

# The SMART Guide to Earned Wage Access (EWA)

How to help improve talent acquisition and retention with flexible pay



In an era of major disruptions in workforce dynamics, it's more challenging than ever for HR Managers to attract, recruit, and retain quality employees. To remain competitive, employers need to utilize every tool at their disposal to set themselves apart and demonstrate why they offer the best work environment, culture, and benefits that align with the evolving needs and values of their employees.

In this **SMART Guide**, we'll explore how you can leverage EWA in ways that are:



**Strategic** so that EWA is aligned with your recruiting and employee retention efforts.



**Measurable** so that you can set realistic expectations around EWA's impact on your operations.



**Achievable** so you scale your efforts to achieve the results you're looking for.



**Realistic** so they align with current company and market conditions.



**Timely** so you can quickly implement a program that supports your recruiting and retention goals.



## Taking a **Strategic** Approach to EWA

One innovative tool that employers can leverage to distinguish themselves from their competitors is earned wage access (EWA). As the name implies, EWA allows employees to access a portion of the wages they've earned outside the bounds of typical payroll cycles.

This guide explores how EWA can move the needle regarding recruiting and retention. From a strategic perspective, this means employers need to incorporate EWA benefits into their recruiting messaging as part of a broader emphasis on employee financial and personal wellness. When deployed effectively, EWA can help deliver these benefits without adding additional burdens to HR or payroll teams.



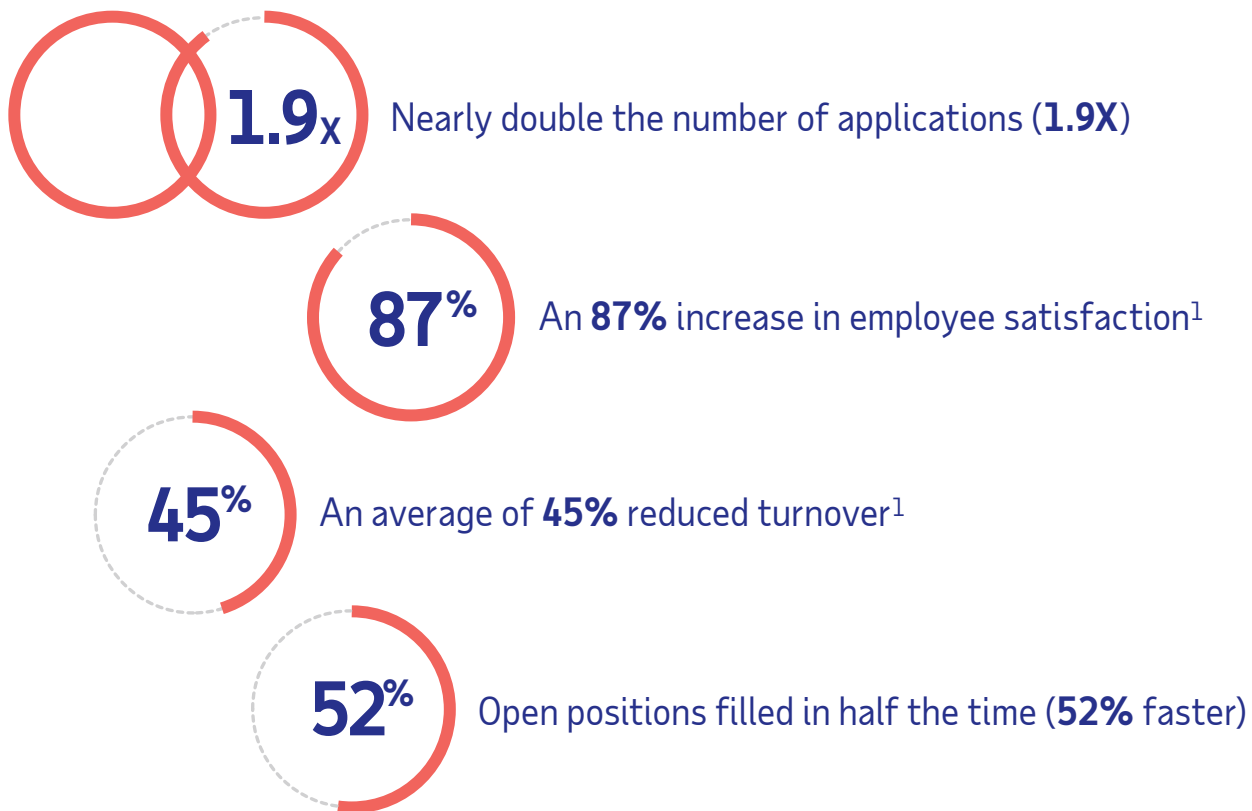
## Setting **Measurable** Goals: EWA as a Recruiting and Retention Game Changer

While EWA is a convenience for workers, it can have a deeper impact on their lives by relieving financial stress and improving their employment engagement levels.

For example, without the burden of having to wait for their next paycheck, employees may feel more financially secure and in control of their pay. Relieved of some of their financial stress, employees may demonstrate greater productivity and job satisfaction.

As shown below, when employers offer strategically implemented EWA, it can help boost recruitment results and employee retention. Measurements of before and after-employee recruitment and retention metrics can shine a spotlight on the impact of the program.

**For example, clients who leveraged EWA specifically to boost recruiting and retention experienced:**



If your organization has set meaningful recruitment and employee retention goals but has failed to achieve them, implementing an EWA program and measuring its impact on talent acquisition and employee satisfaction can help with your overall strategic HR goals as well.

<sup>1</sup>eBook: [How On-demand Pay Fits Into the 5 Pillars of Your Total Rewards Strategy](#)



## Achieving Results: Hitting Your Hiring and Retention KPIs

When aimed at solving issues related to the generational shift in hiring and employment trends, EWA isn't a silver bullet. However, making sure that HR teams use every tool at their disposal to position their organization above the competition is how leading companies thrive, even during times of disruption and uncertainty.

Survey data demonstrates that addressing the financial wellness needs of recruits and employees has a positive impact on their interest in a potential employer and their desire to continue to engage with them.

According to [Neighborhood Trust Financial Partners](#), personal finance is a leading cause of employee stress in the country.



Nearly **50%** of US employees suffer from financial stress.



Financially stressed employees lose about a month of productive work days each year, and they are **2x** as likely to seek a new job opportunity.

Earned wage access helps relieve financial stress by relieving the burden of having to wait for their next paycheck.

ADP's recent survey of employers and employee attitudes and interest in EWA highlighted the timeliness of the option.



### **There is broad interest in earned wage access (EWA).**

Workers polled by ADP in every age group, every educational level, and every income level, expressed interest in early wage access. On average, **66%** of employees working for companies that didn't offer EWA said they would be interested if their employer were to offer it.



### **EWA adoption exceeds expectations.**

Survey results from employers offering EWA suggests that adoption is broad and swift across employee demographics, often exceeding expectations. Among employees with access to EWA, **62%** surveyed said they used it every or every other pay period.



### **Millennials prioritize job offers from employers that offer EWA.**

A majority (**59%**) of millennials would give priority to a job offer with an employer that offers earned wage access. A majority (**57%**) also say that availability of EWA would influence their acceptance of a job offer. This suggests that employers offering EWA can gain a competitive recruiting and retention advantage.



### **Talent attraction & retention.**

Significantly, **76%** of surveyed employees across all age, education, and income levels said it was important for their employer to offer EWA.

If your organization isn't hitting recruitment and retention targets, consider programs like EWA to help improve results.



## **Realistic** Results Start with a Properly-Implemented Program

According to employers surveyed by ADP who had NOT yet adopted an EWA solution, the biggest perceived obstacles to implementing EWA were compliance, cost of implementation, and complexity. Employers indicated that a solution that had no impact on existing payroll processes, that was simple to execute, and required minimal incremental work for their staff, would be attractive to them.

The good news for employers is that a properly-implemented EWA program can be compatible with existing payroll processes, providing flexible pay options without adding cost or complexity for payroll departments.

One critical component to a successful program is to find a solution provider to partner with. When looking at solution providers, there are several key elements to consider to help ensure that your program is easy to adopt and maintain for payroll, while supporting the broader goals of human resources.

## Here are a few employer and employee-oriented factors to consider:



**Is the program compliant?** EWA is relatively new and solution providers have been introducing new features to their programs often faster than regulators can keep up with them. That is starting to change as regulators are beginning to take notice. To help mitigate compliance risks, look for solution providers that do not offer employee loans, do not debit employee bank accounts, or deduct from employee wages for pay transfers.



**Can my employees continue using EWA even if my organization switches payroll providers?** Choosing an EWA solution provider and then rolling out the program may involve input from payroll, IT, and HR teams. While the benefits likely far outweigh any effort, employers don't want to have to go through the evaluation and implementation process again in the event of a decision to switch payroll providers or change payroll processes. To avoid unnecessary, additional work, choose a solution provider that can work with any payroll system, and is flexible enough to adapt to changes to your payroll platform or processes without any disruption.



**Can employees send funds to any destination account of their choosing?**

Recent ADP EWA survey results demonstrate that employees expect choice and flexibility when it comes to pay. When evaluating EWA solution providers, it's important to consider whether users are able to send their pay transfers to any destination account, so they have their money where they need it. Programs that require a particular pay card or prepaid card may subject users to fees when moving funds off the card and to a different account, so fees should be clearly communicated and understood.



**Do employees need to engage with the payroll department to initiate an EWA transfer?**

Employee requests for earned wages should not impact your payroll operation, or result in payroll processing changes that require intervention from your payroll team. Employees should be able to easily request earned wages conveniently, on a self-service basis, from an app or Web site that provides information on their available balance based on the individual's regular compensation and hours worked to date during the pay period.



**Does the EWA solution provider offer financial wellness and budgeting tools?**

Beyond access to pay, an EWA program should focus on helping employees to achieve financial stability. In addition to offering access to earned pay, solution providers may offer financial wellness tools, like savings or budgeting features. Consider those providers that offer access to additional financial wellness tools at no cost to your employees, and that do not require them to share sensitive information.



## Timely Results and Speed to Value

### Implementing EWA to Improve Recruiting and Retention

For EWA solutions that are able to integrate easily with existing payroll platforms, implementation can be measured in weeks, helping allow your company to quickly promote financial wellness among employees and offer a data-driven benefit to new recruits.

In an environment when employee recruitment and retention is more challenging and critical than ever, now is the time for companies to adopt programs like EWA that differentiate themselves as an employer that is in tune with employee needs and supportive of their financial, personal and professional wellness.

By partnering with an experienced EWA provider who understands payroll operations and has a working knowledge of HCM compliance, employers can adopt EWA in a way that achieves tangible results in a relatively short time frame.



## Learn More About Putting EWA to Work for Your Business

We hope this guide has provided some valuable insights on opportunities for employers to leverage EWA as a strategic tool, designed to improve recruiting and retention results by boosting overall employee wellbeing.

**For more information, visit us online at [www.adp.com/wisely](http://www.adp.com/wisely) or speak to an ADP Wisely expert by calling 833-719-0110.**

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