

**5**

easy steps to  
**support**  
your employees'

# FINANCIAL WELLBEING

**AON**  
Empower Results®



# It's currently high on company agendas but what exactly is FINANCIAL WELLBEING?

At Aon we describe financial wellbeing as “the ability to confidently manage financial life today, while preparing for the future and anything unexpected along the way”.

## Can poor financial wellbeing impact an employee's mental health?

It certainly looks that way with **22% of employees saying that their financial situation causes them stress and impacts negativity on their productivity**; [financial stress is a key cause of mental health problems](#)<sup>2</sup>. The issue is circular: people with problem debt are more likely to experience mental health problems, and people with mental health problems are more likely to have problem debt.

Poor mental wellbeing can increase presenteeism and absenteeism, reduce productivity and have a significant financial impact on businesses – latest estimates put the [economic cost of workplace mental health at £34.9bn](#)<sup>3</sup>.

As one of the core wellbeing pillars, employee financial wellbeing is a growing concern for businesses. According to the UK Financial Conduct Authority, [67% of employees are currently struggling financially](#)<sup>2</sup>, which can have a detrimental impact on both their own health and business performance.

Poor financial health will inevitably have an impact on people's ability to retire. Our latest Global Financial Wellbeing Survey showed that **59% feel they are not saving enough for the future, and 37% of people approaching retirement do not have a plan**. A workforce with employees who can't afford to retire is not just an issue for those employees; it can also impact career progression and may increase the number of employees with poor health – and therefore may increase absence rates.

In our latest Benefits and Trends Survey, **62.5% of companies said they believe employee financial wellbeing is an employer's responsibility** – and the vast majority (98%) stated it's an area where they'd like to improve engagement.

1: <https://www.fca.org.uk/publication/research/fawg-financial-well-being-workplace.pdf>

1: <https://www.moneyandmentalhealth.org/money-worries-in-the-workplace/>

2: <https://www.centreformentalhealth.org.uk/news/mental-health-problems-work-cost-uk-economy-ps349bn-last-year-says-centre-mental-health>

3: Money and Mental Health Policy Institute: <https://www.moneyandmentalhealth.org/money-and-mental-health-facts/>

## So, what can companies do to support their employees?

Supporting financial wellbeing in the workplace doesn't have to be as complicated as employers might imagine. Follow these simple five tips to start your journey in giving Financial Wellbeing the focus it needs.



## Tip 1

# Make full use of your data

We all know that data is powerful and using the right data can drive impactful decisions. The good news is that you probably already have access to all the data you need to shape informed decisions about your financial wellbeing strategy:

### Audit

Before jumping ahead, assess your current strategy (if you have one) and how your employees are using the benefits you provide. You might discover that no one uses your financial wellbeing benefits, or that the products you offer don't meet the needs of your workforce. However, don't overlook context – it might be because you only sent one email about it, back in 2016.

### Outreach data

It makes sense that if you want to provide the best financial wellbeing support for your employees, you should probably ask them what support they would like and need. Use surveys and focus groups to get a mix of qualitative and quantitative data. People might not be willing to admit their debt levels in a focus group but may be willing to be open in an anonymised app or online survey.

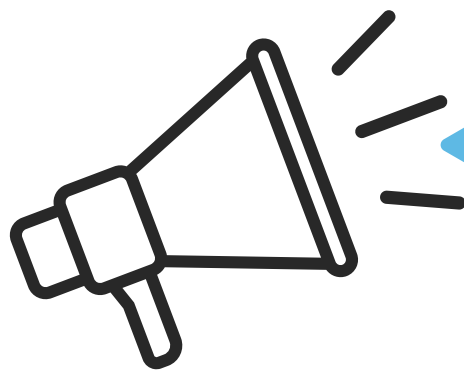
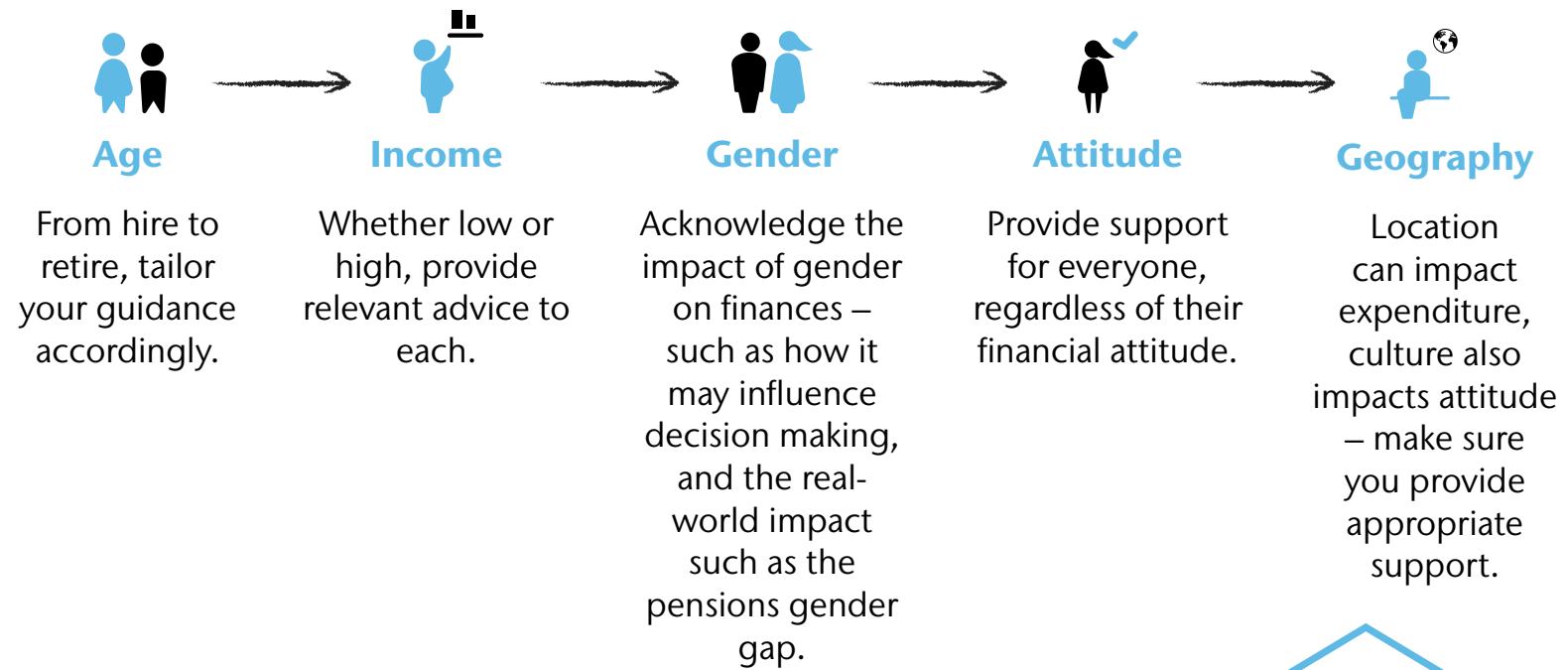
### Competitor analysis

Even if you don't know what your competitors are doing, we bet your employees do. Benchmark your financial wellbeing activities against your competitors or get support in doing so, to see how you could make improvements.



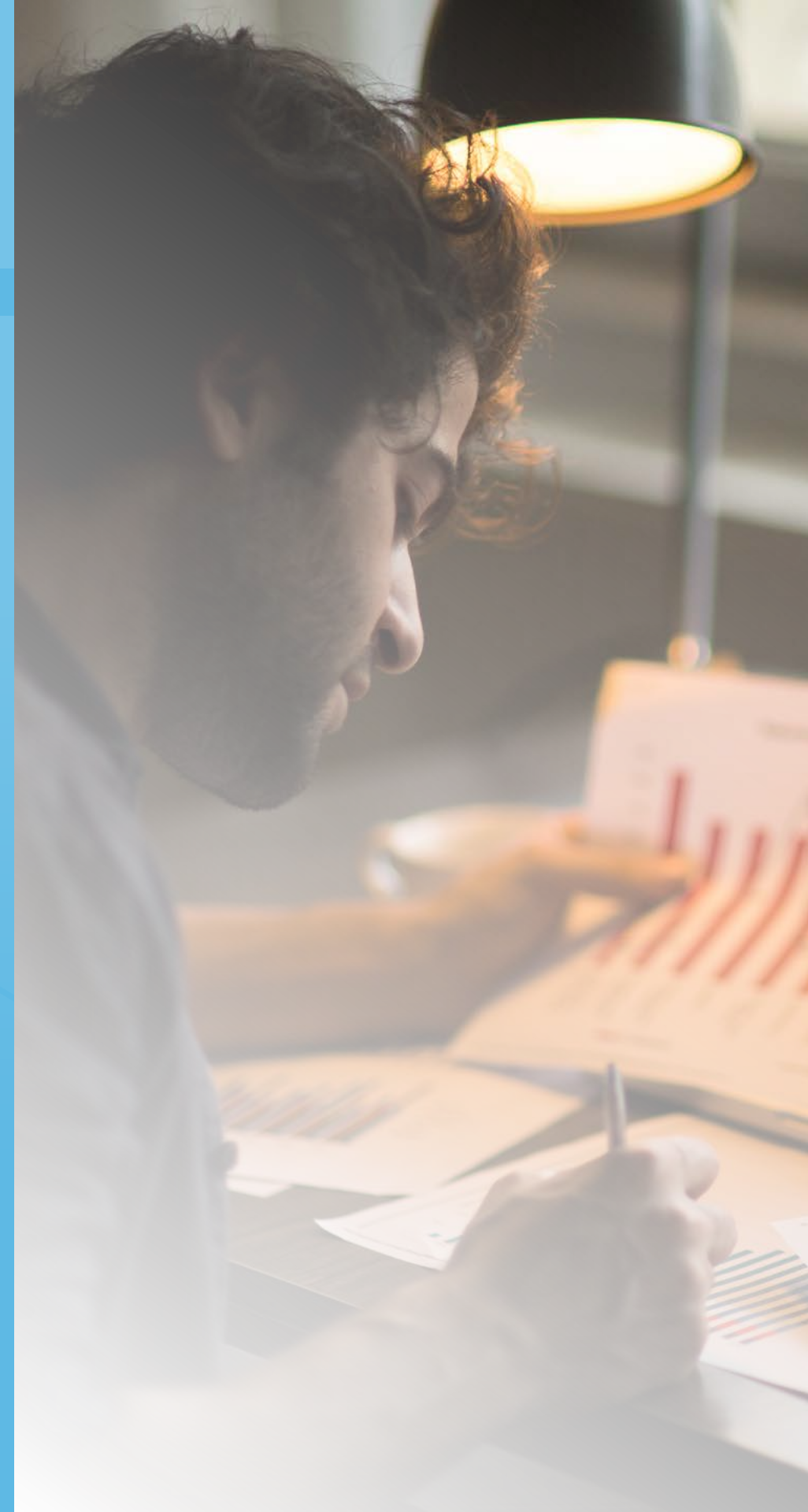
## Demographic

Ensure that your financial wellbeing programme meets the needs of all your employees, wherever they may be on their life journey:



### Aon Tip

Make sure you use your data to communicate wisely; build tailored communications depending on life events and use this data to make what you share relevant and personalised to those who receive it. It's important to not make assumptions; debt and financial stress don't just impact those on a low income.



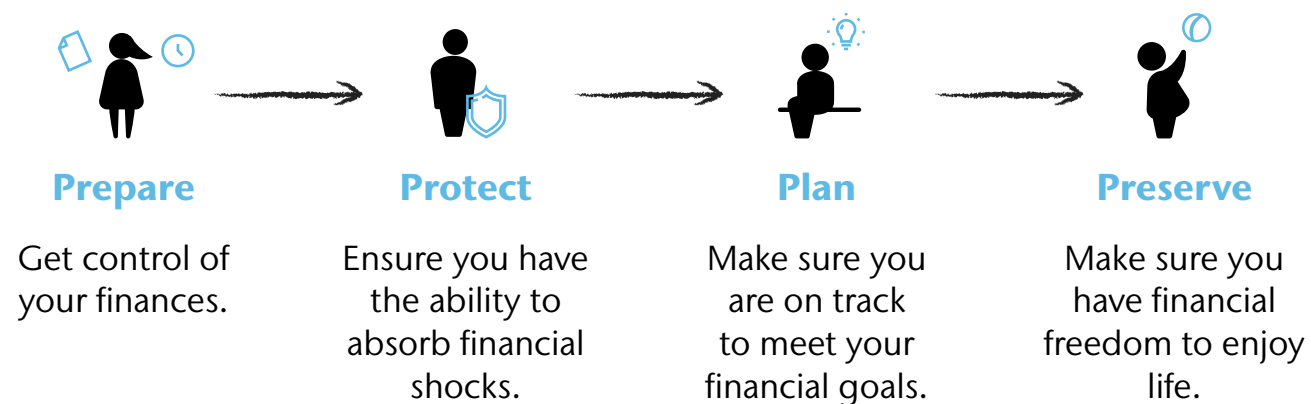
## Tip 2

# Develop a simple and realistic framework

With so much ground to cover, it can be overwhelming for employers to know where to start when implementing initiatives that support financial wellbeing. The approach can have a massive impact on engagement so take care to not bombard your workforce with information in one go, especially if they're a new starter. Keep it simple – and be consistent.

### The Aon Approach

We use our '4 Ps' framework to help clients improve employee financial wellbeing by focussing on changing behaviours, establishing healthy financial habits and helping employees make better decisions and be more resilient. It provides the foundation blocks of a financial wellbeing strategy, and forms the four core pillars for any great strategy:



Tackling each area in this way, with the relevant employees can have a huge impact. Our financial wellbeing delivery plan will help create the right mix and timetable of different activities which might include:

## Financial Education

Running a modular financial education programme can help simplify complex financial issues into an understandable and actionable format for your employees. From our surveys, we've found that financial education is a popular choice with employees – **4 in 5 in their early career would like support from their employer (\*\*)**, and the most popular method of support is face-to-face. There are two key elements:



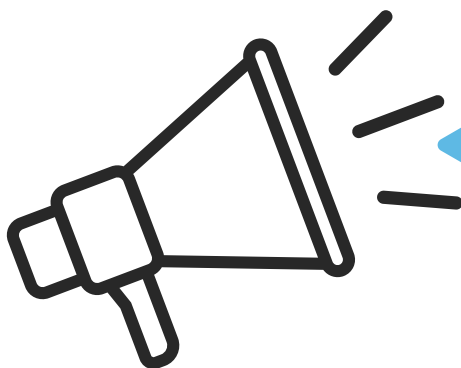
### Inform

Communicate the benefits and support you offer in the most effective way in order to engage them not just initially when you launch but throughout their journey's with you.



### Educate

Increase their knowledge and understanding in this area and make it personal. This will result in positive behavioural changes and support engagement.



### Aon Tip

Align your communication method with the preferences stated in your initial employee survey – you're more likely to engage.



## A few DO'S AND DON'TS



**Do:** Be short and sweet: Be careful not to inundate employees with lots of information in one go; set up a communication plan that delivers bite-size info.



**Don't:** Create barriers: If you want your employees to make changes, you need to make it easy for them to do so.



**Do:** Use a multi-channel approach: It's all-too-easy to hit delete on an email which just isn't a priority. Use more than one channel to ensure people are seeing your content, such as video, which can often aid understanding better than text alone.



**Do:** Create a brand: Having a separate brand identity for financial wellbeing will unify the information and build familiarity with your initiatives.



**Don't:** Be boring: Engage your employees and make it fun – it will boost engagement and their emotions will influence positive behaviour change.



**Do:** Be relatable: If you notice no-one in your company engages with the term 'pensions', phrase your communications differently. A simple change can make a big difference to perception.



## Tip 3

# Be Practical & Personal

You don't want to alienate your employees. Jumping straight into conversations about pension risk levels or your workplace share scheme may prove overwhelming for employees with limited knowledge of financial products. It's important to ensure your approach is practical and relatable. By using the 4 P's framework you can focus on key areas where you can make a positive impact, such as budgeting, financial goals, retirement planning, and preventative action against worse-case events.

Proactive financial education programmes can help employees get their finances retirement-ready; ensure your programme is targeted appropriately for each stage in an employee's time with you:

**Stage 1:** engaging new employees and getting them started on their journey towards financial wellbeing.

**Stage 2:** helping employees save enough to build a foundation for their short, medium and long-term financial goals - whilst recognising other financial pressures.

**Stage 3:** getting employees ready for retirement and making the right choices - whilst balancing shorter-term financial pressures and protecting family.

### Budgeting

Spend on household outgoings or holidays has surpassed income for the first time in 30 years – suggesting that many are living beyond their means. Encourage your employees to review their outgoings and put together a budget that supports long-term change.

#### **Take a practical approach to your goals.**

Anyone who's struggled with new year's resolutions knows how hard it is to change behaviours – overhauling a lifetime of spending habits is no different. Encourage your employees to set objectives to help them hit their financial goals and demonstrate the cumulative benefit of regular savings. Not only will it engage them, it will make them feel good too.

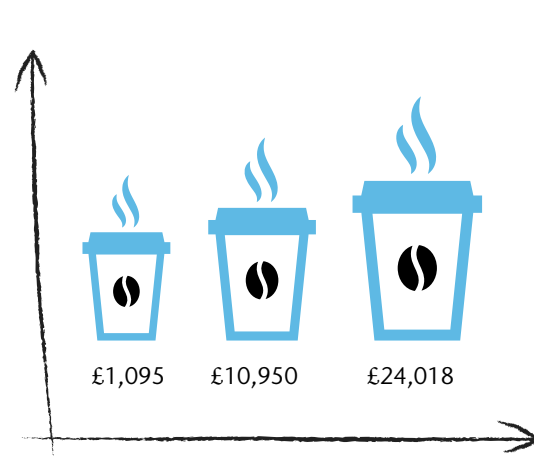




## Real world example: take-away the takeaway coffee

A cup of coffee at €3 every day adds up to €1,095 over the course of a year (and that's without adding syrups and cream). Save this money instead, and in 10 years you could have at least €10,950 – excluding any charges or additions from interest.

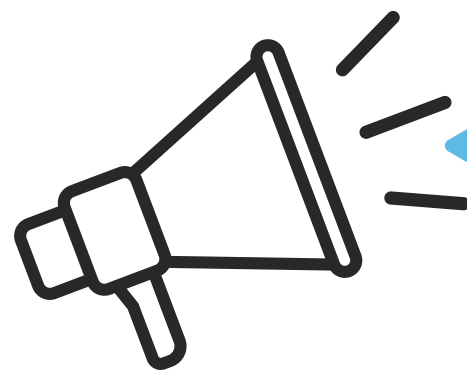
**Putting your coffee fund in your pension could make a bigger difference.** A UK higher rate tax payer (at current rates) paying the same £3 every day for a cup of coffee needs to earn pre-tax income of £1,887 per year to fund their coffee. If they forego their coffee purchase and redirect the money to their pension via salary sacrifice, in 10 years they could have an extra £24,018 in their pension\*, but there is no guarantee of this.



\*Assuming investment return of 5% per annum after charges.  
Please note: above calculations are for illustrative purposes only. The value of a pension can go down as well as up, and is not guaranteed - employees could receive a lower amount than they paid in.  
Daily coffee cost per year £1,095.  
Daily coffee cost put into savings after 10 years excl. interest £10,950.  
Example figure of daily coffee cost invested into pension scheme via salary sacrifice, after 10 years, assuming investment return of 5% per annum after charges. £24,018.  
The actual amount could be more or less than this.  
(\*\*) Aon DC and Financial Wellbeing Member Survey 2018

## Consider the 'what if'

Nobody likes talking about the worse-case 'what if' scenario, but unfortunately it makes good financial sense to do so. Kickstart conversations around the cost of inactivity; how not having life assurance could have long-term consequences, or how replacing a waterlogged-in-the-Mediterranean iPhone is much cheaper with gadget insurance.



## Aon Tip



Running challenges is a fun way to keep your employees engaged with their financial goals!



## Tip 4

# Take an agile approach

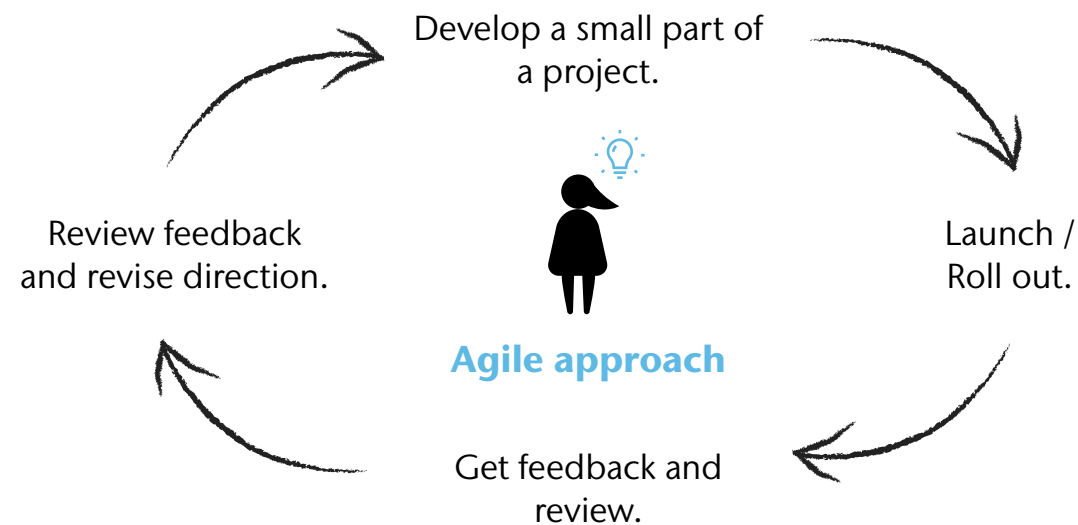
You don't need to roll-out your financial wellbeing strategy in one polished block. Adopting an agile approach will enable you to make improvements or change direction with minimal impact to your upcoming plans (and budget).

Roll out your programme in stages increases focus on each component.

Align and retune to employee needs: you can react to the feedback from your employees – and data on uptake. It allows you to add further initiatives which have been requested or change plans which you don't think will be in-demand.

Futureproof: you might find your employees' needs change. But with an agile approach, your future plans face minimal disruption – you just need to change direction.

### How would an agile approach work?



## Tip 5

# Use Tech where it's available and possible

Technology is a simple way to give employers the opportunity to enhance their financial wellbeing strategy.

### Engagement

Technology provides an opportunity for companies to control communications, monitor engagement, deliver the content, and improve the employee experience. Technology driven communications can deliver messages at the moments that matter for a personal user experience.

### Management tools

There's a plethora of financial management apps, pension apps and banking apps on the market. It's overwhelming – and it shouldn't be. Providing access to a customisable financial and money management app gives employees everything they need to manage their finances more effectively and make better decisions to improve their financial future.

### Benefits of using financial wellbeing technology

Real-time information: always accessible, technology provides information when your employees are planning their finances.

- **Holistic overview:** help your employees make informed decisions, with everything they need to make the right decision for them.
- **Data-driven insights:** quantitative data to drive your ongoing strategy.
- **Cross-generational appeal:** technology can help you break through barriers.
- **Improved CX (customer experience):** technology can help make your employee's journey as easy as possible.



## Improving your employees financial wellbeing is good for them and good for your business

Contact us today to find out more

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