SecureSave

THE ESSENTIAL WORKPLACE BENEFIT:

Why Emergency Savings Accounts Unlock Employee Wellbeing & Productivity

WHITE PAPER

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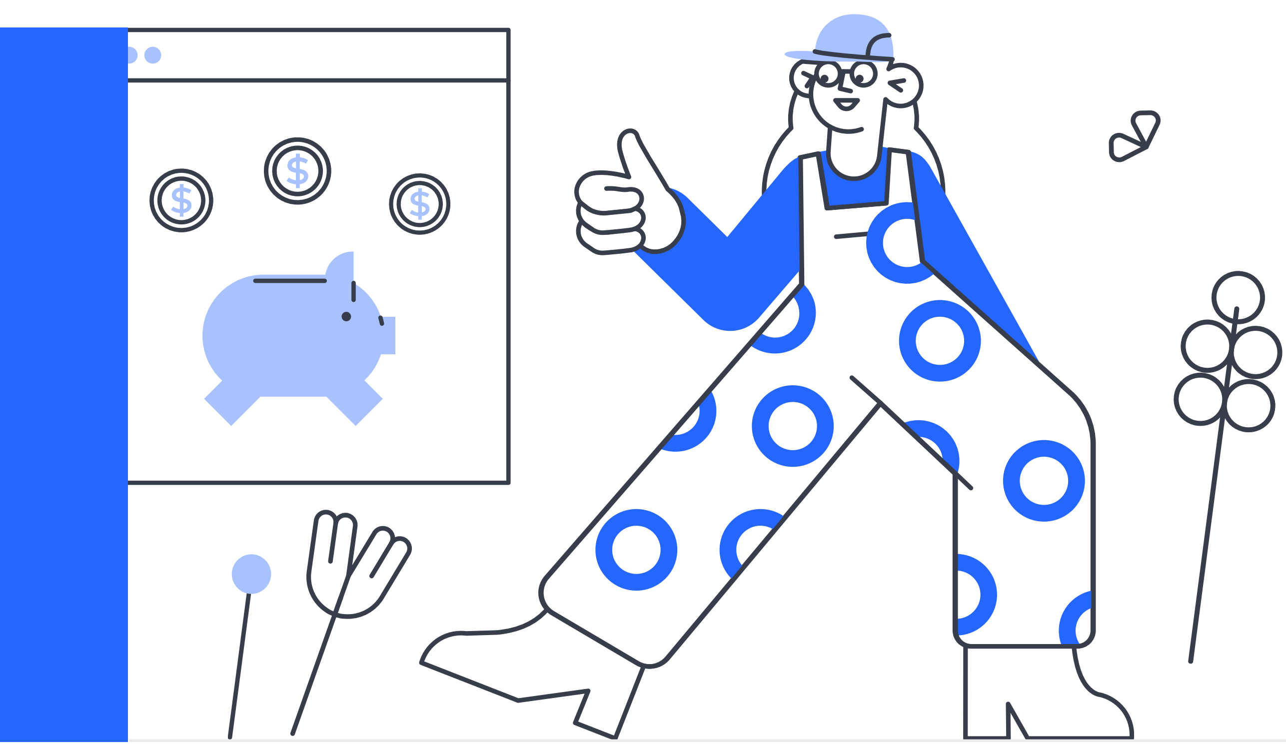
About SecureSave

SecureSave is an easy-to-use, low-cost workplace emergency savings solution that builds employee financial wellness through automated, incentivized payroll contributions and helps employers strengthen retention, productivity, and retirement readiness.

Executive summary

An individual employee's financial stress directly undermines workplace productivity. Today, financial stress is the most [significant cause of employee anxiety]() – consuming hours each week as workers worry about their finances, search for new jobs, and feel disengaged from the one they have. The combined pressures of record inflation since 2021 and pandemic-driven savings depletion have created a financial health crisis that employers can no longer afford to ignore.

However, there's a clear solution. The most effective way employers can re-engage employees, ease financial stress, and strengthen retirement readiness is by offering a workplace emergency savings account (ESA) program. From reducing anxiety and building long-term financial resilience to improving focus, retention, and overall performance, ESAs deliver measurable benefits for both employees and employers.



INTRODUCTION:

The current state of financial health in America

Americans are facing the worst financial challenges they have for decades. The coronavirus pandemic was a significant financial stressor for many households, and before they had time to recover, inflation raised prices for goods and services even higher. Unsurprisingly, lower-income households feel the greatest strain. And as wages fail to keep pace, rising expenses erode disposable income. The result? Depleted savings accounts and stressed-out workers worrying about financial security, in the short and long term.

Recent Bureau of Economic Analysis data (July 2025) shows average savings at 4.4%. Yet nearly one-third of Americans still cannot cover a hypothetical $400 emergency with cash savings or a credit card they can pay off quickly, according to the Federal Reserve – a figure that has remained unchanged for three consecutive years.

And this financial pressure is becoming increasingly acute. According to the PNC 2025 Financial Wellness in the Workplace report, 67% of Americans now live paycheck to paycheck, up from 63% the previous year. Meanwhile, a recent Financial Technology Association survey found that 56% of workers “always or often” stretch their income between pay periods, and that the average worker runs out of funds around 12 days after payday. Plus, SecureSave research shows that 97% of Americans report feeling financial stress, with 71% describing it as moderate to extreme.

As a result, workers are turning to long-term savings to cover immediate financial emergencies. According to Vanguard, the share of 401(k) participants taking hardship withdrawals rose from 3.6% in 2023 to 4.8% in 2024. And by tapping long-term savings to cover immediate financial needs, Americans are raiding their retirement accounts, which reduces their long-term savings and forces them to work longer to reach their retirement goals.

However, recent research presents a compelling case for building an emergency savings buffer, showing that even modest savings have the power to protect retirement savings and improve overall financial stability. In June 2025, Vanguard found that those with $2,000 in emergency savings contribute more to their 401(k) accounts and take fewer withdrawals (both while working and after leaving their jobs) than those who don't have $2,000 in emergency savings.

Furthermore, younger workers—particularly Gen Z—are feeling this financial strain acutely. Many are entering the workforce with student debt, limited emergency savings, and high cost-of-living pressures, making early access to emergency savings critical. In fact, only 20% of Gen Z are currently contributing to retirement, which helps explain why they tend to prioritize short-term savings benefits over long-term ones.

The key takeaway? Emergency savings are of critical importance when it comes to safeguarding short-term financial stability and long-term retirement security. In this whitepaper, we examine the ways in which financial stress impacts workplace productivity, staff retention, and retirement readiness. We also explore the reasons that emergency savings accounts represent the most effective benefit to address these challenges.

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CHAPTER 1:

The impact of financial stress on work

There's no denying that Americans are feeling a financial pinch, but how does that affect their performance at work? Morgan Stanley at Work's State of the Workplace 2025 Financial Benefits Study found that 66% of employees say financial stress negatively affects both their work and personal lives, while recent SecureSave research puts that figure at 71%.

This stress is pervasive, even among higher earners: 52% of employees earning $100,000 or more report feeling financially stressed, while those earning under $50,000 experience even more acute pressure. These figures underline that financial anxiety is not a fringe concern; it's a widespread reality spanning nearly every income level.

And behind these alarming statistics are real people. In our recent survey, one respondent shared they were "unable to meet property tax and income tax demands plus home repairs." Another said, "I had no money left in my bank account and had to get a loan."

For employers, the ripple effects of reality are significant. Financially stressed workers are less productive, more likely to consider leaving, and more costly to retain. They're also less energized, less proud of their work, and less likely to recommend their company as a great place to work. Employers work hard and make significant investments to foster positive cultures, but these efforts can quickly unravel when employees bring financial stress into the workplace.

Let's look at three of the most significant areas where financial stress shows up in the workplace – productivity, retention, and retirement readiness.

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From stress to lost hours – Productivity at risk

Financial anxiety doesn't stay at home. It overflows into sleep, personal lives, and the workplace. According to PwC's most recent Employee Financial Wellness Survey, nearly half (44%) of financially stressed employees admit that money worries distract them during work hours. Of those distracted, more than half (56%) spend three or more hours each week on the job thinking about or managing their personal finances. And recent Vanguard data ties productivity at work directly to emergency savings: those without savings spend an average of 7.3 hours every week thinking about and dealing with finances, compared with just 3.7 hours for those with at least $2,000 set aside.

Lack of focus at work is costly in any industry, but in some, it can be dangerous. A two-year field study from the University of Pittsburgh's Center for Healthcare Management found that short-haul truck drivers in financially precarious situations were significantly more likely to have driving safety performance errors than those who felt financially secure.

The short-haul truck drivers in the study received good benefits and decent pay from their employers, but they were still experiencing financial stress:

More than 1 in 7 had either borrowed from 401(k) accounts or taken out a payday loan in the past six months

More than half were accruing monthly interest on credit card debt (not paying off the full balance of their cards)

These drivers were more likely to make errors in simulations and receive citations, creating real financial impact for the company – from fines to damaged equipment and goods, and even hospital bills in the most severe cases.

The consequences of financial stress on productivity are tangible in terms of attendance, too: recent research reveals that nearly 40% of employees reported missing work in the past six months due to financial stress. However, those with at least two months of savings reported stronger job performance and fewer missed days, while those with six months or more had the lowest rates of absence.

The takeaway is clear. A financial cushion doesn't just ease stress; it directly supports focus, attendance, and overall well-being at work.

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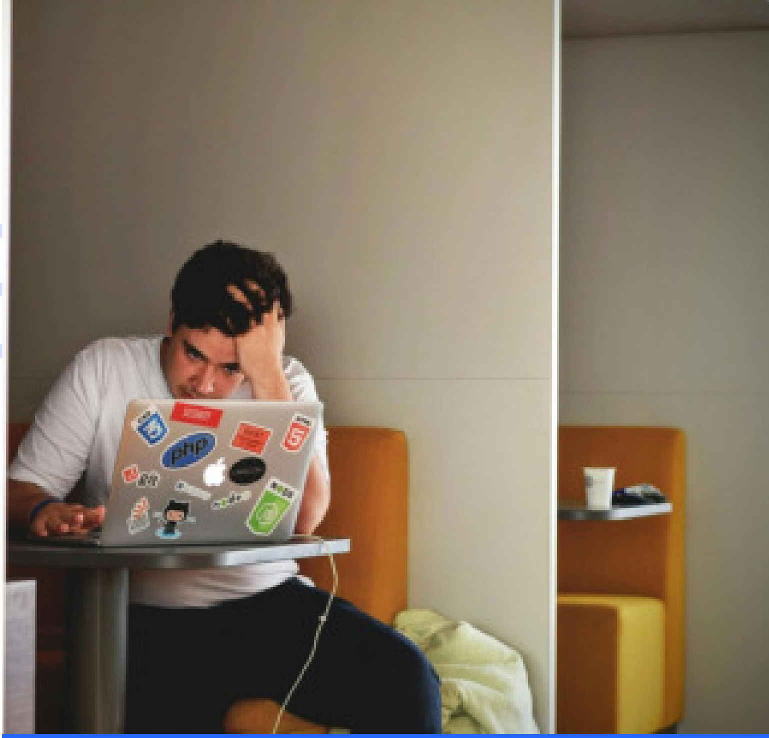

Retention challenges – The link between financial stress and turnover

Employee turnover represents a huge drain on resources, with recent figures suggesting the annual voluntary turnover cost is $630 billion for U.S. employers.

And there's a strong correlation between employee money worries and retention. Alight's 2024 workforce study reveals that nearly half of workers are either actively job hunting or open to new opportunities. Plus, it tells us that benefits are a critical factor when it comes to the decision of whether to stay or go. According to this research, 41% of employees would reconsider leaving if their current job offered better benefits.

Other studies show that retention is closely tied to emergency savings. SecureSave found that workers with less than three months of emergency savings are 76% more likely to be job hunting, compared to those with a stronger financial buffer. Meanwhile, only 1 in 5 employees with at least six months of emergency savings are actively seeking a new role. And 3 in 4 respondents said that even a modest contribution ($200 per year) to an Emergency Savings Account (ESA) would increase their likelihood of remaining with their current employer.

Ultimately, the evidence shows a link between emergency savings and employee retention, making ESAs a practical strategy for reducing turnover.

Financial stress and the long-term toll on retirement security

Unsurprisingly, short-term stress has a long-term impact on financial security.

Without a financial cushion, not only are workers far more likely to cut back or pause retirement contributions when unexpected expenses arise; more employees are turning to their 401(k)s, 403(b)s and other retirement accounts to cover urgent needs, often before they reach age 59½. Typically, this triggers a 10% penalty and ordinary income tax. Beyond these immediate costs, withdrawals erode compound growth – shrinking future nest eggs and potentially forcing employees to delay retirement.

And when this happens, employers feel the impact, too, with additional costs (from higher wages and benefits to healthcare and training expenses) mounting quickly. Principal reports that retention after the age of 65 can cost employers an average of $103,000 per year in additional compensation and benefits. In practical terms, a company with 3,000 employees and total workforce costs of $200 million could face $2–3 million (or more) in extra annual expenses due to delayed retirements.

Together, these financial stress factors create a challenging landscape for employees and employers. However, things shift dramatically when workers have emergency savings in place. Among employees holding at least six months' reserves, only 10% adjusted their retirement plans due to financial hardship, versus 48% of those with little or no savings. Employees with an ESA are 50% less likely to tap retirement funds, twice as likely to increase retirement contributions, and 70% more likely to participate in a defined contribution plan.

ESAs help employees build short-term resilience without sacrificing long-term retirement goals. With this safety net in place, workers experience less stress, stay on track for retirement, and avoid costly setbacks like early retirement account withdrawals.

CHAPTER 2:

What are workplace emergency savings accounts?

Experts recommend saving three to six months of expenses for emergencies, but often Americans fall far short of this. As we've seen, many are unable to cover even a $400 unexpected cost. A workplace emergency savings account (ESA) is an employer-sponsored benefit that allows employees to automatically set aside a portion of their paycheck for unexpected expenses, anything from medical expenses to urgent home repairs.

ESAs are designed to build accessible funds for emergencies, meaning employees are less likely to take on debt, turn to credit cards, or tap into their retirement accounts. Easy to set up with minimal HR effort, the program uses automatic payroll deductions so employees can build savings consistently. Unlike retirement savings, ESAs are non-ERISA and the funds are easy to access. And because contributions use post-tax dollars, withdrawals are free from taxes and penalties. Many employers offer incentives, such as matching contributions or signup bonuses, to encourage participation.

By removing barriers to saving and providing a practical safety net, ESAs are becoming a core feature of workplace financial wellness strategies. They work for organizations of all sizes: small and mid-sized businesses benefit from quick setup and simple onboarding, while larger employers embrace enterprise-ready solutions with advanced security, banking integrations, and scalable infrastructure.

The strongest ESA programs achieve high adoption and sustained engagement, showing that employees recognize their value. For employers, this translates into a powerful tool to build financial resilience and support a healthier, more productive workforce.

The growth of ESAs in the United States

In recent years, ESAs have shifted from niche pilots to coveted features of well-rounded benefits packages. As financial stress continues to take its toll on employees, leading employers are recognizing ESAs as a direct way to improve financial resilience, reduce staff turnover and boost productivity. High-profile brands including Starbucks, Levi Strauss & Co.,Delta Air Lines and Humana have rolled out successful ESA programs, frequently leveraging employer contributions or bonuses to incentivize participation.

This reflects a broader trend: employers now view short-term savings as a critical complement to long-term retirement planning. By making it easier for workers to handle unexpected expenses without turning to credit cards or 401(k) withdrawals, ESAs support employee financial well-being, reduce turnover, and enhance employer reputation. And as adoption expands, ESAs are becoming a strategic benefit that differentiates employers in a competitive market.

Recent legislation on ESAs

Workplace ESAs have become such an important topic that legislation now governs how employers can structure them in tandem with retirement savings programs. The SECURE 2.0 Act of 2022 created a framework for linking emergency savings to retirement accounts, aiming to help workers “handle unexpected financial shocks without jeopardizing long-term security.” The bill summary makes clear that 60% of retirement savers without an ESA tapped their accounts during emergencies, compared with just 9% of those with an ESA.

These pension-linked accounts (or in-plan ESAs) are tied to existing retirement plans such as 401(k)s. Employers can automatically enroll workers at up to 3% of salary, reducing administrative burden. But drawbacks remain. Not only is eligibility limited to employees already in a retirement plan. Contributions are capped at $2,500 and withdrawals may incur fees after the first few withdrawals. What’s more, funds are not always immediately accessible; and ESAs cannot be transferred intact when employees change jobs.

Out-of-plan ESAs offer a more flexible alternative. All employees, including part-time workers, are eligible, and there's no requirement for a retirement plan. Contributions are uncapped, withdrawals are penalty-free, and funds are accessible instantly. Plus, out-of-plan ESAs are transferable, easy to administer, and can still include employer incentives including matching contributions and sign-up bonuses.

For employers, the decision often comes down to balancing the streamlined setup of in-plan ESAs with the broader accessibility and flexibility of out-of-plan programs.

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CHAPTER 3:

Why provide an ESA to your employees now?

As the data makes resoundingly clear, there has never been a more urgent moment to offer employees an ESA as a workplace benefit. The pandemic depleted household savings. Inflation has kept up the pressure, eroding what remained and amplifying fears of recession. And withdrawals from retirement accounts have reached a record high. The result is a perfect storm of financial anxiety

For employers, this presents both a challenge and an opportunity. One of the most effective ways to support employees, while strengthening productivity, retention, and long-term stability, is by providing access to a workplace ESA.

PRODUCTIVITY*

82% of those with 6+ months of emergency savings haven't missed work in last 6 months

RETENTION*

88% of those with 6+ months of emergency are more likely to stay in current job

RETIREMENT READINESS*

90% of those with 6+ months in emergency savings avoid dipping into retirement accounts

*Source: https://www.securesave.com/landing/financial-stress-emergency-savings-and-the-impact-on-american-workers

> Providing an emergency savings account through the workplace is foundational to increasing financial security and ultimately building wealth for workers earning [low to moderate incomes]
>
> Commonwealth report on emergency savings post-pandemic

> People with emergency savings have a higher level of financial well-being, spend less time thinking about and dealing with their finances, and are less distracted at work.
>
> Paulo Costa, Vanguard Senior Behavioral Economist

> Emergency savings are the strongest predictor of financial well-being.
>
> The Relationship Between Emergency Savings, Financial Well-Being, and Financial Stress, Vanguard Research

Help employees build sustainable habits for long-term financial security

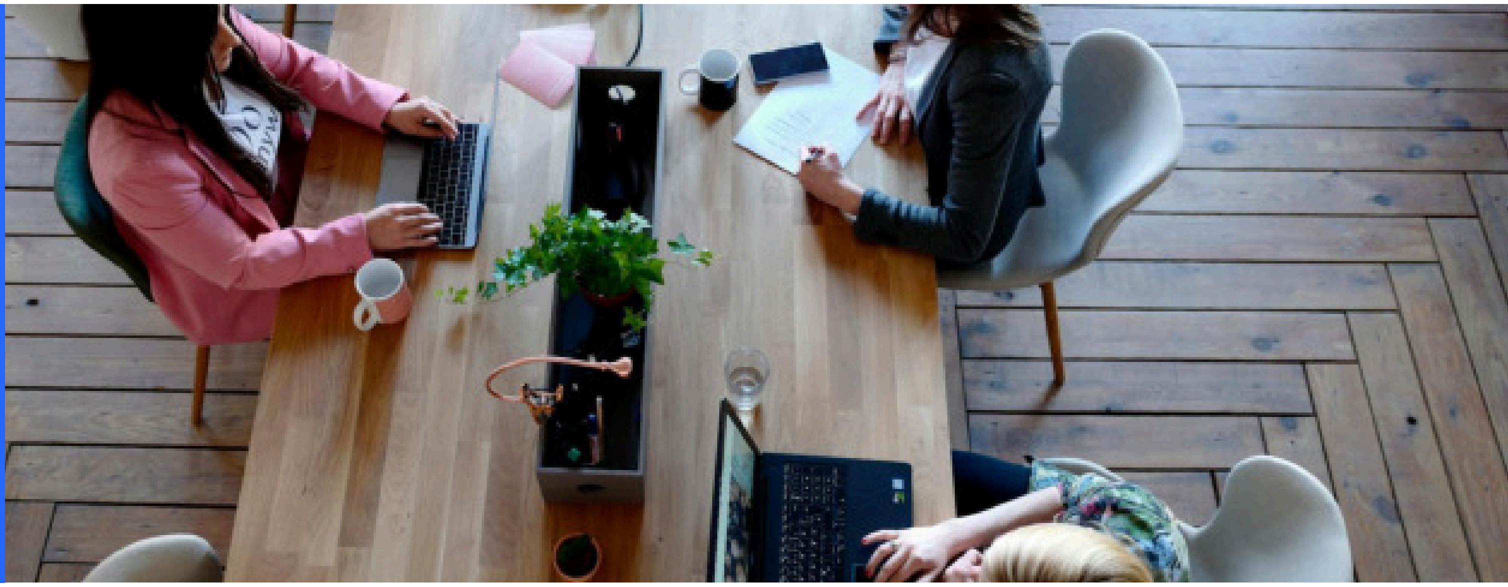
When employers help employees rein in the chaos of day-to-day financial stress, workers are better able to focus on long-term goals and build financial resilience. By starting small and developing sustainable financial habits, employees lay the foundations for lasting financial stability.

Workplace ESAs make savings hassle-free and easily accessible. Because they're automated and payroll-linked, contributions happen effortlessly in the background with no extra steps required. Employees designate the amount they'd like to contribute each pay period, and employers can amplify the benefit with incentives or matching contributions – turning savings into "free money."

Unlike some workplace-sponsored savings accounts, ESAs are not "use it or lose it." Balances carry over year to year, with no cap for out-of-plan ESAs, and employees can take the funds with them when they leave.

After enrollment, contributions grow automatically each pay period. And when the money is needed, it's available right away. Employees gain peace of mind knowing they're prepared for an emergency and confidence as they watch their savings grow. That shift builds lasting financial habits and shows up in how they approach work and daily life.

What's more, ESAs deliver measurable ROI for employers.



How emergency savings match up against other benefits

ESAs are a powerful foundation for any financial wellness strategy, helping employees build sustainable savings behaviors and greater financial resilience. They're simple to implement, easy to use, and highly scalable across the workforce. Combined with benefits like retirement planning, debt management tools, and financial education programs, they create a more financially confident workforce.

While ESAs are designed to help employees prepare for short-term financial shocks, they're not the only tool that provides access to emergency funds. Below, we look at how ESAs compare with other common approaches:

Employee relief funds

Also known as employee hardship funds (EHFs), employee relief funds (ERFs) are company-wide funds designed to cover personal or disaster-related emergencies, such as funeral expenses or extreme weather events. While they can build goodwill, they don't help to encourage the habit of saving. Key limitations include:

- **One-time, limited support.** Employees must complete an application process. If approved, payments are typically one-off and only cover a single emergency.
- **Not universally accessible.** When multiple employees apply, only a few may receive funds, leaving others without support.
- **Heavy administrative burden.** Oversight, reporting, and compliance requirements make ERFs complex to manage. This makes them practical mainly for large companies, but burdensome for smaller employers.

Earned Wage Access (EWA) Programs

Earned Wage Access (EWA) allows employees to access wages they've already earned before payday. Helping workers avoid payday loans or overdraft fees when cash flow is tight, they've grown increasingly popular among employers looking to provide immediate financial relief. However, rather than supporting employees on their journey to financial resilience, they often perpetuate the debt cycle:

- **Don't build savings.** EWAs provide access to money employees have already earned, but don't help them accumulate funds for the future. Without emergency savings, employees remain financially vulnerable.
- **Potential for dependency.** Because employees can tap into wages early, there's a risk of developing a "paycheck-to-paycheck" cycle: the share of workers using employer-partnered EWA programs every month has increased significantly in recent years, now standing at around 50%
- **Costs and fees.** Some EWA providers charge transaction or membership fees, thus eroding funds despite providing short-term relief.
- **Limited impact on financial stress.** While EWAs can prevent short-term crises, they don't reduce underlying financial anxiety since employees still lack a cushion for true emergencies.

Payday loans

Payday loans are short-term, high-interest loans designed to give workers quick access to cash before their next paycheck. They provide immediate relief in a financial crisis but are widely regarded as one of the most harmful forms of borrowing for employees. Key drawbacks include:

- **Extremely high costs.** Interest rates and fees quickly add up, often exceeding the original loan amount.
- **Debt cycles.** Most borrowers end up taking out multiple payday loans, leading to long-term financial strain instead.
- **Negative impact on well-being.** The stress of escalating debt can increase employee anxiety and distract them at work.
- **Employer challenges.** Employers who rely on payday loans often experience greater absenteeism and turnover due to financial instability.

Other savings vehicles

Some employers leverage relationships with their payroll provider, banks, or credit unions to offer basic savings accounts for employees, encouraging contributions towards emergencies. While this can offer a simple way to encourage saving, especially where other options are unavailable, it falls far short of a true ESA:

- **Administrative burden – for employers and employees.** Employees initiate deposits, while employers must manually create a new account for each participant.
- **Low take up.** As it's not easy to set up, and contributions aren't automated, most employees don't bother to engage.
- **No efficacy tracking.** Employers don't have insight into how much employees have saved and whether they've had to deplete those savings accounts for an emergency.
- **A basic option.** With no employer matching, and no tracking savings or frequency of fund access, there's no meaningful way to measure the benefits.

Why try an ESA?

When it comes to employee financial wellness, few benefits deliver as much impact as an emergency savings account. Simple to set up, easy for employees to use, and highly effective in building resilience against unexpected expenses, ESAs offer tangible support and reinforce long-term financial stability. For employers, this translates into a more focused, productive, and loyal workforce. Employer-sponsored ESAs provide benefits that alternatives lack, such as:

- **Available to all employees.** Whether an employee has a 401(k), 403(b) or a student loan debt balance is irrelevant. Anyone can take advantage of a workplace ESA.
- **Popular and easy to implement.** Employees overwhelmingly say they would be interested in participating in a workplace ESA, and SecureSave programs see 60% employee adoption on average. As a non-ERISA benefit, the administrative burden for creating these programs is minimal.

- **Automated Payroll Deductions.** Connecting to payroll ensures effortless, predictable saving that builds stronger balances over time.
- **Flexible Program Design.** Employers can customize incentives to fit employee needs and offer different program structures for distinct groups within their workforce.
- **No account caps or minimum balances.** Depending on the type of ESA, employees don't need to maintain a minimum balance, and there's no limit to how much they can save.
- **Easy to set up.** Employees don't need to submit applications or fill out a bank account's worth of paperwork to enroll in a workplace ESA.
- **They help employees save faster.** Employer contributions, matches, or milestone bonuses accelerate savings, allowing employees to build their emergency fund more quickly than on their own.
- **Easy to access.** When employees need their money for an emergency, it is immediately available, with no fees and no penalties.
- **Transferable.** With an out-of-plan ESA, employees can take their savings with them when they leave.
- **Measurable ROI.** Most employees let ESA funds grow over time, building a substantial emergency fund. This added financial security directly improves productivity, reduces stress, and boosts employee satisfaction.

Together, these benefits show why ESAs are a uniquely powerful tool for supporting employees' financial wellness and strengthening workplace outcomes.

CONCLUSION

The future of financial wellness – Why ESAs matter

The need for emergency savings has never been greater - and ESAs are emerging as the star player in employee benefits packages. As legislation, technology, and employer programs evolve, American companies, large and small alike, are recognizing that providing access to emergency funds represents a strategic investment in their workforce.

For employees, ESAs provide financial security, reduce stress, and support long-term saving goals. And for employers, they improve productivity, boost engagement, and enhance retention. The overarching trend is clear: organizations that incorporate ESAs into their benefits packages are ideally positioned to meet employee financial needs while strengthening their business outcomes.