



Rethinking Financial Wellbeing

What leading employers can
do to finally close the financial
wellbeing gap

New data and new solutions
from employees of the
FTSE Top 50 companies

octopusmoney

Employees from the FTSE Top 50 businesses have access to some of the biggest and best-funded benefits packages in the UK. But despite the millions of pounds spent each year, a majority of employees still worry about money.

Using data from our new survey of 1,000+ UK adults full-time employed at FTSE Top 50 companies, we've uncovered new insight that reveals the biggest drivers of money worries and the financial wellbeing initiatives that make the biggest impact.

The data, commissioned by Octopus Money, challenges some traditional benefits wisdom and suggests that the most impactful way to drive financial wellbeing (and broader satisfaction with benefits) is to start investing more in personalised guidance and education.

The results of the study show that, despite the best intentions, existing initiatives are falling short when it comes to addressing a financial health emergency across the UK. After millions spent on financial wellbeing, more than 95% of employees in the 50 biggest UK companies still worry about money.

41% couldn't agree that their employer strongly supports their financial wellbeing – and this isn't just true of lower paid employees, those earning over £30,000 felt this way too.

The wider findings reveal insights into employee needs and point to the employer solutions that can make the biggest impact on financial wellbeing.

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Short on time?

Here are the highlights of the report.

- Despite access to well-developed, well-funded benefits packages, a majority of FTSE 50 employees still worry about money – more than 95%
- Employee money worries are largely driven by how confident employees feel about their financial future
- Three things show potential for improving how employees feel about their financial future
 1. Having someone to talk to
 2. Feeling clear about your own financial goals
 3. Having a plan
- Financial confidence also impacts employee satisfaction with benefits – employees that feel better about their financial future appreciate their benefits package more
- Employee financial confidence is highest in FTSE 50 businesses that offer financial coaching
- Satisfaction with benefits is highest among FTSE 50 employers who offer financial coaching

The research

There is lots of analysis on the rationale for employee wellbeing budgets, including the negative impact of poor wellbeing and financial worries on productivity and profitability. But, to date, we've seen very little data on the effectiveness of existing spending and its actual impact on employee wellbeing.

In November 2021, Octopus Money commissioned a new study, surveying 1,000+ full-time employees of the companies with the biggest

benefits budgets (the FTSE Top 50). They represent a wide range of industries (including financial services, retail, telecommunications, pharmaceuticals and consumer goods) as well as employee seniority and salaries. The scope of the study was to focus on one key pillar of employee benefits: financial wellbeing, which is the umbrella that covers benefits such as pension matching, financial education, workplace loans and more.

Given the diversity of employers and employees in any sample, as well as the interdependence of all the wellbeing elements, there are limitations to any study of this kind. We look forward to seeing more research on these topics in the future, with the ambition of increasing knowledge of the true drivers of employee financial wellbeing.

Money worries are widespread in the FTSE 50

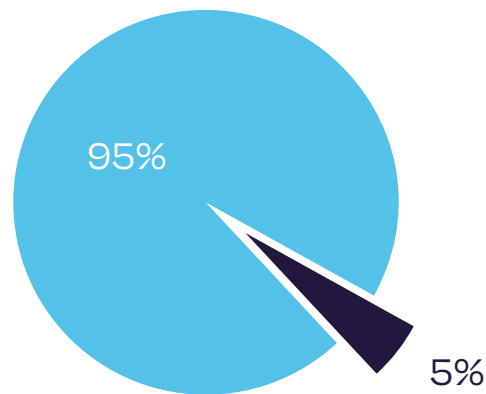
Our study supports other recent reports which show just how widespread money worries are post-Covid. It's clear that money stress is just as prominent in the FTSE 50 as it is across the country.

95%

of FTSE 50 employees
worry about money

37%

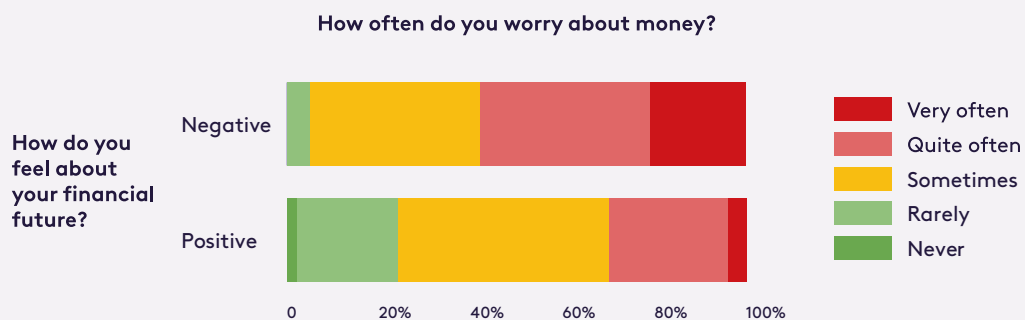
admit to worrying
about money "often"



The key predictor of money stress

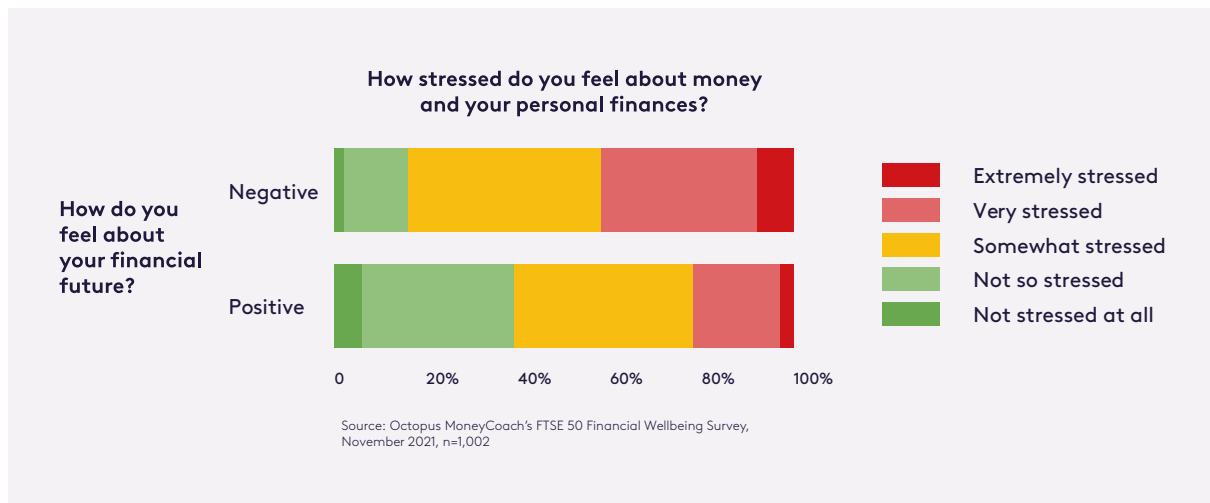
There's one question every people or HR team should be asking their employees: "how do you feel about your financial future?" Our research found that it is the strongest predictor of money worries.

The data suggests that people who feel positively about their financial future worry about money less often. Conversely, people who feel negatively about their financial future worry about money more often.



Source: Octopus MoneyCoach's FTSE 50 Financial Wellbeing Survey, November 2021, n=1,002

The results are similar when employees are asked how stressed they feel about money. Those who feel confident about their financial future are more likely to be “not so stressed” or “not stressed at all” about money. Employees who don’t feel confident about their financial future are more likely to be “very” or “extremely” stressed about money.



Shah Abbasi, Head of Financial Coaching at Octopus Money, says, “While many employees struggle with short-term money stress, some of the biggest stressors are projections into the future. When we talk to clients about their concerns it’s often questions like...Will I ever be able to get on the property ladder? Am I saving enough to retire when I want? Will I be able to afford my children’s university fees?”

How employees feel about their future (or put another way, their confidence about having a bright financial future) is a key lever to meaningfully improve financial wellbeing.

If employers can impact how employees feel about their financial future, they can impact how they feel in the present.

But what drives financial confidence? How can employers play a role in improving how an employee feels about their financial future?

The 3 proven drivers of financial confidence

There are many reasons we worry about money. Some are fleeting, others are deep-rooted. Some are universal, others are tied to particular personal circumstances. This makes it hugely difficult for employers to improve money worries for all employees.

But if building financial confidence can decrease money worries and stress, the data also suggests that there are three key drivers of financial confidence to focus on – all of which cut across industries, salaries, genders and personal circumstances.

FINANCIAL CONFIDENCE DRIVER #1

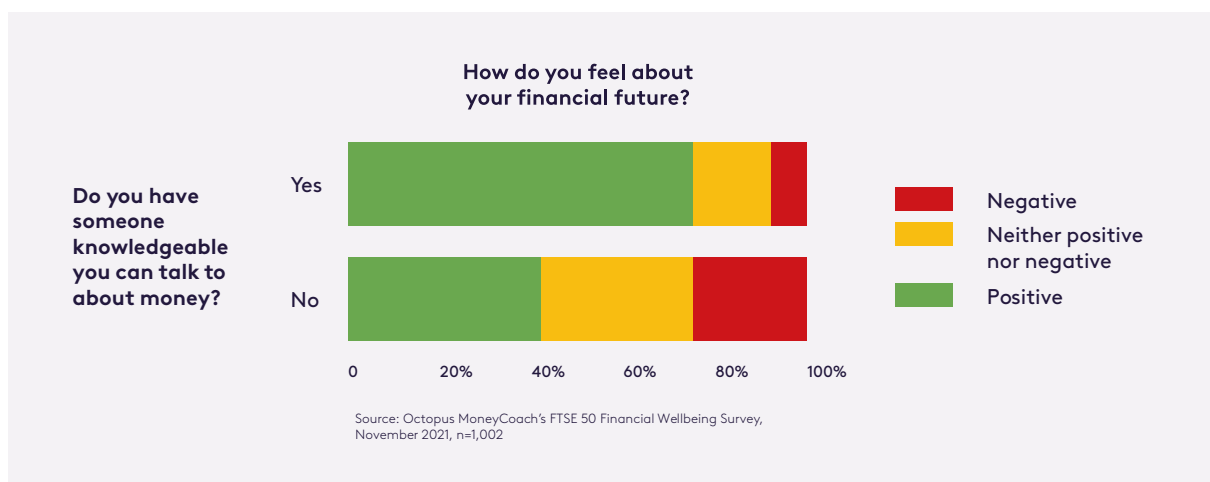
Having someone knowledgeable to talk to

The taboo and stigma around talking about money in UK society is still pervasive. Other studies have shown that millions of people across the UK don't have someone they feel comfortable talking to about money. Recent research from the Money and Pensions service found that "9 in 10 UK adults don't find it easy to talk about money or don't even discuss it at all" (MAPS 2021).

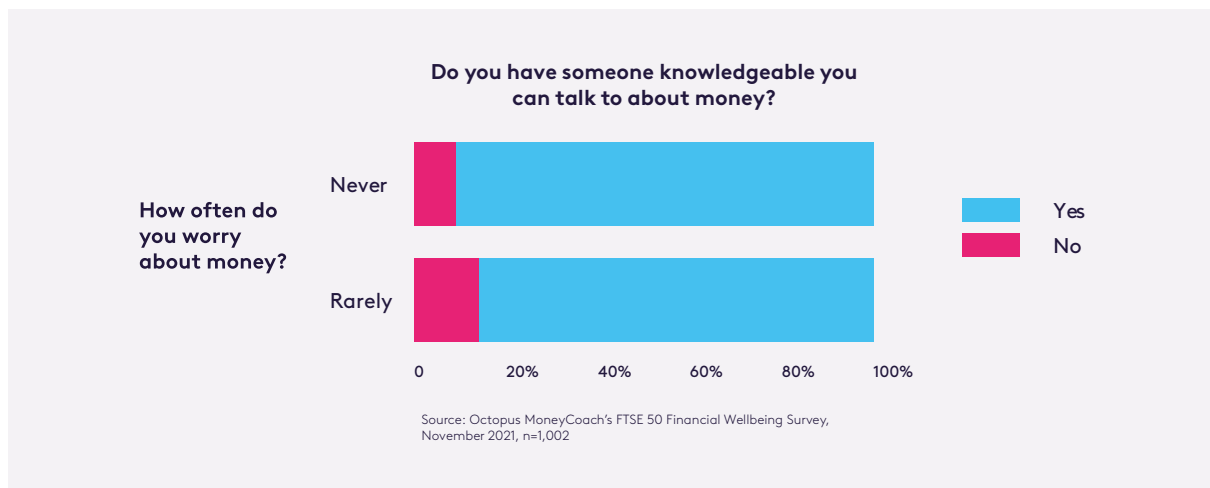
Our data helps show the power of breaking the taboo – and the impact of having a knowledgeable and trustworthy expert.

Employees who have someone to talk to about money are more likely to feel positively about their financial future.

Conversely, employees who do not have someone to talk to are more likely to feel negatively about their future.

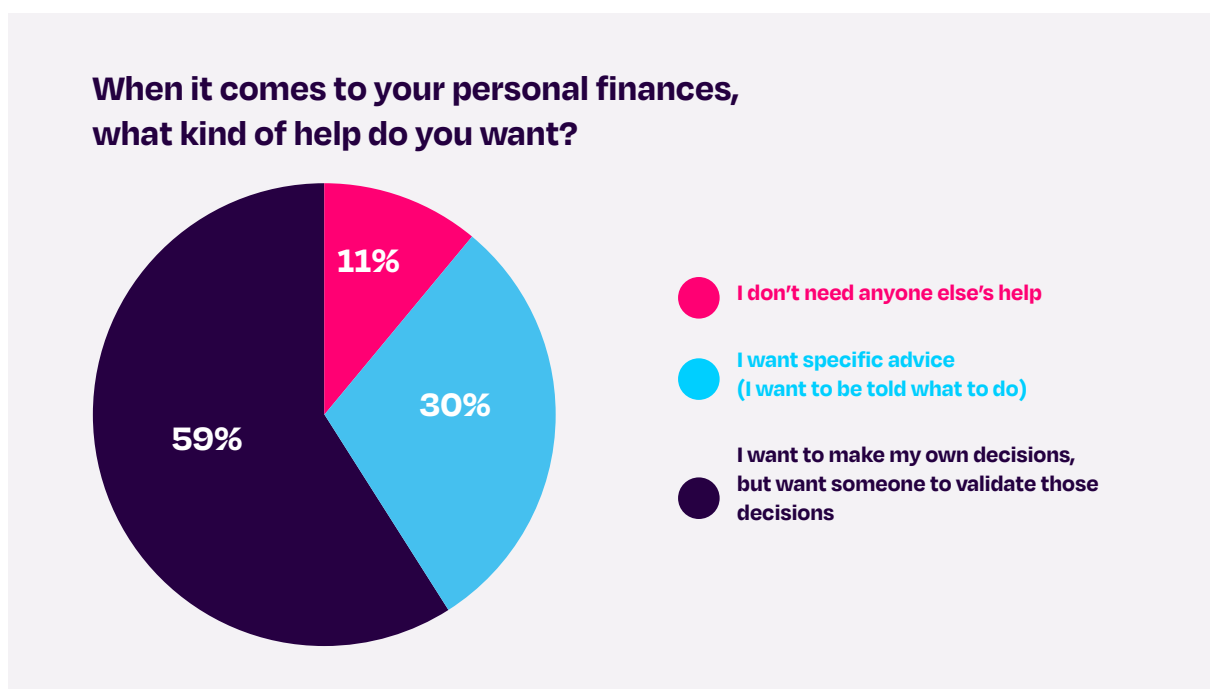


Furthermore, employees who say they never or rarely worry about money also share an important trait: they're both much more likely to have someone they trust to talk to.



Employees who do not have someone knowledgeable are nearly 20% more likely to feel stressed about their personal finances (than someone who does have a resource they trust.)

In fact, the overwhelming majority of FTSE 50 employees want personal help and human interaction when it comes to their finances – 89% of employees want help.



This is consistent with the findings of a PwC study of US employees earlier this year. "Employees overwhelmingly crave help with their finances. ...Online tools can be particularly useful when it comes to educating employees [but] employees also expect a high degree of personalization and benefit from one-on-one financial coaching" (PwC US, 2021).

FINANCIAL CONFIDENCE DRIVER #2

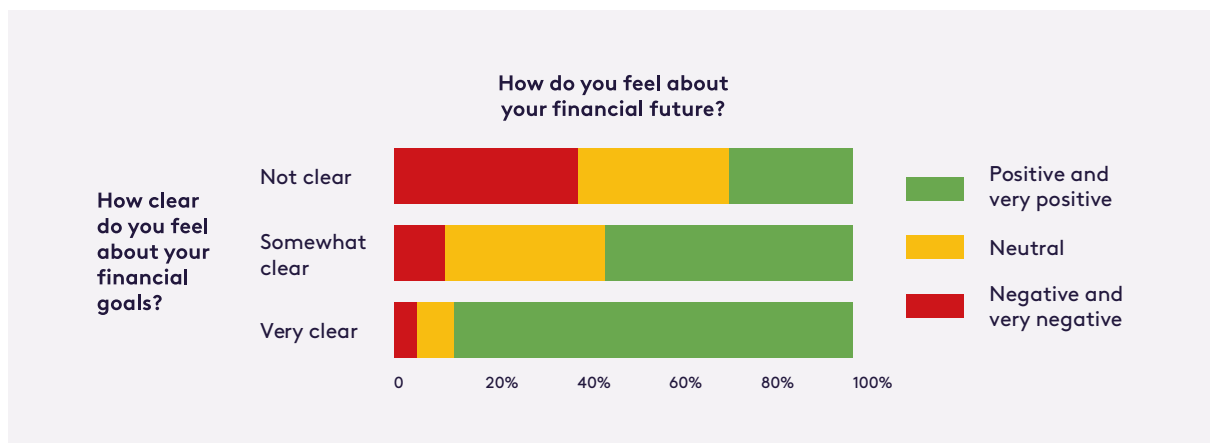
Feeling clear about your goals

They say "begin with the end in mind." Our research now shows the huge impact having clear goals has on financial peace of mind.

Employees who feel clear about their personal financial goals are 8x more likely to feel very positive about their future (than those who aren't clear.)

And, it turns out that the inverse is true too.

Employees who are not clear about their goals actually feel worse about their future – 73% of people who aren't clear don't feel positive about their future.



Other reports have demonstrated the impact of purpose and progression on employees in the workplace. Our study reveals a similar dynamic in the realm of financial wellbeing. The data suggests that if employees know what they're working towards and why, they will feel more positively about where they're going.

Adam Price, founder of Octopus Money, comments, "This insight is a wake-up call for any employer focused on employee retention. If an employee can't see the role you are playing in helping them reach their personal goals, it's a problem."

Unfortunately, 46% of employees in the FTSE 50 don't feel very clear about their financial goals.

This is a significant opportunity for financial wellbeing programs to address.

FINANCIAL CONFIDENCE DRIVER #3

Having a plan

We also asked employees whether they had created a plan to reach their financial goals. Employees who do have a plan were also more likely to feel financially confident about their future.

Once again, we see a correlation between having a plan and a positive feeling about one's financial future – and by extension a decrease in the frequency of worry and feelings of stress.

Employees who do not have a plan are 2.8x more likely to feel negative about their financial future than their colleagues who do have a plan.

Those who do have a plan are 4.8x more likely to feel very positive about their financial future.

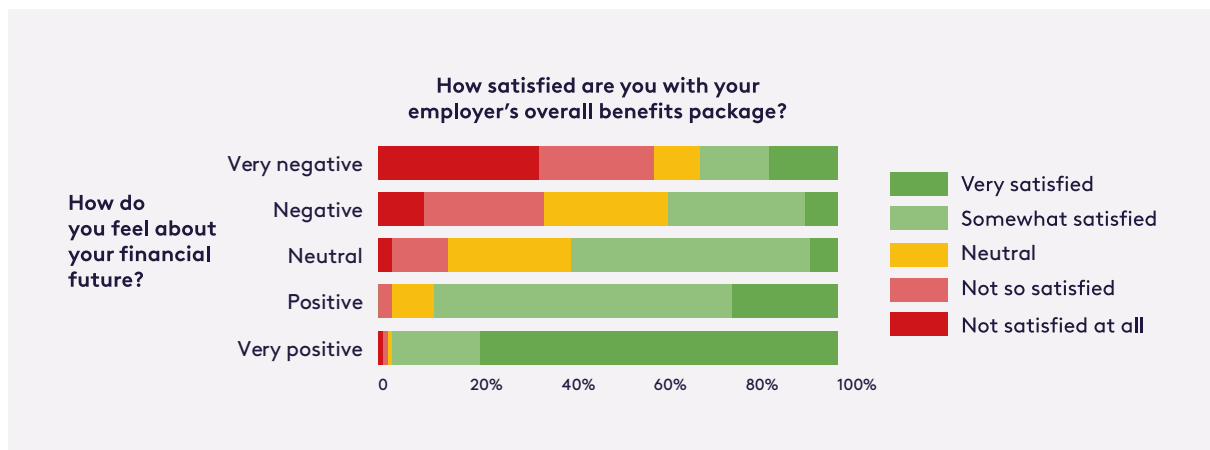
Having a plan also has a disproportionately positive impact on lower paid employees (earning under £30,000), who were 6.5x more likely to feel very positive.



How financial confidence increases employee benefits satisfaction

One of the most striking correlations in our research is between an employee's satisfaction with their total benefits package and how they feel about their financial future.

This data shows that the more positive you are about your financial future, the more likely you are to value and appreciate your benefits package. Those who feel negatively about their financial future are less likely to be satisfied with their benefits.



The research suggests that employees value their benefits most when they are connected to a clear and positive vision of their future.

"Many employees don't understand how valuable some of the benefits they get are until they see them in the context of their dreams for the future," says Sam Spurrell, VP of Coaching at Octopus Money. "When they see that their company's pension matching policy can help them reach their retirement goal faster. Or when they see the impact their life insurance benefit has on their goal of giving their children financial security. It's always more powerful to be able to put things in an individual's particular context."

A recent study by Gallup came to a similar conclusion.

"Financial wellbeing is about financial security and people's perceptions of their financial status. People with high financial wellbeing feel like they have enough money for the things that are important to them. Leaders can help by providing tools, training and support programs that help people make wiser financial decisions."

Gallup's CEO, Jim Clifton, and its chief workplace scientist, Jim Harter, argue that improving employees' financial confidence and agency might even be a more powerful tool for employee retention than salary. Their data shows that "the perception that you have enough money to do what you want to do has three times the impact of your income on your overall wellbeing" (Clifton, Wellbeing at Work, 2021).

This insight presents a massive halo opportunity for employers: by investing in improving employee financial confidence, employers have the potential to increase overall satisfaction and engagement across all of their benefits.

Stacking up financial wellbeing benefits

What's their impact on financial confidence?

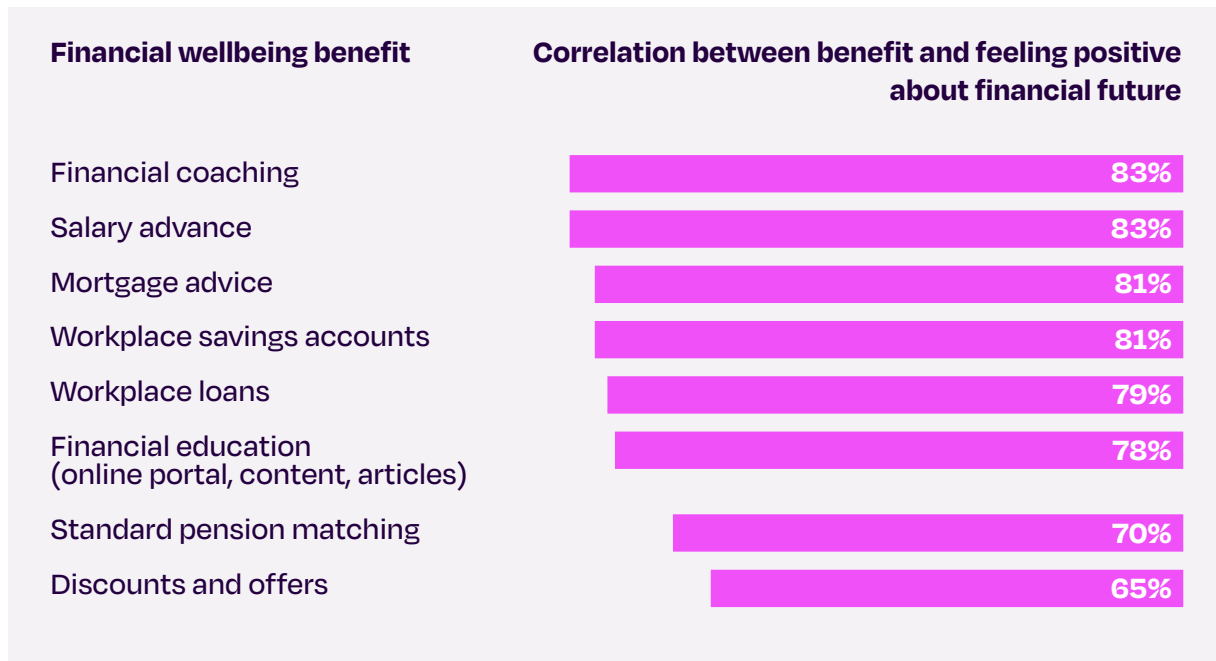
If confidence in your financial future reduces money worries and has a significant impact on satisfaction with benefits, what can employers do to promote it?

We've already identified three drivers of financial confidence:

- Having someone knowledgeable to talk to
- Feeling clear about your goals
- Having a plan

But our study also compared a variety of financial benefits offered by top employers. We didn't ask employees about standard benefits like salary, basic employer pension, basic protections like salary continuance or annual leave; nor did we ask about benefits outside the realm of financial wellbeing (including private medical insurance, mental wellbeing support, and others). However, the research does offer a glimpse into which financial wellbeing benefits are most likely to impact financial confidence.

The results show that financial coaching and salary advance are the benefits most strongly correlated with feelings of financial confidence. Conversely, the data shows relatively weaker correlations between financial confidence and traditional benefits such as pension matching and everyday discounts (e.g. offers at retailers).



Nothing increases confidence in employees' financial futures more than financial coaching.

The data shows that employee confidence in their financial future is highest in the FTSE 50 companies that offer employees financial coaching.

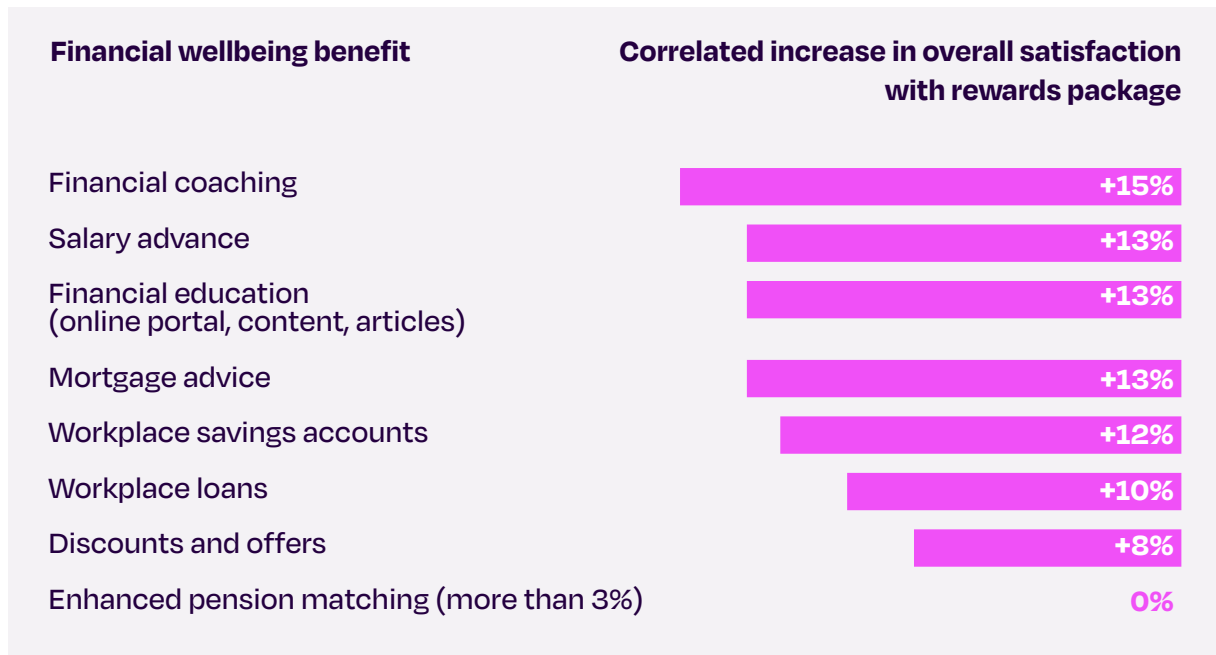
Financial coaching is also the benefit that addresses all of the key drivers already discussed: a knowledgeable person to talk to, clear goals and a specific, personal plan to follow.

What's their impact on overall benefits satisfaction?

Benefits programs are also designed to increase employee satisfaction and drive retention. This data also helps answer: which financial wellbeing initiatives most contribute to overall satisfaction with a benefits package?

We asked employees of FTSE 50 companies how satisfied they were with their overall workplace rewards and benefits and then analysed correlations with the various financial wellbeing benefits they reported being offered. More research will be required to dissect the entire wellbeing offering, but some initial findings emerged.

Here is the list of typical financial wellbeing benefits and how much they increase an employee's likelihood to be satisfied with the overall rewards package.



Of all the benefits, enhanced pension matching is the most underappreciated by employees, despite its potential impact on long-term financial health. People who receive enhanced pension matching are not more satisfied with their benefits package than those who don't. Pension strategy experts suggest this valuable benefit may be taken for granted because many employers choose to automatically enroll employees at the lowest level of matching.

Mortgage advice, financial education (such as online portals and digital content) and salary advance products all see a strong correlation with overall satisfaction – driving an increase of 13%. Salary advance is particularly valued by employees earning less than £30,000, which drives its ranking here, and is especially relevant to retail employers in the FTSE 50.

Finally, 1-to-1 financial coaching is the benefit that drives the biggest increase in overall benefits satisfaction amongst FTSE 50 employees.

Is financial coaching the answer?

Financial coaching has emerged as a new financial wellbeing solution in recent years. While no solution on its own can fully address the financial health emergency, it does offer a solution to many of the proven drivers of financial peace of mind, revealed in the research:

- Having someone knowledgeable to talk to about money
- Feeling clear about your financial goals
- Having a plan to get to your goals

89% of FTSE 50 employees we surveyed said that access to 1-on-1 financial coaching would be valuable (and it's even higher for those earning more than £30,000).

The data also shows that financial coaching increases employee satisfaction in their rewards package more than salary advance, financial educational content, mortgage advice, loans and many other typical financial wellbeing benefits.

Nothing increases employees' confidence in their financial future and the satisfaction in their rewards package more than financial coaching.

The best approach will likely incorporate many of these solutions, providing holistic support for every employee. But it's clear that the benefits status quo in the FTSE 50 is not yet moving the needle of financial wellbeing. A more radical rethink is required and the FTSE 50 have the opportunity to lead the way.

GET IN TOUCH

If you're a FTSE 50 employer and interested in seeing how 1-to-1 money advice can support your employees, book a time with one of our consultants.

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