



Better for Employees, Better for Business:

The Case for Employers to Invest in Employee Financial Health

In a new survey of 1,000 full-time employees of mid-sized and large U.S. firms, the Financial Health Network finds widespread evidence of financial fragility. This financial stress has spillover effects on employee productivity. Employers have an opportunity to reduce employee stress, improve retention and engagement, and set themselves apart in the marketplace by offering holistic financial wellness benefits.

Employee Financial Stress Impacts Productivity

The Financial Health Network's survey finds that employees of mid- to large-sized companies are struggling with many aspects of their financial lives. Half of employees spend more than they earn each month, while 37 percent say they have more debt than they can manage and 41 percent say that they do not have enough savings to cover three months of living expenses.

In fact, finances are the greatest source of stress for employees. Fifty-eight percent say their finances cause them stress, more than their work situation (51 percent), health issues (45 percent), or family issues (44 percent). This is true for employees at all income levels, even higher wage-earners, with 52 percent of employees with household income of more than \$100,000 per year reporting that their finances cause them stress.

This financial stress has spillover effects on employees' productivity: Nearly four in five employees (78 percent) who report high financial stress say that they are distracted by stress at work.

Employees Are Looking to Employers for Solutions

The study's findings suggest that employers have an opportunity to help their employees improve their financial health. Nearly three-quarters (74 percent) of employees say that financial wellness benefits are important for an employer to offer, while 60 percent of employees surveyed say they'd be more likely to stay at a job if their employer offered financial wellness benefits that help them better manage their finances. Seventy-one percent say they'd be comfortable discussing financial matters at work with a financial professional unaffiliated with their employer, with younger employees even more likely to say they welcome this support.

**Employees with
high financial stress
who say stress impacts
them at work.**

78%

Employees Have Diverse Financial Needs

Debt, unexpected expenses, and inadequate savings are among the most significant sources of financial stress for employees. Even among higher-income employees (those with household incomes greater than \$100,000), more than half report debt and unexpected expenses as sources of stress (52 percent and 55 percent, respectively) while 43 percent cite inadequate savings. While long-term savings and planning are the most often-cited needs, employees also need help with short-term goals like budgeting, managing debt, and emergency savings.

Employers Can Compete by Offering Holistic Solutions

While employees report needing help with budgeting, managing debt, and emergency savings, fewer than one-third of employees surveyed reported having access to benefits that can help them with these critical financial needs. Yet when those benefits are offered, they are popular among employees, with 40 to 60 percent saying that they have used them in the last three years. Similar percentages of those who do not currently have access to such benefits say they would use them if their employer offered them.

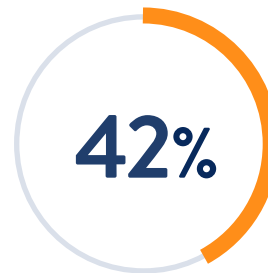
Moreover, survey respondents express satisfaction and loyalty when their employers offer benefits that are useful to them. Among those employees whose employer offers at least one financial wellness benefit, 56 percent say that those benefits cause them to feel positively about their employer. As noted earlier, 60 percent of employees say they'd be more likely to stay at a job if their employer offered financial wellness benefits that helped them manage their finances better.

Clear Communication and Ease of Use Are Critical for Uptake

The study's findings also suggest that offering high-quality benefits to meet important employee needs is not enough; how those benefits are communicated can dramatically impact how likely employees are to use them. Nearly half (42 percent) of employees say that they do not feel adequately informed about the benefits and programs their employer offers. Employees who do not use every benefit offered cite a clear explanation and easy access as the two most important factors that would make them more likely to use the benefit, even more important than incentives.



Fewer than 1/3 of workers surveyed have access to benefits that can help them with critical financial needs.



42% of employees surveyed say that they do not feel adequately informed about the benefits and programs their employers offer.

**TO LEARN MORE ABOUT WORKPLACE FINANCIAL HEALTH,
visit finhealthnetwork.org/research/workplace-financial-health/.**

ACKNOWLEDGMENTS

Data comes from a survey of 1,000 U.S. workers employed full-time for companies with more than 500 employees. The survey was conducted on behalf of the Financial Health Network in November and December 2018 by Greenwald & Associates, with strategic contributions and financial support from Morgan Stanley. This infographic is the first in a series highlighting key findings from this research. Morgan Stanley Smith Barney LLC. Member SIPC.

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Survey Findings

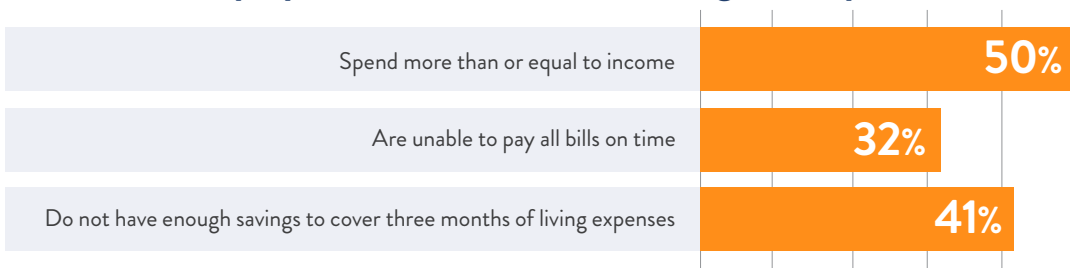
In a new survey of 1,000 full-time employees of mid-sized and large U.S. firms, the Financial Health Network finds widespread evidence of financial fragility. This financial stress has spillover effects on employee productivity. Employers have an opportunity to reduce employee stress, improve retention and engagement, and set themselves apart in the marketplace by offering holistic financial wellness benefits.

1

Employees at All Income Levels Are Financially Stressed

Full-time employees of mid-sized and large companies struggle with many aspects of their financial health. Financial stress impacts employees at all income levels, with more than half of employees earning more than \$100,000 a year reporting that their finances cause them stress.

Full-Time Employees of Mid-Sized and Large Companies


68%

of workers with household
income less than \$60,000

52%

of workers whose
households earn \$100,000+

say their finances cause them stress*

* Answered an extreme amount, a great deal, or a fair amount of stress

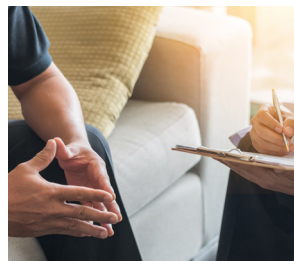
2 Financial Stress Impacts Employee Productivity

In the Financial Health Network’s survey, four in five workers who report high financial stress say that they are distracted by stress at work. Financial concerns are the top source of stress for employees, even more than issues at work or their health.

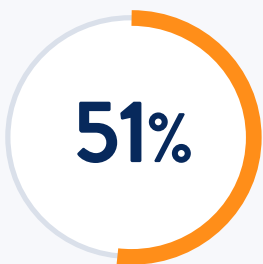


SOURCES OF EMPLOYEE STRESS

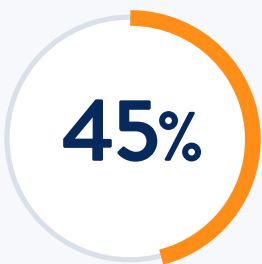
(an extreme amount, a great deal, or a fair amount)



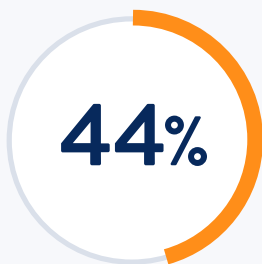
financial concerns



their work situation



health issues



family issues

3 Employees Are Looking to Employers for Solutions

By focusing on the financial well-being of their workers, employers have a significant opportunity to improve employees' financial health while also benefiting their businesses.

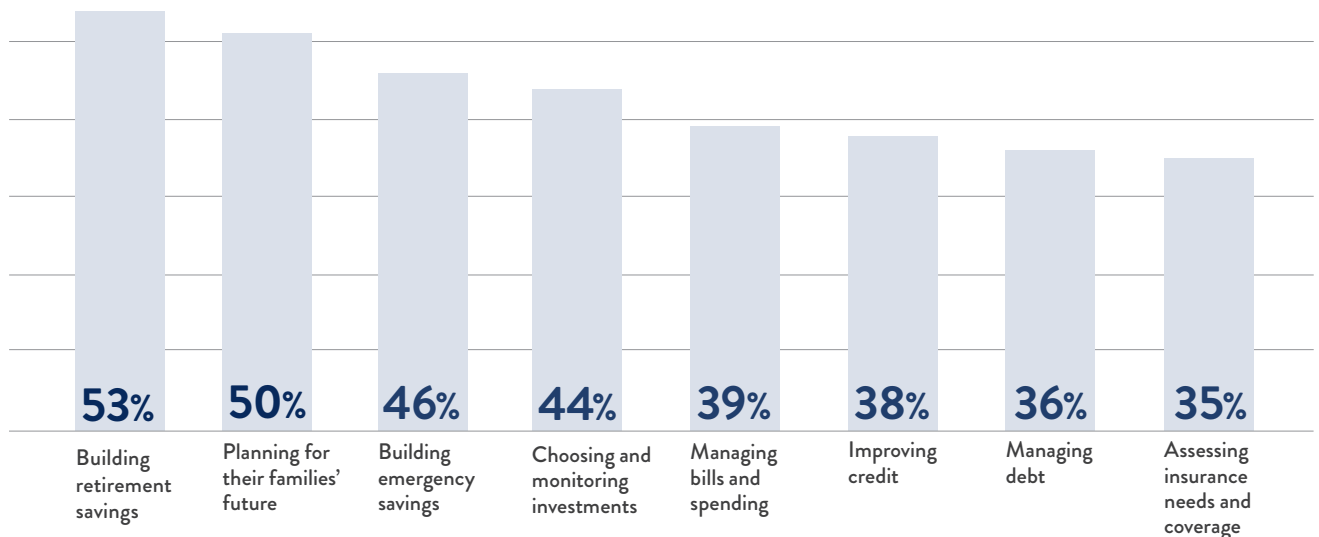


* Strongly agree or slightly agree
** Extremely, very, or somewhat comfortable

4 Employees Have Diverse Financial Needs

While long-term savings and planning are the most often cited, employees also need help with short-term goals like budgeting, managing debt, and emergency savings.

WHERE DO EMPLOYEES NEED HELP?*



* A great deal or some help

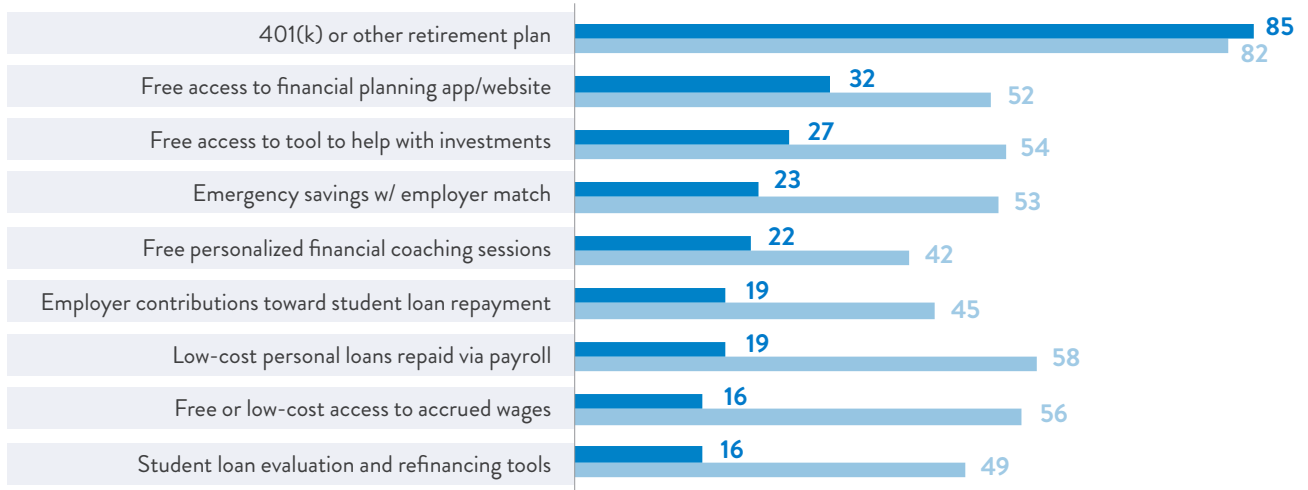
5 Employers Can Compete by Offering Holistic Solutions

Fewer than one-third of employees surveyed have access to benefits that can help them with financial needs beyond retirement. Yet when organizations offer these types of benefits, they are popular with employees.

Does your employer offer the following benefits?

AND You indicated that your employer offers the following benefits. Have you used them in the past three years?

■ Employer Offers
■ Employee used (if offered)



6 Clear Communication About Financial Wellness Benefits Is Essential

Merely offering high-quality benefits to meet important employee needs is not enough. How those benefits are communicated is also critical. Among employees who do not use every benefit offered, clear explanations of benefits and easy access are the two biggest factors that would make them more likely to use the benefit – even more than incentives.



Say that they do not feel adequately informed about their employer benefits

What would make employees more likely to use financial wellness benefits? *



* Among those who do not participate in all of the benefits offered. Answered extremely or very important.

To learn more about workplace financial health, visit finhealthnetwork.org/research/workplace-financial-health/.

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