

# Tips for Improving Employee Financial Health

Financial worries are more than a passing concern for government employees. In one [study](#), 69% of respondents said money issues have made them depressed and anxious. Almost half reported that financial issues had affected their work, and for Gen Z and millennials, that proportion was even higher — 64% and 58%, respectively.

Helping employees understand and build economic security can play an important role in recruitment, retention and engagement, especially with a younger workforce. Here are some [financial wellness](#) tips to help your employees get started.



## Set Financial Goals

Both long- and short- term financial goals will change over your lifetime. When you're young, your chief long-term goal might be paying down student loans; your main short-term goal could be buying a car so you can drive to work. In your 30s and 40s, buying a home or paying for a child's education could be the priority. In later years you'll probably want to increase your retirement savings or beef up your emergency funds to anticipate healthcare costs.

Once you've identified your goals — and how much money they require — you may want to apply the “[S.M.A.R.T.](#)” framework, breaking them down into steps that are:

- S** • **Specific.** “I want to save more money” isn't a solid goal. Think: “I want to save 10% from every paycheck.” If you're saving toward a purchase, start with the total amount and break it down into what you can save weekly or monthly.
- M** • **Measurable.** A specific goal is easy to measure. If your plan is to put aside \$50 a week, put aside that \$50, and you can see your progress.
- A** • **Attainable.** Setting a goal that you can't meet is a recipe for despair. If the amount is too burdensome, you're unlikely to stick with your plan. Be realistic. If necessary, reduce the amount — for example, choose a cheaper car — or push out your end date.
- R** • **Relevant.** Choosing meaningful goals helps you keep on track. Are you saving for a rainy-day fund, so emergencies don't cause a financial crisis? To move to a larger home, so your kids can have a playroom? The money is a means to an end; keep that reason in mind.
- T** • **Time-bound.** Give yourself start and end dates. If you're saving for a specific purchase, such as a car, when do you want to buy? Even if your goal is saving a certain amount weekly, rather than a total amount, set periodic times to review your progress and perhaps update the goal.

**You might find one of these goal-setting worksheets helpful:**

**[7 S.M.A.R.T. Financial Goals Worksheets](#)** from Frugal Confessions.

**[SMART Financial Goal Setting Worksheet](#)** from Addition Financial.

**[My New Money Goal Financial Planning Worksheet](#)** from the Consumer Financial Protection Bureau (CFPB).



## Make a Budget — and Stick to It

A budget is probably the most important tool in your financial toolbox. It's relatively straightforward, but often something people do without. Start by tracking your expenditures for a month — collect all your receipts, both paper and electronic — and sort them into categories, such as:



**Housing.** In this category, log the monthly costs for rent or mortgage, renter's or homeowner's insurance, utilities (such as electricity and gas), internet, cable, and phones, and any other housing expenses (such as property taxes).



**Food.** This includes groceries, household supplies and meals out, plus any other food-related expenses.



**Transportation.** Here, keep track of any public transportation, taxis and rideshares (e.g., Lyft and Uber), plus car-related costs: gas, parking, tolls, maintenance, insurance, and loan payments.



**Health.** Health insurance, prescriptions, doctor visits, dental care, and items such as eyeglasses and contact lenses fit in this category.



**Personal and Family.** This category can include money for child or elder care, child support payments, money you send to family members, clothing and shoes, laundry, charitable donations, haircuts and styling, and entertainment (such as movies, streaming subscriptions and online games).



**Finance.** Here's where to track fees for cashier's checks and money transfers, prepaid cards and phone cards, bank or credit card fees, and any other similar fees.



**Other.** You might include school supplies, tuition, student loan payments, credit cards and money allocated for savings in this category, along with any other expenses for the month.

Also, total up all your sources of income, including paychecks and child support. Only include the after-tax amounts.

Then, subtract all your expenses from your income. How much is left? Often, adding up your expenses will highlight areas where you can cut back. The less you spend, the more you can save, reducing how much you use credit cards.

Here's a [budget worksheet](#) from Consumer.gov.



## Build an Emergency Fund

Even the best budget can be thrown off by an unexpected medical expense, home or auto repair or other emergency. Setting money aside for such times can make them less stressful and help you avoid using credit. Create a separate fund so you're less likely to use it for regular expenses — and try a savings account where it can earn interest.

An emergency fund is an essential financial goal, and regular contributions are the best way to build it. Also consider earmarking one-time payments such as bonuses, tax refunds and gift money. Because the ultimate “rainy day” is usually the inability to work and earn money, it's recommended that you save at least enough to cover three months' worth of expenses. If that seems too ambitious, don't let it discourage you from setting aside what you can now.

CFPB [offers a guide](#) to building an emergency fund.

## Stay on Top of Credit

According to an article in [Forbes](#) magazine, the average annual percentage interest rate (APR) for a credit card that's carrying a balance is 22.5%, and the average per-person credit card debt in the US is \$6,492. If you only pay \$150 a month on that amount with an APR of 22.25%, you'll pay an extra \$6,936 in interest, for a total of \$13,428 — more than twice the amount you borrowed. And it would take you 90 months to pay off.

Sometimes you can't avoid using a credit card, but recognize that it comes with substantial costs. And getting in trouble with a card — missing payments or racking up a big balance — can affect your credit rating, potentially raising the interest rate you're charged, as well as interfering with other parts of your life, such as renting an apartment or getting a car loan or mortgage.

Some ways to keep your credit card costs in check:

- **Always pay on time.** Submit your payment on time. This is the most important factor in your credit rating.
- **Don't carry a balance.** Pay the full amount every month.
- **Pay more than the minimum.** If the full amount is impossible, at least pay more than the minimum. That will help you clear the debt sooner.
- **Use a 0% card transfer.** Some cards offer a 0% introductory rate to move your credit card debt from another lender. The trick here is to pay it off before the normal rate kicks in, usually at 12 months.

For more information on credit card rates and **ideas for minimizing your credit costs**, check out [this page](#) from Cardrates.com.



## Get Ready for Retirement — Now

You've probably heard this before: As far off as retirement may seem, today is the best time to start saving for it. That's because of "compound interest": When you save money, the interest it generates also earns interest, which allows your savings to grow exponentially. Social Security payments often won't cover your living expenses when you stop working — but even small regular contributions over the years to a retirement account can help you retire more comfortably.

There are some tools that can help you save.

Each **state** has at least one retirement plan for employees; teachers' plans are the most common. Often cities and towns participate in their state's program. Benefits often vary by job category, time worked and whether the pensions are defined-benefit (an agreement to pay out a certain amount) or defined-contribution (an agreement to contribute a certain amount).

If you're in a **federal** agency, the Federal Employees' Retirement System includes a defined annuity benefit, Social Security, and a defined-contribution Thrift Savings Plan (TSP), which works much like a private-sector 401(k). Money you contribute to a TSP or 401(k) is not taxed until you withdraw it.

Usually, in retirement your income will be less than it was when you worked, so your withdrawals will be taxed at a lower rate. If your state or local agency doesn't offer a similar plan, you can invest in your own 401(k) or other types of plans open to government employees.

Worldwide Assurance for Employees of Public Agencies (WAEPA) has a wealth of retirement information for federal employees, available in [\(Almost\) Everything You Need to Prepare for Federal Retirement](#). If you're a state or local employee, check with your human resources department or union.

*Helping employees manage their money demonstrates your agency's investment in their wellbeing, at little or no cost. By opening the discussion and sharing materials from trusted sources, you can improve employees' quality of life and point them toward a sound financial future.*

# How a Financial Wellness Benefit Helps Both Agencies and Employees

WATCH VIDEO



Government agencies have always faced unique hurdles in attracting and retaining employees. Budget cuts and efficiency mandates can make the situation worse, as many organizations lack the funds to increase wages. Benefits can make a big difference, but those also can be costly, and agencies haven't always kept up with the private sector in what they can offer.

Reducing employees' financial stress can help build loyalty, explained Lindsay Casel, DailyPay's Leader for State & Local Government and Partnerships. "When an employee has stress in their personal life, they can't necessarily ... do a really great job day-to-day at their organization. If they feel like ... the organization cares what is happening in their life, then they want to stick with that employer."

In this [video interview](#), Casel elaborates on the advantages of financial benefits programs, for both agencies and their employees. Topics include:

- How agencies can modernize benefits despite budget constraints.
- Why today's workforce requires a different approach to benefits.
- Two organizations that seamlessly implemented financial wellness platforms.

*"This new generation, they're digital natives. They have access to call-a-car service at their fingertips. They have access to send money to and from friends or family members at their fingertips, and so they also need benefits that kind of meet them where they need and what they're used to as well."*

– Lindsay Casel, DailyPay

## About DailyPay

DailyPay empowers employees with On-Demand Pay access, boosting engagement and retention. It seamlessly integrates without changing payroll processes.

[Learn more about DailyPay](#)

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