CIPD
Championing better work and working lives

in partnership with

Close Brothers
Driving financial wellbeing

Survey report
January 2017

Financial *well-being:* the employee view

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Financial well-being: the employee view

Survey report

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'Integral to any successful well-being programme is an understanding of the importance of how financial concerns can affect employee mental and physical health.'

The CIPD report *Growing the Health and Well-being Agenda: From first steps to full potential* shows that an integrated approach to health and well-being can nurture heightened levels of employee engagement while fostering a workforce where people are committed to achieving organisational success.

Integral to any successful well-being programme is an understanding of the importance of how financial concerns can affect employee mental and physical health, as well as a recognition that, as income providers, organisations play a vital role in their workers' financial lives.

Stress caused by pay levels, lack of financial awareness or an absence of employee benefits can affect work performance. In addition, the perception that their contributions are not being acknowledged can have an impact on employee self-esteem, health and productivity.

To help explore this issue further, the CIPD commissioned a survey of employees regarding their attitudes to their finances. Overall, the findings highlight how delicate the situation is with regards to employee financial well-being, showing that while it can differ by salary, location or grade, anyone – irrespective of age, gender, pay, and so on – can suffer from stress as a result of money worries. There has never been a more important time for employers to support their people in becoming more financially independent.

The findings from this survey help inform the CIPD's report *Employee Financial Well-being: Why it's important*, which examines why we should all be concerned about financial well-being and explores the roles that employees, employers and the Government should play. It also supports the CIPD's *Employee Financial Well-being: Practical guidance*, which helps HR and reward professionals implement a financial well-being strategy for employees in their own organisations.

As well as being relevant to those engaged with people management and reward, the findings from this survey will also be of interest to policy-makers, benefit advisers, providers and administrators, as well as financial support charities and think tanks.

Charles Cotton
CIPD Adviser, Performance and Reward

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Foreword – Close Brothers

Making a case for financial well-being

Financial well-being not only affects individual workers but it also affects business performance, as this report helps to illustrate; one in four workers report money worries have affected their ability to do their job, one in ten say they have found it hard to concentrate/make decisions at work because of money worries and 19% have lost sleep worrying about money, all of which impact productivity. This provides a compelling case for employers to take steps to improve their workers' financial well-being and so their businesses' bottom line.

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. For example, almost a third of those earning between £35,000 and £44,999 a year admit that financial worries have affected their work. People worry about saving for a home, the cost of raising a family, funding relatives in care, where to invest their savings, losing their job and so on. Personal finance is not only about workplace benefits; people don't leave half of themselves at the door when they go to work. This doesn't mean that employees necessarily want their employers to know every detail of their personal finances, usually quite the opposite, but this research shows that many employees are receptive to employer support and are interested in receiving advice and guidance from their employers about all financial issues. In the absence of this support from their employer, most employees turn to friends, family and comparison websites for help and none of these can provide expert insight or guidance.

But this research shows that it's not all doom and gloom, as one of the most important factors cited by workers for feeling financially well is having the ability to save for their future – and it isn't only older workers putting this on their priority lists, with two-thirds of 18–24-year-olds valuing this as part of their overall financial well-being. So the appetite exists, it just needs to be fed.

So how can employers help? Offering financial education is an important part of securing financial well-being. Employers who recognise this and who support staff with the many and complex financial choices they now face will benefit from more financially secure staff who make well-informed decisions and who, as a consequence, will be more engaged, happier and more productive at work.

Boosting employee financial well-being can boost business performance, which in turn can enable the business to invest more in their employees now and for the future.

Jeanette Makings
Head of Financial Education at Close Brothers

'Financial well-being not only affects individual workers, but it also affects business performance, as this report helps to illustrate.'

Executive summary

'Our survey highlights how much poor financial well-being impacts on worker productivity.'

This survey of employee views on financial well-being is based on the findings from a survey of 1,817 working adults, across all industrial sectors. The survey was done on our behalf by YouGov – and was conducted online via the YouGov panel.

It was carried out between 12 and 22 September 2016 and is representative of the UK workforce in relation to sector, size and industry type. The findings are primarily analysed by sector, organisational size, managerial position and pay.

Where patterns emerge, the findings are further analysed by region, gender and age. Within the report, net scores have been used to display results: these are calculated by subtracting the percentage of respondents who say something positive from the percentage who say something negative. Net scores measure the strength of the direction of feeling and therefore give a more accurate assessment than simple agreement scores: 100 is the highest possible score and –100 is the lowest.

Our survey highlights how much poor financial well-being impacts on worker productivity. While income levels are crucial, there are other factors that impact on financial well-being and these often vary significantly according to employee characteristics, such as age, social grade or gender.

The quality of their decision-making is an important driver of financial well-being, but employees may not be relying on the most appropriate sources of information at present. While staff claim that they are comfortable with seeking financial help and advice from independent financial advisers, very few actually do.

Perhaps surprisingly, only a small number of employees would be comfortable in discussing their financial affairs with work colleagues, indicating that employer efforts should be focused on providing a supportive environment that helps to prevent money problems from arising in the first place, such as offering financial seminars during work time to staff.

While not having enough money can be a major barrier preventing workers from managing their financial situation as well as they would like, the survey also indicates that the level of hassle, such as changing bank account or energy provider, and the amount of time involved in managing money are also major obstacles.

The CIPD believes that the best way to support employees' financial well-being is through a strategy that is aligned to both the needs of the organisation and its workers and is integrated across all people management activities, rather than just focusing on pay and reward policies.

Such an approach would reflect the needs of different segments of the workforce, and ideally follow a career/life-stage approach, covering such topics as effective ways of managing savings, spending and borrowing, as well as looking at how much people get paid and how reward decisions are made.

In addition, the Government, financial advisers and employees themselves all have important roles in helping improve the state of financial well-being within the UK.

Lost output caused by money worries

- One in four workers reports money worries affected their ability to do their job. This is especially true for younger workers, with one third of those aged between 25 and 34 saying that money worries have affected their work.
- By region, almost a third of Londoners say money distractions have caused them issues at work, and one in three public service employees report the same.
- It's not just low earners who report money concerns affecting their ability to do their work. Although almost three in ten workers earning less than £15,000 say financial worries have affected their work, one in five of those earning between £45,000 and £59,999 a year admit the same.
- Women are more likely than men to say money worries have affected their ability to do their jobs (almost three in ten women compared with almost one in four men).
- Physical fatigue caused by lost sleep worrying about money is the most common explanation for how financial concerns have impacted people's productivity, with nearly one in five employees reporting this.
- One in ten staff say they have found it hard to concentrate/make decisions at work because of money worries. However, this proportion jumps to almost one in five among those aged between 25 and 34.

Financial well-being and how it can be improved

- Most workers state that money is the most important element of financial well-being, with three-quarters saying that earning enough income so that they and their family/loved ones enjoy a reasonable lifestyle is of particular importance to them. And this is true for four in five public sector employees.
- Being able to save for the future and being rewarded in a fair and consistent manner is seen as being important to over half of our respondents. Just under half of staff say that being able to pay off existing debts comfortably is important.
- Almost two-thirds of 18–24-year-olds value being able to save for the future, while just under half rate highly career development and progression opportunities.
- Londoners (60%) are more likely than the UK as a whole (38%) to value being able to save for the future. Welsh workers are more likely to rate highly being able to comfortably pay off existing debts (55%) than the whole of the UK (45%).
- Nearly seven in ten believe that earning a higher wage would boost their financial well-being. The next most common response, cited by two in five, is being rewarded in a fair and consistent manner, suggesting it is not enough to simply boost pay levels; how pay decisions are made must also be fair and consistent.

Financial decision-making

- Employees most frequently use financial comparison websites and talk to their family and friends when making saving, spending and borrowing decisions.
- When making decisions to save and borrow, women are more likely than men to talk to their family and friends. Young workers are also more likely to rely on people close to them or who they like than other age groups.
- When it comes to saving, spending and borrowing decisions, comparison websites are more popular with voluntary sector and public sector workers than with private sector employees.
- Regarding saving decisions, comparison websites also tend to be popular with the higher paid and senior managers. Referring to family and friends is most common among those earning between £15,000 and £24,999 and with junior managers.
- There are a large proportion of employees who don't utilise any tools to help guide their decisions. This may be because they are not in a position to make significant borrowing or spending decisions in the first place.

Comfort in seeking financial advice or help

- Almost three in five employees are comfortable in seeking help or advice about their financial situation from a comparison website, while a similar proportion are relaxed talking about their money with family and friends. Over half are comfortable about seeking help from an independent financial adviser, especially middle and senior managers and those aged between 25 and 44, although far fewer actually do so.
- Employees are not comfortable discussing their financial situation with colleagues, HR or line management, perhaps perceiving that their financial situation could influence negatively how they are regarded by their supervisor and co-workers. However, this does not mean they would not welcome a financial well-

being programme, it's just that employers need to be aware of employee sensitivities.

Barriers to financial well-being

- Nearly three in five workers report that they are facing obstacles in managing their financial situation as well as they would like, while two in five employees (typically older workers with more than 15 years of service) say that they do not face any barriers.
- Young workers are more likely to claim they face barriers in managing their financial situation, with over seven in ten 18–24-year-olds reporting this, as do two-thirds of public sector staff and more than three in five female employees.
- The most common barrier, faced by around three in ten workers, is earning just enough money to get by each month. This explanation is more common among those aged 18–24 (42%) and earning less than £24,999.
- The amount of hassle involved in saving money (for example, switching energy supplier or bank account) is the second most commonly reported barrier cited by over one in six workers. This appears to be a particular issue among those earning more than £60,000 and employed as senior managers, with one in four stating this as an obstacle.
- Similarly, one in four of those earning more than £60,000 claim that a major barrier is not having the time to manage their money, something that one in five Londoners also admit.
- The difficulty in interpreting financial jargon is a perceived barrier identified by more than one in 10 workers. Among those earning between £45,000 and £59,999 this proportion is more than one in seven.
- Almost one in four 18–24-year-olds admit preferring spending to saving is a barrier for them, perhaps reflecting the novelty of earning a wage and the worsening economic situation of young people as wages have stagnated and costs increased.

1 Why should we care about employee financial well-being?

Why should employers, politicians or society worry about the money concerns of workers? One answer is that financial well-being affects the bottom line. According to our sample of employees, one in four people (25%) report that money worries have affected their ability to do their jobs.

People are more likely to report being distracted at work by financial concerns when they are:

- **Under work pressure** – almost four in ten (38%) of those who report feeling under a lot of pressure at work on a daily basis also say that financial pressures have impacted on their job performance. This may indicate that this amount of work pressure is preventing them from dealing adequately with their financial concerns.
- **Dissatisfied with pay** – one third (33%) of those who are dissatisfied with their pay declare that money worries have impacted on their job performance, presumably because they don't earn enough. By contrast, just 18% of those satisfied with their pay report the same.
- **Based in London** – almost a third (32%) of Londoners say that money distractions have caused them work issues, probably because of the higher costs associated with living and working in the capital, such as housing and the cost of commuting.
- **Starting out** – those aged between 18 and 24 (31%) and from 25 to 34 (33%) are more likely to say that money worries have affected their work. This may reflect life-stage issues as they try to juggle financial commitments such as commuting, housing, family and lifestyle costs while trying to save for the future.
- **Working in the public sector** – one in three (30%) public service employees report money worries have affected their performance. This relatively high proportion may be a reflection of the 1% pay rise policy in the public sector since 2012.
- **Tenure** – one in three of those who have less than five years' length of service say that money worries have affected their performance. This may reflect that people with less job tenure may have had less time to progress their pay than those who have been with the same organisation for a long time.
- **Being female** – almost three in ten women (28%) tell of being distracted at work by financial concerns compared with under one in four men (23%). This may be because that, on average, women tend to be in lower-paying jobs than men.

While the level of income is important, almost three in ten workers (28%) earning less than £15,000 a year admit that money concerns have affected their ability to do their work; perhaps a surprisingly high number of those earning more also say that money worries have affected their job performance.

For instance, three in ten (30%) of those earning £35,000–44,999

'Financial well-being not only affects individual workers but it also affects business performance, as this report helps to illustrate.'

‘Interestingly, the higher the level of educational attainment among our sample, the more likely they are to report that money fears had affected their ability to do their job.’

report that financial anxieties have impacted on how they do their job, one in five (20%) of those earning £45,000–59,999 and one in seven (14%) of those enjoying an income of £60,000 or more all report their work performance suffering from financial worries.

Furthermore, more than one in five (21%) senior managers and over one in four (27%) middle managers report that money fears affect their work, indicating that money worries affect all income groups.

We asked our sample about the ways in which money worries have affected their ability to do their jobs. The most common impact is physical fatigue caused by lost sleep worrying about money, with those working in the voluntary sector being the most likely (24%) to report this, and similarly for those earning less than £15,000 (25%) and between £15,000 and £24,999 (24%).

Once again, those staff who report feeling under a lot of pressure at work on a daily basis (32%) and those who are dissatisfied with their job (25%) are more likely to say money worries have robbed them of their sleep.

While one in ten employees report they found it hard to concentrate/make decisions at work because of money worries, this proportion jumps to almost one in five (18%) among those aged 25–34. Similarly, while one in ten (8%) said that they had spent time during the working day dealing with money problems, this increases to one in seven (14%) among Londoners.

These findings may be a reflection that younger employees have fewer financial resources and face challenges prioritising between the future (such as saving to buy a home or save for a pension) and the present (such as dealing with day-to-day financial pressures to make their money last the month).

How money worries have affected my ability to do my job

- lost sleep because of worrying about money (19%)
- found it hard to concentrate/make decisions at work because of money worries (10%)
- spent time during the working day dealing with money problems (8%)
- had health problems due to money problems (6%)
- had to take time off work to deal with money problems (2%)

2 What is financial well-being?

While money worries affect employee financial well-being, performance and ultimately the organisation's bottom line, what do we mean by the term financial well-being?

The CIPD sees it as a state of both emotional and physical well-being, produced by a set of conditions and abilities. It includes making the most of an adequate income to enjoy a reasonable quality of life and having the skills and capabilities to manage money well, both on a daily basis and for the future.

Individuals assess their financial well-being by using both objective and subjective measures. Objective measures include factors such as annual salary, how much is owed to credit card firms, and the amount saved for retirement. Subjective measures concern individuals' views on their own financial position. For instance, how does my pay compare with: my work effort; what my co-workers earn; and what I could get elsewhere?

As well as the amount of pay, other elements of financial well-being could include: being able to save for the future; being rewarded in a fair and consistent manner; being able to comfortably pay off debts; having benefits that offer protection in the case of an emergency, such as illness or redundancy; having opportunities for career development; and being financially savvy.

What do employees think about when they think about financial well-being? To find out, we asked which elements of financial well-being are important to them. We asked them to give us their top five choices from the list shown in Table 1. While the table shows some interesting overall findings, how these findings vary by employee characteristics is also just as interesting.

Table 1: The most popular elements of a financial well-being programme (%)

Earning a wage sufficient enough so that I and my family/loved ones enjoy a reasonable lifestyle	75
Being able to save for the future, such as for retirement or a first home	55
Being rewarded for my efforts in a fair and consistent manner free from prejudice and bias (for example staff bonuses, pay rises, company shares, promotions)	54
Being able to comfortably pay off existing debts, such as credit card or mortgage	45
Staff benefits that protect me and my family should I fall ill or lose my job	29
Opportunities to develop and progress my career	26
Understanding money so I know the best way to borrow, spend and save it	17
A benefits package from my employer that helps me to buy retail items at a discount (for example clothes, food, housewares, mobile phones)	9
A benefits package from my employer that helps me to buy travel items at a discount (for example train ticket discount, or cycling schemes)	5
Other	<1
Don't know	4
Not applicable – aspects of financial well-being are not important to me	5

'Within the private sector, those employed in manufacturing and production are more likely to value being rewarded for their efforts in a fair and consistent manner (60%).'

While there is little variation in the popularity of '*earning a wage sufficient enough so that I and my family/loved ones enjoy a reasonable lifestyle*' or '*being rewarded for my efforts in a fair and consistent manner...*' among the age groups, there is more of a difference for other elements of the financial well-being package.

For instance, 18–24-year-olds are more likely to value being able to save for the future (64%) and having career development and progression opportunities (46%) than other age groups. This is also true among 25–34-year-olds; being able to save for the future (61%) and having opportunities to develop and progress their careers (41%) are also important. Career development is still of interest among 45–54-year-olds (32%). This probably reflects concerns among employees to try and save for the future, when their current income is low and they may have racked up debts while studying at university. These findings also debunk the myth that most young workers aren't interested in saving or don't think about the future.

'*Being able to comfortably pay off existing debts...*' is of above average interest among half of the (51%) 45–54-year-olds questioned, which indicates that as people start to approach retirement they are more likely to want to reduce their outgoings, such as the amount they're paying off on their credit cards or on their mortgage.

Public sector workers along with voluntary sector staff are more likely to value earning a sufficient wage (80%), reflecting the ongoing squeeze on pay in this sector. They are also more likely to rate highly being able to save for the future (63%) and staff benefits that protect them and their family (39%), perhaps an indication of the changes to public sector pensions over the past decade. Earning a sufficient wage is even more important among those working in the voluntary sector (82%).

Londoners are more likely than the UK as a whole to value being able to save for the future (60%) and opportunities to develop and progress (38%), reflecting the challenge of saving both for a home and a pension in a city where housing is so costly, and its relatively young workforce.

Welsh workers are more likely to value being able to comfortably pay off existing debts (55%) and understanding money so they know the best way to borrow, spend and save it (24%).

Within the wider economy, those employed in manufacturing and production are more likely to value being rewarded for their efforts in a fair and consistent manner (60%). Being offered a benefits package that helps people to buy retail items at a discount has twice the importance in the retail sector (22%) than it does for the whole of the economy (9%), suggesting that employers considering withdrawing such benefits to pay for the national Living Wage should think twice because such a decision could reduce employee well-being.

In hospitality, 23% value being able to understand money so they know the best way to borrow, spend and save it. In both finance (61%) and professional services (63%), being able to save for the future comes out as being especially important.

Compared with non-managerial staff, senior managers are more concerned about: earning enough (81% compared with 75%); being able to save for the future (67% versus 53%); and opportunities to develop and progress their career (35% versus 23%).

By contrast, non-managerial staff are more likely than their senior colleagues to want to better understand money (17% compared with 10%), and to want staff benefits that protect them and their family (33% versus 26%).

Earning a sufficient wage is of particular importance to those with less than six months' service with an employer (82%) and for those with between five and ten years' service (81%). It is less important for those with over 20 years' service (68%).

Table 2 looks at which elements of financial well-being are most popular by employee gross earnings. For instance, compared with other salary bands, those earning £35,000–44,999 are more likely to value a wage sufficient enough so that they and their family/loved ones enjoy a reasonable lifestyle or staff benefits that protect them and their family should they fall ill or lose their job. By contrast, those earning £45,000–59,000 are more likely to value being rewarded for their efforts in a fair and consistent manner.

Those workers who are dissatisfied with their current pay are more likely to value earning a sufficient wage (79%), being able to save for the future (58%) and being rewarded fairly and consistently for their efforts (58%), indicating that they don't feel that their contributions are being valued fairly by their employer.

Those who feel under excessive pressure every day are the most likely to value being able to comfortably pay off existing debts (50%) and staff benefits that protect them and their family (39%).

Among those with Levels 6 (such as a bachelor's degree) and 7 of education (such as a master's degree), being able to save for the future is of particular importance (Level 6: 62%; Level 7: 63%), while those with Level 7 of education are more likely to value opportunities to develop and progress (42%) and staff benefits that protect them and their family (36%).

Table 2: Which aspects of financial well-being are popular, by gross personal income (%)

		%
Earning a wage sufficient enough so that I and my family/loved ones enjoy a reasonable lifestyle	£35,000–44,999	80
Being able to save for the future, such as for retirement or a first home	£35,000–44,999	67
Being rewarded for my efforts in a fair and consistent manner free from prejudice and bias (for example staff bonuses, pay rises, company shares, promotions)	£45,000–59,000	65
Staff benefits that protect me and my family should I fall ill or lose my job	£35,000–44,999	36
Being able to comfortably pay off existing debts, such as credit card or mortgage	£25,000–34,999	54
Opportunities to develop and progress my career	£35,000–44,999 £60,000+	33 33
Understanding money so I know the best way to borrow, spend and save it	Less than £15,000	21
A benefits package from my employer that helps me to buy retail items at a discount (for example clothes, food, housewares, mobile phones)	Less than £15,000	13

3 Improving employee financial well-being

Table 3 shows how employees think their current financial well-being could be improved. They were given a list of options from which they could select five. Earning a higher wage is the most common response, indicating the importance of income level to both current and future feelings of well-being, while being rewarded in a fair and consistent manner becomes more important and being able to save for the future less important. This suggests that it's not enough to simply boost pay levels; how pay decisions are made must also appear fair and consistent.

Again, there are important variations by employee characteristics. Compared with the UK average (68%), staff aged 18–24 are the most likely to believe that a higher wage (74%) would assist.

Similarly, compared with other age groups, they are also more likely to think that their financial well-being could be boosted by: being rewarded for their efforts in a fair and consistent manner (51%); being able to save for the future (31%); having development and progression opportunities (31%);

Table 3: How current employee financial well-being could be improved (%)

	%
Earning a higher wage	68
Being rewarded by my employer for my efforts in a fair and consistent manner free from prejudice and bias	41
Being able to save for the future	26
Access to benefits that protect me and my family should I fall ill or lose my job	24
Opportunities to develop and progress my career	20
A benefits package from my employer that helps me to buy retail items at a discount	12
A benefits package from my employer that helps me to buy travel items at a discount	8
Access to help and advice about being money savvy and tips on the best ways of borrowing, discounts on purchases and getting the most out of savings	7
Access to a trustworthy source for borrowing money in an emergency at a reasonable rate of interest	6
Other	1
Don't know	6
Not applicable	8

having a benefits package that helps them to buy retail items at a discount (22%); and a benefits package that helps them purchase travel items at a discount (14%).

Public service workers are more likely to claim a higher wage would improve their well-being (80%) than all workers (68%), perhaps reflecting the impact of government pay policy since 2010, as well as opportunities to develop and progress their career (28%).

Manufacturing workers are more likely (74%) to think that a higher salary would boost their well-being, hotel and restaurant staff are more likely to think that being able to save for the future would help them (31%) and retail workers are more likely to claim that a benefits package that helps them buy retail items (21%) would aid, compared with 12% overall, reflecting the importance of this perk in boosting their income

Employees with less length of service are more likely to think that higher pay (76%), opportunities for development (27%) and a benefits package that helps employees buy retail items at a discount (18%) would boost their financial well-being than those who have been with the organisation longer.

As length of service increases, perhaps unsurprisingly, saving for the future is seen as becoming more important to future well-being before gradually falling away.

Those earning £35,000–44,999 are more likely to believe that higher pay (73%) and being rewarded in a fair and consistent manner (48%) would boost their financial well-being, while those earning £25,000–34,999 are more likely to opt for being offered opportunities to develop and progress their careers (27%).

There is not much variation between the regions. Those from London are more likely to think being offered career development and progression opportunities (28%) and being more money savvy would aid their financial situation (14%). Those working in Wales are more likely to believe that being offered a benefits package that offers them retail items at a discount (19%) would help.

‘Public service workers are more likely to claim a higher wage would improve their well-being (80%) than all workers (66%).’

4 Financial decision-making

'The decisions that employees make have a significant impact on their financial well-being, for better or for worse.'

The decisions that employees make have a significant impact on their financial well-being, for better or for worse. We therefore wanted to see which sources of information employees use when making financial decisions.

Table 4 shows that employees are more likely to use comparison websites and talk to family and friends when they make saving, spending and borrowing decisions. This begs questions about how qualified and objective family and friends are to give financial information, advice or guidance and how well comparison websites are servicing their customers.

There is also a large proportion of employees who don't use any of the sources listed in Table 4; this may be because they make such decisions without using other sources of information to guide their decisions, or they are not in a position to make significant borrowing or spending decisions in the first place.

Table 4: Sources of information used when making financial decisions (%)

	Save	Spend	Borrow
Comparison websites (for example MoneySuperMarket.com, confused.com, MoneySavingExpert.com, mySupermarket)	40	33	30
Family and friends	30	27	21
What I read, hear and see in the media	28	22	17
Banks/building societies, investment firms and insurance companies	26	13	20
An independent financial adviser	14	5	8
Government and its agencies (for example Money Advice Service, Pensions Advisory Service)	12	6	7
My work colleagues	6	8	3
Charities (such as Citizens Advice or Age UK)	4	3	3
My supervisor/manager	2	3	1
Trade union/employee representative	2	2	2
My HR/payroll department	2	1	1
None of the above	31	44	47

When making financial decisions, women are more likely to talk to their family and friends when saving (33% versus 26%) and borrowing (24% versus 17%) than men.

Young staff are more likely to rely on the wisdom of relatives and mates when taking financial action. For instance, just under half (48%) of those aged 18–24 use their family and friends when it comes to saving decisions (40% for spending and 36% for borrowing). This suggests that when engaging with this generation about their financial well-being, employers should, where possible, use individuals with whom young people can identify.

This group are also the least likely to use comparison websites when making decisions to save (22%), spend (23%) or borrow (19%), indicating that new technology may not be the whole answer for engaging with this age group.

Rather than the young, it is those aged 35–44 who are more likely than other age groups to use a comparison website when saving (47%), spending (43%) and borrowing (39%). Though family and friends are still an important source of help when making saving (42%), spending (36%) and borrowing (30%) decisions.

A comparison website is also popular with those staff aged 55 years and over when making saving (38%), spending (28%) and borrowing (23%) decisions. This group is also more likely to take into account what the media is saying (32% for saving decisions; 22% for spending decisions; 16% for borrowing decisions). They are also more likely to talk to an independent financial adviser (IFA) before making a savings decision (21%).

Comparison websites are more popular with voluntary sector and public sector workers than they are with private sector employees when making saving, spending and borrowing decisions. For instance, when it comes to saving, over half of voluntary (54%) and just under half of public sector staff (47%) use such sites; by contrast, less than two fifths of private sector staff use them (37%).

One concern is that while using more than one comparison website can bring costs down for employees, they may not suggest the product or service that some employees may actually need.

In the wider economy, comparison websites are most popular among workers in real estate, renting and business activities (47%) in their saving decisions, followed by media workers (33%). In financial services, the most popular sources of information are comparison websites (43%) followed by family and friends (39%).

For saving decisions, comparison websites tend to be popular among the higher paid (for instance, 47% of those earning £45,000–59,999 use such sites), senior managers (56%) and a higher level of educational attainment (55% among those who reached Level 7). Trusting in family and friends is most popular among those earning £15,000–24,999 (35%) and among junior managers (35%).

High-earners (£60,000 and over) are more likely to take into account what they read, hear and see in the media (39%) and use an independent financial adviser (27%). By contrast, just one in ten (9%) of those earning less than £15,000 asks an IFA for advice, presumably because they are put off by the high cost.

If we want to see lower-paid staff accessing regulated advice, there is a role for government and employers in helping to reduce the cost barrier. While large organisations may be able to negotiate discounts with IFAs on behalf of their employees, this will not be an option for many small enterprises. In which case, targeted tax relief may be needed.

When it comes to spending decisions, those earning £45,000–59,999 are more likely to use comparison websites (40%) and talk to family and friends (31%). Top earners are more likely to use the media when making spending decisions (32%), as are those with Level 7 qualifications (32%).

For borrowing decisions, those earning £45,000–59,000 (41%) are most likely to use comparison websites, as well as family and friends (27%).

5 Comfort in seeking financial advice or help

‘Employees are uncomfortable discussing their financial situation with work colleagues, HR and payroll, and their line managers.’

Table 5 shows how comfortable, or uncomfortable, employees are in seeking support concerning their financial situation.

For instance, 58% of those questioned would be comfortable seeking guidance or advice about their financial situation from a comparison website, while 11% would not, with the remainder either being neither comfortable nor uncomfortable (23%) or unable to express an opinion (8%). The net comfort score is 47, where 100 would be the highest level of comfort and –100 the highest level of non-comfort.

Employees are uncomfortable discussing their financial situation with work colleagues, HR and payroll, and their line managers, perhaps perceiving that their financial situation could influence how they are regarded by their employer and co-workers.

However, this does not mean that employees would not welcome financial guidance, but that employer efforts should be focused on providing a supportive environment that helps to prevent money problems from arising in the first place, such as providing financial seminars during work time to staff.

While Table 5 shows that IFAs score highly among employees, Table 4 shows that few workers use them; as has been already mentioned, this may reflect the cost of such advice.

Table 5: Financial information sources that employees are most comfortable using (%)

	Comfortable	Not comfortable	Net
A comparison website	58	11	47
Family and friends	56	14	42
An independent financial adviser	53	14	38
A charity, such as Citizens Advice	41	19	22
Trade union/employee representative	13	38	–25
Work colleagues	17	47	–30
My HR/payroll department	10	54	–44
My supervisor/manager	12	58	–46

There isn't much variation in the comfort levels between various employee characteristics. However, those aged 25–34 (70%) are particularly relaxed about using a comparison website.

When it comes to family and friends, new employees to the labour market are more likely to be comfortable talking to them about their financial situation (76% among 18–24-year-olds and 70% among 25–34-year-olds), presumably because this age group looks for support from parents in navigating accommodation options when they leave home.

Those earning over £45,000 a year are more likely (63%) to report being comfortable with using an IFA, as are both middle (62%) and senior managers (63%), possibly reflecting the fact that they are also more likely to use IFAs and so know what to expect. Workers aged 25–44 (59%) also appear to be more relaxed about using an IFA, though they are less likely to have used one than those aged over 45.

Employees are more likely to report being comfortable discussing their financial situation with HR/payroll the more they trust, and are engaged with, their employer.

For instance, our survey shows that when employees are satisfied with their pay, happy with their career and would be very confident in revealing a mental health problem at work, they are more comfortable in discussing their financial affairs with their HR/payroll department than those who are not. This suggests that employers could encourage employee trust by looking to ensure that pay and career decisions are seen as objective and fostering an open and tolerant working culture.

6 Barriers to employee financial well-being

'The findings suggest that it is not just the amount of money that can be a barrier to effective money management, but lack of time, the hassle of saving money and financial jargon.'

Table 6 lists the main barriers that employees report facing in managing their financial situation as well as they would like. Employees were able to tick up to four options. The findings suggest that it is not just the amount of money that can be a barrier to effective money management, but lack of time, the hassle of saving money and financial jargon.

When asked which barriers prevent them from improving their financial well-being, 38% believe that they do not face any (typically older workers – who are more likely to have built up a defined benefit pension pot and who have more than 15 years' service), while an additional 5% are unable to identify any. However, three in five workers (58%) report they do face obstacles in improving their financial situation.

Among those most likely to claim that they face financial management hurdles are those: aged 18–24 (72%); reporting poor mental health (76%); under excessive pressure every day (67%); working in the public or voluntary sectors (66% and 65%); having too much work (65%); and based in Wales (66%).

The most common obstacle faced by just under three in ten workers (29%) is earning only enough money to get by each month. Those more likely to face this hurdle are: those with less than six months' service (44%); aged 18–24 (42%); earning less than £24,999 (41%); and female (36%).

This suggests that any financial well-being programme should consider the plight of young employees earning less than £25,000 who have recently started employment, possibly by offering loans to help employees with the start-up costs associated with new employment, such as commuting.

The second most commonly reported barrier – reported by over one in six workers (16%) – is the amount of hassle involved in saving money, for example switching energy supplier or bank accounts. This appears to be a particular issue among those: working in the voluntary sector (26%); earning more than £60,000 (24%); and employed as senior managers (23%).

Just finding the time to manage their money is a major hurdle among those earning more than £60,000 (25%) and employed in either senior or middle management roles (21%). It's also a particular issue for those based in London (18%), reflecting that the time spent commuting and working in the capital makes it harder to find time for managing money. While any well-being programme needs to give employees sufficient time to make decisions, this is particularly important for those whose working days are long and busy.

The higher the level of education, the greater the challenge in interpreting financial jargon. While just 5% of those with Level 1 qualifications (GCSE – grade D, E, F or G) report this as a barrier, this gradually grows for those with Level 7 (16%) – possibly reflecting the fact that the more they know, the less they understand.

Among 18–24-year-olds, almost one in four (23%) admit they prefer spending than saving, perhaps reflecting the novelty of earning a wage, or that this group is being more honest than other age groups.

Table 6: The barriers employees face in managing their money (%)

Only earn enough money to get by each month	29
The amount of hassle involved to save money, for example switching energy supplier, telephone providers, or bank accounts	16
Finding the time to manage my money	13
Difficulty in interpreting jargon of financial products and services	11
Not sure where to find affordable advice I can trust on managing money	9
My personal circumstances (such as an illness, divorce or bereavement)	9
Prefer to spend rather than save	9
Put off from making a financial decision because I lack confidence I'll make the right one	9
I feel embarrassed talking about my financial situation	6
Don't know	5
Not applicable – I do not face any barriers in managing my finances	38
Net: Barriers	58
Net: No barriers	42

Conclusion and implications

'Low financial well-being is associated with higher employee absence and stress, and poorer employee mental health, performance, and decision-making and focus.'

This survey demonstrates that poor financial well-being has an impact in the workplace through reduced employee work performance. These findings are backed up by the research cited in the CIPD report *Employee Financial Well-being: Why it's important*, which found clear evidence that poor financial well-being affects employee performance and health. Low financial well-being is associated with higher employee absence and stress, and poorer employee mental health, performance, and decision-making and focus.

Who should have responsibility for employee financial well-being: the Government, the financial services industry, employers or workers themselves? *Employee Financial Well-being: Why it's important* recommends that all stakeholders have an important part to play in employee financial well-being because the potential benefits are so great.

Boost financial well-being and we can boost performance. Boost performance and employers will have more money to invest in their employees through higher pay, better benefits and more training and development. The higher our productivity, the bigger is our economy and the more able it is to generate the funds needed for schools, hospitals, roads, and so on. Higher financial well-being can also lead to lower levels of stress and poor mental health, with implications for health service expenditure.

However, while better employee financial well-being has the potential to motivate employees, this will only translate into higher productivity if workers also have the ability and the opportunity to perform. If employers want to take advantage of this, they need to ensure that their HR practices – such as recruitment and selection, training and development, and reward and recognition – translate the workforce motivation into workplace performance.

What are the implications of this report for employers looking to have a financial well-being strategy in place?

Money matters – earning a decent wage is vitally important to employees' sense of financial well-being. While needs-based rewards may be an impossibility, employers should be seen offering a level of pay that meets people's basic needs. Paying a liveable wage or more is an important component in employee financial well-being.

Fairness matters – while the absolute amount of pay is important to employee financial well-being, so too is the relative amount. Those who perceive pay decisions aren't made in a fair and consistent manner are more at risk of poor financial well-being. Employers should review their existing reward practices to see that they support employer and staff needs in a fair and consistent manner, as well as look at how these decisions are communicated throughout the organisation.

Savings matter – our survey shows that many employees, especially younger workers, are anxious about their ability to save for the future, whether it's for retirement or a first home. Employers should look at how they can meet this need through a range of workplace savings products (such as Lifetime Individual Savings Accounts) and how much they are able to contribute to their employees' savings plans (for instance to the workplace pension).

Debt matters – borrowing is a fact of life and debt is not necessarily a bad thing; what's important is how well workers are able to manage and pay down that debt. Employers can play a role in helping their staff become financially savvy and responsible by helping employees make more informed choices and therefore preventing debt from becoming unmanageable for some workers – rather than having to deal with the consequences, such as through hardship loans.

Education matters – employees need appropriate information, education and advice in order to help them achieve good outcomes from their decisions to save, spend and borrow. 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.

Benefits matter – while a financial education programme can help employees set realistic lifestyle goals, a workplace benefits programme can help workers achieve them. Employers should look at how and whether their staff benefits are helping their employees achieve financial well-being and ask themselves what needs to be introduced, improved or scrapped.

Segmentation matters – how workers view their financial well-being differs by such characteristics as gender, location, pay, grade, length of service, and so on. It's crucial that firms recognise this when creating, building or reviewing their well-being programmes. For instance, London employees are concerned with the relatively high cost of living and working in the capital. New staff are focused on development opportunities, while high-earners value being given the time to make financial decisions.

Trust matters – employees are more likely to discuss money issues with people they like or who are close to them, as this survey shows. They are also more likely to seek guidance at the workplace when they feel they can trust their organisation to help, rather than judge. Employers should offer financial education as part of their well-being programmes, and tailor it according to the different demographics and stages of life of their employees, as well as look to build trust with their workforce.

The findings in this report show that poor financial well-being is a clear and present danger for employees, employers, the economy and society. Our report *Employee Financial Well-being: Why it's important* shows that this problem is only going to get worse unless interested stakeholders take action.

However, the potential opportunities from improved financial well-being are massive for workers, organisations, employers, the economy and society. HR has a key role to play in improving employee financial well-being and ensuring that their employers are able to build on this improvement through higher engagement, creativity and productivity.

HR and reward professionals wanting to implement a financial well-being strategy for employees in their own organisations should read the CIPD report *Employee Financial Well-being: Practical guidance*, which will help them design, execute and assess a well-being programme.

For instance, we should review our employer's well-being programme to ensure that it has a financial well-being element. We should also communicate the potential benefits of new initiatives and provide practical guidance to encourage buy-in from managers. It is HR who can enable an organisation to bridge the gap between policy and practice, ensuring they are implemented consistently and fairly, and this includes reward and benefit practices.

Finally, we need to develop measures to evaluate the success of the well-being activity. We can then use these data to review and revise our offering and to make a strong case for continued investment in employee health and well-being.

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