An evolving approach to understanding how employees’ identities impact their financial needs, behaviors, and outcomes

As we continue working to identify what actions will drive real systemic change, Fidelity’s values remain anchored in our commitment to advancing meaningful progress for our associates, customers, and their communities. But strong values and good intentions must be paired with actions, accountability, and outcomes. As a leader in the financial industry, we are relentlessly devoting energy and resources to closing gaps in financial and overall well-being.
Members of certain demographic groups—namely Blacks, Latino/a, and women—have faced and continue to face barriers that perpetuate disparities in financial wellness.

Wealth inequality has been a long-standing systemic issue in the United States, making it increasingly difficult for some to achieve the perceived “American dream.” Several factors have contributed to wealth inequality across ethnic groups, including below average wages due to limited employment or educational opportunities, lack of access to preferred workplace retirement savings vehicles like 401(k)s and 403(b)s, and consumer lending policies that may be biased against certain racial and ethnic populations.1,2 Women also have faced challenges such as gender wage gaps, inequitable expectations, and biased assumptions about their role in the workplace, their work ethic, and their family responsibilities, all limiting potential career growth.3

### Additional Information:
- Racial inequalities in financial wellness
- Financial insecurity in retirement for Black Americans
- Women’s financial wellness & the gender gap

### Median Net Worth
by education level of head of household

<table>
<thead>
<tr>
<th></th>
<th>White without degree</th>
<th>Black with degree</th>
<th>Latino/a with degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Net Worth</td>
<td>$98,100</td>
<td>$68,200</td>
<td>$77,900</td>
</tr>
</tbody>
</table>


There is a gap between men and women’s pay for doing the same or similar jobs. That gap grows among different racial and ethnic groups.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Median Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Men</td>
<td>$1.11</td>
</tr>
<tr>
<td>All Men</td>
<td>$1.00</td>
</tr>
<tr>
<td>Asian Women</td>
<td>$0.81</td>
</tr>
<tr>
<td>White Women</td>
<td>$0.66</td>
</tr>
<tr>
<td>Native Hawaiian &amp; Pacific Islander Women</td>
<td>$0.63</td>
</tr>
<tr>
<td>All Women</td>
<td>$0.62</td>
</tr>
<tr>
<td>Black Women</td>
<td>$0.58</td>
</tr>
<tr>
<td>Hispanic Women/Latina</td>
<td>$0.45</td>
</tr>
<tr>
<td>Native American &amp; Alaska Native Women</td>
<td>$0.44</td>
</tr>
</tbody>
</table>


Looking at the intersection of identities can highlight overlapping disadvantages, like those we see here among Black, Hispanic/Latina, Native American and Alaska Native women (i.e., the intersection of gender and race/ethnicity).
Improving financial wellness for all employees requires understanding the individual beyond the wallet. Identity is a person’s sense of who they are and is made up of both inherent characteristics (e.g., gender, generation) and characteristics acquired through experiences (e.g., experiences with financial services, being a caregiver). These characteristics can be both visible and invisible and shape the opportunities employees have access to, as well as their financial needs and priorities.\(^4\) We are embracing the opportunity to learn from the experiences of demographic groups in an effort to uncover and better understand the vast range of meaningful differences across our current customers and those we hope to serve in the future.

**Fidelity believes inclusive experiences are key to providing financial help**

With five generations working side by side, now including Gen Z—the most ethnically and racially diverse group yet\(^5\)—the ability to engage and support a diverse workforce, both from an age and cultural perspective, has never been more important. We believe, to truly help all people, experiences must be designed with the goal of inclusion—no matter the channel, the need, or the user’s background. Meeting the goal of inclusivity requires active, intentional, and ongoing effort to ensure the inherent worth and dignity of all people are recognized and valued. In terms of financial wellness, it’s including everyone in the conversation, particularly those whose voices may have been historically left out.

By understanding the variability in customers’ experiences, we can improve our offerings in ways that are likely to benefit customers across the board. For example, an inclusive benefits strategy could focus on factors such as design (e.g., does it align to employee priorities), data collection (e.g., what inputs are used to inform the design), and overall access (e.g., are benefits missing that are highly valued by employees and are employees aware of them). Understanding how these factors work together can help identify opportunities to improve benefits enrollment and utilization across all segments. Communicating and delivering these benefits also plays an integral role. For example, communicating in a way that resonates with employees’ priorities can help increase engagement and drive better outcomes.

**The journey to appreciating and serving differences is one that is never fully achieved but continuously evolving**

Given the well-documented disparities in financial well-being, our research is rooted in better understanding the priorities, abilities, and lived experiences that have shaped financial and social needs across identity groups (e.g., gender, ethnicity, socioeconomic status) and could improve the customer experience and personalization we offer. Understanding differences in experiences and perceptions between identity groups is a good starting point. But our research consistently shows that even within a single group, customer behaviors, decision-making, and lived experiences vary greatly. This means that a change intended to benefit one identity group likely will also benefit others.
For this reason, we are using insights about different experiences and strengths across demographic groups to deliver experiences that address employees’ attitudes, needs, and priorities, rather than by targeting based on a singular factor, such as ethnicity.

We continue to pursue our goal of leading employees on a path to financial well-being and retirement readiness through an accessible and relatable experience, regardless of channel. We believe there are three critical players in an employee’s path to financial wellness: Financial Firms, Employers, and their Employees. By leaning on scientific literature on motivation and cultural differences, our research is enabling us to better understand the connection between these three players and how they work together to shape financial outcomes. Our research is highlighting that all drivers are not created equal and some matter more than others. For example, financial confidence is a major driver of financial wellness, but many other drivers, such as effective benefits and social support, can bolster financial confidence. Some of these key drivers are outlined below:

**Motivation to improve and save for the long term:** Employees’ desire to improve their financial situation and live a comfortable life in retirement (includes covering health care costs)

**Social support:** Employees’ belief that they have friends and family they can turn to for financial guidance or support

**Employer support:** Employees’ belief that their employer understands and supports their financial benefits needs

**Financial firm support:** Employees’ belief that their financial firm understands their financial abilities (e.g., knowledge, comfort with risk) and financial needs (including the role of family) and helps them understand what they need to do

**Trust:** Employees’ belief that their financial firm is trustworthy, ethical, and will follow through

**Financial confidence:** Employees’ belief in their ability to achieve financial outcomes, such as reach short-and long-term savings goals, make good financial decisions, manage debt, and plan for health care costs in retirement

**Financial knowledge:** Employees’ evaluation of their level of overall financial knowledge (including investing and knowing what steps to take to achieve goals)
As a key player, Fidelity is focused on core elements of driving better financial wellness outcomes that we can influence in our relationship with employers and their employees. With this guiding framework in mind, we continue to work to identify and test ways that we can influence these key drivers. We are committed to sharing insights with our partners and anticipate publishing more throughout the year. Stay tuned!

Three steps we can take together

1. Evaluate the financial needs and priorities of your workforce across different groups (e.g., race/ethnicity, gender, age, immigrant status, LGBTQ+, veteran).

2. Evaluate the extent to which your existing benefits are meeting the needs of various segments and identify opportunities to close the gaps.

3. Join us on this journey and develop a strategy to close these gaps and improve outcomes for all employees.

To learn more about Fidelity’s efforts and insights in this area, please contact your Fidelity representative.

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5. PEW Research Center, May 2020