplace benefits communications are less likely to access financial wellness benefits because they assume that many of the benefits offered won't help them or their families.

Employers extending their DEI efforts beyond hiring to include their benefits will likely find greater employee engagement and satisfaction.

Edelman Financial Engines offers personalized financial solutions across a diverse range of employee needs, supporting workers' everyday financial wellness and helping every employee achieve their financial goals. Contact us to learn more about our workplace financial solutions and how we can help you deliver more inclusive financial benefits programs.







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### Methodology

The Edelman Financial Engines Survey was conducted by Wakefield Research among 1,000 nationally representative US employed adults ages 25+ whose employer offers benefits between June 1st and June 12th, 2022, using an email invitation and an online survey, with “employed” defined as those working full or part-time. This survey has been weighted to ensure accurate representation.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

### About Edelman Financial Engines

Since 1986, Edelman Financial Engines has been committed to always acting in the best interests of our clients. We were founded on the belief that all investors deserve access to personal, integrated financial planning and investment advice. Today, we are America’s top independent financial planning and investment advisory firm, recognized by Barron’s,<sup>1</sup> with 145+ offices<sup>2</sup> across the country and entrusted by more than 1.3 million clients to manage more than \$241 billion in assets.<sup>3</sup> Our unique approach to serving clients combines our advanced methodology and proprietary technology with the attention of a dedicated personal financial planner. Every client’s situation and goals are unique, and the powerful fusion of high-tech and high-touch allows Edelman Financial Engines to deliver the personal plan and financial confidence that everyone deserves. For more information, please visit [EdelmanFinancialEngines.com](https://www.EdelmanFinancialEngines.com).

<sup>1</sup> The 2021 Top 100 Independent Advisory Firm Ranking issued by Barron’s is qualitative and quantitative, including assets managed, revenue generated, regulatory record, staffing levels and diversity, technology spending and succession planning. Firms elect to participate but do not pay to be included in the ranking. Compensation is paid for use and distribution of the rating. Investor experience and returns are not considered.

<sup>2</sup> Firm stats as of Dec. 31, 2021.

<sup>3</sup> Firm stats as of June 30, 2022.

