



How to Address Employees' Financial Stress

by David B. Coulter

Financial stress is a concern for employers because it affects an employee's ability to focus while at work. According to a [PwC Employee Wellness Survey](#), 34% of Generation X, 16% of baby boomers and 37% of millennials say they're distracted by their finances at work. The PwC report also notes that nearly half of employees spend more than three hours per week distracted by personal finances.

Employee financial stress can also take a hit on the business and even on the economy as a whole. According to a survey of more than 10,000 Americans by Salary Finance, [U.S. businesses lose \\$500 billion per year due to employees' personal financial stress](#). Nearly one in two U.S. employees are worried about money, leading to depression, panic attacks, sleepless nights and distractions at work; this lost productivity comprises 2.5% of U.S. GDP. This survey was conducted in March 2019 and no doubt, the situation has worsened under the COVID-19 pandemic.

However, employers have understood that while there are difficult and uncertain times to be had for all, employers can take measures to address financial stress in

the workplace to ensure that everyone can remain healthy and productive as the pandemic continues on.

Below are a few tactics companies can put in place to address employees' financial stress.

Start with Your 401(k)

Employees might be stressed about the future, including how much they have saved for retirement. Even if this is not top of mind at the present time, use your company's 401(k) plan as a jumping-off point for conversations about financial planning as a way to combat financial stress.

Further, it's another way to illustrate for employees that their total compensation isn't just salaries by way of paychecks. Host online discussions during which employees can learn more about their 401(k) plan, and create a private online discussion channel through which employees, perhaps even anonymously, can submit questions that they normally might feel uncomfortable asking at work. Your 401(k) provider may offer this service.

Offer Financial Planning and Money Coaching Workshops

Lean on your benefits suppliers and ask them about any financial education or advisory programs they currently have available. Such programs usually cover topics like debt counseling, retirement planning, budgeting and student loans and offer a mix of both human and digital assistance. It's important to give employees flexibility in how they wish to interact and discuss their finances.

Extend Payroll Deduction for Emergency Funds

As many financial advisers suggest, individuals should have an emergency fund, generally enough money to cover between three months to one year of living expenses. Work with your paycheck provider and the employee's bank to create a special account that would effectively serve as an emergency fund, in which a

portion of the employee's compensation is directed to the account. This is one way to help the employee feel less financially stressed.

Provide Training and Development

While not a direct cash benefit, providing training and development is another way for employers to support employees and help reduce financial stress, since employees would otherwise have to dig into their own pockets to procure the training.

Indeed, training and development is itself a benefit that many companies overlook as a component to an overall benefits package. According to a [survey conducted by talent management organization Clear Company](#), 68% of employees say training and development is the organization's most important policy and benefit. This makes sense because employees are increasingly viewing particular positions as conduits to acquiring knowledge and skills necessary for them to continue in their chosen professions.

Communicate Compliance with Government Programs

As uncertainty continues along with the pandemic, keep employees apprised of any state- or federal-level programs with which your organization is participating or complying. If there are emergency resources, whether cash-based or otherwise, it's important to notify employees that you are doing the most and best you can to harness resources for everyone's benefit.

Incorporate a Credit Monitoring Service

One of the biggest financial stressors is credit and the ability to access it when one needs it. Employees may be stressed because they might not be able to make their monthly loan payments or minimum credit card bills. Additionally, they may be unaware of the consequences of nonpayment.

Consider providing your employees access to education with a credit monitoring and modeling tool like [ScoreMaster](#)[®] that will help them understand what factors

might be affecting their score and what influence additional behaviors, such as taking out new credit, may have.

Reducing financial stress can be a significant benefit for both employees and employers. However, it's important to figure out the mix of initiatives that works best for employees because many will wish to maintain total privacy in regard to financial matters—no matter how many programs their employer offers.

Still, the fact that you are offering these programs is several steps in the right direction toward instilling confidence in employees. This confidence will hopefully lead to higher productivity and a boost to your bottom line.

References:

Salary Finance – [Half of US Workforce Suffer Poor Mental Health Due to Money Worries](#)

PwC – [Employee Financial Wellness Survey](#)

HR Exchange Network – [7 Stats That Prove Training Value](#)

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