

Financial Wellbeing in the Workplace

The Essential Guide for Employers

Money & Pensions Service

HM Government





Introduction from the Money and Pensions Service

Working together we can help people improve people's financial wellbeing and build a better, more confident future.

The Money and Pensions Service (MaPS) is an executive non-departmental public body, sponsored by the Department for Work and Pensions. We have a straightforward vision: everyone making the most of their money and pensions. That is because when people feel more in control of their finances, individuals and communities are healthier, businesses are more prosperous and the economy benefits.

More and more employers are becoming interested in financial wellbeing as a driver of productivity, employee engagement and employer differentiation in the marketplace. Financial wellbeing is more important than ever, and in the current climate, will continue to be at the forefront of your employees' minds.

People who experience good financial wellbeing are less stressed about money.This in turn has positive effects on their health, relationships and work.

As an employer you have an important role in transforming financial wellbeing in the UK and so we have put together this practical guide to help you support the financial wellbeing of your workforce.

Wherever you are in the journey, from just starting out to having concrete plans in motion, this guide will provide you with practical guidance, support and assistance to help you make the right choices for you and your employees.



Contents

What is financial wellbeing? 3

Why is financial wellbeing important to your organisation? 4

What's in it for me as an employer and for my employees? 5

Seven simple steps to support your workforce 7

1 Use good signposting and education to help build confidence and resilience 8

2 Use financial products to help build employee financial wellbeing 10

3 Assess what you already offer 11

4 Design your financial wellbeing approach 12

5 Target key moments and make support accessible 13

6 Decide if you need to use external providers 14

7 Don't forget to test and learn 18

Unsure where to start? 19



What is financial wellbeing?

In short, it's about feeling financially resilient, confident and empowered.

We know that financial wellbeing is good for individuals, regions, nations and society as a whole.

What the pandemic made clear is that many people do not have enough financial resilience, and that there is no doubt about the links between financial wellbeing and people's physical and mental wellbeing.

The term 'wellbeing' is now being used widely in the workplace, but what exactly is financial wellbeing?

Financial wellbeing is about feeling secure and in control of your finances, both now and in the future.

It's knowing you:

- can make the most of your money day to day
- can deal with the unexpected
- are on track for a healthy financial future

Workplace initiatives can support financial wellbeing and change people's relationship with their money and pensions and help them develop the skills and confidence they need to feel more in control of their financial future.

We consider being financially healthy to encompass the elements shown in the diagram.





Why is financial wellbeing important to your organisation?

Everyday money worries are at the top of your employees' agenda.

Of the UK population today:

22% have less than £100 in savings to fall back on

17% often borrow to buy food or pay for bills

52% do not have a plan for their finances in retirement

Financial stress – and its knock-on effects for mental health and physical health – can have severe consequences for individuals, organisations and communities. Good physical, mental and financial wellbeing go hand in hand.

Recently, research found that employers think only 2% of their employees worry about money every day, when in reality 24% of UK employees surveyed in 2022 reported worrying about money daily[1].

According to the UK Financial Conduct Authority, 60% of adults are currently struggling to keep up with their bills[2].

An estimated 13 million worker days were lost due to financial worries in 2021, and absenteeism due to financial distress is estimated to cost UK employers up to £2.5 billion per year[3]. Worker productivity can also be affected, with 59% of employees saying that current financial worries prevent them from performing at their best.

1 Wagestream, 'State of Financial Wellbeing', 2022
2 Financial Conduct Authority, 2017
3 Centre for Economics and Business Research, 'Financial Wellbeing and Productivity in the Workplace', 2022



What's in it for me as an employer and for my employees?

Financial stress doesn't just impact those on a low income – your whole employee base would benefit from a supportive approach to financial wellbeing, which could result in:

- ✓ Happier, healthier and more productive workers
- ✓ Staff feeling valued and seeing you as a responsible employer

> **"Wow, they are really changing their ways, they are starting to care about their employees and their personal finances. Especially in these difficult times it's very appreciated."**
>
> Female employee, 42

Providing financial wellbeing support is good for business:

- ✓ Better talent attraction and retention
- ✓ A more sustainable and socially responsible business
- ✓ Economic benefits for the country



What's in it for me as an employer and for my employees?

What employers have to say...

"Having a financial wellbeing strategy is vitally important, and as a UK employer we have about 35,000 people working for us. Financial health is a key component and a key focus area, and it's important as a responsible business that we help our employees with their financial health."

Mark Campion, Group Head of Wellbeing and Occupational Health, Capita

"At Alchemy we see the health and wellbeing of our employees as being a key factor in us being a strong, sustainable and people-focused organisation. Financial wellbeing is a major part of the overall health and wellbeing strategy. Getting involved in payroll savings made so much sense. We've engaged with our local credit union, and it is a very easy way to get our employees saving and putting a little bit away every month for that rainy day."

Anne O'Neill, Head of Human Resources, Alchemy Technology Services



Seven simple steps to support your workforce

1 Use good signposting and education to help build confidence and resilience.

You don't need a huge budget or resources to make a big difference, so start small… but think big!

2 Know what's worrying your employees and encourage them to talk about money.

Help your employees beat the taboo and become comfortable talking about money. Understand their concerns and needs via polls, surveys and discussion groups, or through third-party data.

3 Assess what you already offer.

Audit existing financial wellbeing benefits and understand how well they respond to your employees' needs.

4 Design your financial wellbeing approach.

Think holistically. Consider how to target and prioritise your activity, based on your workforce needs and available resources. Build a strong case for support to secure buy-in at senior levels of your business.

5 Target key moments and make support accessible.

Aim to offer guidance when employees are most receptive or in need of support, such when they first join you or are promoted, or at key life stages, like buying a house. Consider whether digital, face to face, on-site, or a blended approach of support is most appropriate.

6 Decide if you need to use external providers.

External provision may be necessary to support employees with more specialist needs, such as delivering regulated advice or offering financial products.

7 Don't forget to test and learn.

Knowing that something you're doing works for your employees is important. Build regular learning reviews and evaluation into your approach.



1 Use good signposting and education to help build confidence and resilience

We offer free guidance direct to people through our digital channels, printed guides and consumer helplines. You can be sure any content you share from us will enable the people you support to get the right help when they need it.

MoneyHelper is our consumer-facing service, providing free and impartial money and pensions guidance for people across the UK. From annuities to universal credit, **MoneyHelper** resources offer financial education and guidance spanning all money issues, pensions and debt.

45% of UK adults don't feel confident managing their money, and latest figures show that of the 9m adults already in debt, only around a third receive help. Help your employees get ahead with these easy steps.

A quick way to start building financial wellbeing amongst your employees is to include links on your intranet and other communications channels to our guidance and tools. Signpost employees to:

- **budgeting and everyday money**
- access to free, regulated debt advice services using our **Debt Advice Locator Tool**
- planning for later life using our **pensions calculator** and guidance. And for employees over 50 with a defined contribution pension they can book a free **Pension Wise appointment** to explore their options for taking their pension money
- using **credit** wisely
- **saving** regularly

You can also directly **embed** MoneyHelper resources such as our tools, calculators and videos into your intranet or external website.

Our resources are available in English and **Welsh** online, via a helpline and, for some guidance, available as **free printed guides**.

We list a number of trusted sources of additional information on **MoneyHelper**, and guidance on where to get **financial or legal advice**.



1 Use good signposting and education to help build confidence and resilience



Case Study: **Amy's story**

Amy is 29 and works full time, though struggles to make ends meet. "I've been living in my overdraft since I started University which was about 12 years ago now," she says, and her and her partner regularly borrow money from family and friends to get by.

After attending a financial wellbeing session at her workplace, Amy was referred to MoneyHelper by a member of Money and Pensions Service's UK Partnerships Team.

After using MoneyHelper resources as well as a benefits calculator, Amy realised that she and her partner were entitled to claim Universal Credit. After claiming, Amy now receives over £250 in extra income each month, which has made a huge different to her life.

> **"I nearly cried when I saw the amount. We are now out of our overdraft in the joint account. I might be able to buy some clothes or shoes without holes in. It's a massive relief. Doing a budget now feels a lot less daunting."**



2 Know what's worrying your employees and encourage them to talk about money

External research and internal data and insights can help shape and support the business case for financial wellbeing support in an organisation. These can also be used to track and measure the impact of your activity and provide opportunities to refresh your plan in the future.

You can run simple polls, allowing the workforce to vote for what money and pensions topics they would like to know more about, or to provide a sense of what money concerns are the most common. For more in-depth insights, surveys help organisations understand more about workforce financial wellbeing and to measure and evaluate activity and programmes.

Tackle the taboo: build a supportive everyday money culture

- take part in in events, such as Talk Money Week and Pensions Awareness Week.
- expert presenters: invite experts such as your pension provider or local financial service organisations to discuss money matters directly with your employees. Credit Unions provide affordable credit and payroll savings and can cover these topics, while local Independent Financial Advisers (IFAs) provide regulated advice on a range of financial products.
- encourage good money conversations in the workplace and at home, including encouraging staff who are parents to talk to their children about money in age-appropriate ways.

Build a network of Financial Wellbeing Champions

Peer support in the workplace can be very powerful. Appoint Financial Wellbeing Champions throughout your business, either standalone or integrated with mental and physical wellbeing, to help signpost colleagues to trusted sources of guidance. Here is an example of the role of a wellbeing champion in the NHS.



3 Assess what you already offer

Audit existing financial wellbeing benefits and understand how well they respond to your employees' needs. Raise awareness of any existing employee benefits, such as your pension scheme, employee assistance programme and any discounts or financial products you provide.

Make sure you are maximising existing benefits that may be provided by your Employee Assistance provider and benefit provider, if you have these. These may include money worries and debt counselling, savings and rewards, as well as pension schemes and insurance cover.

There are also charities offering employee support within specific sectors or industries.

For more ideas visit the Money and Pensions Service.

Mapping of resources to support financial wellbeing and social welfare

- Make employees aware of additional trusted sources of information.
- Find out more about the link between money and mental health from experts at Mental Health and Money Advice. Mind is another great source of useful information with local support groups that you might wish to consider signposting employees to.
- Build a Day One Statement that complies with the law and showcases your employee wellbeing support.



4 Design your financial wellbeing approach

Consider how to target and prioritise your activity, based on your workforce needs and available resources. Build a strong case for support to secure buy-in at senior levels of your business.

Consider the characteristics of your workforce and segment your employees to understand their specific financial needs better.

The Chartered Institute of Personnel and Development (CIPD) has a **guide** to help you:

1. Find out the type and scale of financial wellbeing problems in your organisation.
2. Build a business case to gain support from managers and colleagues to take action.
3. Identify possible action areas, tailored by common organisational contexts, needs and priorities.
4. Measure and evaluate whether your actions are making a difference.

We have a **question bank** to develop staff surveys on money matters, and to measure changes in financial wellbeing outcomes.

Using an **evaluation toolkit** will help you to understand if, how and why your project or programme works.



5 Target key moments and make support accessible

We've known for some time that life events have a big impact on people's financial capability.

Major life events include positive events such as buying a home, getting married and starting a family. There are also negative events such as a partner dying, getting divorced or separated, suffering ill health, losing an income source, or an event like the pandemic.

Proactive financial planning tends to be only undertaken for the good things in life. People don't believe – or don't like to believe – that negative events will happen to them. Millions of people each year will experience a negative event and when these happen, many are unprepared and don't act or ask for advice until it is too late.

Making sure employees have access to guidance and financial products such as payroll savings can help build a stronger savings culture, enabling employees to plan ahead and to manage these life events. Equally, you could offer guidance on pensions and retirement planning, loans, access to debt advice, life insurance and share schemes if you make these available.

Aim to offer guidance when employees are most receptive or in need of support, such when they first join you or are promoted, or at key life stages, like buying a house.

Consider whether digital, face to face, on-site, or a blended approach of support is most appropriate.



6 Decide if you need to use external providers

Using financial products to help build employee financial wellbeing.

22% of the UK population have less than £100 in savings, leaving them at significant risk of financial shocks. Help your employees build financial resilience by offering appropriate financial products.

Alongside financial education and guidance, employers can offer a variety of useful products to their workforce, including savings, affordable loans, debt consolidation, salary advance access and insurance. Products are available via providers such as credit unions, building societies, employee benefit platforms and fintechs, so it's worth thinking through which option(s) would best suit your needs.

Payroll-deducted saving schemes can help your workforce save money and build financial resilience by enabling employees to regularly save directly from their wages via the payroll.

Salary-advance schemes can enable employees to access a portion of their earned pay before payday, allowing them to better manage expenses. Employees need to be sure they can meet their outgoings and pay any expenses that might then arise.

Affordable loans/debt consolidation can enable employees to take control of their debt and improve their credit scores.

Signpost your employees to government-backed initiatives such as Help to Save and Child Trust Funds. Help to Save gives low-income earners claiming universal credit or working tax credit a savings boost and helps them build financial security. Child Trust Funds are maturing for all 18-year-olds until 2029; young adults and their parents/carers will need support to access these funds.



6 Decide if you need to use external providers

Focus Area: Payroll saving in a nutshell.

Payroll saving is making regular savings directly from an employee's net pay.

A person chooses the amount they would like to save directly from their wages via the payroll. It doesn't need to be a lot of money to start building that savings habit.

Like pension savings, the automated 'set and forget' nature of this process makes it easy for people to save by making it habitual and effortless. The savings are fully accessible at any time.

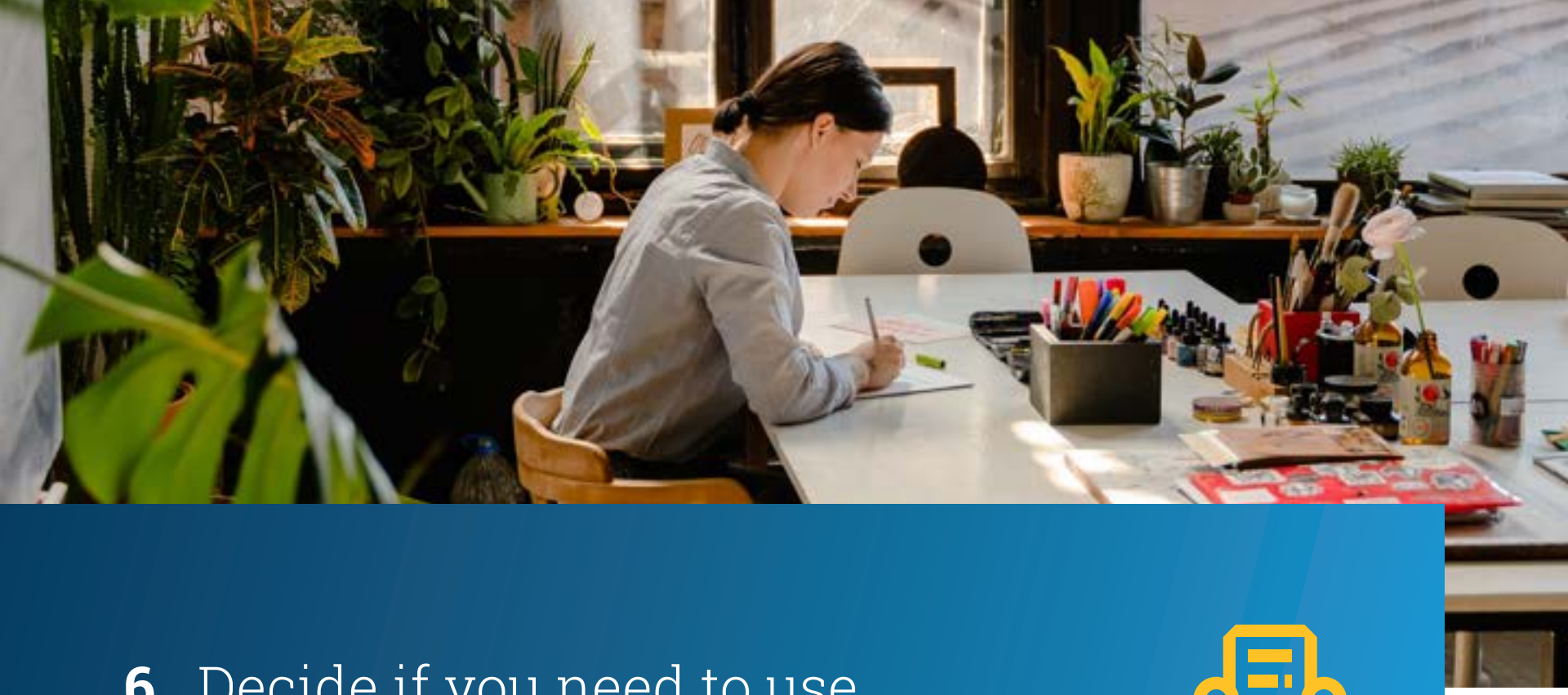
Research shows that 72% of employees surveyed want access to a workplace savings scheme, so there is a huge opportunity here for employers to make a real difference.

There are two models that employers can choose from:

1. opt in, where an employee must actively sign up to the benefit offered by an employer; and
2. opt out (autosave) where an employee is enrolled by default into the payroll scheme offered by an employer but can opt out at any time.

Different types of payroll savings schemes are offered by many credit unions, some building societies and some fintech providers, either alone or alongside other financial products, so it's worth looking around to see what providers will work best for your overall needs.

> **"You don't have to look at your wages, it's already gone. You do it without even thinking about it. It alleviates the stress and worry about financial situations."**



6 Decide if you need to use external providers



Case Study: **Anya's story**

Anya is a single mum with two daughters and in her early 40's, living on a £29,000 salary. She feels that her financial situation is vulnerable because her family is not in the country, and they would not be able to lend her money in case of an emergency.

She has always felt that she could save a bit more every month - but the money just disappears from her account. The fact she has no savings distresses her. For instance, she needs her car to go to work, but if it breaks down, she may need to get a payday loan to pay for it.

After signing up for payroll savings through her employer, her savings habits have improved dramatically.

> **"I finally managed to store away a small pot for any emergencies, it gives me peace of mind if I have any needs with the house or the car."**



6 Decide if you need to use external providers

Further Information on Payroll Saving.

Explore the links below for further information on payroll saving:

The Money and Pensions Service dedicated employer **webpages**

NEST Insight's **Payroll Savings research**, including the employer experience in delivery and how to talk to employees

Chartered Institute of Payroll Professionals' research on saving through payroll

The Inclusion Centre's insights on 'Getting Workforces Saving: **Payroll Schemes with Credit Unions'**

About Credit Unions and **saving through Credit Unions**



7 Don’t forget to test and learn

Be agile, innovate and evaluate.

You can learn as you go, and you don’t need a big budget.

Ask workers what they like and keep checking in with them to see if your initiatives are having the impact you want and make adjustments. Our evaluation toolkit can help you think about what data you have and how to best capture feedback from your workforce.

Consider how behavioural science could help improve the impact of your initiatives.

Insights from behavioural science can help employers understand the hooks and biases which affect engagement and prompt behaviour change. For example, auto-enrolment, auto-escalation and defaults have been shown to be effective in increasing savings and pension contributions in the workplace.

Don’t be afraid to try something new.

Pioneer new ways to support employee financial wellbeing - innovative ideas have the potential to be truly transformative.

Make use of emerging insights.

For the latest evidence on emerging innovation, keep an eye on our Research pages and our dedicated Employer pages.

Share what you’ve learned.

Help others to learn from you by sharing your challenges and successes, for example via your MaPS Regional Manager. Think about how you might share these successes with your staff via internal channels too.



Unsure where to start?

If there's any help we can offer you on your financial wellbeing journey, please get in touch.

Speak to us, we're here to help.

You can find **contact details** for our UK Partnerships Team, who can provide free and impartial guidance depending on where you're based, on the Money and Pensions Service **website**.

Ready to get started now?

Take a look at our Employer Checklist to help you on your way.

- ☐ Have you surveyed your workforce to understand what their money and pensions needs are to support financial wellbeing?
- ☐ Have you provided signposting and financial education for your staff? This is a critical step to improving financial knowledge and literacy within your workforce.
- ☐ Do you have a communications plan to engage your workforce on money topics and encourage money conversations in the workplace? This step is often the hardest and requires a variety of different communication methods to reach all employees, together with a calendar of regular engagement opportunities.
- ☐ Have you looked at examples of good practice elsewhere and at emerging evidence on what works? This can really help you understand what's working for others and how you might learn from them.
- ☐ What do you currently provide to your workforce and do these support financial wellbeing? Do any new products and services you're proposing meet what staff say they need? Without identifying and addressing your employees' concerns, new initiatives might not have the impact you hope.
- ☐ Have you considered how to evaluate your progress? Think through what data you already have and what you could capture to gauge the impact you're having.

The Money and Pensions Service (MaPS) is an arm's-length body sponsored by the Department for Work and Pensions, established at the beginning of 2019. MaPS also engages with HM Treasury on policy matters relating to financial capability and debt advice.

We help people to improve their financial wellbeing and build a better, more confident future. Working collaboratively across the UK, we make sure people can access high-quality money and pensions guidance and debt advice throughout their lives, how and when they need it.

UK Strategy for Financial Wellbeing

The UK Strategy is a ten-year framework which will help achieve the vision of everyone making the most of their money and pensions. The framework is designed to drive change at scale and shift the dials on personal finance.

MaPS will play a key role in achieving this vision, by supporting and working with a wide range of other organisations and by delivering services where appropriate.

Visit our website to find out more about the **UK Strategy for Financial Wellbeing** and the delivery plans that make practical recommendations on how organisations can roll out initiatives to help people make the most of their money now and in the future.

120 Holborn, London EC1N 2TD
maps.org.uk

© Money and Pensions Service, 2023

Money & Pensions Service