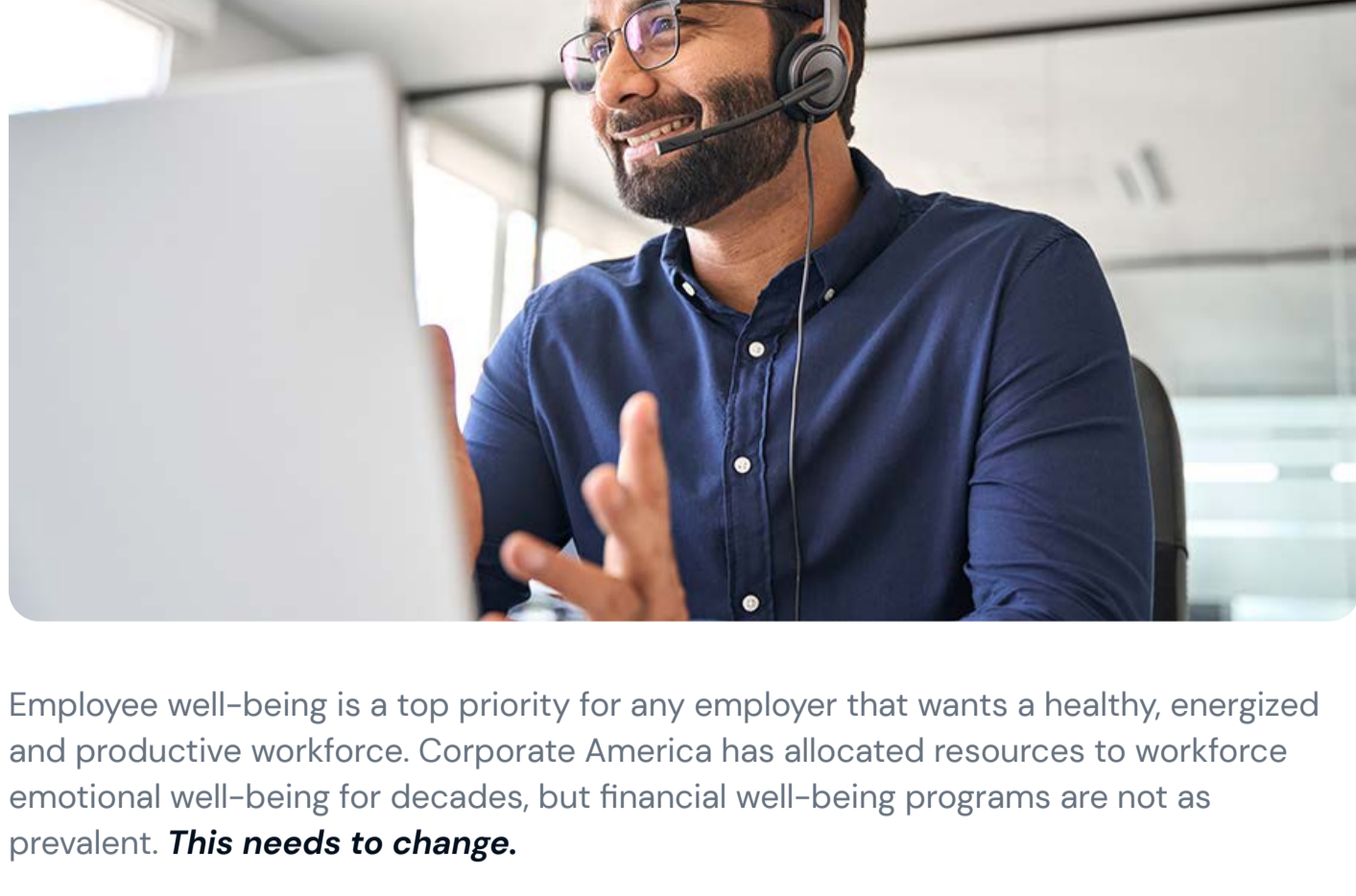


Financial Anxiety: A Growing Threat to Employee Well-Being

By MSA Staff



Employee well-being is a top priority for any employer that wants a healthy, energized and productive workforce. Corporate America has allocated resources to workforce emotional well-being for decades, but financial well-being programs are not as prevalent. **This needs to change.**

The Problem

As a country that embraces social media and a fast-paced, work-focused lifestyle, money has become the top stressor for many U.S. households.¹ Consider the constant anxiety-provoking messaging we read and hear in the media:

- ✓ Inflation is going up, then it's finally coming down, and then some other measurement says it is going back up!
- ✓ The stock market is at an all-time high, and then there is a huge drop!
- ✓ Some portion of federal student loans will be forgiven, and then lawsuits stop the forgiveness program, and next steps are unclear.

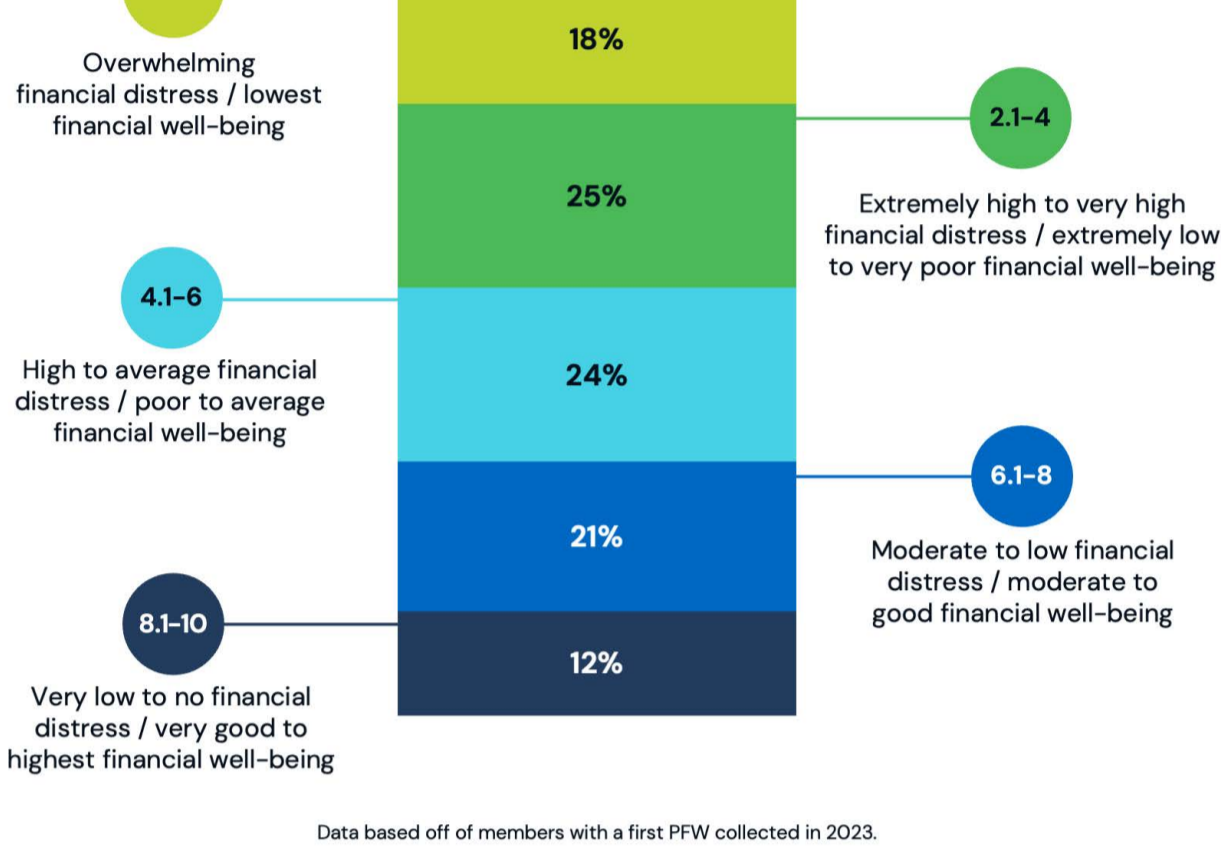
Information overload, in general, is a problem. According to Mindful Health Solutions, "This constant bombardment of information leads to elevated stress and anxiety levels. The overwhelming need to process every piece of information and the inability to do so can create an unstable mental state. People may also end up feeling lost and anxious, struggling to discern what truly matters."²

Stress influences judgment and can lead to impulsive decisions that damage personal finances and/or cause distractions at work, which lowers productivity. Employees need help, but just giving them access to resources or information to process, when they are already overwhelmed, isn't a formula for success. What they need is an unbiased Money Coach or a mentor; someone who will not judge their current financial state, and who can help them sift through information and prioritize next steps.

Improving Employee Financial Well-Being Through Coaching

My Secure Advantage, Inc. (MSA) provides financial well-being services to thousands of organizations and millions of employees across the U.S. For more than thirty years, MSA has provided a short survey to assess an employee's current level of financial stress when they reach out to MSA to schedule a first-time session with a Money Coach (30-minute phone sessions are confidential and can be on any personal finance topic/challenge). Let's take a look at survey results collected in 2023:

MSA Financial Well-Being Score



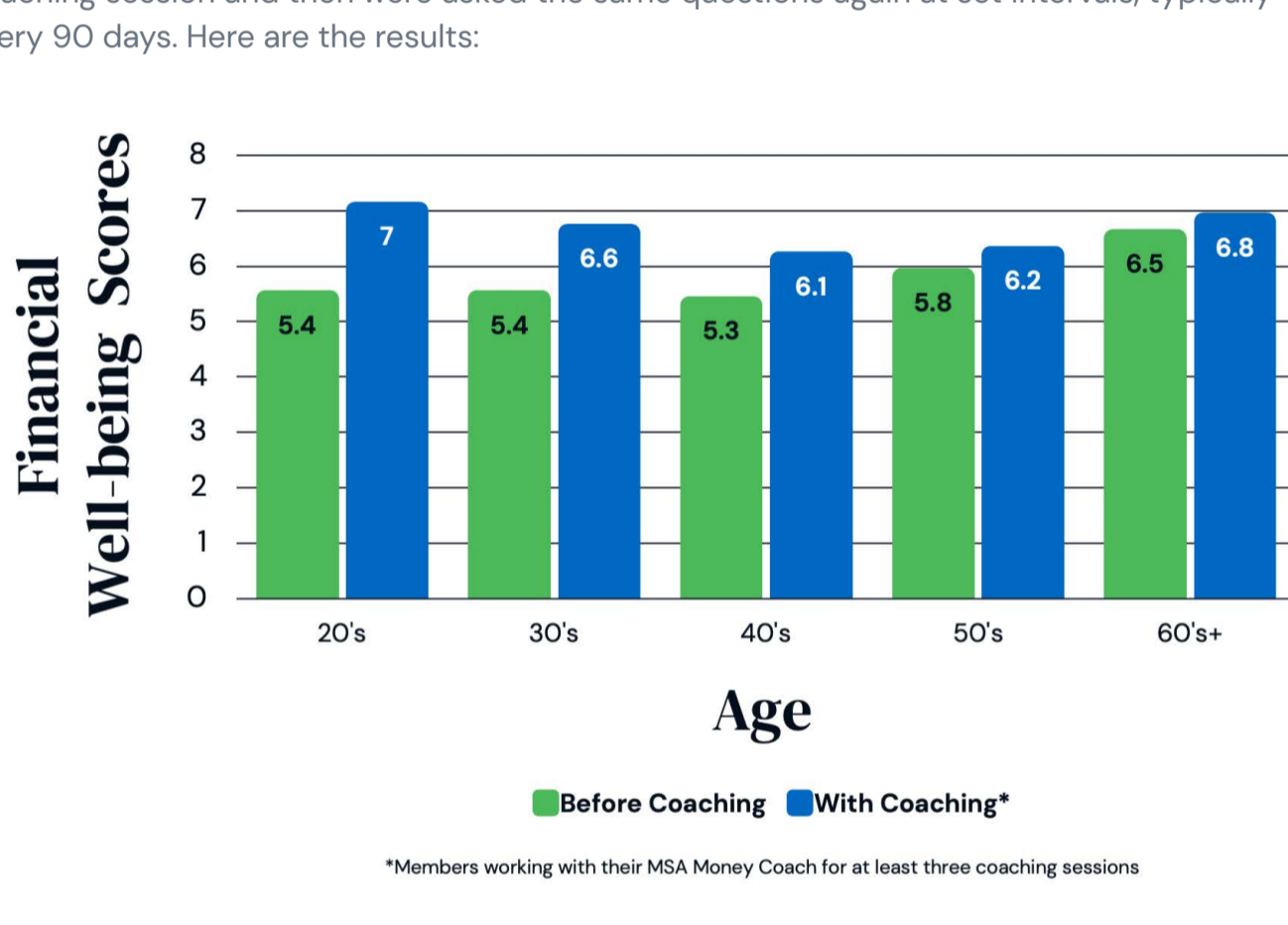
Each question has a scale of 1-10, with "1" being the lowest financial well-being score and "10" the highest. The average score across all questions for a population of nearly 45,000 employees was 5.0, meaning most employees reported **poor to average financial well-being. This average score is too low!**

These surveys were all taken in 2023, but what does the trend line look like if we review 2021 - 2023 data?

Financial Well-being scores over time:



Between 2021 - 2023, there has been a gradual decline in financial well-being scores. This paints the picture that financial stress is gradually increasing for the average employee. MSA wanted to dig a little deeper and ask employees how financial stress was impacting other aspects of their overall well-being. A subset of employees (5,431) from this 2021-2023 dataset, were chosen because they had more than one consultation with a Money Coach. These employees were given the same eight-question survey when they scheduled their first coaching session and then were asked the same questions again at set intervals, typically every 90 days. Here are the results:



Notice that all green bars, regardless of age group, reflected a higher starting score than 5.0 (the average score for all of 2023). We attribute this difference to employees committing themselves to working with a Money Coach on an ongoing basis. When someone commits to getting help, that action alone can help decrease financial stress.

As you might imagine, people at the beginning of their careers had lower scores and were more impacted by coaching than employees later in their careers (when they are typically earning higher incomes). However, regardless of age, financial stress was reduced when members trusted a Money Coach to help them gain confidence in their financial future.

To see how financial stress impacts other components of overall well-being, MSA asked additional survey questions to this subset of employees working with Money Coaches. Here are the results:

The Impact of Financial Stress on Workplace Productivity & Health

Financial Well-being Score	401k Contribution Rate	Weekly Hours Distracted by Money at Work	Doubt They Can Cover \$1k Emergency	% Feel Finances Have a Negative Impact on Health
0>1	1.50%	6.2	100%	98%
>0>2	4.50%	4.9	98%	95%
>2>3	4.50%	4.3	89%	90%
>3>4	4.50%	3.6	67%	79%
>4>5	4.50%	3.1	41%	67%
>5>6	7.50%	2.8	19%	55%
>6>7	7.50%	2.5	6%	27%
>7>8	9.00%+	2.3	1%	12%
>8>9	9.00%+	2.2	0%	2%
>9	9.00%+	2	0%	1%

A subset of employees (5,431) from this 2021-2023 dataset, were chosen because they had more than one consultation with a Money Coach.

The impact of financial stress on workplace productivity and health is significant! Not only does MSA's survey data make it clear that financial stress is a growing problem but it also shows that raising the 401(k) contribution rates has a significant impact on employees' overall well-being. Let's start with the 401(k) contribution rates. As scores increased, employees contributed more to their 401(k), implying that their monthly expenses were under control, which facilitated increasing savings to achieve future goals.

The "Weekly Hours Distracted by Money at Work" numbers should make employers take special notice. When employees are worried and distracted, they are less productive. The data clearly shows that reducing financial stress leads to more productive hours at work.

We all can remember or imagine that stressful feeling when we get a car maintenance or dental bill and we don't have money put aside to cover it. Employees with low financial well-being scores are struggling to manage unexpected expenses. Once scores get above a 5, there is a significant increase in the confidence employees have to cover a \$1k emergency.

Lastly, nothing paints a clearer picture of the impact of financial stress on health than the last column in the chart. Any financial well-being score below 6 means there is at least a 55% chance that financial stress is having a negative impact on health. Once scores get above 6, financial stress drops significantly, and the impact on other aspects of well-being drops significantly as well.

So how do employers get their employees to go from a "5" financial well-being score to "6+?"

Employers: Taking Action is a Three-Step Process

Step 1: Ensure your financial well-being benefits meet all the needs of your workforce

Financial well-being program services should include one-on-one coaching for topics ranging from basic financial literacy skills (budgeting, debt management, credit) to preparing for the unexpected and funding future goals, such as retirement. Your employees need to be able to transition from addressing one challenge or goal to the next. The best way to do this is by providing **unlimited coaching consultations** to employees so they can go at their own pace.

Step 2: Demand a more integrated approach between well-being resources

Emotional health and financial well-being have often been viewed in isolation from each other. The truth is that they are deeply intertwined and can significantly impact overall well-being. MSA has worked closely with Employee Assistance Programs (EAPs) for over 35 years, which has led to the realization that reducing financial stress often requires a person to be motivated to change behaviors. This led to MSA adopting a unique Money Coach training program on "motivational interviewing" that helps coaches inspire employees to recognize, and then address, behavior changes that might be root causes of financial stress.

Step 3: Promote and encourage financial well-being services in multiple ways

Employees often attach negative stigmas to needing help with personal finances, so taking the first step can be difficult. Supervisors and managers need to talk about the program in team or individual meetings and emphasize confidentiality and the unbiased nature of money coaching. Consistent encouragement, and even an occasional success story, can empower employees to take that first step.

Incentives related to your financial well-being program also need to be considered. If you offer "benefit-bucks" or incentives around the use of other benefits, expand the program to include completed money coaching sessions.

The Bottom Line

Financial anxiety is a top stressor of employees today. Employers that want a more healthy, energized, and productive workforce need to implement the MSA financial well-being program and take all the necessary steps to encourage and promote program services. HR leaders who recognize the importance of providing a comprehensive financial well-being program can transform their workforce's financial health, and in turn, increase productivity and engagement.

To learn more about the MSA financial well-being program and our guaranteed results, [schedule a demo](#) or [contact us today](#).

¹PwC's 2023 Employee Financial Wellness Survey, PwC, Jan. 2023, [pwc.com/us/en/services/consulting/business-transformation/library/employee-financial-wellness-survey.html](https://www.pwc.com/us/en/services/consulting/business-transformation/library/employee-financial-wellness-survey.html). Accessed 27 Aug. 2024.

²"4 Ways Information Overload Impacts Our Health and How to Cope." Mindful Health Solutions, 13 Oct. 2023, [mindfulhealthsolutions.com/4-ways-information-overload-impacts-our-mental-health-and-how-to-cope](https://www.mindfulhealthsolutions.com/4-ways-information-overload-impacts-our-mental-health-and-how-to-cope). Accessed 27 Aug. 2024.