



Marsh McLennan  
Agency

# Thriving together

Navigating the intersection of employee  
health and financial well-being

Your future is limitless.<sup>SM</sup>

## For decades, employee well-being and financial benefits have operated in distinct silos within workplace benefits packages.



Traditional practices have often compartmentalized health and wealth programs, treating physical and financial aspects of a person's well-being as separate entities. However, a compelling shift is underway, challenging this long-standing separation.



Recent research advocates for a more integrated approach, suggesting that the symbiotic relationship between employee well-being and financial security fosters whole-person health.



This report delves into this evolving model, exploring the impact of integrated programs on employee well-being, job satisfaction, and overall performance. We'll also dive into how the convergence of health and wealth benefits can mutually benefit employers and employees.



## History of health and financial benefits

The history of employee health benefits traces back to the early 20th century when businesses, primarily in the industrial sector, began offering rudimentary health care services to their workers. However, it wasn't until the mid-20th century that employer-sponsored health insurance gained widespread recognition. This was spurred mainly by the influence of labor unions negotiating for improved conditions for workers. The post-World War II era marked a significant turning point, with the introduction of employer-sponsored health insurance becoming more common.

### As businesses competed for talent, health benefits emerged as a key differentiator.

While health benefits have a long-established history, integrating well-being programs into employee benefit packages gained notable momentum in the early 2000s. With an increased emphasis on employee care, well-being programs began to flourish. They also began encompassing physical health as well as mental and emotional aspects. This shift reflected a growing recognition that a comprehensive approach to employee health yields greater satisfaction, productivity, and retention.

While health benefits have a lengthier history, 401(k) plans can still be traced back to the Revenue Act of 1978. This act included a provision allowing employees to defer compensation on a pre-tax basis. The 401(k) plan, named after the tax code section that defines it, was initially conceived as a tool to help employees save for retirement. However, it wasn't until the early 1980s that the modern 401(k) plan gained popularity. A pivotal moment occurred in 1981 when the Internal Revenue Service issued regulations clarifying the tax treatment of 401(k) contributions. This clarification spurred a significant uptick in employers adopting 401(k) plans as a primary vehicle for retirement savings.

The evolution of financial well-being in the context of employee benefits began to take shape a little later when employers recognized the importance of addressing not only retirement savings but also the broader financial concerns of their workforce. This awareness led to the integration of comprehensive financial wellness programs. It marked a pivotal moment in the recognition of the interconnected nature of employee financial and overall well-being.

## Evolution of health and financial benefits

- **Early 20th century**  
Businesses, primarily in the industrial sector, began offering rudimentary health care services to their workers.
- **Mid 20th century**  
Employer-sponsored health insurance gained widespread recognition.
- **1978**  
The modern 401(k) originated with a provision in The Revenue Act of 1978, allowing employees to defer compensation on a pre-tax basis.
- **1981**  
The Internal Revenue Service issued regulations clarifying the tax treatment of 401(k) contributions and spurred a significant uptick in employers adopting 401(k) plans as a primary vehicle for retirement savings.
- **Early 2000s**  
Integrating well-being programs into employee benefit packages gained notable momentum.

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## Integrated well-being benefits

Embracing a forward-thinking approach to employee well-being means extending reach beyond the conventional ideas of a health benefits package.

**Integrated well-being initiatives acknowledge an employee's overall health including:**



By supporting these elements, organizations can proactively address the multifaceted needs of their workforce. This helps create a comprehensive well-being strategy that resonates with employees' diverse challenges and aspirations. This allows for a more impactful approach to employee care, positioning organizations at the forefront of cultivating a workplace culture where individuals can thrive.





## The benefits for employers

Numerous studies have illustrated the impact of well-being programs on various components of employee engagement.

A [Gallup study](#)<sup>1</sup> highlighted the positive correlation between well-being initiatives and heightened employee satisfaction. The study reported that employees who rated their well-being highly were 43% more likely to be engaged in their jobs than those with lower well-being scores. Employees engaged in comprehensive well-being programs also report greater job satisfaction from:



An improved work-life balance



Enhanced stress management



Increased access to resources supporting their overall health

Moreover, these programs have been linked to improved retention rates as employees feel valued and supported by their organizations. According to the most recent [Principal Financial Well-Being Index](#)<sup>2</sup>, 45% of the U.S. workforce working for small to medium-sized businesses said they would stay at their jobs longer because of employer-sponsored wellness initiatives. Studies also consistently demonstrate a positive association between well-being initiatives and increased productivity. For instance, financially stressed employees are [nearly five times as likely](#)<sup>3</sup> to admit personal finance issues are a distraction to their work.

These programs create a more conducive and supportive work environment by addressing physical, mental, and financial aspects of employee health. It ultimately contributes to higher individual and collective productivity and employee satisfaction.

# 43%

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# 45%

of the U.S. workforce working for small to medium-sized businesses said they would stay at their jobs longer because of employer-sponsored wellness initiatives<sup>2</sup>



## The benefits for employees

### Comprehensive well-being programs offer many benefits that can significantly enhance employees' lives.

The all-inclusive approach of these programs contributes to elevated overall well-being by addressing physical health concerns, promoting mental wellness, and fostering a sense of financial security. In a [survey done by PwC](#)<sup>4</sup>, 57% of employees say finances are the top cause of stress in their lives. Research in the same report noted that “financial stress extends beyond the bank account to key drivers of health and well-being.” In the past year, financial stress and money worries have had a negative impact on:



Employees can gain valuable insights into managing their finances through initiatives focused on financial literacy, thereby cultivating a foundation for long-term financial stability. Mainly, these programs play a crucial role in bolstering retirement preparedness. They help equip employees with the knowledge and resources to navigate the complexities of their financial future. Furthermore, incorporating stress-reduction strategies and mental health support within wellness programs profoundly impacts addressing systemic issues and improving total well-being. These can include EAP programs, free or subsidized access to well-being coaches, and health insurance with mental health benefits.

57%

of employees say finances are the top cause of stress in their lives<sup>4</sup>

5x

Financially stressed employees are nearly five times as likely to admit personal finance issues are a distraction to their work<sup>3</sup>

**The interconnected nature of health and financial well-being enhances individual satisfaction. It also creates a resilient and thriving workforce, benefiting employees and the organizations they contribute to.**

## Ways to incorporate these benefits

Incorporating enhanced well-being programs into your organization involves a thoughtful and phased approach that aligns with your workforce's unique needs and culture.

**1** Start by conducting a comprehensive assessment to identify your employees' specific health and financial well-being needs. Engage employees by seeking their input and preferences, ensuring the well-being initiatives resonate with their circumstances.

**2** Collaborate with your insurance broker to tailor industry-leading programs catering to health and financial dimensions, offering various resources, from wellness workshops and fitness programs to financial literacy seminars and retirement planning sessions.

**3** Establish clear communication channels to promote awareness and participation, emphasizing the organization's commitment to employee well-being.

**4** Regularly evaluate the program's effectiveness through feedback mechanisms and data analytics, allowing continuous refinement and improvement.

**By fostering a culture that prioritizes the comprehensive well-being of employees, organizations can create a positive and supportive environment that attracts top talent and contributes to sustained employee satisfaction, wellness, and performance.**



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### We're here to help

Embarking on the journey to cultivate a culture of well-being within your organization begins with an insurance broker who can help access industry-leading well-being programs. Be sure to select an advisor with expertise in health and financial initiatives. Working alongside an advisor specializing in both dimensions—such as Marsh McLennan Agency—enables organizations to drive outcomes that benefit employers and employees.

By aligning these crucial elements, organizations can foster a culture of well-being, creating a workplace environment where employees thrive and contribute to the organization's overall success.

#### Check out more thought leadership from MMA:



2024 Employee Health & Benefits Trends Report



2024 Financial Trends Report





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## **About Marsh McLennan Agency**

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