

# CIPD

Championing better  
work and working lives

## Research report

January 2017



Employee  
financial

*well-being:*  
practical guidance



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.

# Employee financial well-being: practical guidance

## Research report

## Contents

Introduction	2
1 Assessing your employees' need for support	4
2 Building support	7
3 Take action	10
4 Embed and evaluate	18
References	20
Appendix	21
Sample documents	22

## Acknowledgements

We would like to thank the authors of this report: Catherine Rickard, Kate Spiegelhalter, Annette Cox and Duncan Brown from the Institute for Employment Studies (IES).

In particular, we would like to thank them for undertaking a literature review on financial well-being, and administering, managing and conducting workshops with HR practitioners, policy-makers and behavioural science experts, to further explore key issues from which they drew considerable insight to inform this and other related reports.

We are also extremely grateful to all the workshop participants who generously shared their time, experience, insights and materials for the purposes of this research, as well as those experts who were unable to attend, but still contributed their thoughts.

We would also like to thank Close Brothers for their input and support, especially for the case studies that they provided for this report.



# Introduction

*‘The challenge of maintaining financial well-being is a growing problem, driven by rising costs of pensions, housing and education, combined with increased longevity.’*

Welcome to this financial well-being report for employers.

It illustrates key steps along the journey for organisations to help their employees make better financial decisions, with benefits for organisations and employees alike.

Some organisations may be wary about engaging with their staff on financial well-being because of concerns about when general forms of support become regulated advice. However, this publication illustrates how organisations can safely offer staff access and signposts to sources of help so their employees make better financial choices.

It draws on the evidence from our policy paper *Employee Financial Well-being: Why it's important*, which has been informed by a literature review of academic and policy work as well as workshops with experts in financial well-being.

## **Who is it aimed at?**

This report is aimed at leaders and HR professionals in organisations of all sizes and in all sectors. It offers a menu of options that you may want to consider, from starting to develop a financial well-being strategy to refining what you are already doing.

## **Why take action?**

The challenge of maintaining financial well-being is a growing problem, driven by rising costs of pensions, housing and education, combined with increased longevity. We have all read about the growing

problems of stress in the workplace and financial worries are a key cause of this. The CIPD's survey *Financial Well-being: The employee view (2017)* finds:

- 19% of respondents are losing sleep at night because they are worried about money. That translates into a negative impact on their ability to concentrate at work and their productivity.
- 30% are also making uninformed financial decisions – they say they don't use advice or information from any source when weighing up options about saving or spending.
- 58% face barriers to managing their finances, including lack of time, difficulty in understanding financial products and services, only earning enough each month to get by and the hassle involved in taking action to save money by researching products and services.

Within the CIPD's model of well-being (see Figure 1), financial well-being and financial education are placed within emotional well-being as part of personal growth.

This highlights the importance of money management in contributing to people's sense of security and confidence in being able to live comfortably and stresses the opportunity for empowering people to improve their financial affairs.

**Figure 1: CIPD well-being model**

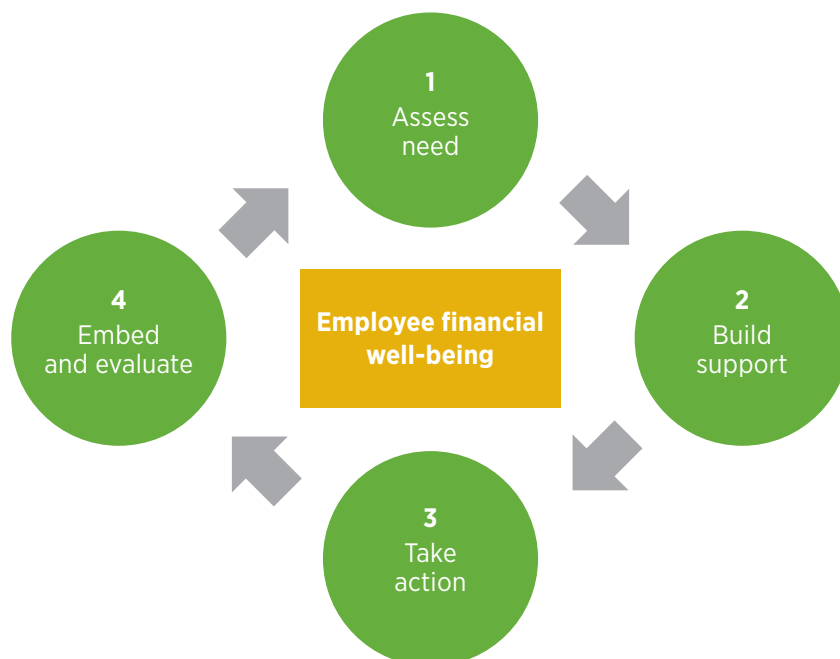


**What’s in our publication?**

It focuses on four main steps, illustrated in Figure 2:

- 1** how to find out the type and scale of financial well-being problems in your organisation
- 2** building a business case to gain support from managers and colleagues to take action
- 3** possible action areas, tailored by common organisational contexts, needs and priorities
- 4** how to measure and evaluate whether your actions are making a difference.

**Figure 2: Supporting employee financial well-being**



# 1 Assessing your employees' need for support



## This section will help you to:

- 1 Consider the characteristics of your workforce and segment your employees to understand their specific financial needs better.
- 2 Gather relevant information and input from your employees to understand what their priorities are.
- 3 Map what your organisation already has in place to support employee financial well-being so you can understand where there are gaps.

## 1 Consider the characteristics of your workforce

Our report *Employee Financial Well-being: Why it's important* illustrates that the financial needs and issues of employees vary according to factors such as their age, type of work and earnings, domestic circumstances, and lifestyle. In addition, they may face barriers such as numeracy and literacy level, level of digital skills or access to broadband – so single actions alone are unlikely to address all employees' needs.

We need to understand what the big problems are and who is experiencing them. It is important to be clear about what the needs are, who you are trying to reach, and what other support is already in place, to ensure

you are targeting your efforts, time and resources in ways that will maximise the benefit to employees.

Obviously, you can't assess the financial situation of every employee, so it can be useful to think about employees in terms of different characteristic groups such as age, gender, grade or earnings bracket.

Some typical groups that organisations have used to think about the financial well-being of their workforce include:

- **people aged 18–25**, starting their first job or apprenticeship, who may face particular challenges, including: learning to budget, choosing and managing credit, navigating

accommodation options and paying household bills, paying back debt from education, understanding employee benefits on offer in new jobs, and starting to save for future financial goals

- **people aged from late 20s to mid-40s**, possibly with a young family to support, balancing demands and costs of childcare, rent or mortgage payments and costs of family life – their challenges could include ensuring adequate income protection to protect against adverse and costly life events, saving for a rainy day or future goals and making retirement provisions
- **workers in their late 40s onwards** preparing for later life who need to maximise their retirement provision, secure an income for later life and handle unexpected life events, such as the early onset of ill health/disability, redundancy, or the death of a partner.

However, one must not automatically assume that all employees of a certain age will face the same challenges. For instance, you may have someone in their late 40s starting work for the first time, while someone in their early 20s may have eldercare responsibilities. Nevertheless, age can be a useful starting point for considering the potential financial needs of your workers.

## 2 Gather relevant information

Useful existing information about the financial well-being of your employees can be gained from attitude/engagement surveys, for example, on whether and how personal finances contribute to stress levels, what they think of their pay and benefits, and how well these are communicated and understood.

We have provided a **set of sample questions** that help to gain insights into employees' current financial well-being. You could include these questions in your next employee survey or do a specific 'pulse' survey on this issue. The aim is not to scare people or appear intrusive but to show that as an employer you care about their well-being – and financial well-being is an important part of this.

Other sources of information on your employees' needs and circumstances might include (ensuring data privacy requirements are met):

- Your HR system stores employee data on age, salary level and employment status, which may help identify different groups of staff with particular support needs.
- The HR system can also alert you to changes in employees' circumstances, and linked to this, opportunities to demonstrate that you are a responsible employer, for example:
  - maternity, paternity and adoption leave takers – these events may serve as cues for employers to prompt employees to revisit their financial priorities and future provisions and to remind employees what support their organisation offers during the leave period and upon return to work
  - promotion or bonus payout – pay increases may provide an opportunity to support employees to make good decisions about how to use extra income, for example, savings and investments, increased pension contributions, and so on
  - increased overtime working – may suggest the availability of overtime has a significant

effect on an employee's financial situation and any reduction would affect their financial well-being.

- Analysis of your benefits take-up – this could indicate whether employee choices are aligned to normal patterns at different life stages and help you to spot any groups that are not making the most of what you offer.
- Information from exit interviews – this may help show the role of any financial pressures in driving turnover or point to areas of reward and well-being provision and communications that could be improved.
- Anonymised data from your EAP provider – information on the numbers of calls received concerning debt and financial worries can help indicate the extent of financial worries (a significant proportion in some employers).

## 3 Map what your organisation already has in place to support employee financial well-being

As well as gathering relevant employee information to inform the potential support needs of your employees, it is also helpful to audit current policies and practices that may have an impact on employee financial well-being in order to identify any gaps or areas for improvement. These include:

- Current rewards and benefits policies:
  - Support by income level – are there particular opportunities for targeted support, for example budgeting and debt management support for very low earners and savings and investments support for higher earners?

- What kind of pension do you offer, and are employees contributing enough for their retirement?
- What other benefits do you provide? Do employees have flexibility and choice to tailor their benefits to suit their lifestyle and future goals?
- Current reward communications policies:
  - How, and how often, do you communicate your rewards and benefits offer to staff? Do they understand the choices available?
- Any sources of financial advice or guidance you provide, for example independent financial advice through a flex plan.

We have provided an example **checklist** of the key questions to consider in assessing the need for supporting employee financial well-being. The answers to these questions may also be included in your business case for providing financial well-being support to employees. (See **Section 2** of this report.)

In addition, another useful tool for mapping your organisation's current position is to conduct a gap analysis. This will help you identify how much change you are likely to want to introduce. Individual stakeholders can mark current and desired position on key activities which support employee financial well-being, and scores then highlight the areas where most change is indicated, which have the largest gaps, and the consistency of stakeholder views.

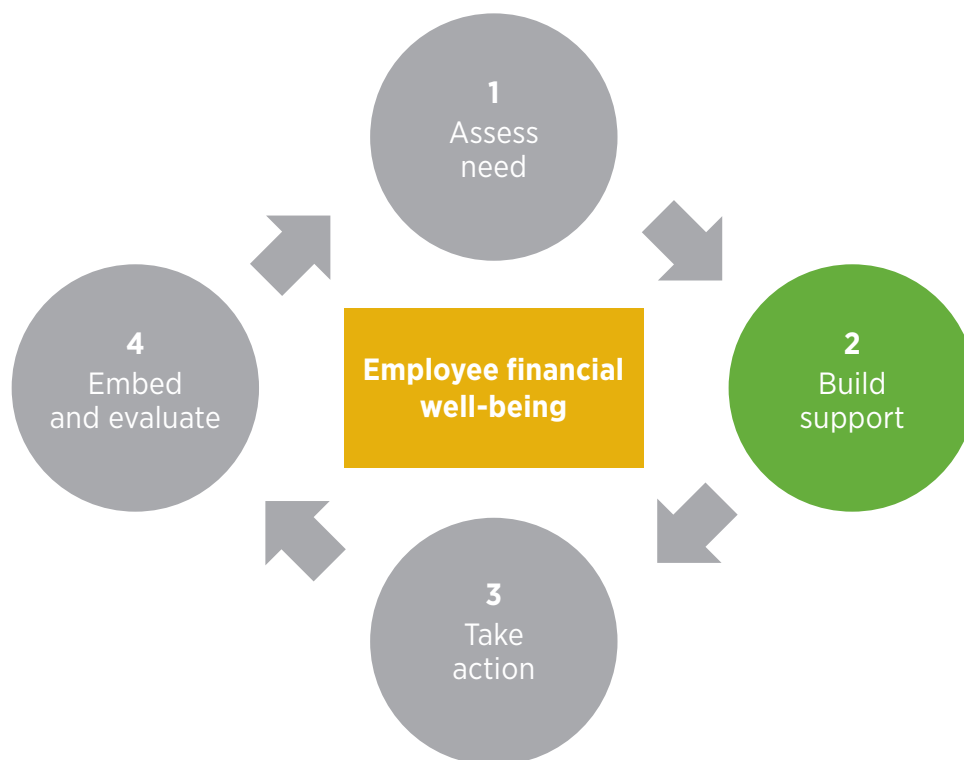
We provide some suggestions to include in your gap analysis in Table 1.

**Table 1: Example gap analysis**

Your desired state (O)						Your current state (X)
Emphasis on pay						Emphasis on benefits
Emphasis on financial reward						Emphasis on non-financial reward
Reward high against market						Reward low against the market
A uniform reward package						Reward package differs to suit the needs of different parts of the organisation (acknowledging equal pay constraints)
Transparent and well-communicated rewards						Limited communications on rewards
Employees support the idea of the organisation encouraging personal financial well-being and are happy with targeted communications.						Employees are resistant to organisation involvement in their financial well-being and are very uncomfortable with targeted communications.
Financial well-being fits well within organisational values and vision.						Financial well-being does not fit into current organisational values or vision.
Employees demonstrate the knowledge and skills needed to make the right reward/benefit choices to best meet their needs and financial goals (good financial capability).						Employees lack the knowledge and skills to make the right reward/benefit choices to best meet their needs and financial goals (financial capability is poor).



## 2 Building support



For key stakeholders to understand and value the need to support employee financial well-being, it is important to create a business case which is specific to your organisational context and employees' needs. Use your findings from **Section 1** of this guide to inform your business case.

### What should I include in the business case?

In addition to the **questions checklist in Section 1**, a persuasive case for employers to take action in supporting their employees' financial well-being should also include evidence that substantial

proportions of employees have financial worries, which can affect their performance at work. The current body of research suggests that the consequences in terms of lower employee productivity and higher levels of absence can be monetised, providing a strong argument for employers to provide financial well-being support.

Research evidence shows that poor financial well-being affects health in terms of poor psychological well-being, higher stress and anxiety levels, and lower levels of good health. This in turn affects productivity in terms of poorer job performance,

short-term decision-making, reduced ability to concentrate, lower productivity and absenteeism. Also, there is an ethical argument that supporting employee financial well-being is 'the right thing to do'. Our main report, *Employee Financial Well-being: Why it's important*, provides a fuller summary of the evidence of the link between financial worries, well-being and performance at work.

**Table 2: Costs to organisations of poor employee financial well-being**

Cost to organisations	
Employee absenteeism	<ul style="list-style-type: none"> <li>Higher levels of financial stress can result in higher absenteeism, which damages productivity (Willis Towers Watson 2016), with 8% of the UK workforce admitting to taking time off work because of financial stress (Neyber 2016).</li> <li>6% of employees report having had health problems due to money problems (CIPD 2017).</li> </ul>
Employee mental health	<ul style="list-style-type: none"> <li>Employee mental health problems have an estimated total cost to UK employers of £8.4 billion a year in sickness absence and £15.1 billion a year in reduced productivity at work (Sainsbury Centre for Mental Health 2007).</li> </ul>
Employee stress levels	<ul style="list-style-type: none"> <li>Financial stress costs the UK economy £120.7 billion and 17.5 million hours were lost because of absence from financial stress (Neyber 2016).</li> <li>Using the UK retail sector as an example, stress attributed to concerns about personal finances cost the industry an estimated £7 billion because of employees taking time off work and 1.7 million hours are lost through employees taking time off because of financial stress (Neyber 2016). This will have an impact on employee engagement.</li> </ul>
Employee job performance	<ul style="list-style-type: none"> <li>For every £1 million an organisation spends on payroll, there is an estimated 4% loss in productivity due to poor employee financial well-being (Barclays 2014).</li> <li>Around 18–19% of employees lose sleep worrying about their finances (Barclays 2014, CIPD 2017) and disturbed sleep patterns contribute to lower employee productivity. Surveys at four US organisations estimated that fatigue-related productivity losses cost \$1,967 annually per employee (Rosekind et al 2010).</li> <li>25% of employees state that money problems have affected their ability to do their job (CIPD 2017).</li> <li>8% of employees have spent time during the working day dealing with money problems (CIPD 2017).</li> </ul>
Employee decision-making and focus	<ul style="list-style-type: none"> <li>10% of employees have found it hard to concentrate/make decisions at work because of money worries (CIPD 2017).</li> <li>Reduced cognitive performance at work, because employees experiencing financial anxiety are slower to process financial information (Shapiro and Burchell 2012). It is proposed that this bias may have a negative work impact for individuals undertaking financial tasks and an impact on the quality and creativity of employee decisions may negatively affect business performance.</li> </ul>

From this report, we have drawn out some statistics that could be useful evidence to include in your business case (see Table 2).

Completing the following statements may also be a helpful way to approach your business case and provide suggestions for the content.

- Our financial well-being approach should support...
- The risks of not supporting our employees' financial well-being are...

- We can better support our employees' financial well-being in future by...
- The level of change we propose is...
- The gap between where we are and where we want to get to is...
- Our financial well-being approach should include the following elements...
- Our financial well-being approach will integrate with our wider benefits offering by...
- The specific changes we need to make to pay, benefits,

- communications, and so on, to better support our employees' financial well-being are...
- Our financial well-being approach will be delivered by...
- We will measure the effectiveness of our financial well-being approach by...

Another option for making the business case for support is using SWOT analysis. SWOT analysis encourages reflection on the strengths, weaknesses, opportunities and threats of a

particular strategy and how it can best be implemented. An example linked to financial well-being is provided in Figure 3.

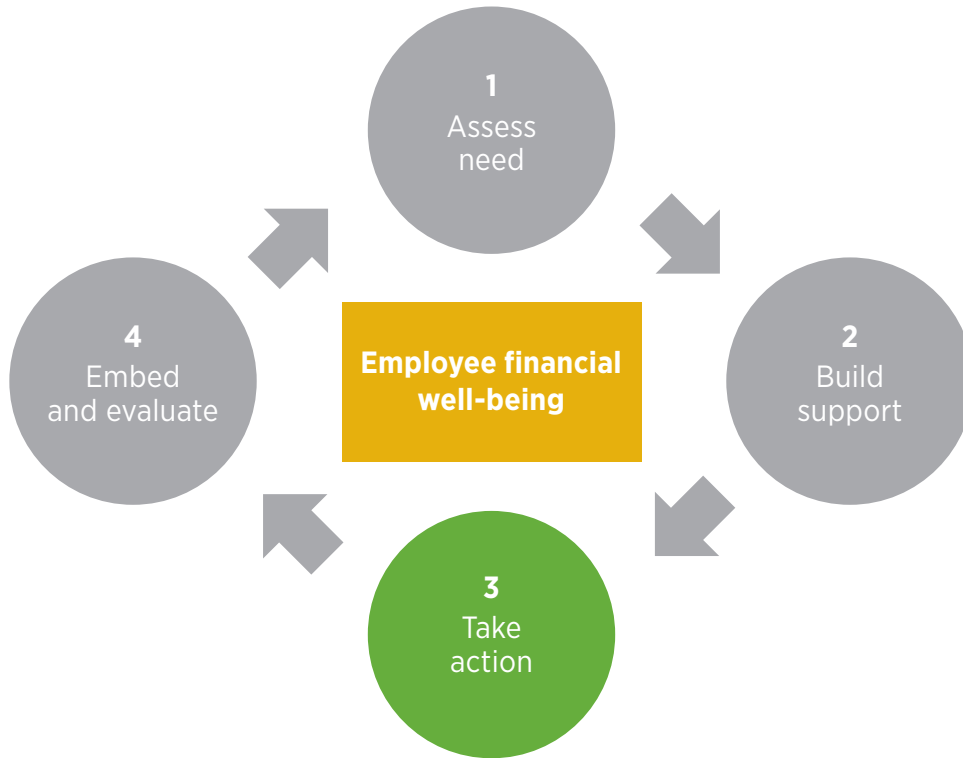
Action on financial well-being does not have to be costly, does not necessarily involve giving a pay increase and does not necessarily imply a whole strategy or programme of work. You could create a business case for action on one topic, for example increase

take-up of flexible benefits, and so on, monitor the impact of this and then create a second business case for expanding work around financial well-being using the evidence of impact to support the case. Similarly, action can be taken to address the needs of just one employee group rather than implementing a whole workforce intervention.

**Figure 3: Example SWOT analysis**



## 3 Take action



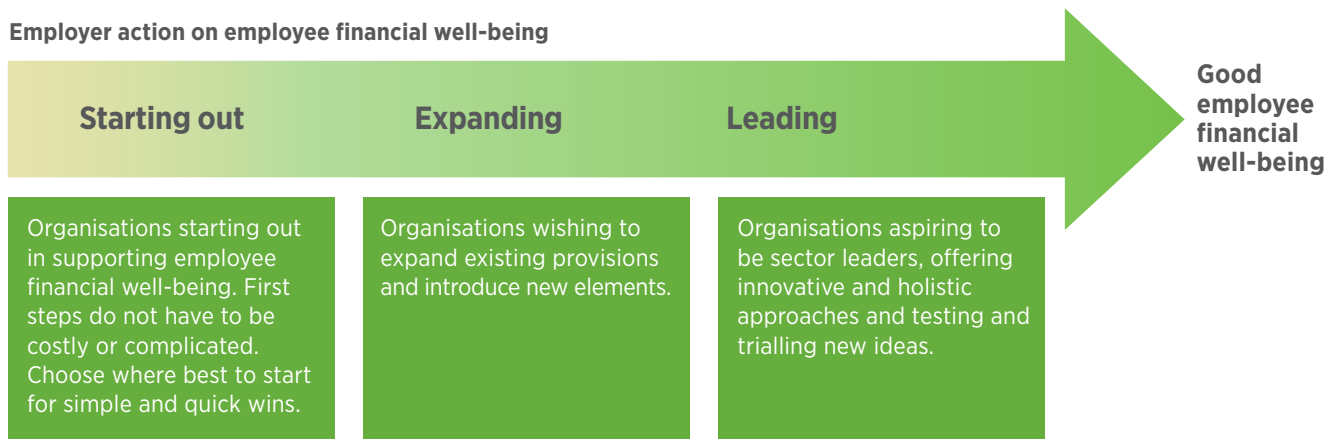
### This section will help you to:

- Identify options for action to improve your employees' financial well-being.
- Answer some of the likely questions about supporting employee financial well-being.

The actions that organisations can take to improve their employees' financial well-being are highly varied and will depend on a number of factors, including: your organisation's size and sector; the profile and needs of your workforce; the level of priority and resources available; and your organisation's existing approach to staff well-being.

Organisations will be at different stages on their journey in this field. Figure 4 illustrates the spectrum of action on employee financial well-being and organisations can self-assess where they currently sit on this spectrum. In Table 3 we have provided some suggestions for actions that span this spectrum and provided space for you to assess the level of priority these actions would have within your organisation.

**Figure 4: Spectrum of action on employee financial well-being**



**Table 3: Actions to support employee financial well-being**

Position on action spectrum	Category of action	Examples of actions	Priority for my organisation: Low/Med/High
<b>Starting out</b>	Current pay policies	<ul style="list-style-type: none"> <li>- Review basic compliance with pay policy, for example changes to living wage and national minimum wage rates.</li> <li>- Check fairness and consistency of current pay policy, ensuring it is free from prejudice and bias (for example staff bonuses, pay rises, company shares, promotions).</li> <li>- Review opportunities for staff to develop and progress in their careers.</li> </ul>	
	Current benefit policies	<ul style="list-style-type: none"> <li>- Review your pension plan – does it enable employees to save adequately for their retirement? Does it take full advantage of tax-efficient savings opportunities such as AVCs and salary sacrifice?</li> <li>- Review the take-up of existing benefits.</li> <li>- Conduct an employee survey about existing benefit offering and any desired change.</li> </ul>	
	Pay and benefits communications	<ul style="list-style-type: none"> <li>- Improve induction material on rewards.</li> <li>- Send regular alerts/reminders to employees on policy changes that will affect their financial well-being, for example increase in automatic enrolment contributions, and so on.</li> <li>- Refresh communications on existing benefits and send regular reminder emails.</li> <li>- Introduce total reward statements.</li> <li>- Include information about benefits and the importance of making long-term financial provisions in induction or mandatory training.</li> <li>- Run pension workshops for staff approaching retirement.</li> <li>- Set metrics for objectives of financial well-being communications.</li> </ul>	
	Provision of financial advice and signposting	<ul style="list-style-type: none"> <li>- Signpost employees to external sources of free help, for example debt charities, Citizens Advice, and so on (see <b>Appendix</b>).</li> <li>- Signpost employees to online budgeting/saving/retirement modellers or calculators.</li> <li>- Provide links to information that gets ‘back to basics’ on financial topics, for example how to budget, credit scores, interest rates, and so on. An employee survey would highlight the demand for particular topics to improve financial literacy.</li> </ul>	

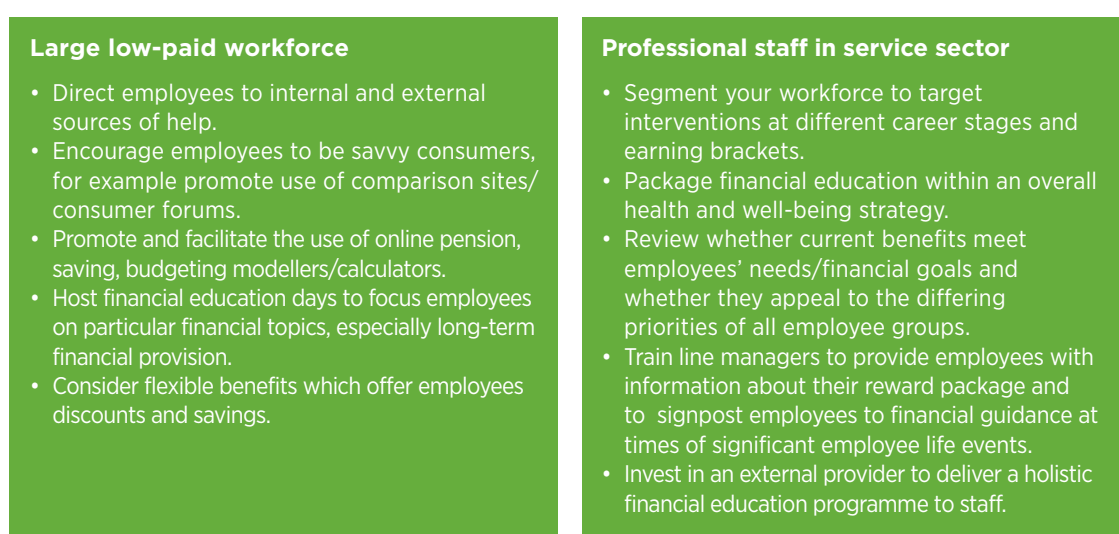
Table 3: continued

Position on action spectrum	Category of action	Examples of actions	Priority for my organisation: Low/Med/High
<b>Expanding</b>	Current benefit policies	<ul style="list-style-type: none"> <li>- Expand concept of the reward package and total rewards (offer negotiated discounts on insurance, technology and local attractions).</li> <li>- Train line managers to provide employees with information about pay and benefits in order to have discussions with staff about their reward packages, rather than waiting for staff to contact HR when they have queries.</li> <li>- Provide (greater) access to flexible and voluntary benefits following consultation with staff. Offer an employee assistance programme.</li> </ul>	
	Communications	<ul style="list-style-type: none"> <li>- Package financial well-being guidance/information within overall health and well-being strategy.</li> <li>- Harness ideas from the workforce within communications – avoid ‘top-down’ corporate messages in newsletters/briefings.</li> </ul>	
	Provision of/signposting to financial information, guidance, advice	<ul style="list-style-type: none"> <li>- Target information based on the income level and ‘generation’ segmentation of the workforce.</li> <li>- Train and support line managers in providing/signposting to financial guidance at times of significant employee life events, for example promotion, marriage, birth of child.</li> <li>- Include financial awareness programme within learning and development options.</li> <li>- Agree an employee champion to deliver financial well-being messages, information and guidance sources to their peers.</li> <li>- Involve union/staff reps in information dissemination.</li> <li>- Promote an equal balance between short-term (budgeting, debt repayment) and long-term (pensions, life insurance, and so on) financial information/guidance.</li> <li>- Organise provision of independent financial advice on employee request.</li> </ul>	
<b>Leading</b>	Pay and benefits package	<ul style="list-style-type: none"> <li>- Provide a comprehensive package of pay and well-being benefits to staff offering a high degree of personal flexibility and choice.</li> </ul>	
	Communications	<ul style="list-style-type: none"> <li>- Consider branding your organisation’s financial well-being approach and launch the concept organisation-wide.</li> <li>- Deliver targeted webinars run by external providers.</li> <li>- Run regular financial education days, during which employees are exposed to information or can attend presentations or workshops on particular financial topics or offered access to independent financial advisers.</li> <li>- Host a micro website showcasing bite-size webcasts on financial well-being topics.</li> <li>- Link financial well-being messages to HR systems in order to harness significant life events in employee lifecycles, for example maternity returners, bonus payouts, promotion, and so on.</li> <li>- Enable and promote private employee forums for knowledge-sharing linked to financial topics/products/services.</li> <li>- Consider communicating financial ‘app of the week’ initiatives for financial planning, with ‘user ratings’.</li> </ul>	
	Provision of/signposting to financial information, guidance, advice	<ul style="list-style-type: none"> <li>- Invest in an external provider to deliver a holistic financial education programme to staff.</li> </ul>	

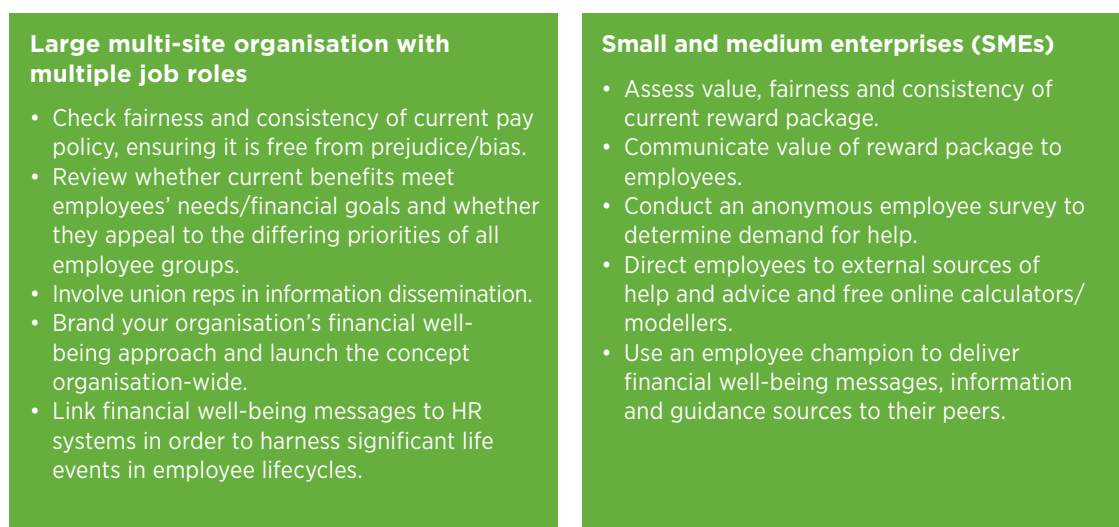
A suitable plan of action will depend on your type of organisation and the workforce profile. For example, supporting employee financial well-being in a large professional services organisation will probably differ substantially from an SME. It's good to customise what works for different circumstances.

Figure 5 gives examples of action based on four generic organisation types.

**Figure 5: Actions to improve employee financial well-being**



## ACTIONS ON EMPLOYEE FINANCIAL WELL-BEING



## Good practice examples

Below are some examples of actions linked to financial well-being taken by real organisations.

### Box 1: FTSE business in oil and gas sector

This organisation commissioned an external specialist to provide a holistic financial education programme to all employees across nine locations in the UK and offshore workers. The programme includes: life-stage-based face-to-face seminars (early career, mid-career and late career); a rolling programme of live topic-based webinars; an online event booking site; and financial advice on request. The programme is inclusive and is available to all staff irrespective of location, pension scheme, age or life stage.

Around 25% of employees use the financial education programme each year. Evaluation has shown: a 79% average increase in knowledge; a 9% average increase in employees valuing company benefits; a 76% increase in employee confidence in making financial decisions; a 75% increase in the likelihood of staff making a change to their finances; and 89% overall satisfaction with the programme.

The organisation said: *'[The programme] increases our EVP, enables early engagement on key issues and improves employee relations. It drives engagement, allows us to connect with remote workers and supports internal communications without any administrative burden.'*

Source: Close Brothers, December 2016

### Box 2: Financial services sector organisation

This organisation has a wide staff demographic in terms of age, geography, office and homeworkers, and financial awareness. The exercise was to drive increased engagement with the defined contribution (DC) pension and launch a new default investment option. The programme included: a dedicated brand with launch campaign and merchandise based around fortune cookies and the concept of 'Don't leave building your future to fortune'; face-to-face seminars, live and recorded webinars, and online education and event booking site; follow-up one-to-one financial advice on request; email communications, posters in all refreshment areas and toilet door posters; and staff aged 55 and above were offered access to a retirement seminar programme.

Evaluation showed that: more than 80% of employees used the online site; more than 35% of staff attended seminars/webinars; there was an 89% average increase in knowledge; there was a 73% increase in employee confidence in making financial decisions; and there was a 33% increase in employees valuing their pension.

An employee said: *'The seminar was very valuable in informing me about my pension and the changes taking place. The site is easy to use and has lots of valuable tools and calculators to help me plan for the future.'*

Source: Close Brothers, December 2016



### Box 3: Communications sector business

This organisation has multiple sites across the UK and employees include some very financially savvy individuals, a significant group of manufacturing workers, commercial and administration staff. The organisation was closing its defined benefit (DB) pension scheme and wanted to introduce and gain engagement with the replacement defined contribution (DC) pension. A financial education website was launched containing content about the exercise, DB pensions, pension reform and the new DC scheme. Employee communication packs were prepared and face-to-face seminars and live webinars were conducted. Individual one-to-one guidance clinics with financial advisers were run to enable employees to use pension modelling and see the impact of contribution rates, retirement age, and fund investment choices in the DC pension and their overall outcomes. Financial advice was also offered for those who requested it.

More than 44% of staff attended the seminars/webinars; over 50% attended the one-to-one pension guidance clinics; there was an 82% average increase in knowledge; there was a 63% average increase in confidence to make decisions; and there was a 49% increase in the likelihood of staff making a change to their pension.

Source: Close Brothers, December 2016

#### Questions and answers

This section gives answers to common questions about supporting employee financial well-being.

#### **Q: We have very limited budgets. Why should we direct resources towards supporting our employees' financial well-being?**

**A:** Poor employee financial well-being will ultimately affect your bottom line. Evidence shows that poor financial well-being results in lower employee productivity and poorer health in terms of psychological well-being and higher stress and anxiety levels, which will increase absenteeism (see Section 2 of this guide). Helping employees in need will demonstrate that you are a supportive employer, even if it involves simply providing an introductory link to external sources of help, such as charities that offer debt advice and assistance, as research has shown that many individuals don't know where to look for advice (Citizens Advice 2015).

#### **Q: What are the rules on providing advice and guidance to my employees?**

**A:** Concerns about regulation and potential liability often deter some employers from offering financial support to their employees. Only Financial Conduct Authority (FCA) regulated and authorised firms and individuals are permitted to offer advice on financial services products; however, employers can provide access to financial advice. The FCA published guidance in January 2015<sup>1</sup> which provides clarity on the concepts of 'regulated advice' and 'generic advice' and so on.

#### **Q: I know my employees well and they wouldn't admit to any financial worries they may have, so how do I go about helping them?**

**A:** A staff survey would allow you to collect anonymised and aggregated data, which may reassure employees about any confidentiality concerns and could highlight what support would be

most valuable. If, however, the size of your workforce prohibits a truly anonymous survey, you could nominate a trusted workplace champion for financial well-being to share resources and signpost their colleagues to suitable financial advice and education opportunities. Request free material from selected charities, for example Citizens Advice, debt management charities and so on, to leave in communal spaces, such as break rooms, on noticeboards, and so on. Also, if you know an employee is going through a significant life event (for example marriage, birth of a child, divorce and so on), use this as an opportunity to target financial information and remind them to examine their needs and priorities.

#### **Q: Is there one thing that every business should do to get started with financial well-being support for employees?**

**A:** There is no one perfect solution to poor financial well-being. However, a good starting point would be to identify the

<sup>1</sup> Retail investment advice: clarifying the boundaries and exploring the barriers to market development, FG15/1, available at: <https://www.fca.org.uk/publication/finalised-guidance/fg15-01.pdf>

needs of your employees (see Section 1 of this guide), the key challenges they are facing and the kind of support they require through a survey or focus group. Also, consider segmenting your workforce generationally – or by income bracket – to target relevant financial information based on likely financial pressures. Refreshing communications about the benefits already on offer to employees, which may help them save money and reduce spending in the short or long term, also reinforces existing support without the need for further investment.

**Q: We have discovered an employee is in severe financial difficulty. What can we do to help?**

**A:** Offer support to your employee, either by directing them to external sources of help or reinforcing offers of help from within the business – for example, providing time and access during working hours to manage their finances, a low interest hardship loan or an employee assistance programme (EAP). An EAP in particular can help to pick up and address serious financial issues concerning employees and monitor these situations, but a prevention rather than cure approach should aim to help employees avoid getting into these situations in the first place.

**Q: Our employees focus mostly on their short-term needs. How do we encourage them to consider their longer-term financial goals?**

**A:** Low-earners are particularly challenged when it comes to saving for a pension, and young or low-earners are most likely to opt out of auto-enrolment in large firms (DWP 2015). Help ensure that your employees are managing their money effectively day to day and make them aware of all the financial help available to them

(including external sources) and how they can find out what they may be entitled to, for example in terms of in-work benefits and support. Also, encourage them to use budget calculators and be savvy consumers through using independent, reliable web or digital sources and forums and focus on getting the best deal they can through shopping around for essential services as well as leisure activities.

In order to shift mindsets to thinking about future needs, promote and facilitate the use of free online modellers to estimate their retirement income and pension saving requirements. Use communications to encourage sensible saving strategies by posing scenarios that may help them think about their spending (and saving): for example, how much could they save over a period of time if they didn't buy a daily coffee? What would they do if a banking system problem meant they got paid their salary a day/week late? How much money have they got put away for a rainy day and how long would this realistically last if they had to pay an unexpected large bill or were unable to work? Also consider raising awareness of the importance of long-term financial planning through holding, for example, a 'Pensions' Day' in your workplace during which employees are encouraged to think about their retirement financial plans.

**Q: Which of our employees would benefit most from us implementing a financial well-being strategy?**

**A:** Poor financial well-being can occur across all types of employee segments, regardless of age, occupation or income bracket; therefore, a financial well-being strategy would bring

organisation-wide benefits. Even your higher earners may still worry about money, make poor financial decisions or run into debt. Consider packaging financial education within an overall health and well-being strategy, and include it in induction or mandatory training to ensure coverage of awareness of your offerings among all employees.

**Q: What elements should a comprehensive financial well-being strategy include?**

**A:** Financial pressures, priorities and goals of individuals will differ, therefore a comprehensive strategy should include a broad range of topics, including pensions and retirement more broadly, debt management, mortgages, tax, protection, financial planning, budgeting, savings and investments, share benefits and flexible benefits, wills and estate planning.

**Q: What methods can we use to deliver a financial well-being message?**

**A:** Methods can include providing access to financial information packs and guides, online support and discussion forums, training seminars and webinars, online tools and modellers, counselling or advice on request, benefits portals, one-to-one guidance or advice provision, and regular email and hard copy communications.

**Q: We have a broad range of employees, with both very high and low-earners. How can our financial well-being approach meet the needs of everyone?**

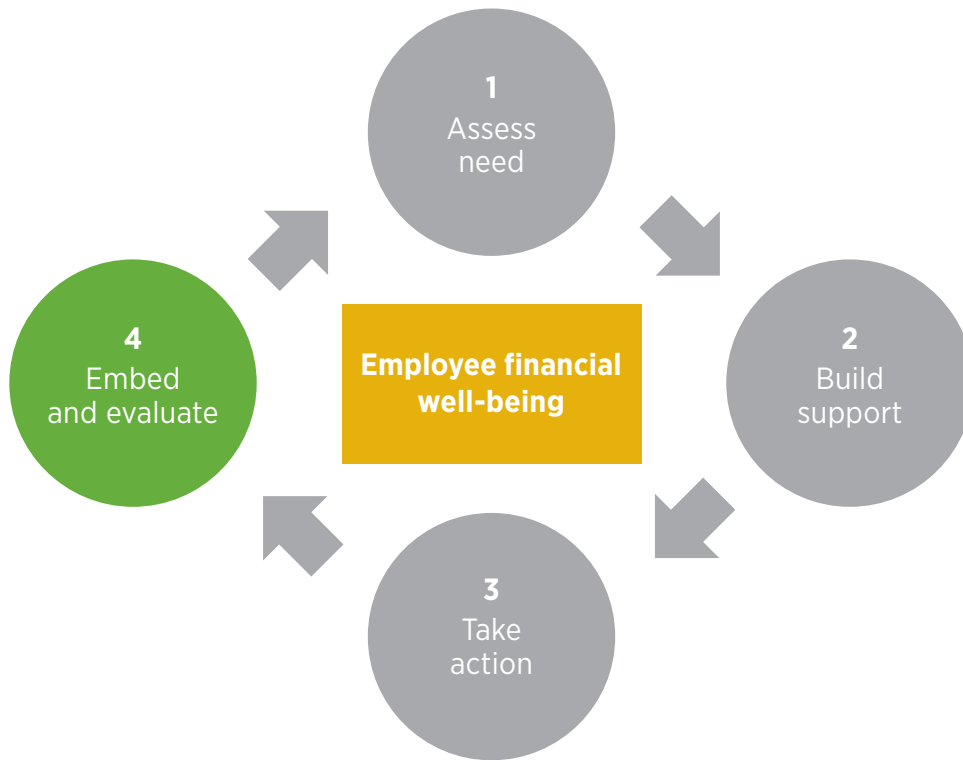
**A:** Different employee segments will face different challenges and pressures related to their financial well-being, which highlights a need for targeted support at different

career stages and earning brackets. First, identify what support needs there are among your employees through an employee survey or focus groups with a cross-section of employees and determine what you want to achieve. Then work out what the best communication channels are and the most effective ways of engaging the different groups.

**Q: We provide a good range of flexible benefits, but take-up rates are relatively low. What can we do to increase take-up?**

**A:** Low take-up rates of flexible benefits is often due to a lack of understanding or awareness about the benefits on offer, so consider a refreshed communication plan to promote the options to employees. Also, review whether the benefits on offer meet your employees' needs and financial goals and whether they appeal to the differing priorities of all employee groups, for example young workers, older workers.

## 4 Embed and evaluate



Few organisations measure the impact of their well-being activities (CIPD 2016b), most likely because they perceive it as a difficult task. The CIPD 2016 *Absence Management* survey found that just one in six (17%) organisations that invest in employee well-being evaluate the impact of their spend (CIPD 2016a), with organisations with a formal well-being strategy or plan being the most likely to evaluate impact (CIPD 2016a).

But this is missing a trick – it is essential to monitor and evaluate the effectiveness of activities to understand what’s working, what’s not and why, ensure any investment is generating impact and build a robust case for continuing the support. A PricewaterhouseCoopers (PwC)

report (2008) on wellness suggests that evaluation should capture the critical aspects of participation and measure the short- and long-term aims of initiatives. For some employers, ‘a simple dashboard of success highlighting key performance indicators may be sufficient as a measure of success’ (PricewaterhouseCoopers 2008, p40).

CIPD research in 2014 found organisations that evaluate their well-being spend were more than twice as likely to have increased their spending in 2014, in comparison with 2013 spend, and were also more likely to increase their 2015 spend (CIPD 2014), implying that evaluations of well-being spend generally find that such investment is worthwhile (CIPD 2014).

Staff surveys are a good method to find out how employees feel about initiatives aimed at improving financial well-being and can achieve this easily while protecting privacy and confidentiality. A repeat of the employee survey suggested in **Section 1** would also indicate any improvements achieved. Analysing absence data to determine any change since the introduction of the financial well-being support could also help provide an indication of impact. However, it can be difficult to attribute change directly to financial well-being support if other organisational changes take place at the same time, so it’s important to interpret the results carefully.

PwC notes that sometimes there is a lack of data or clarity on

the level of change attributable to a wellness initiative, in which case *'reasonable estimates and assumptions are required to complete the analysis'* (PricewaterhouseCoopers 2008, p41).

An alternative to conducting the analysis yourself is to outsource evaluation to an external provider, which may reassure employees about confidentiality.

### What should an evaluation survey include?

The content of a staff survey will vary depending on the nature of financial well-being support, so careful consideration needs to be given to the phrasing of the questions and any data privacy considerations. Suggested topics in an evaluation survey include:

- profile of employees receiving support (grade, age, gender, and so on)
- reason for participation in a support initiative/intervention
- relevance of financial well-being support to personal circumstance/need
- improvement in skills and knowledge related to support provided
- change in attitudes or mindset arising from support received
- actions taken as a result of receiving support
- change in any existing problems linked to poor financial well-being, for example stress/anxiety, sleeplessness, and so on
- ease of participation – for example is support easy to access/understand?
- repeat use of support and willingness to use again if applicable.

Below is a sample checklist of evaluation questions which may help guide the evaluation of your financial well-being support.

### Checklist of evaluation actions:

- What are the intended goals of the activity?
- Have we determined our key performance indicators based on these goals?
- Have we established a baseline so that we monitor change before and after support is delivered?
- Is our monitoring process simple and does it protect employee confidentiality?
- Have we identified all the costs associated with providing support?
- Have we identified all the benefits associated with providing support?
- Have we allowed adequate time for new behaviours to embed before conducting the evaluation?

Example **COSTS** associated with a financial well-being programme:

- cost of any external providers/advisers
- communication of programme
- management time spent on implementation
- any employee working time lost because of engagement with programme during working hours

Example **BENEFITS** associated with a financial well-being programme:

- improved employee health
- reduced absenteeism
- improved employee productivity
- higher staff engagement levels
- higher levels of employee satisfaction

# References

- BARCLAYS. (2014) *Financial well-being: the last taboo in the workplace?* [online] London: Barclays. Available at: [https://wealth.barclays.com/global-stock-and-rewards/en\\_gb/home/research-centre/financial-wellbeing.html](https://wealth.barclays.com/global-stock-and-rewards/en_gb/home/research-centre/financial-wellbeing.html) [Accessed 12 May 2016].
- CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2014) *Absence management: annual survey report 2014* [online]. London: CIPD. Available at: [www.cipd.co.uk/absencemanagementsurvey](http://www.cipd.co.uk/absencemanagementsurvey) [Accessed 19 October 2016].
- CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2016a) *Absence management: annual survey report 2016* [online]. London: CIPD. Available at: [www.cipd.co.uk/absencemanagementsurvey](http://www.cipd.co.uk/absencemanagementsurvey) [Accessed 2 November 2016].
- CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2016b) *Growing the health and well-being agenda: from first steps to full potential*. Policy report. London: CIPD. Available at: [www.cipd.co.uk/well-being](http://www.cipd.co.uk/well-being) [Accessed 19 October 2016].
- CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2017) *Financial well-being: the employee view*. London: CIPD. Available at: [www.cipd.co.uk/financialwellbeing](http://www.cipd.co.uk/financialwellbeing)
- CITIZENS ADVICE. (2015) *The four advice gaps: an analysis of the unmet consumer needs around financial advice and public financial guidance*. Available at: <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Fouradvicegaps.pdf> [Accessed 12 May 2016].
- CLOSE BROTHERS FINANCIAL EDUCATION SERVICES. (2016) Available at: <https://www.closebrothersam.com/employer/what-we-do/financial-education> [Accessed 26 October 2016].
- DEPARTMENT OF WORK AND PENSIONS (DWP). (2015) *Automatic enrolment evaluation report 2015*. Research Report No 909. November. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/477176/rr909-automatic-enrolment-evaluation-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/477176/rr909-automatic-enrolment-evaluation-2015.pdf) [Accessed 26 October 2016].
- NEYBER LTD. (2016) *The DNA of financial wellbeing: summary report* [online]. London: Neyber. Available at: <https://www.neyber.co.uk/financial-wellbeing/nhs-and-healthcare> [Accessed 6 September 2016].
- PRICEWATERHOUSECOOPERS. (2008) *Building the case for wellness* [online]. London: PricewaterhouseCoopers. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209547/hwwb-dwp-wellness-report-public.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209547/hwwb-dwp-wellness-report-public.pdf) [Accessed 28 September 2016].
- Retail investment advice: clarifying the boundaries and exploring the barriers to market development*, FG15/1. Available at: <https://www.fca.org.uk/publication/finalised-guidance/fg15-01.pdf> [Accessed 2 December 2016].
- ROSEKIND, M., GREGORY, K. and MALLIS, M. (2010) The cost of poor sleep: workplace productivity loss and associated costs. *Journal of Occupational and Environmental Medicine*. Vol 52, No 1. January. pp91–8.
- SAINSBURY CENTRE FOR MENTAL HEALTH. (2007) *Mental health at work: developing the business case* [online]. Policy Paper 8. London: Sainsbury Centre for Mental Health. Available at: <https://www.centreformentalhealth.org.uk/mental-health-at-work> [Accessed 6 September 2016].
- SHAPIRO, G.K. and BURCHELL, B.J. (2012) Measuring financial anxiety. *Journal of Neuroscience, Psychology, and Economics*. Vol 5, No 2. May. pp92–103.
- WILLIS TOWERS WATSON. (2016) *Global benefits attitudes survey 2015/16* [online presentation]. Willis Towers Watson. Available at: <https://www.willistowerswatson.com/en/insights/2016/02/global-benefit-attitudes-survey-2015-16> [Accessed 12 May 2016].

# Appendix

## Downloadable resources

The following are all available from [cipd.co.uk/financialwellbeing](http://cipd.co.uk/financialwellbeing)

*Employee Financial Well-being: Why it's important*

*Employee Financial Well-being: Behavioural insights*

*Financial Well-being: The employee view*

*Absence Management: Annual survey report 2014* [online]. Available at: [cipd.co.uk/absencemanagementsurvey](http://cipd.co.uk/absencemanagementsurvey)

*Absence Management: Annual survey report 2016* [online]. Available at: [cipd.co.uk/absencemanagementsurvey](http://cipd.co.uk/absencemanagementsurvey)

*Growing the Health and Well-being Agenda: From first steps to full potential.* Available at: [cipd.co.uk/well-being](http://cipd.co.uk/well-being)

## Sources of help

There are a number of information sources also available to employers and employees.

### For employers:

- Financial Conduct Authority  
[www.fca.org.uk](http://www.fca.org.uk)
- GOV.UK  
[www.gov.uk/workplace-pensions-employers](http://www.gov.uk/workplace-pensions-employers)
- Pensions Regulator – information for employers  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)
- Pension Wise  
[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)
- Department for Work and Pensions – pensions reform  
[www.dwp.gov.uk/pensionsreform](http://www.dwp.gov.uk/pensionsreform)
- HM Revenue & Customs – pension schemes  
[www.hmrc.gov.uk/pensionschemes/index.htm](http://www.hmrc.gov.uk/pensionschemes/index.htm)

- Money Advice Service  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)
- The Pension Service – part of the Department for Work and Pensions  
[www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)
- Pensions Management Institute (PMI)  
[www.pensions-pmi.org.uk](http://www.pensions-pmi.org.uk)

### For employees:

- Money Advice Service  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)
- Citizens Advice  
[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)
- Pension Wise  
[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)
- Pensions Advisory Service  
[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)
- Debt Advice Foundation  
[www.debtadvicefoundation.org](http://www.debtadvicefoundation.org)
- National Debtline  
[www.nationaldebtline.org](http://www.nationaldebtline.org)
- GOV.UK  
[www.gov.uk](http://www.gov.uk)
- Insolvency Service  
[www.bis.gov.uk/insolvency](http://www.bis.gov.uk/insolvency)
- StepChange Debt Charity  
[www.stepchange.org](http://www.stepchange.org)
- TaxHelp for Older People  
[www.taxvol.org.uk](http://www.taxvol.org.uk)
- Taxaid  
[www.taxaid.org.uk](http://www.taxaid.org.uk)
- Independent financial advisers  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)
- Low Incomes Tax Reform Group  
[www.litr.org.uk](http://www.litr.org.uk)

# Sample documents

## Sample questions for employee survey

This set of sample questions can be used to gain an insight into your employees' current financial well-being. It can also be used to help benchmark change in your employees' financial well-being if you conduct the survey before and after implementing any financial well-being interventions. You could use these questions in your next annual employee survey or do a specific 'pulse' survey on this issue. You may want to reassure your employees that their responses will be completely anonymous and combined with those of other employees to protect their anonymity.

### 1 Respondent age

- 16-18     19-24     25-34     35-54     55-74     75+     Prefer not to say

### 2 Respondent gender

- Male     Female     Prefer not to say

### 3 Marital status

- Married or in a legally recognised civil partnership  
 Living with partner (not married or in a civil partnership)  
 Single (never married)     Widowed     Separated     Prefer not to say

### 4 Compared with (insert date, for example start of 2016), do you feel more or less financially secure?

- A lot more financially insecure     A bit more financially insecure     No change  
 A bit more financially secure     A lot more financially secure     Don't know

### 5 Do you predict that you will become more or less financially secure in the next 12 months?

- A lot more financially insecure     A bit more financially insecure     No change  
 A bit more financially secure     A lot more financially secure     Don't know

### 6 Have money worries ever affected your ability to do your job?

- No, never     Yes, a little bit     Yes, a lot     Prefer not to say



**7 Which of the following aspects of financial well-being are most important to you?  
(please select up to four options)**

- Earning a wage sufficient so that I (and my family/dependants) enjoy a reasonable lifestyle
- Able to save enough for the future, such as for my retirement or to buy a home
- Able to borrow money in an emergency at a reasonable rate of interest
- Understanding money so I know the best way to borrow, spend and save it
- Staff benefits that protect me and my family should I fall ill or lose my job
- Being rewarded in a fair and consistent manner free from prejudice and bias
- Opportunities to develop and progress my career
- Access to flexible working, rostering and shift patterns that allow me to balance work with other commitments (such as caring responsibilities)
- A benefits package that helps me to buy things at a discount
- Other, please specify.....

**8 Which of the following measures would improve your current financial well-being?  
(please select up to four options)**

- Earning a wage sufficient to enjoy a reasonable lifestyle
- Able to save enough for the future, such as for my retirement or to buy a home
- Able to borrow money in an emergency at a reasonable rate of interest
- Understanding money so I know how best to borrow, spend and save it
- Benefits that protect me and my family should I fall ill or lose my job
- Being rewarded in a fair and consistent manner free from prejudice and bias
- Opportunities to develop and progress my career
- Access to flexible working, rostering and shift patterns
- A benefits package that helps me to buy things at a discount
- Other, please specify.....

**9 What are the main barriers you face in managing money as well as you would like to?**

- Difficulty in interpreting jargon of financial products and services
- Prefer to spend rather than save
- Only earn enough money to get by each month
- Not sure where to find affordable advice I can trust on managing money
- Finding the time to manage my money
- My personal circumstances (such as an illness, divorce or bereavement)
- Embarrassed talking about my financial situation
- The amount of hassle involved, such as switching energy supplier or changing bank account
- Put off from making a financial decision because I lack confidence that I'll make the right one
- None

**10 What do you think of your current rewards package of pay and benefits?**

- Very satisfied       Satisfied       Neither satisfied nor dissatisfied  
 Dissatisfied       Very dissatisfied       Don't know

**11 How well communicated is the rewards package?**

- To a very great extent       To a great extent       To some extent  
 To very little extent       To no extent at all

**12 To what extent do you feel you understand the rewards package at this organisation?**

- To a very great extent       To a great extent       To some extent  
 To very little extent       To no extent at all

**13 Would you like your employer to provide you with access to financial information, guidance and/or advice in the workplace?**

- Yes       No       Don't know

**14 If yes, on what particular topics would you like support?**

- |   |  |
|---|--|
| <input type="checkbox"/> Elder care issues        | <input type="checkbox"/> Avoiding financial fraud            |
| <input type="checkbox"/> Pensions and retirement  | <input type="checkbox"/> Budgeting                           |
| <input type="checkbox"/> Debt management          | <input type="checkbox"/> Savings and investments             |
| <input type="checkbox"/> Childcare issues         | <input type="checkbox"/> Share schemes and flexible benefits |
| <input type="checkbox"/> Mortgages                | <input type="checkbox"/> Wills                               |
| <input type="checkbox"/> Tax                      | <input type="checkbox"/> Estate planning                     |
| <input type="checkbox"/> Insurance and protection | <input type="checkbox"/> Getting married/divorced            |
| <input type="checkbox"/> Financial planning       | <input type="checkbox"/> Don't know                          |

**15 How would you like to receive this support?**

- |   |  |
|---|--|
| <input type="checkbox"/> Information packs                  | <input type="checkbox"/> Benefits portals                        |
| <input type="checkbox"/> Online tools/modellers/calculators | <input type="checkbox"/> One-to-one guidance or advice provision |
| <input type="checkbox"/> Discussion forums                  | <input type="checkbox"/> Email communications                    |
| <input type="checkbox"/> Training seminars                  | <input type="checkbox"/> Hard copy communications                |
| <input type="checkbox"/> Webinars                           | <input type="checkbox"/> Don't know                              |
| <input type="checkbox"/> Counselling or advice on request   |  |

Source: *Financial Well-being: The employee view* (CIPD 2017)

## Checklist for assessing the need for supporting employee financial well-being

We have provided a checklist of key questions to consider that will help you assess the need for supporting your employee financial well-being.

Consider the answer to these questions and how you could also use the answers in your business case.

- What initiatives do we currently offer linked to financial well-being and how well do we communicate these so that the benefits are translated for different employee groups?
- What are the total costs of our pay and rewards offering at the moment?
- How do these costs break down across the main employee groups and levels, and the major areas of basic salary, pension and benefits?
- What elements of the reward package offer the best value for money and which elements deliver less value?
- Do employees fully understand the full rewards package and what it offers?
- Is there enough choice and flexibility for staff to tailor their reward package to suit their own personal circumstances and financial goals?
- Do employees have sufficient knowledge and skills to make the right reward/benefit choices to best meet their needs and financial goals?
- How does supporting our employee financial well-being fit with our organisational values, vision and brand?
- Do we know what our competitors are doing to support their employees' financial well-being and how do we compare?
- How engaged are our employees at present and how do engagement levels vary across the main employee groups and levels?
- What are our levels of absenteeism and how do these vary across the main employee groups and levels?
- Do we have open communication channels with employees at every level of the organisation to support our well-being message?
- Are we viewed as a 'good employer' – can we attract, motivate and retain staff?
- What changes are we proposing to support our employees' financial well-being further?
- Are our senior leaders and line managers adequately engaged with the financial well-being message?
- How will we monitor, measure and evaluate improvement in the financial well-being of our employees?
- What are the risks in implementing these changes and how will we address them?



# CIPD

Chartered Institute of Personnel and Development  
151 The Broadway London SW19 1JQ United Kingdom  
**T** +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201  
**E** [cipd@cipd.co.uk](mailto:cipd@cipd.co.uk) **W** [cipd.co.uk](http://cipd.co.uk)

Incorporated by Royal Charter  
Registered as a charity in England and Wales (1079797) and Scotland (SC045154)  
Issued: January 2017 Reference: 7420 © CIPD 2017