

Mortgage and Real Estate Services: The New Employee Benefit

To remain competitive, today's businesses are redefining their relationships with employees. Many employers are getting bogged down in the myriad of details it takes to research, implement, and communicate benefits to their employees. They are also dealing with the rising cost of not only healthcare, but most all benefits being offered to employees. Many employees are being asked to absorb a portion of the cost of these ongoing increases. Also, employers are not only asking, but expecting employees to become active participants in their benefits selection and utilization. All the while, employee stress over their job, the economy and their personal financial situation continues to mount costing everyone involved.

With the current state of the economy, what's becoming widely recognized by employers is that their employee's financial stress is having a huge impact on their productivity while at work. This stress is causing employees to miss work all together and is contributing negatively to the company's health care costs. Recently, MetLife's 9th Annual Study of Employee Benefit Trends (2011) spent nine pages of their sixty-eight page report speaking to the correlation between an employee's poor financial situation (their "financial illness"), physical illness, productivity levels, and employee absences from work. In fact, 78% of employers say employees are less productive while at work when they are worried about personal financial problems.¹ Additionally, 58% of employers say that financial stress contributes to employee absences at their company.²

The recent MetLife study also reported that financial illness is linked to physical illness. "There is an association between health risk and the kind of stress experienced with financial struggles. The Study shows that employees who say they are not in control of their finances, or who live paycheck to paycheck, are more likely to report worse health than those not similarly stressed. Employers recognize this dynamic. Over two-thirds (69%) say that financial stress contributes to health costs at their company. 58% say financial "illness" contributes to employee absences and an amazing 78% agree that worry about personal financial problems while at work can distract employees to the point that they are less productive."

Clearly more and more employers are waking up to the realities of what their employees are dealing with on a daily basis. Their employee's financial worries don't stop at the front door of the office; they are most definitely carried through. The stress and worry is always with them and that clearly carries over to the job they're performing at work. Up to 50% of employees admit to wasting 21 hours per month while on the job dealing with personal money matters.³ To add to the stress they're already feeling by day, by night, 92% of American's are losing sleep due to financial worries according to a poll by ComPsych (a leading EAP firm).

Human resource managers and business owners alike are not only seeing these published findings, but are certainly feeling the effects in their own organizations, and are beginning to do something about it. They're

¹ MetLife 9th Annual Study of Employee Benefit Trends

² MetLife 9th Annual Study of Employee Benefit Trends

³ National Institute of Personal Finance

turning to industry professionals to assist their employees. They're utilizing financial wellness and educational programs to help trim these staggering numbers. Financial education and guidance can promote financial wellness. In fact, 52% of all employees are interested in financial advice and guidance. While 81% of employees who have taken time off from work or spent more time thinking about personal financial issues are interested in financial advice and guidance.⁴ According to the recent MetLife survey, "Helping employees reduce and manage their financial stress has a positive impact that is recognized by both workers and employers. It is an important and effective way to help achieve the goals of wellness programs – reduced health costs and improved productivity."

It might be astounding to know that more than one in four adults admit to not paying all bills on time and one in three claims to have no savings. While, 41% of US adults, or more than 92 million people living in America, gave themselves a C, D or F on their knowledge of personal finance according to the polling company, Harris Interactive. Additionally, in that same study, 80% of adults agree they would benefit from advice and answers to everyday financial questions from a professional⁵ When an employer can bring this requested professional onsite, right to the company's conference room, to assist the employees, everyone from the CEO down in the organization benefits.

In the latest MetLife study of participating companies, of those companies polled who currently have a financial wellness program in place, they say that education and wellness programs are working. 76% of employers that offer a wellness program report that they are effective at improving productivity.⁶ Likewise, 72% of those same employers say that their wellness program is effective at reducing medical costs.⁷

Employers have an opportunity before them to help their employees - to provide resources - right at their workplace so they can start to get a handle on the issues they're facing. By offering quality resources, such as a mortgage and real estate financial education program, it shows the employee that their company cares about them and is interested in their quality of life. A sound voluntary financial wellness benefit offering can actually bolster employee loyalty to the company. 60% of employees report that their employee benefit package is an important reason why they remain with their employer.⁸

As Barbara Stark, Director of Education and Community Development for America Debt Counseling Inc. states, "After participating in a financial wellness program, employees can gain peace of mind....and without incurring any hard costs to establish a quality financial wellness program, employers see real monetary gains that are derived from heightened productivity, less absenteeism, reduced turnover, lower healthcare costs, fewer workers' compensation claims and improved job performance."

⁴ MetLife 9th Annual Study of Employee Benefit Trends

⁵ Harris Interactive, 3rd Annual Literacy Survey

⁶ MetLife 9th Annual Study of Employee Benefit Trends

⁷ MetLife 9th Annual Study of Employee Benefit Trends

⁸ MetLife 9th Annual Study of Employee Benefit Trends

The time is now and there's never been a better reason for mortgage and real estate professionals to don a different cap and become educators, as well as a preferred resource, to all the employers in their community, who are currently looking for financial wellness and education programs. Educating a client is certainly something they're all very familiar with. Mortgage and real estate professionals provide this service on a daily basis with each and every client they work with. However, with just a slight shift in one's thinking and ultimately, one's business plan, mortgage and real estate professionals can open a whole new, untapped market for their services by offering an educational component to workplaces rather than just the individuals they're used to serving. In fact, 51% of employees are currently receiving the majority of their financial information from their workplace.⁹

Keep in mind, no workplace is too large or too small for a mortgage and real estate education program. And as the startling statistics show, neither does job title matter. Regardless whether it's a top manager down to a skilled manual worker; money worries are at the forefront of everyone's mind. According to the Money Sickness Syndrome Report¹⁰, one might be surprised to find that:

- 57% of top managers are financially stressed
- 64% of middle managers are financially stressed
- 58% of skilled manual workers are financially stressed
- and that money stress has doubled since 2006

This noteworthy information goes to show that financial worry is a wide spread problem across America, and that one's job title does not displace one from the worry, stress and illness that comes with financial uncertainty and the need for sound financial advice.

Employers are repeatedly being told the value of investing in workplace financial wellness and education programs. According the recent MetLife study, they're recommending that companies:

1. Gauge the need
2. Consider workers ages
3. Tap into outside resources
4. Offer essential tools
5. Focus on how employees gain and
6. Reinforce behavioral change

According to **Item 3: Tap into outside resources** - they suggest working with providers to develop and promote on-site seminars for financial education and planning; and according to **Item 4: Offer essential tools**

⁹ MetLife 8th Annual Study of Employee Benefit Trends

¹⁰ Money Sickness Syndrome Report ⁹ from AXA, July 2010

– they suggest connect employees to online financial tools and calculators. If mortgage and real estate professionals don't see this amazing opportunity before them, they are most certainly going to miss the boat. By working with employers and their employees directly, a mortgage and/or real estate professional can stave off the indecision of having their paycheck rest of someone else's decision and opinion, i.e. the referral.

While not everyone in an organization may be in financial jeopardy, the need for financial education within companies is still resolute. One of the largest investments many employees make is purchasing a home. However, according to Zillow Director, Erin Lantz, "Each year many buyers commit to the largest loan they'll ever take out in their lifetime without understanding essential information about home loans." Home buyers are ill-prepared to take out a home loan, answering basic questions about loan information wrong nearly half of the time (46%).¹¹ A percentage of the housing market crash was based on people taking out home loans they didn't fully understand. Providing employees with a professional expert and onsite education about home purchasing could bring that 46% down to 0% thus perhaps alleviating an employee's financial issues with their home down the road. When employees are making educated decisions based on fact and knowledge, it could help them forgo financial issues in the future.

In the coming months and years, the demand for company sponsored financial wellness and education programs will continue to grow. Even when the economy eventually takes a turn for the better, employees will still need financial assistance to make good, solid decisions. Because of this growing trend, for the first time, mortgage and real estate providers can be the driver of their own business and not have to worry about referrals or referring partners.

In starting a financial wellness program, mortgage and real estate professionals can choose the types of companies they want to work with. They can choose the companies via many different means, however, two options may be by personal association, i.e.: their family has a history with law enforcement or firefighting. Or they can choose based on potential loan size amount, i.e.: surgeons/doctors/nursing or architects/engineers or other higher paying industries. Many connections to these types of industries can be found by simply looking at one's own client data base.

By stepping out of the mainstream way of doing business - as it's always been done - an amazing and fulfilling opportunity has been presented to those professionals who can step up and say, *Yes, I am an industry professional and I work directly with employees to provide education and sound professional advice so they can choose a better life for themselves and their family.* In working this business model, those that make the change will reap the greatest rewards in the long run as they'll be building a book of business much like an insurance provider or financial planner. Eventually, someone can take over that book of business and continue to earn money on it. The savvy business professional sees opportunity in both the short and long-term. Mortgage and real estate professionals who make the decision to work with companies via a financial wellness and education program can certainly call themselves...a savvy business professional.

¹¹ Zillow Marketplace survey

BenefitIQ offers the only complete, patented, turn-key system in America called The HomeBenefitIQ Program which allows mortgage or real estate professionals to offer a professional financial wellness and education program to any size company, association, group or organization in their community.

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