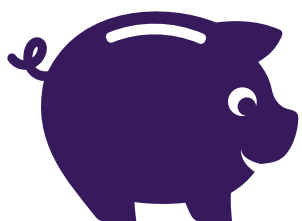


Managing Financial Wellbeing in your workplace

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Jelf
MONEY
AT WORK

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Introduction

This paper addresses the necessity for caring employers to ensure the financial wellbeing of their employees.

Employees can lose focus at work due to financial worries and stress, which results in poor performance at work and even absence from work.

This paper analyses the problems that individuals have with their finances at all stages in their working lives and how employers can help with this. It also addresses the need for financial education in the workplace.

This paper is aimed at employers who have an interest in helping their employees improve their financial wellbeing.

It covers:

- ◆ who is affected?
- ◆ the link between financial education and wellbeing
- ◆ the need for financial education in the workplace

Who's affected?

In short, everyone can be affected by money worries, no matter their salary or seniority. Just because your executives earn more, doesn't mean they know how to handle their money any better.

It's not just low paid workers who have trouble, it's working families and individuals from across different generations in your business.

New starters

When we refer to new starters, we are predominantly focusing on your younger employees and graduates. They may be entering the world of work for the first time, and although they are excited about getting that pay cheque, they have other financial matters to consider. Many young people do not understand their pay slip – they only look at the number in the bottom corner and wonder why it's a bit less than they thought it would be. They generally don't understand tax, don't understand the pension scheme even though they may have been auto-enrolled and probably haven't taken advantage of many of the other benefits you offer. But why would they be interested in contributing to their pension or worrying about income protection or healthcare? – They're young and probably healthy, but they may also be more worried about other areas of their finances. Many young employees might be worried about student debts, or debts they have built up using credit; they might be thinking about buying their own home or renting somewhere. This all means they are going to be focused on paying off debts and making their money last until the next payday – they need to learn how to budget and make a plan to pay off debts before they will even think about pensions and other benefits.

Mid-career

You might think that your older employees who have homes and families know what they're doing with their money – they've got this far haven't they? But just being older doesn't make them any better with money. In fact, many of these individuals might be your managers, but being good at managing people doesn't mean they are good at managing their money. They still might have unsecured debts that need paying, and even though they have

a bigger pay cheque, they've got more outgoings so might still be trying to stretch out their income until the next payday, just like your younger employees. Your employees at this stage in their careers could be struggling with the same financial issues as your new employees, as well as paying for childcare, raising the deposit for a bigger house, and possibly thinking about putting something away for the future. These employees might also be amongst the "sandwich generation" – those who are caring not only for their children, but for their parents too. On top of all of this, they are being told they need to be thinking about paying into a pension for retirement, all of which is going to cause them worry and stress.

Nearing retirement

Your employees who are nearing retirement are hopefully focusing on pension planning. But in conjunction with this they may still be struggling from pay cheque to pay cheque, as they have different financial stressors that continue into this stage of their careers. They may have children in university, grandchildren whom they are helping to support, or they may want to help older children with buying their first house. All of these financial worries attract attention away from the others and away from work. Much like younger employees, they may not be focused on future savings even at this late stage if they have other financial pressures and burdens.

All of your employees will have financial worries, some the same, some different, but they do have them. Everyone can be affected and therefore the financial wellbeing of all of your employees can be affected and this impacts upon them and you as their employer.

The link between financial education and wellbeing

Financial wellbeing can be related to personal satisfaction with one's own circumstances or to actual levels of income, debt and even the ability to manage finances.

As discussed above, different generations face different financial pressures, but what is clear is that anyone could be struggling. But financial wellbeing doesn't just affect focus and productivity at work; it can even impact on an individual's physical wellbeing. For example, according to research by StepChange Debt Charity million people in the UK have trouble sleeping because of money worries¹ and 74% said that debt worries were having an impact on their mental health².

Although the solution appears to be obvious, not enough is being done to realise it. We know from our own research that employers are now beginning to see that financial education is becoming a necessity: with 96% of employers agreeing that Pension Freedom will create a need for more financial education in the workplace³. However, it's not just pensions that require education; as we touched on above, your employees have many other areas of their finances that they need help with before they can address their pensions. If we can educate individuals about personal finances then we can help them to avoid making mistakes and prepare for the future. Financial education has been severely lacking in the past, and now that pressure is coming from all angles to be better with money it can be hard to know where to start. For example, there's not much point in putting your money in a savings account that earns a modest interest when you have debts with very high interest rates you still need to pay off.

Financial education needs to begin with the basics to build a foundation upon which individuals can learn to make decisions appropriate for their own circumstances; like getting out of debt and learning how to budget before saving and putting money into a pension.

Financial illiteracy and therefore wellbeing can't be solved by a one-off seminar. Education needs to be ongoing and as well as providing information, it needs to provide tools to help individuals improve their situation and handle future events on their own. Financial education in the workplace could help to change individual attitudes towards personal finances, help individuals to get on track and improve their personal financial wellbeing.

Key message

By helping to ensure the wellbeing of your employees you can create a happier, more productive and enduring workforce. We think you should treat your employees as you would want them to treat your very best customer. Your company's most important assets are your employees because happy, motivated individuals are crucial to the success of your business.



Why do we need financial education in the workplace?

As discussed above, financial education can help to improve individual financial wellbeing.

A fantastic way to disseminate this education is in the workplace; this is the ideal location to facilitate financial education to your employees en masse, where they can learn and absorb ideas in a professional but safe environment. A great way to provide support is to provide education for your managers, so they can then assist with and promote the education amongst the employees in their teams. Further incentive to instigate financial education in the workplace arises from the fact that financial worries affect performance, with 54% of employees with debt problems finding it difficult to concentrate⁴; and 36% finding it difficult to complete their jobs to the standard required⁴. On top of this, three in four of employees say that financial issues affect their personal relationships, including family as well as physical and mental wellbeing⁴.

As well as providing vital information, financial education can help employees to understand the benefits that their employer provides for them. This means they are more engaged with their benefits, and your investment in them is justified. All of these issues together can mean a reduction in performance at work and even an increase in absence, both of which cost your business money.

The annual bill for sick pay and associated costs to employers is £9bn⁵. This cost can be reduced through financial education by providing employees with tools and knowledge to help themselves improve their personal situations to feel happier and more engaged at work. Employers need to provide a solution for the increasing demand for support in the workplace. If they do this, they are more likely to retain current staff, promote their position as socially responsible employers and become an employer of choice.

What can Jelf do for employers?

We believe that with better information and more support, your employees can make informed financial decisions and feel like they have the tools and knowledge to take control of their future on their own. It's not just about money; it's about helping employees to manage their money and make sensible decisions. Their financial concerns should matter because it not only affects their financial wellbeing, but also their psychological and physical wellbeing, and this in turn affects their performance at work.

We can analyse and research the needs of employees through surveys and feedback and consult with you to identify the range of intervention that is needed, e.g. training and education. We take care to pay attention to the style, culture and practicalities of each workplace and help employers to improve their corporate social responsibility, once a decision is made on what is needed, we will deliver education programmes, training and packages to meet those needs.

1. StepChange Debt Charity 2014
2. Citizens Advice Bureau 2012
3. Jelf Employee Benefits Survey 2014
4. WSB March 2014
5. Jelf Employee Benefits Recording Sickness Absence white paper May 2014



How our workshops work

Our workshops are lively and interactive sessions packed full of useful information and we treat the topics we discuss sensitively and in total confidence

We encourage individuals to share their thoughts and ideas and we adjust the flow and content of the workshop to the audience's needs on the day. We help individuals to create a future plan to help them achieve more with their money, but in a fun and engaging way.

Jelf is a leading award-winning consultancy and provides expert advice to businesses on all aspects of employee reward, including: healthcare; benefit management; employee protection benefits; pensions; financial planning; workplace saving; and financial education

Further information is available and we would be happy to discuss your individual requirements. Please email moneyatwork@jelfgroup.com.

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