



Financial Stress Impacts Employee Engagement and Productivity

Employer sponsored financial wellness programs can offer help.



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Introduction



Employees are confident in their ability to manage their finances — perhaps too much so given their financial concerns and level of stress uncovered by a recent Retirement Insights study. They worry often about money, report financial stress levels that range from moderate to high, and it affects job satisfaction and productivity. Most employees express interest in getting assistance with improving their financial wellness, and they are willing to pay for it. They need help with basic money management skills like budgeting for current needs and managing debt and other expenses that are impacting their well-being and long-term plans. They also have big concerns about how to successfully save for the long-term and want to develop their financial skills to better plan for the future. This paper shares the recent research conducted by Retirement Insights, LLC that explores the employee perspective about personal financial well-being and experience regarding financial wellness programs.

Methodology



This survey gathered employee perspectives about
financial wellness

Retirement Insights, LLC developed and conducted a web-based survey to gather employee perspectives about financial wellness. The survey was completed in May 2018, and included a national sample of 500 full-time employees, ages 18 through 70, with minimum annual earnings of \$30,000.

Objective

The purpose of the study was to:

- ▶ Gain insight into the perspective of working adults nationwide regarding financial well-being.
- ▶ Survey and report the specific areas of concern and obstacles to improving perspective and experience regarding financial wellness programs.

Research Findings

- ▶ Employees are confident about their ability to manage finances, yet many worry often about finances and it is a top source of stress.
- ▶ Financial stress afflicts most employees, and spending time at work on personal financial issues is common.
- ▶ The majority of workers are very concerned about saving for retirement and emergency expenses.
- ▶ Rather than get professional help, workers are more likely to consult family and friends or take a self-directed approach, which may elevate financial concerns, financial stress levels, and time spent on finances.
- ▶ Employees are interested in growing their knowledge about financial topics and are willing to pay for such services. Many, however, are unaware of the financial wellness programs offered by their employer.

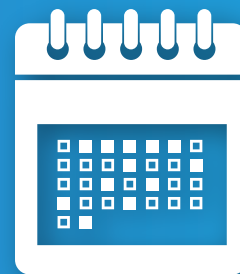
Employees are confident about their financial ability, but worry often about finances

Most employees view their ability to manage their finances positively, with roughly half (48%) rating themselves confident and capable, and another 45 percent giving their skills a score of at least average. Just six percent score themselves as below average. Despite expressing confidence about financial talents, employees worry about money often. Sixty-four percent worry daily to several times per month, and another nine percent worry whenever a bill is due. The remainder worry infrequently, and say concerns only come up a few times over the year.



93%

Rate their financial ability
as average or better



64%

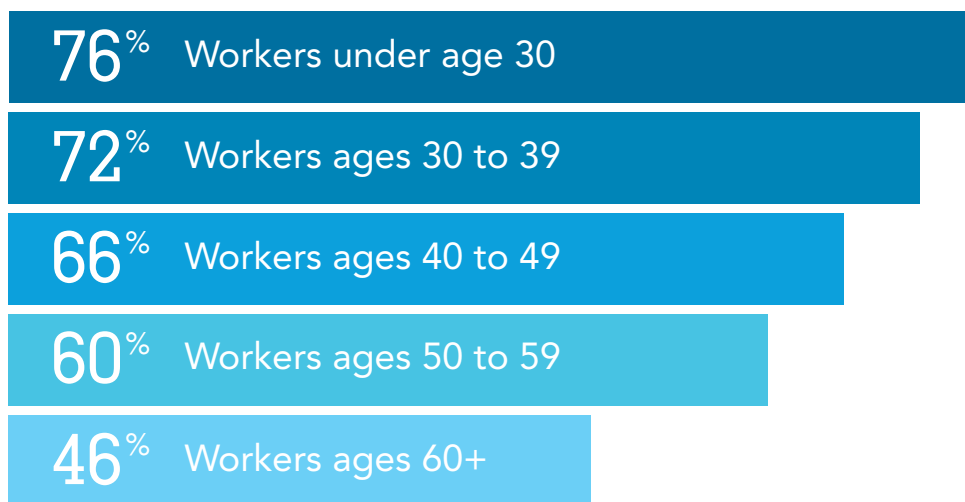
Worry about money daily
to several times per month

Most report financial stress as moderate to high

Sixty-five percent of workers report stress related to their financial situation at moderate to high levels. Employees under age 30 are the most stressed over money, and rates decline somewhat with age. But financial worries don't go away, even for workers over age 60 — about half say they feel anxiety over money.

FINANCIAL STRESS DECLINES WITH AGE

Moderate to high financial stress



Employees have a number of debt and recurring financial responsibilities, including credit card balances (50%), student loans (27%), outstanding medical bills (22%), and elder care (10%). Those ages 30 to 39 are the group most likely to have credit card debt at 57 percent. Thirty-one percent pay rent, and about half (48%) have a mortgage. Employees with a greater number of financial obligations tend to have more financial stress.

The study finds no correlation for higher earnings and lower financial stress — stress levels are similar at various income levels.

65% Report moderate to high financial stress

Financial stress interferes with work

Employees report workplace disenchantment, reduced productivity, and extending employment due to financial anxiety. Thirty-eight percent say it impacts job satisfaction and 28 percent are open to changing employers. Twenty-six percent find their money issues hurt engagement and 14 percent miss work due to stress. Workers under forty are more stressed about money, and are also more likely to report that it hurts job satisfaction, workplace loyalty, engagement, and attendance.

Workplace productivity suffers because of financial stress. Financially stressed workers spend time at work on their personal finances. Two out of three workers overall admit they are distracted a few hours each week, and about half of employees with high stress lose a few hours per month to personal financial matters. Twenty-nine percent spend about an hour each day during work hours on personal money matters.

About half (48%) of employees surveyed also plan to postpone retirement due to their financial situation, especially if they are over age 50. Seventy-four percent of individuals age 60-plus and 67 percent of individuals over 50 say they will stay in the workforce longer than planned. Even workers under 50 plan to delay their retirement in significant numbers — from 31 to 45 percent.

Financial concerns the same, but different, by age

Just about all employees, regardless of age, have similar financial struggles.

Almost all say saving for retirement is their number one financial concern.

Employees ages 30 through 39 are the exception. They rate emergency expenses and credit card debt as bigger concerns. Workers age 50 to 59 are especially concerned about retirement (41%).

Financial Concern	#1	#2	#3
18 to 29	Retirement Savings	Primary Living Expenses	Emergency Expenses
30 to 39	Emergency Expenses	Credit Card Debt	Retirement Savings
40 to 49	Retirement Savings	Emergency Expenses	Healthcare Bills
50 to 59	Retirement Savings	Emergency Expenses	Healthcare Bills; Primary Living Expenses
Age 60 or older	Retirement Savings	Emergency Expenses	Healthcare Bills

Few employees know about their workplace financial wellness program

According to Retirement Insights, close to 90 percent of employers say they offer a financial wellness program, however, a significant number of employees (57%) say their employer does not offer a program. Of the 43 percent of employees with access and awareness of their workplace financial wellness programs, most use it a few times per year, if not monthly.

Few employees turn to professionals for help with financial planning and assistance. Instead, most often employees turn to trusted personal sources — 42 percent seek help from a partner or friends. Many also take a self-directed approach, and get financial information online (25%). Just 15 percent look to a financial advisor to obtain help.

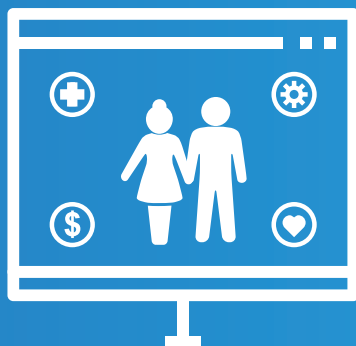
Most use a desktop or mobile device

When it comes to the preferred means for getting financial information, about 60 percent choose desktop computer over mobile device (25%) for getting financial help, while tablets (10%) and paper (6%) are less popular choices. The high utilization of desktop over mobile may be one of convenience, not preference, as workers often spend time in the workplace on personal finances. For workers under 30, mobile (43%) has a slight edge over desktop (41%), while less than 30 percent of those 30 and up choose mobile.

Although employees are interested in financial assistance, it can be a challenging process for many — in large part due to their struggle to share specific personal financial information, like a credit score, for use in a financial wellness assessment. About 4 in 10 admit they have difficulty providing such information — mainly because they are unwilling to share it (44%). Another 43 percent are not engaged in getting help — they cite reasons like not having the time to track down the necessary information. The remainder don't believe the requested financial information is important.

87%
of employers
offer

a financial wellness program



57%
of employees say their employer
does not offer
a financial wellness program

Employees will pay for financial wellness help



Learning more about retirement savings is a hot topic for workers of all ages. It overwhelmingly tops the list as the most highly valued financial topic. Nearly all are concerned about their money management skills — budgeting is also a top three topic. Planning for emergency and healthcare expenses, managing student loan and credit card debt are other subjects of importance employees name.

Women and men are alike in their financial concerns and the financial wellness topics they value. The study found no significant differences by gender for financial concerns and most valued financial wellness subjects — both choose retirement savings with minimal variance. Emergency savings follows as a secondary concern for both, but women want budgeting help (35%) while men seek healthcare planning (29%) assistance.

Employees are willing to pay for financial wellness assistance — they especially put a high value on services and communications that provide personalized, individual guidance, such as personalized messaging and one-on-one counseling. While still open to paying a fee, tools of the general education variety, including articles, educational materials, budgeting and planning tools, are worth less.

Conclusion

Despite interest, many employees do not seek out financial wellness resources available in the workplace, and they tend to be disengaged in the process when they do seek help. It is in employers' best interest to combat financial stress and help workers boost financial wellness. But financial wellness programs as they currently stand are not doing enough. Although many employers currently offer programs, workers are missing out on this benefit due to lack of awareness.

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This white paper is based on a study of full-time employees conducted by Retirement Insights, LLC to gather insights about financial wellness. Retirement Insights, LLC developed a web-based survey to be completed by a sample of 500 full-time employees nationwide, ages 18 through 70, with minimum annual earnings of \$30,000. The research was completed in May 2018.

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