THE CURIOUS INVESTOR'S GUIDE TO...

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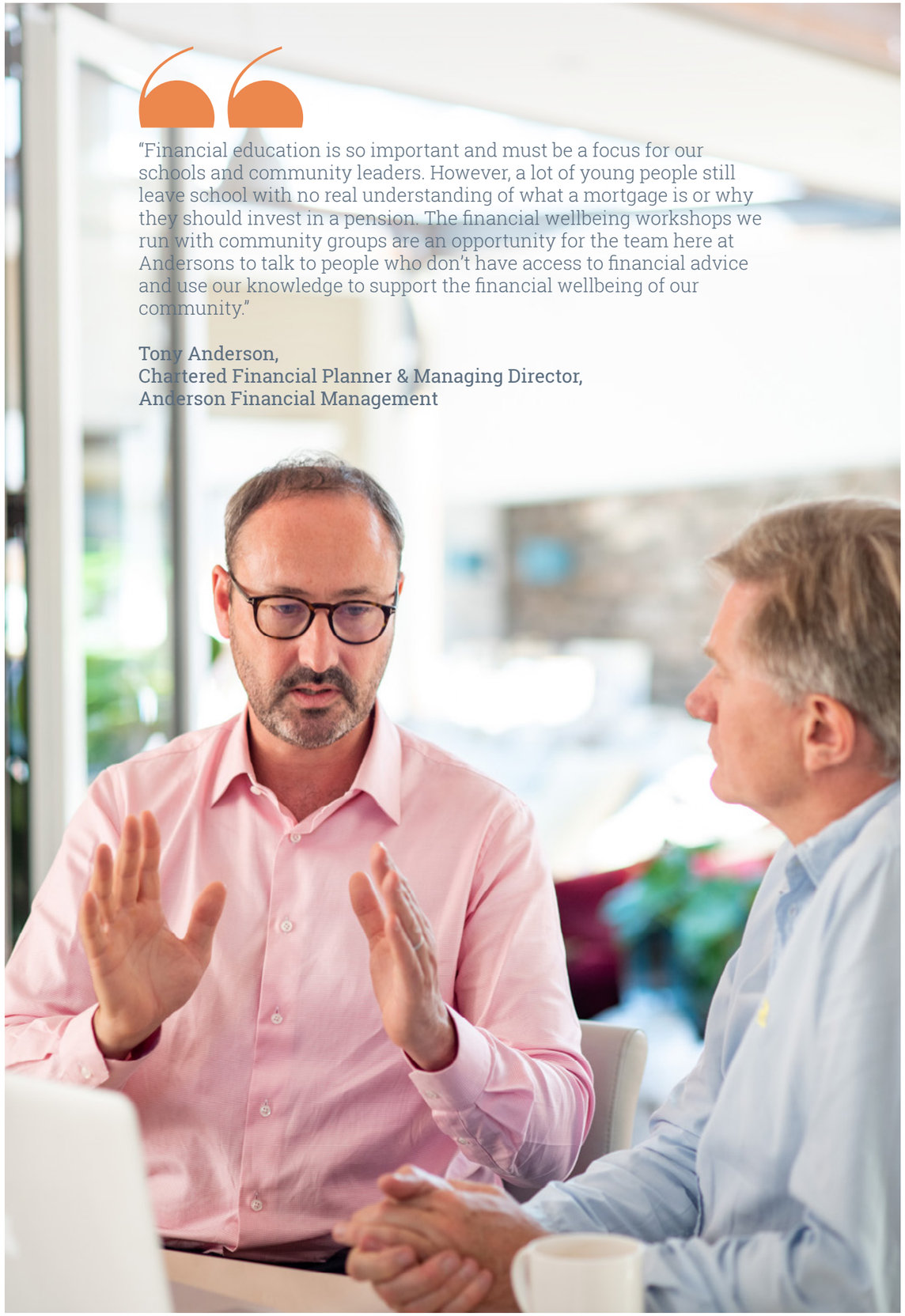
# Financial wellbeing at work

**Experience**
Case studies & personal stories

**Expert Advice**
For employers & employees

**Support**
What to do & how to do it



"Financial education is so important and must be a focus for our schools and community leaders. However, a lot of young people still leave school with no real understanding of what a mortgage is or why they should invest in a pension. The financial wellbeing workshops we run with community groups are an opportunity for the team here at Andersons to talk to people who don't have access to financial advice and use our knowledge to support the financial wellbeing of our community."

**Tony Anderson,**
**Chartered Financial Planner & Managing Director,**
**Anderson Financial Management**

# Welcome from Anderson Financial Management

Our conversations with clients never start with money. That's because we believe money is a tool, rather than a goal in itself. Instead, we always start with broader goals and life aspirations. Whether saving for retirement, buying a home, changing career, starting or building a business, money should be an aid on your journey, rather than the final destination. Because we all know money doesn't buy you happiness. Up to a point, that is.

For a concerning number of people, money is a leading source of stress. With 94% of UK employees suffering from money worries, you, your friends, family and colleagues are quite possibly among them.[i] But for many, this stress could be avoided – or at least significantly reduced – through a supportive programme of financial wellbeing.

While ensuring every member of the workforce is paid enough money to live comfortably is obviously a major contributing factor, financial wellbeing extends beyond this. Including education and proactive measures to support individuals to feel in control of their finances, financially healthy and positive about their future.

Financial wellbeing shouldn't be a journey trodden alone. Instead, it is a shared responsibility between employer and employee and there are steps both can take to nurture it. Financial advice isn't just for people who have money to invest and including financial education in an employee wellbeing program will have a positive impact on mental health and wellbeing in the workplace.

Especially after the turbulence of the last few years and continuing rise in the cost of living, it's more important than ever that individuals have access to the support they need to get their financial affairs in order and make adequate preparations for the future. Whatever it may bring.

Which is why we have put this guide together. By outlining the measures that will improve financial wellbeing at work, we want to help businesses and the individuals that work for them to reach their financial goals, be more successful and ultimately, be happier.

Tony Anderson.

Chartered Financial Planner & Managing Director
Anderson Financial Management Ltd.

## Financial wellbeing – a definition

According to the Chartered Institute of Personnel and Development (CIPD), financial wellbeing can be viewed as the opposite of financial distress. Financial distress describes a poor state of wellbeing when people struggle with their current finances or feel insecure about their future finances. [ii]

## Financial wellbeing at work – the facts

- 3 in 4 people say money problems impact their productivity at work. [iii]
- 39% of people with mental health problems say their financial situation actively worsens their mental health. [iv]
- 49% of employers do not have a financial wellbeing policy in place. [v]

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# A guide for employers

"A financial wellbeing program is no longer a 'nice to have'. It's a necessity. The workplace is evolving and employees expect more from their employer than a salary. Many people have reassessed what they want from life and they expect to be valued at work. Financial wellbeing support, including flexible benefits that work for the individual, is an important part of this. With social media, best practice is highly visible – people are empowered to ask for what they want and will know what your competitors have to offer."

**Alena Zavarin, Chartered Financial Planner, Anderson Financial Management**

## Why should I care about financial wellbeing?

Recruiting, engaging and retaining employees is fundamental to the long-term success of any business. Employers who support their people attract (and keep) the best talent – which is more important than ever in the current jobs market. There is stiff competition for top talent, and as a consequence, businesses are struggling to maintain the workforce they need to succeed and grow.

It is important that employee wellbeing is supported, both for new team members and experienced colleagues. Adjusting to home and hybrid working, concerns about job security, the demand of childcare and caring for elderly relatives, the impact of the pandemic on mental and physical health – these all take their toll on employee wellbeing.

As a result of these multiple pressure points, many employees have limited time or capacity to reflect on their personal finances. They need support and will be attracted to the companies that offer it.

Employers have a responsibility for the wellbeing of their team members – and as income providers, this includes financial wellbeing. While emotional and physical wellbeing strategies are increasingly commonplace, the financial aspect is a more recent – if equally essential – addition. More organisations are starting to recognise financial wellbeing as a core pillar of their employees' welfare.

**4.2 million - lost days of work in the UK private sector during 2019 due to poor financial wellbeing** [ix]

**£1.56 billion - the cost to UK employers every year of absenteeism and presenteeism caused by money worries.**

## The business case

Failing to look after the financial wellbeing of your people has an impact on not only their health and welfare, but also your bottom line.

The ripple effect of financial worries is far-reaching, extending beyond individual emotions and wellbeing to effectiveness and productivity at work. If your employees are distracted by money troubles, they won't be able to dedicate the full force of their energies to the tasks they need – and want – to do.

Research consistently shows financial distress has a direct impact on health outcomes, absenteeism and presenteeism.[vi] For example, people with problem debt who have depression are 4.2 times more likely to still have depression 18 months later than people without financial difficulty.[vii] It can turn into a perpetuating cycle that's difficult to break.

It's not just mental health. Financial worries can have major impacts on physical health, too. Another study shows links between the stress of unsecured debt, like credit cards or payday loans, and increased chronic pain that interferes with everyday life. [viii]

Our fight-or-flight response and associated increase in adrenaline and cortisol – stress hormones that lead to inflammation – have been linked to a range of negative consequences, including high blood pressure and heart rate, increased rates of diabetes and impaired immune function. The physical impact of financial distress can be just as worrying as the mental strain it causes.

# What can I do about financial wellbeing?

The best way to support your employees is by providing them with the education, advice and support to make informed decisions about their finances throughout their career. Equip them with the tools they need to achieve their financial goals and the knowledge they're not alone in working towards them.

Whether helping them understand how to manage existing debts, budget more effectively or save for retirement, your practical support could reduce their stress and increase their wellbeing.

To be most effective, financial wellbeing support should be targeted towards the individual. Aside from each person's different set of financial circumstances, a range of factors including age, gender, personality, family situation and existing health conditions will all make a difference to their experience.

## Start the conversation

It feels awkward for many people to talk about money, especially with their employer. Make it easier for your employees by starting – and continuing – the conversation with openness and honesty. Reassure your team they are not alone and money issues are nothing to be embarrassed about.

Similarly, give your managers any additional training or information they may need to have conversations about financial wellbeing and benefits. Dissolve any awkwardness by ensuring everyone involved in the conversation has the right tools and attitudes.

## Welcome feedback

Similarly, be open minded to any constructive criticism you receive about the benefits you offer. Take feedback as an opportunity to learn about areas for improvement. Feedback should be welcomed, so ask your people what they want, need and would value most from a benefits package to support their financial wellbeing.

Whether this is through a survey or team meeting, choose a medium that best fits your employees and, most importantly, will result in maximum engagement. A package tailored to their needs is more likely to result in employee buy-in.

On the flipside, beware of offering too much choice. When confronted with a long list of different benefits, people are often overwhelmed and don't take up anything. By seeing that options match employees' desires and requirements, you can ensure they get the maximum benefit from your scheme.

"Businesses we speak to recognise that if they ignore financial wellbeing, they are already on the backfoot when it comes to attraction, recruitment, onboarding and retention. Financial advice is an important but relatively simple benefit to offer your employees. With little cost to the business and a potentially significant impact."

**Marcus Dunk, Chartered Financial Planner, Anderson Financial Management**



## Ask people what they want, where they might be struggling, and what you can do to support them.

This might take the form of:

- Financial education – workshops or group sessions are an easy way to educate your team. Include what's on offer in terms of benefits and how they might help. For example, the financial implications and advantages of health insurance or income protection.
- Personalised financial advice – a trusted advisor will help to improve take up of benefits by coaching your employees. This advice is important to support individual needs and help them understand where opting in for a benefit would be in their best interests.
- Changes to your pension plan – access to a good pension is a significant value add for your employees. Particularly as many people, especially younger generations, won't set up a pension for themselves. Supporting advice will help employees understand the importance of investing in a pension early.
- Improved communication – a checkbox list of opt-in benefits is rarely effective, as people feel overwhelmed and won't select anything. Detailed communication and advice will help your employees understand their options and opt-in for the benefits that best suit their needs.
- Seek feedback – ask your people what benefits they want. This might be healthcare or income protection, which are front of mind for many after the events of the last few years. You won't know unless you ask.

The value of a pension will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

### How Anderson Financial Management can support your financial wellbeing strategy

Financial education workshops to facilitate understanding of:

- Ability to make informed decisions.
- Budgeting, saving and investing for the long term.
- How to protect themselves and their family.

1:1 consultations that deliver more:

- Personal guidance and tailored outcomes.
- Advice about relevant benefits on offer.
- Bespoke financial planning.
- Long term financial forecasting.

Financial planning for business owners and company directors around:

- Help to redesign your company benefits package.
- Remuneration packages structured for maximum tax efficiency.
- Employee benefits tailored to specific needs.
- Protection for the business and its employees.

**The value of an investment may fall as well as rise. You may get back less than you invested.**


Our Curious Investor's Guide to...
Coping with change is full of hints and tips to help.
andersonfinancial.co.uk/news-and-events/guides

"The inclusion of a financial health pillar is crucial to help our team members better understand their finances and relieve some of the pressure they may feel because of it. Staff at both ends of the income spectrum find Andersons invaluable – their advice is speedy, reliable and above all impartial. Andersons are helping our staff on this journey, particularly as we work towards a post-pandemic world."

**Kelvin Cheatle, Director of Workforce, Kingston Hospital NHS Foundation Trust**

"The financial wellbeing workshop was such a useful session for our coaching team. The team is made up of a variety of ages and financial situations, yet everyone found it incredibly engaging and useful! The youngest members of the team said it was information they hadn't been told at school. Now at their first job they feel much more confident about what they should do next to look after their money and took extra info sheets to share what they had learned with their friends."

**Emily Haberfield, Fundraising & Marketing Executive, Empire Fighting Chance**

Scan here for the full case studies



# A guide for employees

## Don't ignore your finances

If you think there's a problem with your finances, it's not going to go away. If you were to ignore a leaking shower or cracked drainpipe, the problem would grow and only get worse. The same can be said for money.

It's especially difficult if you're experiencing persistent anxiety about ongoing money problems and the poor mental wellbeing that comes alongside them. We know it's a vicious cycle that feels impossible to break. It's hard to focus on your finances when you are mentally struggling but worrying about money only makes you feel worse.

Although it may feel easier to live by the saying 'ignorance is bliss' in the short term, when it comes to your long-term finances 'a stitch in time saves nine' is far more accurate.

Even if it means a scary period of coming to terms with the state of your finances, getting on top of them now will stop the situation getting any worse. Acknowledging, and then working on, any issues will put you in the best possible position – both mentally and financially – to achieve your goals and be better prepared for future challenges.

As with any worry or fear, confronting financial problems will be a daunting task. But by fully recognising it now, you've already taken a step to prevent it spiralling in the future.

### Mental and physical health

It's not just your financial health that's at stake if you ignore money troubles. It's your physical and mental health too. Financial distress has been linked to anxiety, depression, poor sleep, headaches, migraines, and chronic health conditions such as high blood pressure, heart disease and diabetes.

**If you are suffering from any serious side effects of financial distress, please make sure you talk to your GP or another healthcare professional.**

"Financial wellbeing is one of the pillars of happiness and in order to have it, you need to understand your finances and have clear goals. Employers are well placed to support this with financial education that improves financial literacy, helps people to budget and save for the future.

I've had a personal goal to retire to Barbados for many years, but never worked on a plan to get there! My consultation with Andersons was positive, clear, helpful and insightful. They helped me work out how I could increase my NHS pension contributions within my existing budget and consolidate my other pensions to achieve what I want. The whole process has brought me peace and clarity."

**Alesia Waterman, Senior HR Business Partner, Moorfields Eye Hospital NHS Foundation Trust**

"My advice to anyone with a range of employee benefits they can opt into is make the effort to fully understand what's available to you. And then take full advantage of whatever you can. It's likely to be better value as part of an employee scheme than if you organise it for yourself."

**Alena Zavarin, Chartered Financial Planner, Anderson Financial Management**

# Start with your *why*

St. James's Place and the Centre of Economics and Business Research (CEBR) found that fewer than two in five (38%) people have a financial plan in place for the future. Of those with a financial plan, 78% say it makes them feel more confident about their financial position.[x]

When planning anything, it's useful to work backwards from your end goal. The same applies to your financial future. What do you want to achieve? What is your why?

Everyone has their own individual aspirations and motivations. Is it early retirement, so you can travel the world with your loved ones? Is it funding a child's education? Owning your own home? Ensuring your pension and other investments only contribute to companies with sound ESG (Environmental, Social and Governance) practices, helping to make the world a better place? What do you love, and how can you best achieve it?

The first step is identifying your goals. Once this is done, it's a lot easier to break it down into achievable actions and targets. You'll be able to work out how these goals sit among your current timeline and finances so they are no longer just dreams. They can be tangible targets within your reach.

We are more motivated to achieve things that matter to us on a personal and emotional basis, rather than financial goals. What makes you want to get up in the morning?

**Be proactive**

These are five simple steps to help you get organised now.

1. Decide what your long-term goals are and what is most important to you. For example, you might want to think about:

   **Retirement** – are you are taking full advantage of your employee pension? It's never too early to start! Thanks to the wonder of compound interest, the earlier you contribute the more your pension pot will grow. And the less you will need to contribute to reach your goals.

   **Protection** – do you need income protection or life insurance to ensure your family are looked after should the worst happen? It can be hard to think about but the protection you need is likely to be better value for money, with better terms, as part of an employee benefit scheme.

   **Other insurance** – does your employer offer health insurance? This could be extremely useful for you and your family and offer high value for relatively little cost to you.

2. Take stock of your current financial situation, income and outgoings.
3. Create an honest and realistic budget.
4. Set short- and medium-term goals and track your progress.
5. Get support if you need it: If your employer offers access to financial advice then take it, advice will help you understand the benefits on offer best aligned to your goals. If your employer doesn't currently offer financial advice, talk to them about how they can help.

Your employer may well already have a number of potential benefits on offer. Make sure you know, understand and take advantage of everything you can – you don't want to miss the opportunity to develop your finances, especially with the support of your employer.

If they already provide financial wellbeing support, give your employer feedback about what works and areas for improvement. And if they don't, encourage them to provide it as part of their overall wellbeing strategy. If you're hesitant about making suggestions, remember this is for the benefit of you, your colleagues, and the business as a whole.

The value of a pension will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.




# Conclusion

The importance of financial wellbeing should not be underestimated. It doesn't just have monetary implications. It can have an impact on physical, mental and emotional health too, and is key to enabling employees to make the best possible contribution to their organisation.

For employers, while financial wellbeing support is good for productivity and performance, it's also the right thing to do. Reassuring your team they have a support network with the tools to tackle any problem will help them feel secure in their financial and personal future.

For employees, it's important to know you aren't alone. There are positive steps you can take to improve your financial wellbeing. Financial distress isn't a problem you should face alone. Working through problems and achieving your goals is easier when supported by a network and the appropriate guidance.

We are here to work with you and your team to improve financial wellbeing and catalyse all the benefits it brings. Peace of mind, productivity and reassurance for your employees and their families.

# About Us

Anderson Financial Management is a chartered financial planning firm based in Bristol, specialising in financial planning and wealth management services. We support individuals, businesses, families, trusts and charities. Our clients take an active and positive interest in their future and are engaged with their financial planning. They truly value our expertise and we aim to give the very best advice we can.

We're a close-knit team with respect for others and a love of working closely together with our clients. Regular face-to-face advice is at the heart of what we do. We gain a complete understanding of your current circumstances and develop a personal financial plan that helps achieve your goals.

Putting clients at the centre of everything we do is core to the Andersons culture.


*Our Curious Investor's Guide to... Partnership* is full of hints and tips to help.
andersonfinancial.co.uk/news-and-events/guides

“Financial education isn’t offered at school and it should be. It’s such an important life skill. As someone who can worry about money, I need a plan with clear stepping stones towards my goals. Not just around retirement but also investment. For me, that means taking full advantage of our good company pension, investing what I can in a Lifetime ISA and making the most of the advice and guidance offered by my employer.

Just because you don’t have huge amounts of money doesn’t mean you can’t plan for financial security and future growth. Everyone should receive the education and support they need to achieve financial wellbeing.”

**Megyn Hawker**
**Client Services Apprentice,**
**Anderson Financial Management**

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