

## HAPPY EMPLOYEES FOR LIFE

# How Financial Wellness Affects Workplace Productivity

Presented by **ConsumerDirect**<sup>®</sup>





# Introduction

Did you know that the average American has \$58,604 in debt? The total personal debt in the U.S. is at an all-time high of \$14.96 trillion, with 77% of American households having at least some type of debt.

Many employers may argue that their employees' debts are not of concern, but there is a clear connection between employee financial stress and their work. When people are struggling to pay off their debts, it affects their mental state and ability to focus on the tasks at hand. This can have a severe impact on workplace productivity.

We'll explore the questions surrounding financial wellness affecting an employee's overall well-being. Should HR teams be listening to the noise? Should they care about employee finances? Is this an invasion of their privacy? Is this a real opportunity to enhance employee well-being and reduce turnover?

This report is designed to break down how debt affects workplace productivity and how employers can help employees manage their finances to directly affect productivity and company revenue.

# What is Financial Wellness?

The U.S. Consumer Financial Protection Bureau defines financial wellness — also known as financial well-being — as "the feeling of having financial security and financial freedom of choice, in the present and when considering the future." A financially healthy individual can manage their bills, pay their debts, handle unexpected expenses, and plan for long-term financial goals.

## 9 Out of 10

Employees worry about money



Having enough money to cover bills is essential; it is why your employees come to work. However, even if every employee has significant wages, that doesn't mean they are financially well. Unfortunately, what financial wellness means versus what companies' package as financial wellness does not always match. For example, simply offering short-term loans, while helpful in the right circumstances, is not financial wellness.

# 75%

Stated these concerns affected their productivity at work

## Four Elements of Financial Wellness

	Present	Future
Security	Having control over day-to-day and month-to-month finances.	Having the capacity to absorb a financial shock.
Freedom of Choice	Having financial freedom to make choices that let you enjoy life.	Being on track to meet your long-term financial goals.

Source: U.S. Consumer Financial Protection Bureau

# How Does Financial Stress Affect Employees?

At the very least, an employee in debt may lose focus on their tasks while they worry about their financial situation. In a worst-case scenario, this financial stress could lead to burnout, mental health conditions, or even accidents on the job.

Financial stress is a distraction, but it can take a toll on your company's bottom line in more quantifiable ways.

## Interruptions

Employees who owe debts will likely be chased by lenders or try contacting creditors to mitigate their situation. These creditors operate on the same business hours as your company, so calls will occur during work hours.

Even if a phone call lasts only a few minutes, that can break an employee's focus and affect their productivity and those around them.



## Multitasking

Employees who experience financial stress might choose to bring in extra money by taking up a second job or "side hustle." While some employees can handle these additional responsibilities outside your company's business hours, others may be tired and worrying about their additional commitments.

**50%**

Multitasking increases your error rate by 50%

# Increased Illness

Financial stress is, unfortunately, chronic stress. Too much stress for too long can negatively affect every body system, including heartbeat, breath, muscles, and brain function. Researchers from the National Library of Medicine found that financial stress was prospectively associated with more sickness absence days and absence spells per year.



# Reduced Morale

A financially stressed employee can become disengaged, and disengagement spreads fast.

Unhappy and unproductive, disengaged employees are unlikely to make positive contributions, whereas engaged employees are more productive, have lower turnover rates, lower absenteeism, and drive higher profits.

<b>87%</b>	Disengaged workers make up of the global workforce
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# Employer Responsibility to Their Employees

Now that we know how financial stress surrounding debts can affect employee work performance, what can employers do about it? As an employer, i.e., the source of income for your employees, you have a responsibility to help build, foster, and promote employee financial wellness.

More than 8 in 10 employers believe employee financial wellness programs and tools help to create more productive, loyal, satisfied, and engaged employees.

**62%**



Employers feel “extremely” responsible for their employees’ financial wellness

**1 in 5**



Employees want employers to focus on helping them manage their day-to-day finances by prioritizing access to services to manage debt

**46%**



Employees believe financial apps and online tools should be a core part of their employer’s benefits

**45%**



Employees prefer help from an advisor with their retirement savings rather than help with day-to-day finances

Just as employers offer healthcare programs in their benefits packages to promote physical wellness, employees now expect financial health as part of their benefits package. Employees want employers to make retirement their top priority.



# A Holistic Solution

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As we know, financial advisors can be costly. Offering financial education through employee benefits packages can help employees become their own financial advisors.

Employers can focus on ways to engage employees and improve overall financial literacy, including offering a holistic view of compensation and benefits. This involves providing information designed to help employees better understand all the programs offered, the cost through payroll deductions, and the value of these programs given employees' personal needs and life stages.

Every employee is unique. That's what makes your workplace great. That's why we created a financial wellness solution that can be customized to each individual for their specific needs.

## How ScoreMaster® Can Help Your Employees Manage Financial Stress

### Help Consumers Monitor Their Habits

Our Money Manager feature keeps all your employees' accounts in one convenient place, with no multiple login stress required. They get an overall birds-eye view of their finances where they can track their spending trends, set customized transaction alerts, ask questions and resolve problems directly with creditors, all in one place.



### Manage Stress by Being Proactive

The fear of the unknown can be stressful and understanding how to pay off debt is overwhelming. Our ScoreBuilder® feature reduces that fear, showing employees precisely what is helping and hurting their credit. ScoreBoost™ designs a strategic payment plan based on data-driven insights to pay off debt and maximize credit score points faster.

# Protect and Maintain Good Habits

As we all know, building and maintaining fiscal health requires continual learning, and it's not a linear journey. Financial matters are complex, and we all need support along the way. We offer full-service resources for financial literacy education on credit score management, balancing budgets, etc.

With ongoing 24/7 credit monitoring and our PrivacyMaster® feature, employees can protect their hard-earned points and unlock their full financial potential to stress less and achieve more.

With financial wellness education, employees learn to plan for emergencies, use all the employer benefits at their disposal, and increase their overall health. By helping improve the financial well-being of their employees, employers are likely to have a positive attitude toward them, which will better position your company to retain current employees and meet the challenges ahead.



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