



How You Can Help Your Employees Break the Debt and Fee Trap

By Pam McDonald

When I was working as a marketing consultant on a long-term assignment, I remember walking into the community one morning and something was just off. For starters, the receptionist, let's call her Sherry, wasn't at her desk. And, the staff was unusually quiet and tense. Someone was in with the Executive Director – talking behind closed doors.

Turns out, it was the community's owner, who was relatively new and dropped by several times a week. That morning he'd found Sherry at her desk, sobbing. He learned she'd had a flat tire on her way to work and was beside herself since she simply couldn't afford new tires. So how would she get to work?

Living Paycheck to Paycheck

Many senior living owners and managers have likely had similar experiences, because more than 50% of employees live paycheck to paycheck! That's right; half the entire U.S. workforce lives this way, according to a 2015 Federal Reserve Bureau report on the economic well being of U.S. households – that's about 90 million people.

And, about 47% of Americans have less than \$400 in savings. It should be no surprise then that the American Psychological Association (APA) states that 71% of employees (7 out of 10) experience some level of financial stress at various times. And, those worries impact their work.

Undermining Performance

Staffs' financial stress can undermine their performance, productivity and engagement. It, no doubt, adds to high turnover rates for the employer. Given the investment an employer makes in hiring and training new employees, a high turnover rate burns their potential to grow revenue.

Outside of salary advances, employers have no viable option for helping employees make ends meet . . . but let's make that had no options.

I was recently introduced to [PayActiv](#) (now a Senior Housing Forum partner), and an award winning, socially responsible, financial services network that enables employees to get real-time access to earned but unpaid wages with zero debt.

"Bank of the Employer"

PayActiv's CEO Safwan Shah recognized that the "bank of the employer" stored from two to three weeks of salary for each employee – but the funds were stuck and inaccessible to the employees who'd earned them until scheduled payday. PayActiv via its platform fronts the cash to the employees as a payroll advance. The employer then settles it with PayActiv when payroll is processed. Similar to deductions such as cafeteria and healthcare. Therefore there is no change in the cash flow for the employer between payrolls.

Breaking the Debt and Fee Trap

Here's how PayActiv works:

- The employer – at no cost – agrees to offer PayActiv as an employee benefit.
- No integration is needed, as the employer's existing payroll and time and attendance system is leveraged. PayActiv verifies that the income requested has been earned but unpaid.
- Service can go live within 24 hours. PayActiv will provide on-site implementation and training if needed.
- Employees are able to gain rapid, secure and convenient access to small dollar amounts up to 50% of their earned, but as yet, unpaid wages up to \$500.
- Employees pay transaction fees only when they make use of the service. The fee is a flat \$5 regardless of the amount accessed. It's like an ATM fee – there's no interest, enrollment, or recurring fees.
- At no extra cost, employees can pay bills, access savings, and get prescription discounts and budgeting tools.
- Employees enroll by submitting a simple online enrollment form on the PayActiv website or from the mobile app and start accessing the services right away
- With many of their financial stresses alleviated, employees can enjoy greater peace of mind, while employers benefit from their improved performance, engagement, and retention.

PayActiv

Businesses that partner with PayActiv get instant credit in the mind of their employees and see significant cost reductions through increased engagement and retention. Employees love PayActiv because it eliminates the horrific between-paycheck financing fees of payday loans, bank overdrafts and title loans. Besides instant and timely access to funds, PayActiv offers a suite of services that include better banking products, savings and budgeting tools, bill payment, and financial health measurement. PayActiv has won best in class awards in both FinTech and HRTech categories in 2016.



This article has been brought to you by [PayActiv](#) in partnership with [Senior Housing Forum](#).