

# Destination: Financial Wellbeing – mapping a clear journey for your employees

Behavioural insights to help your workforce on  
the road to financial security



# What you need to know before planning your route to financial wellbeing



For your employees, financial wellbeing isn't a destination, it's a journey. And like any journey, there are often bumps along the way.

Behavioural science techniques are designed to make the journey easier. And the results, for the individual and for your business, are more than worth it.

**36%**

of employees say they have been distracted at work due to money worries\*

**55%**

of employees place a high value on benefits provided by employers\*

# So what is financial wellbeing?

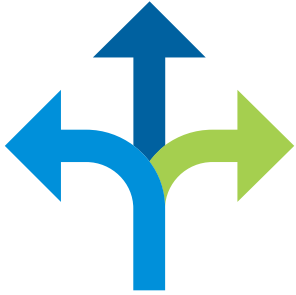


## Financially well employees have:

- **Control** of month-to-month finances.
- **Capacity** to absorb a financial shock, such as a period without work.
- **Confidence** that they're going to meet financial goals.
- **Choices** that allow them to enjoy life.



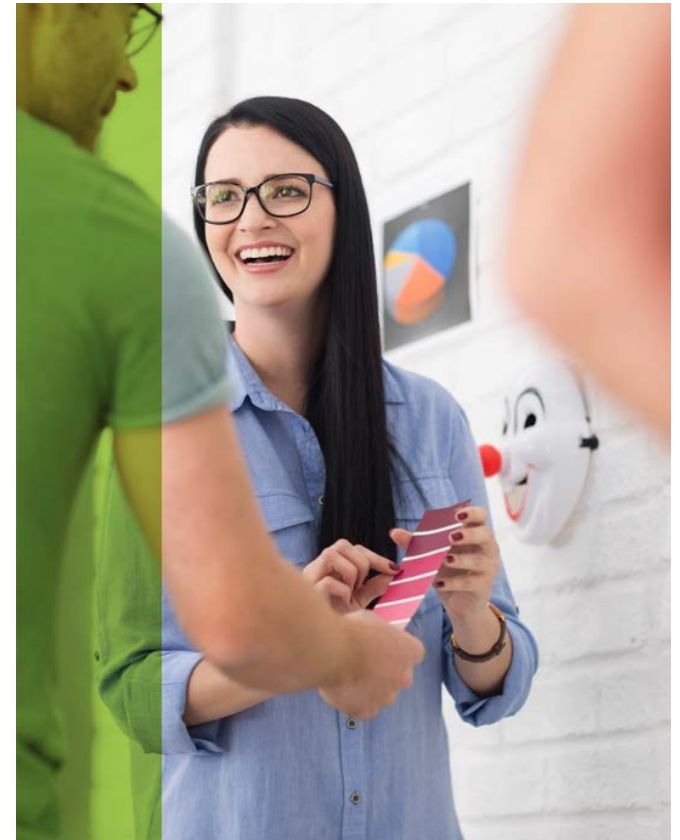
# Plot your route



Thankfully there are a few easy ways to help your employees navigate the route to financial wellbeing.

Many of them are drawn from behavioural science, of which nudge theory is a big part.

This idea is based on using small hints or 'nudges' to help people avoid their natural biases and make better choices.





Present bias, or prioritising short-term needs over long-term goals, is a common example.

Behavioural science techniques work to correct these biases by being conscious of the way our minds work.

Think of it like a compass, providing a gentle steer towards the positive action.

**TIP:** Frequent, regular interventions are more effective\*

\* 2017 MetLife Employee Benefit Trends Study



# Here are a few examples:

- **Framing**

Loss is more motivating than reward.\* For example, when it comes to retirement planning, focus on the losses that come from not engaging, instead of potential gains.

- **Pre-commitment**

Agreeing to something in advance makes us more likely to do it.\*\* For example, workers are more likely to raise saving in line with future pay rises if they're asked before they receive the raise.

- **Social norms**

Everyone wants to fit in. Messages like “85% of our employees participate in our financial wellness programme” can encourage further sign-ups.\*\*\*

\* Daniel Kahneman and Amos Tversky, “Prospect Theory: An Analysis of Decision under Risk”, *Econometrica*, 1979.

\*\* Cass R Sunstein, “Nudging: A Very Short Guide”, *Journal of Consumer Policy* 37, no 4, 2014.

\*\*\* Robert B Cialdini, Carl A Kallgren and Raymond R Reno, “A focus theory of normative conduct: A theoretical refinement and reevaluation of the role of norms in human behaviour”, *Advances in Experimental Social Psychology* 24, 1991.

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# Avoid getting off-track with poor communication



Talking about personal finances can be difficult.

To help employees prepare for a more secure financial future, this taboo needs to be challenged with clear and open communication.

**TIP:** Personalising your programmes is key to creating an open dialogue and engaged employees.



# Tips for communicating

- **Involvement**

Get employees involved in designing a financial wellbeing programme. That way, you'll understand their needs while removing stigma around money talk.

- **Keep it visual**

Most of us are visual learners. We prefer to look at a picture rather than a wall of text. It's the difference between a simple map and a page of directions.

- **Ask questions**

Ask employees to think about their level of financial concern and their own behaviours. Identifying the gap between 'what is' and 'what ought to be' is a good self-motivator.

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# Moving forward



Having a financially well workforce is your business' ticket to a more productive and profitable future.

Research has found that improving financial wellbeing improves general health questionnaire scores, regardless of income level. That has a knock-on effect on mental health – which translates to better performance at work.





Even a small increase in financial wellbeing can add to the bottom line.  
Research has found that:

- Organisations with highly engaged employees saw their share price rise 16%, compared to an industry average of 6%. \*
- Employers can expect £346 in positive job outcomes from each employee who slightly increases their financial wellbeing. \*\*
- Engaged employees outperform disengaged employees by about 28%.\*\*\*

\* Serota Consulting, 2005.

\*\* AHOPE Foundation, Why do business [sic] need coaching and employee financial education?

\*\*\* John M Gibbons, Employee Engagement: A Review of Current Research and Its Implications, The Conference Board, 2006.

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# Get going



Using the tips you've learned in this presentation, you can start to help your employees make better financial decisions, reduce their worries about money and help them perform their jobs as best as they can.

## To recap:

- Financial stresses can hamper productivity.
- Conscious financial planning is hindered by innate biases.
- Behavioural science is one way to address these biases.
- Employees who are financially well and engaged are more productive and less likely to leave.
- Gaining a reputation as an employer that cares about its employees' overall wellbeing can be effective in recruitment, retention and brand building.

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