



# Financial Wellbeing Report for Employers



# Wellbeing – The wider context

**Financial wellbeing has been rising up the corporate agenda in recent years. Household debts in the UK are at a record high of £119 billion<sup>1</sup>, meaning that a large proportion of the working population is concerned about making ends meet. Since financial worries can stop employees performing at their best, employers have an interest in helping their people make healthy financial choices and habits.**

Money may make the world go round, but it's not the only factor affecting employee productivity. It's important to remember that financial wellbeing should sit alongside other levers to form a coherent strategy. Mental, physical, social, and environmental wellbeing also need to be considered in order to effect real change.



**To succeed in building engagement, a wellbeing programme must support staff at every stage of life.**



## Why is financial wellbeing so important?

Many UK employees are struggling with their finances as a result of:

- Rising housing costs
- Wage growth remaining slow following 2008 crash
- Increased cost of higher education
- Ageing population – need to pay more into pension/retire later
- High levels of personal debt
- Generally poor levels of financial education.

All employees can benefit from financial wellbeing. Worrying about money is not limited only to those with debt, to younger workers, the lower paid or those planning for retirement; everyone worries about money at some point in their lives. In 2018 the Financial Conduct Authority found that half of the UK population are financially vulnerable, with one in six people unable to cope with a £50 increase in monthly bills<sup>2</sup>.

What's also clear is that financial wellbeing is not just about how much workers earn, but about the level of control they feel they have over their finances, irrespective of pay and grade. Employers are facing increased pressure to help their employees make good financial decisions, make the most of their earnings, and feel more in control of their money.

The fact that employers have historically thought of their employees' finances as a private matter should not now prevent them from offering support as part of a holistic wellbeing package. We are seeing an acknowledgement of the links between mental, physical, and financial wellbeing – for example, money worries contributing to mental health problems.

1. BBC News, 'UK household debts see big increase', published 5 December 2019. Accessed at <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddebtingreatbritain/april2016tomarch2018>

2. Financial Conduct Authority, 'Financial Lives', published 18 June 2018. Accessed at <https://www.fca.org.uk/publications/research/understanding-financial-lives-uk-adults>

# Why should employers provide financial wellbeing?

**It may still feel taboo in UK society to discuss money. According to a 2019 report by Lloyds Banking Group, 43% of us feel embarrassed talking about personal finances<sup>3</sup>. Employers may feel they are intruding by offering advice on such a sensitive subject, and would prefer to leave individual employees to manage their own money.**

## The hidden cost to UK plc

Whilst employees may not wish to discuss their finances, it doesn't mean that they're not worried about them, with one in four UK workers reporting to the CIPD that money worries have affected their ability to do their job<sup>4</sup>.

And financial worries can have a serious impact on their productivity at work – whether through losing sleep, lack of focus, stress, depression or other mental health conditions. As a result, employers looking to reduce the number of absence days and improve performance are increasingly focused on the link between financial wellbeing and greater productivity.

Research by Salary Finance estimates that money worries cost the UK economy £120 billion and 17.5 million lost hours of work<sup>5</sup>. So whilst treating employees' finances as a private matter might seem like the easier option, it's hard to ignore the knock-on effect to your business's bottom line.

## Employees are asking for help

Today's workforce is increasingly open to their employer's input on financial matters. 55% of employees surveyed by Salary Finance said that they would like more information or advice about their finances – and trusted employers are ideally placed to offer this support<sup>6</sup>.

Far from seeing it as interference, employees are aware that their employer has an interest in helping them avoid financial vulnerability. What's more, through their employer they could access financial products and/or technology that is unavailable elsewhere.

Whilst friends, family and comparison websites can help, none of these can provide expert insight or guidance. Faced with difficult economic conditions, employees welcome advice on how to save, invest and manage risks in order to protect their standard of living, especially for the long term.

3. Lloyds Banking Group, 'The M-word', published 7 March 2019. Accessed at <https://www.lloydsbankinggroup.com/Media/Press-Releases/2019-press-releases/lloyds-bank/the-m-word-is-britains-biggest-taboo/> (21 May 2020)

4. CIPD, 'Financial well-being: the employee view', published January 2017, p. 3. Accessed at [https://www.cipd.co.uk/Images/financial-well-being-employee-view-report\\_tcm18-17439.pdf](https://www.cipd.co.uk/Images/financial-well-being-employee-view-report_tcm18-17439.pdf) (21 May 2020)

## Boosting employee loyalty

Another reason why employers should provide financial wellbeing for their staff is increased levels of engagement. By providing support with financial matters, ideally as part of a wider wellbeing programme, employers are demonstrating that they care about their employees – and not just during work hours.

It is widely accepted that increased employee engagement boosts productivity. Financial wellbeing is a key element in creating a workplace where people feel truly valued and are therefore willing to go the extra mile. Workers feel more positive towards an employer who helps them maintain control of their money, thereby strengthening your employer brand and trust.

This sense that an organisation cares about their employee as a whole person also helps with recruitment and retention. In a competitive employment market, employees may focus on the more intangible elements of a role – does my employer value me? Do I feel proud to work for this company? And when it comes to leaving the company, employees may be reluctant to look elsewhere if they have become used to a level of personal support and encouragement that other employers cannot provide.

## Responsibilities as an employer

Working in tandem with Government and individuals themselves, employers have an important role to play helping their employees use money wisely.

Employers are uniquely positioned to deliver financial advice at the moments when their employees most need help. They are often engaged with many of their employees' key life events, including starting work, changing jobs, becoming parents and retiring. As such, employers are well-placed to offer structured guidance and timely signposting to their staff.

Furthermore, CIPD research suggests that many large organisations view supporting financial wellbeing as an ethical responsibility, and 85% cite their reason for expanding financial wellbeing initiatives as being 'the right thing to do'<sup>7</sup>. This ties in with the point above about building an organisation that employees are proud to work for.

5. Neyber, 'The DNA of financial wellbeing: summary report', published May 2016. Accessed at <https://www.yumpu.com/xx/document/read/55579777/the-dna-of-financial-wellbeing-summary-report> (9 June 2020)

6. Neyber, 'The DNA of financial wellbeing'

8. CIPD, 'Employee financial well-being: why it's important,' January 2017, p.23. Accessed at [https://www.cipd.co.uk/Images/financial-well-being-why-its-important-report\\_tcm18-17441.pdf](https://www.cipd.co.uk/Images/financial-well-being-why-its-important-report_tcm18-17441.pdf) (4 Jun 2020)



## How to make financial wellbeing work for your business

**Every organisation is different, and whether you are starting from scratch or adjusting an existing programme, there are some key aspects to consider.**

**Know your workforce:** Financial wellbeing doesn't have a one-size-fits-all approach. Understanding your workforce and their needs is essential to deliver the right help and support. It's also important to offer a range of benefits and services so employees can choose what is right for them and their circumstances.

**Communicate clearly:** Perhaps one of the reasons why employees think their employer isn't giving them support is because they don't know what's available to them. Make sure that communications about financial wellbeing and benefits are clear and appropriate.

**Be inclusive:** Different staff will have different needs. Some will require support with debt issues, others might want to know about mortgages, or how best to save for retirement. Make sure that everyone can benefit from the help on offer – and don't assume that financial wellbeing is only for lower-paid workers. Workers at all levels can benefit from support<sup>9</sup>.

### The links between money and mental health

**Money is more than pounds and pence. It's an emotive subject which can embody feelings of security, power, excitement... or anxiety, anger and shame.**

This emotional link means that many of us find it hard to discuss our finances, and even more so when debt is involved. People in debt may experience a sense of failure and embarrassment which prevents them talking about their situation. The Money Advice Service estimates that UK adults are hiding more than £96 billion of debt from friends and family, with the average hidden debt per person in the UK amounting to £4,164<sup>10</sup>.

Such secrecy around money problems can exacerbate an already difficult situation. A separate study found that 63% of people said money worries were affecting the mental health of someone close to them. Unfortunately, this can become a vicious cycle<sup>11</sup>. Poor mental health can make managing money harder and worrying about money can make your mental health worse.

Employers should carefully consider the links between money and mental health when it comes to providing financial wellbeing services, as service users may be especially vulnerable.

# Action points

**So how can employers help? Here are some areas to consider as part of your financial wellbeing strategy.**

## Education and advice

Many of us received little or no education in financial matters at school. As a result, many people struggle with how to manage money – but may be unwilling to admit gaps in their knowledge for fear of looking silly.

Employees need appropriate information, education and advice in order to help them achieve good outcomes from their decisions to save, spend and borrow. This can be anything from how to decode your payslip to understanding how to save for retirement.

Employers have a key role to play here. They can enable employees to make informed decisions, as well as help them feel more in control of their finances. Organisations can help their staff through signposting them to relevant guidance, information and support, as well as providing this themselves, either directly and/or through a trusted partner.

There is a wealth of financial advice available via the internet, which is good, but so much information to sift through can feel overwhelming. It helps to have guidance come from one trusted source, i.e. an employer - ideally in a format that makes the advice easy to digest and act on.



**Education really is the key to financial wellbeing. It helps employees join the dots across all benefits and helps them understand how to use these benefits to help with their own financial issues, plans and goals.**

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## Support

This can be delivered in several ways. An Employee Assistance Programme (EAP), provides a confidential service that enables employers to help staff with personal or workplace issues that might be impacting their performance, wellbeing, mental or physical health.

Providers vary in the specific services they offer, but usually employees can access some combination of:

- Online library of articles and resources provides guidance on specific problems
- 24-hour helpline – enables employees to share a problem with a trained advisor before getting actionable advice
- Counselling – a number of sessions with a professional counsellor to work through issues in a confidential setting – this can be delivered over the phone or face-to-face.

When it comes to financial wellbeing, an EAP is a useful resource. It provides a one-stop shop for employees to access counselling, financial advice, and more.

In addition, there are now specialist financial wellbeing providers offering a wide range of solutions to help employees build financial resilience. These include online financial education tools and more tailored support such as webinars/conferences, clinics, 1:1 financial mentoring, support groups and assessments.

## Making every penny count

### Discounts

Available from a wide range of major retailers, these enable employees to save money on everything from grocery shopping to luxury brands. A simple way for employers to help make everyday life more affordable.



### Cycle to Work scheme

Employees can save money on a new bike or cycling equipment using this scheme, whereby new kit will end up costing them much less than if they bought it straight from a retailer.

This is a good example of links between physical, mental and financial wellbeing. Employees save money on a new bike and reduced fuel costs, whilst regular cycling also has a positive impact on both physical and mental health.

## Salary sacrifice

### Technology

This gives employees access to new technology via a salary sacrifice scheme. Staff can own the latest home technology like iPads, smart TVs and fitness trackers with convenient, affordable payments, as well as saving on National Insurance contributions.

Spreading the cost over 24 or 36 months means it's a more reasonable way to make a large purchase for the employee or their family. And the fact that there's no upfront costs, credit checks or deposits makes it accessible to people who might otherwise miss out.

Employers set a maximum value of products per person so employees aren't at risk of overstretching themselves. By helping employees to take home exciting technology with no financial hassle and no waiting, you're providing enjoyment – but in a financially responsible way.



### Travel

Another way to help employees afford more is through travel benefit. Employees can book holidays (UK and worldwide) and spread the costs over 12 months from their salary. Users also benefit from access to the best deals at the time of booking.

Having to put holidays on a credit card because you can't afford to pay upfront can lead to a build-up of debt. By paying a set amount each month, employees can keep track of their spending and won't be thrown by a large one-off expense.

### Cars

Employees offset some of their salary in return for a brand new fully maintained and insured car. These schemes mean that employees can enjoy a new car without any deposit or ongoing running costs including road tax, insurance, MOTs, breakdown assistance and repair bills.

Another tangible way that employees benefit from working for you.

## Fair deal finance

### Wage streaming/flexible pay

This gives employees access to a portion of their wages as soon as they have worked the hours, rather than waiting until the end of the monthly pay cycle. The idea is to alleviate cash flow problems along with the resultant financial stress and potential for going into debt. For example, for many people having to meet an unexpected expense mid-month could mean resorting to a payday lender with sky-high interest rates.

Accessing wages before payday gives employees a higher sense of control over their cash flow and budgets. As an employer, you set a limit on how much of their pay packet staff can stream per month – usually this is around 30%-40%.

For employees who want greater financial flexibility, wage streaming is a handy way to access funds without borrowing. Other workplace lending schemes rely on credit checks, and those who need it most may not be eligible. This benefit works well for employers with shift workers. Providers also offer fintech-enabled features like wage tracking (visibility of earnings in real time) and gamified savings accounts to encourage financial resilience.

### Affordable loans

These are loans that employees repay directly from their salary, meaning that providers charge a lower interest rate than conventional lenders. With an emphasis on fairness and affordability, these can help employees meet short-term expenses without resorting to payday loans, or reach long-term financial goals. Providers may also offer financial education, debt consolidation and savings schemes on their platforms to improve employees' overall financial health.

### Other financial products

There is an array of financial wellbeing products out there, from workplace savings and investment schemes to digital mortgage brokers. Deciding which ones will add value to your employees can be difficult, but in the end it's important to offer a range of benefits and services so employees can choose what is right for them.

### Rainy day insurance

Hospital, convalescence or death benefit plans provide peace of mind for employees, both inside and outside of the workplace, for a price that is affordable to them. Particularly for employers with a limited benefits budget, fair deal insurance products are an excellent way to ensure that staff are supported in a crisis, such as in the case of an unexpected illness or loss of a family member. It's an extremely cost-effective way to ensure employees feel safe, confident and supported, and able to bring their best selves to work every day.



## Our partners



Financial Wellness  
Group



### Deborah Ware

We spoke to Deborah Ware who is the COO at Financial Wellness Group (FWG), one of the UK's leading providers of free debt advice. Thanks to our new partnership, thousands of FWG customers now have access to a complete wellbeing package, while Personal Group clients gain first class financial wellbeing services.

Having spent 22 years helping people in financial difficulties, Deborah is extremely focused on supporting customers and building their financial confidence, enabling them to stress less and live more. She and her Senior Leadership Team have broadened FWG's strategic focus, beyond the delivery of free debt advice and the administration of debt solutions, to include earlier financial intervention as well as ongoing support after customers complete their debt solutions.



The aim is to provide a more holistic journey for customers and help ensure that they can maintain their financial wellness long-term."

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#### Why focus on financial wellness?

I started my career providing support to customers who were thousands of pounds in debt and extremely worried about their situation. This gave me a real insight into the toll that debt can take on every part of people's lives: not just their mental and physical health, but their relationships, friendships and even working life.

That's why we've expanded our offering to look at 'financial wellness' more broadly. Whilst debt advice and solutions will always be a key part of what we do, we're working with customers earlier to help them avoid falling into financial difficulty to start with – for example with better budgeting. Similarly, as people recover from problem debt, our goal is to help them stay 'financial healthy' – for example sticking to their budget, borrowing responsibly and building up savings. Financial wellness is about taking that broader approach and helping people develop good habits for life, to help them stress less and live more.

#### Why did you choose to partner with Personal Group?

Our customers were telling us that they wanted to continue improving their financial position during and after they were debt free. We were impressed by Personal Group's holistic approach to customers' 'financial lifestyle', backed up with high quality wellbeing solutions.

It was also clear that we had a similar customer demographic. There's a common misconception that people in debt aren't working. The truth is the majority of our customers are in employment, but unforeseen circumstances have led to money problems. Everyday life events – a separation, losing their job, illness or even a new baby – can leave people with debts spiralling out of control. We want to empower customers to manage their finances better long-term, and Personal Group is the perfect partner to support us in delivering this.



## How does financial wellbeing link with other areas of wellbeing?

Money problems don't exist in a vacuum. The links between problem debt and poor mental and physical health, for example, are well established. That's why we not only support customers to clear their debts, but also offer help to address other areas of life which may be contributing factors.

For instance, a third of our customers have extra vulnerabilities beyond debt, such as mental health, addiction, or age-related illnesses. Through Hapi, we can support those customers when they really need it with services like 24/7 online GP appointments, counselling, and wellbeing advice.

## What is the role of employers in promoting financial wellbeing?

Employees with money worries often struggle to focus at work and their productivity will dip. So employers have a vested interest in empowering their workforce to make the right decisions for their financial health.

Getting the right support makes it easier for employees to build financial resilience. Investment in financial wellbeing for employees will be repaid twice over in increased productivity and loyalty.



## How has the COVID-19 crisis impacted your customers?

It's been busy! As you'd expect many of our customers have seen their income to drop during lockdowns, with 38% of them telling us they were on furlough, for example. Our customer service teams have been focused on working with those customers to ensure that their payments remain affordable until their income recovers.

Looking ahead, we are expecting to see demand for debt advice rocket over the Autumn as furlough and payment holidays come to an end. Sadly, unemployment is also forecast to rise rapidly, which will also drive the demand for debt advice. Whether employers are planning to reduce staffing levels or are just looking to support their workforce through these uncertain times, now is the perfect time to be putting a financial wellness support package in place.

## How does FWG support their customers with financial wellbeing?

Customers rely on us to guide them through the issues they face and get them back to being in control of their finances. We support them right the way through, from early intervention to planning for a debt-free future.

We offer a variety of debt solutions, but there are many other aspects to financial wellness. For example, with financial education, we deliver webinars or conferences, clinics, 1:1 financial mentoring, support groups, assessments and budgeting advice.

Through our partnership with Personal Group, customers can save money on everyday purchases with retail discounts, as well as help with mental and physical health issues. We deliver our solutions online, over the phone or face-to-face, depending on what works best for our customers.

Our aim is to deliver informative, understanding, and straightforward support to get our customers back on track.

Visit the FWG website to find out more:  
<https://www.financialwellnessgroup.co.uk>

**Personal Group partner with a range of financial providers to ensure we offer the widest range of solutions:**





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