

THINKING OUTSIDE THE 401(K) Employer-Sponsored Financial Health Solutions

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Staples Inc.

Financial stress can drain employee focus and productivity. A recent report from the Consumer Financial Protection Bureau explored the benefits and opportunities of leveraging employers to improve the financial lives of Americans. Staples, Inc. did not need convincing. We are a Massachusetts-based global office supplier and are committed to offering comprehensive benefits. Recently, Staples invested in innovations to address financial fitness at work. Although improving employee physical and behavioral health has been the focus of human resources and talent management professionals for years, expanding opportunities for financial benefits is relatively new territory. The 401(k) is a core benefit, but Staples sought to provide our more than 50,000 U.S. associates with a more robust financial wellness program.

UNDERSTANDING EMPLOYEES' FINANCIAL FITNESS NEEDS

Staples embarked on a path to offer a comprehensive program to improve the financial well-being of our associates. We found that many associates were not saving for retirement—or saving at all. Through conversations with associates, we found that they lacked confidence in their ability to save long-term and were worried about handling financial emergencies. In addition, associates under age 21 were not yet eligible to participate in Staples' 401(k) program. We wanted to build all associates' confidence in their ability to manage their money and plan for the future, and provide access to the resources that would help them do so. Staples believes that building financial well-being can help associates relieve stress and better manage the inevitable ups and downs of life, while also contributing to improved job performance and reduced turnover. This was the right thing to do for our associates, and the right thing to do for our business. As a

result, we set out to change associates' attitudes about participating in workplace savings efforts.

We knew the financial fitness program would have to increase associate financial knowledge and confidence; increase retirement savings by both eliminating the 401(k) engagement gap and identifying a retirement savings product for ineligible associates; and support and encourage emergency savings.

DESIGNING AN INNOVATIVE FINANCIAL FITNESS SOLUTION FOR A DIVERSE WORKPLACE

We needed a comprehensive solution that would provide access to easy-to-understand information and was suited to our associates' needs. In short, we needed a solution that was:

- Sustainable—cost-effective, easy to implement, scalable across the entire company;
- Accessible—easy to use, understand, and obtain;
- Engaging—was fun for associates;
- Impactful—made a difference in associates' lives.

Given our audience, which was younger and less financially astute, we needed to think creatively. Because there were no off-the-shelf solutions, we looked to new partners to help us design a strategy. Innovations from the nonprofit Doorways to Dreams (D2D) Fund and the U.S. Treasury provided the framework for the efforts.

Using Games to Drive 401(k) Enrollment

In 2011, we partnered with D2D Fund to offer their suite of Financial Entertainment games to all associates through an online portal. The portal served as a hub for testing the idea that games could influence financial behavior. As of April 2015, associates logged more than 13,000 sessions and played nearly 17,000 games. Most important, these sessions delivered nearly 900 hours of financial education.

Prior to launching the game portal, Staples and D2D Fund worked together to customize a version of *Bite Club*—an online game that lets

players act as the owner of a popular vampire nightclub. For vampires, retirement is eternal, so saving is of “grave” importance.

The Staples-sponsored version prompted employees to take real-world retirement actions at certain points throughout the game. The first prompt requested an email address for associates to opt-in to emails about saving for retirement. The second asked users about their current 401(k) contribution and provided a link to Staples’ associate benefits website where they could view and change their account information.

The rollout of the portal site and game coincided with open enrollment for the 401(k). Game tournaments in retail stores and creative marketing messages drove more than 9,600 visits to the game. By framing often dry content in a new way, the approach increased engagement with the topic of retirement. The Financial Entertainment strategy has gained recognition as a best practice in the field and Staples *Bite Club* has received awards from employee benefits groups, including the New England Employee Benefits Council and *Pensions and Investments*.

Encouraging Emergency Savings through Gameplay

This led Staples to further explore using games to drive changes in financial behaviors. The difficulty that many associates experience in saving for retirement and the future reflects a broader financial health concern: many could not save for short-term needs. Like many Americans, Staples’ associates were often faced with saving money at the cost of incurring debt to cover weekly expenses. To help address this challenge, we launched a new initiative focused on building emergency savings.

Once again, we partnered with D2D Fund to customize a game. In *FarmBlitz*, players harvest vegetables to pay off loans and grow savings before their debt multiplies like rabbits. Through gameplay, associates learn why maintaining a small amount of emergency savings is important. They also learn about compound interest. In the customized version for Staples, lighthearted anecdotes matched with savings “pro-tips” are woven into the experience and appear between rounds of play. To ensure widespread accessibility, the new version is both online and available as a mobile app for both Apple and Android devices.

In the first six months, the game was downloaded more than 2,000 times. Associates viewed emergency savings pro tips more than 8,000 times in over 3,000 gameplays. As the *FarmBlitz* intervention continues, D2D Fund is tracking changes in associates' reported levels of financial confidence and knowledge.

LEVERAGING FINANCIAL INNOVATIONS TO RETHINK PRODUCT OFFERINGS

Gameplay was making retirement savings more accessible, but for about 15 percent of Staples' U.S. associates, the retirement savings plan itself was not an option. Staples offers 401(k) benefits to part-time associates, but associates under age 21 are not eligible. As a result, more than 7,000 associates were not developing 401(k) saving strategies and lacked a vehicle to begin long-term savings.

Staples partnered with the U.S. Treasury to become the first large company to launch a rollout of the new *myRA* retirement accounts. *myRA* offers the flexibility and low barrier to entry that were needed to supplement the company's 401(k) plans. At Staples, *myRA* accounts are intended to drive engagement among younger associates, increasing the likelihood that they will transition to a traditional 401(k). This was very important to our company as more than half the workforce is under 35. The *myRA* product therefore presents two opportunities to increase the effectiveness of the financial wellness program: it gives all Staples' associates access to a long-term savings vehicle, and it expands engagement with retirement savings to ensure that the accounts have a greater positive impact on employees' financial lives.

myRA fit perfectly as a quick fix for the retirement savings accessibility gap, but we also see exciting potential to do more for associates' financial wellness. Held in government-backed U.S. Treasury securities, savings deposited into *myRA* accounts can be withdrawn penalty-free at any time and remain accessible to account holders if they change jobs, making it an effective vehicle for building short-term emergency savings. In an industry that sees relatively high turnover, it is important that workers have an account that allows them to maintain flexible, risk-free access to their savings wherever they are employed.

This innovative product allows Staples to go beyond immediate wellness in the workplace. By facilitating access to and use of long-term savings products, we aim to help associates become financially fit for life. We hope that the financial wellness program will help associates build confidence and capabilities that can be applied to any career. In addition, it provides the company with the opportunity to foster a lasting relationship with our associates.

Staples has long provided opportunities to associates at all levels and is committed to offering innovative solutions that help our associates plan and reach a secure future. Our comprehensive wellness program is tailored to meet the needs of our associates and encompasses groundbreaking strategies for engaging and linking them to product offerings. As Staples continues to experiment and innovate in this arena, we urge others to join us as we reimagine marketing and associate outreach, reinvent how products are framed, and rethink which products are offered.



***REGIS MULOT** is executive vice president Global HR at Staples Inc. where he is responsible for Staples' global HR strategies and programs that advance the company's commitment to be the world's largest office products and services company and supporting its 74,000 associates located in 25 countries. Before moving to Staples Headquarters in Framingham, MA, Regis served as the VP, HR for Staples International, based in Amsterdam, Netherlands, where he built an integrated HR team in Europe, Asia, Australia, and Latin America. Regis is also on Staples Foundation as EVP. Regis, a French national, earned his BA in public law at Paris II-Assas University and his master's degree in public administration at Paris IX-Dauphine and Paris XI-Sceaux Universities. Regis is also on the board of NextStep (Cambridge) organization helping young adults with life threatening diseases, and business advisory council chairman of Simmons School of Management (Boston).*