

# Quick guide to financial wellbeing

The facts about employee financial wellbeing and how it can benefit a whole business



Welcome to your five-minute guide to financial wellbeing. In our recent Employee Benefit Trends Study, we highlighted the three biggest emerging themes: **Financial Wellbeing, Physical and Mental Wellbeing, and Productivity and Sustainable Growth**. In the first of a series of guides, we highlight the headlines from each theme.



## Defining financial wellbeing

It's a common misconception that those on a higher wage have fewer financial worries. We define financial wellbeing as having four key indicators:

1

**Control over day-to-day, month-to-month finances** so they know what's coming in and what's going out.

2

**Capacity to absorb a financial shock** such as a period without work or a family illness.

3

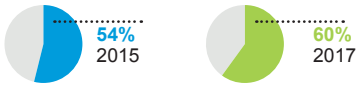
**Confidence that they're going to meet financial goals** such as buying a house, funding a child's education or retiring on target.

4

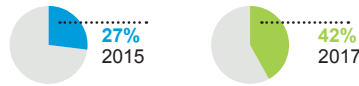
**Choices that allow them to enjoy life as they might reasonably expect** such as affording a holiday or being able to have a smartphone.

## Top 5 financial concerns for employees

### Job security



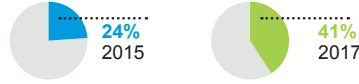
### Too much credit card debt



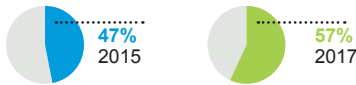
### Financial security for their family in the event of their premature death



### Affordability of their children's education



### Financial security for their family if a principal income earner isn't able to work due to disability or serious illness



## Giving employees control

**34% of employees said they are distracted at work due to financial worries, nearly three times as high as in 2015. Among the 18-30 group, it's 54%.**

Just a generation ago, job security was strong, industries stable, credit was hard to come by (limiting debt) and the state provided for further education and housing. But times have changed and, today, employees are faced with uncertainty on all fronts.

However, by giving employees the help, guidance and skills they need, employers can help them address the stress caused by day-to-day financial worries and give 100% at work.

## 3 concerning facts about employee financial wellbeing:

**39%** are living payday to payday

**38%** sometimes have trouble paying bills

**39%** don't plan too far ahead 'because things might change'



## Total wellbeing

Employers are increasingly making employee health and wellbeing part of their business strategy. The number of businesses offering wellbeing programmes now stands at 35%, up from 11% 2015.

There are three aims a financial wellbeing programme should seek to achieve:

### 1. Reduce financial stressors

Products such as Income Protection and Life Cover can remove worries employees have about supporting their family if they are unable to work.

### 2. Increase financial literacy

Many employees lack the basic financial skills that they need to stay on top of their finances.

### 3. Improve financial behaviour

By helping them learn healthy financial habits, employers can ensure their employees continue to benefit in the long term.



## Why it matters to employers

For every business, productivity is at its peak when the workforce is happy and focused. When an employee is under financial stress, they become distracted. One in three has even taken time off due to financial worries. And this can significantly damage both individual and business productivity.

**On average, lost productivity from employee financial worries hits profits by 4%.**

Barclays, "Financial Well-being: The Last Taboo in the Workplace?," 2014

Therefore, reducing financial stress is not just about protecting the bottom line; it's also about talent attraction and retention.

**38% of employees said that they would move to a company that put their financial wellbeing as a priority.**

Employees who feel valued are more loyal and dedicated to the aims of their business. And a crucial way for employers to demonstrate they care, is with a varied and flexible benefits package with financial wellbeing at the heart.

## Pensions and beyond

When it comes to retirement provisions, auto-enrolment (AE) is a fertile area for financial wellbeing. The expansion of AE brought on significant changes from the last study. Today, the number of employers offering pension planning stands at 47%, that's a 27% increase since 2015. However, although workplace pensions are essential, companies offering a blended approach to benefits are likely to see the biggest gains in engagement and productivity.

### Traditional interventions

Income protection, health cover and company pension scheme can reduce financial stress around illness and later life.

### Behavioural economics

Understanding how to structure choices for people and how we 'nudge' them into taking better and more timely financial decisions.

### Financial education

Employers can help employees by committing to help them build up vital financial skills.

### Access to finance

This might include benefits like employee assistance loans.

## Top 5 benefit requirements for employees

### Flexible working conditions



### Work-life balance programmes (telecommuting, job sharing, etc.)



### Stress management programmes



### Employee assistance programmes



### Financial counselling



## Conclusion

By helping improve the financial wellbeing of employees and addressing their concerns, employers can strengthen their business from the ground up and bring about long-term sustainable growth. But first, it's important to understand the challenges they face, by taking a holistic approach to employee benefits.

For more information, speak to your financial intermediary or contact your MetLife representative on **0800 917 112** [eb@metlife.uk.com](mailto:eb@metlife.uk.com) [www.metlife.co.uk](http://www.metlife.co.uk)



Navigating life together

Products and services are offered by MetLife Europe d.a.c. which is an affiliate of MetLife, Inc. and operates under the "MetLife" brand. MetLife Europe d.a.c. is a private company limited by shares and is registered in Ireland under company number 415123. Registered office at 20 on Hatch, Lower Hatch Street, Dublin 2, Ireland. UK branch office at One Canada Square, Canary Wharf, London E14 5AA. Branch registration number: BR008866. MetLife Europe d.a.c. (trading as MetLife) is authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA). Details about the extent of our regulation by the FCA and PRA are available from us on request. 2275. 1.MAR17