



Five reasons why your employees' financial wellbeing matters

Protecting your most valuable assets cannot be wrong – it's no longer acceptable to leave your staff to sink or swim

Regardless of how the pandemic has affected your business, financial wellbeing and security has never been more important. Expectations have risen in so many areas of life. We demand flexibility, accessibility and knowledge on tap. Digital-first solutions – for home, health, work and leisure – are now the norm but not, until now, for financial planning. Financial concerns can arise at any time and so the capacity to address them should be available on-demand and round the clock.

Many employees will continue to work from home for part of their working week. Reaching employees at home with a digital-first solution to understand and improve their financial health will be invaluable to safeguard their wellbeing. Sectors where employees can't work from home, such as travel, retail and hospitality, have been hardest hit by successive lockdowns and people who work in these industries may need specialist help with financial planning.

A CIPD survey in March highlighted that less than half of employers have a financial wellbeing policy in place. Around a third (30%) of employers said the economic crisis sparked by the pandemic had prompted them to consider how fair their pay and benefits were, while 25% said they were taking corrective action or planned to do so.

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1

Financial health affects mental health

One in four employees say they lose sleep about financial concerns and eight out of 10 take those worries into the workplace. Employees with money worries are almost five times more likely to suffer from depression while four out of five workers, according to PwC, find it impossible to get from one pay cheque to another.

13% 

of payroll costs are lost due to low productivity

The cost to business can be considerable – it is estimated that up to 13% of payroll costs are lost because of low productivity and related issues like absenteeism (see also section 4). The awareness and concern for mental health has increased throughout society, especially during the pandemic, but the link between financial and mental wellbeing is clear. There is no point in businesses spending money attempting to improve their employees' mental wellbeing without a focus on financial health too.



2

We need to talk (more) about money

Money is tough to talk about, even with those close to us. Only five out of 10 workers surveyed by Lifetime said they were confident and knowledgeable about general financial matters. Only 27% said that they have a clear idea about when they will be able to retire.

Discussing money worries with your employer would, to most people, be an even more uncomfortable situation, so having an independent, trusted service – available 365 days a year – can help overcome that barrier.

This isn't just about debt or about being hard up, it's about engagement with all aspects of your personal finances and how that links to your professional life too. It's about education – understanding and demystifying personal finance, starting with the basics like how to read a pension statement. According to the CIPD, 62% of 18-25-year-olds want to save for the future, so there is a will and desire to engage.

Encouraging employees to talk about money and giving them answers in a safe, neutral environment could change their whole financial perspective, helping them enjoy the here and now, while also planning for the future. Questions that staff may be asking themselves might include: Can I afford to buy a house or start a family? How should I budget for my weekly shop? Will my family be OK if I am unable to work? When can I retire? Or, will my current pension provide a comfortable income in the future?

62%

of 18-25-year-olds want to save for the future



3

Every employee is an individual and has different needs

One size doesn't fit all. Everyone's life and circumstances are different, so no two financial needs are the same. Creating a tailored financial plan, depending on your employee's age, needs, life stage and the sector they work in, will help staff fully understand their future wealth, take control of their lives in the present and make good financial decisions.

"Rarely does anyone understand how their employer-provided benefits dovetail with their private provision, whether this is their pension, life insurance or any other benefit," said Tom Banham, CEO of the Hoyland Common Academy Trust and a client of Lifetime. It's vital for all employees to have the chance to understand and appreciate how important their non-salary benefits are in order for them to make more informed financial decisions.

By having access to a digital service – and their own bespoke plan – an employee can be placed in control of their own finances. They can easily access the information, guidance and planning they need from wherever they are, and whenever they need them. They can make more informed decisions at just the right moment. Empowerment leads to the ability to make informed decisions.



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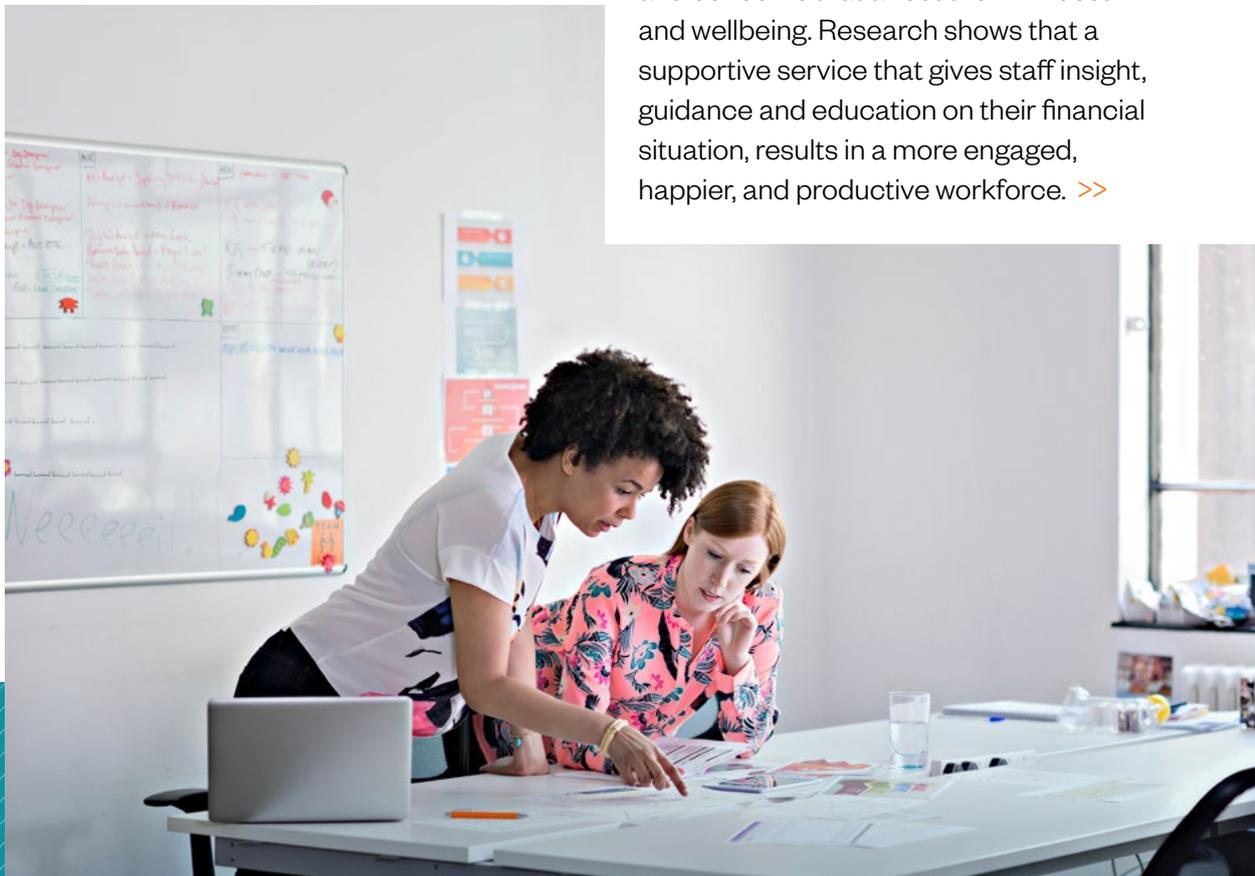
It will help staff retention and acquisition

Helping employees with financial management can ease the burden on HR professionals, some of whom may not be equipped to answer finance-related questions from employees. Using a financial management expert delivers value for the employee and then in turn frees-up HR resources.

Recruitment is expensive, especially in the current climate of a talent drought affecting many sectors. Financial wellbeing can help with staff acquisition, retention and succession planning.

If more mature staff have a clearer understanding about when they can retire and have been assisted in planning accordingly, this can mitigate issues around demotivated staff 'hanging on' for retirement. Around 57% of people do not think they will be able to retire at the age they would like.

Employers want staff who are fully committed and involved in their work (certainly during their working hours). But that equilibrium can be destabilised if employees have financial worries and concerns that affect their mindset and wellbeing. Research shows that a supportive service that gives staff insight, guidance and education on their financial situation, results in a more engaged, happier, and productive workforce. >>





That in turn brings big benefits for the employer, helping organisations perform better and be more creative, while reducing staff turnover, sickness and absences. It also builds trust and a sense from the employee that their boss cares about them. Of employers surveyed by the CIPD, 49% said that senior management didn't view a financial wellbeing policy as a priority, while 27% believed that employers didn't want it either. Crucially, that figure of 27% dropped to 11% among those who had actually asked their employees.

Inaction is not an option. It is estimated that companies are losing 9-13% of what is spent on payroll through poor productivity and absenteeism. So, for example, if a business employed 100 people at £20,000pa, the overall payroll would be £2m. A potential loss of 13% equates to £260,000. If a staff benefit cost of £24 per employee pa (£2,400 for 100 people pa) could reduce that loss by as little as 1%, the overall saving to the business would be £17,600. And many firms have found that the savings are significantly more than 1%.

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5

It's the right thing to do

Arguably the biggest 'why' is because it's the 'right thing to do'. The pandemic and the new ways of working have brought employers and employees closer than ever before. Many of us have been introduced to our colleagues' kitchens, pets and children.

Flexible working for many will remain the norm, but there is also an increasing desire and pressure from employers for a return to on-site working. According to the Office of Budget Responsibility, £148bn was saved in the first three-quarters of 2020, but as life and work returns to an approximation of pre-pandemic levels, so personal spending will increase. Suddenly, the old travel costs and the lunchtime spend return and it all adds up. The costs of coming to work, that previously would have been accepted as the norm, now become a factor and potential problem.

It's no longer acceptable for an employer to just leave their staff to sink or swim. It is in everyone's interests to put an arm around every employee right from the start. Protecting your most valuable assets cannot be wrong.



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Why choose Lifetime for your organisation?

Lifetime is a specialist in workplace financial education, which has spent years answering the most important questions that employees have. It believes its financial wellbeing programme is unique, innovative and leading the way to financial freedom for thousands of people.

Lifetime works closely with employers to deliver digital-first, tailored end-to-end solutions that meet the needs of every employee to improve their financial wellbeing. Financial management has to be relevant and available to everybody. It needs to be demystified – but educating employees is only part of the solution.

Alongside a bespoke package of educational information available 365 days of the year, Lifetime provides access to a free financial planning service to help employees prepare for their future. AI or 'robo advice' is increasingly presented as a solution, but an algorithm can't understand an individual's needs.

Lifetime prides itself on its bespoke service, offering a one-to-one coach for employees to assist them on their financial journey. This personalised programme helps people get to grips with money issues, and empowers them to take full control of their finances for the rest of their lives.

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