Financial Wellbeing in the UK

REBEKAH GERRY

www.neyber.co.uk
@helloneyber
company/neyber
Financial wellbeing is about feeling secure and in control. It is knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future.

In short: confident and empowered.

-MaPS financial wellbeing definition
Our research journey

- **Jan 2015**
  - Financial Stress Survey
  - > 5,000 UK employees

- **Dec 2015**
  - Debt/Credit Research
  - > 5,000 UK employees

- **Founded in 2014**

- **Feb 2016**
  - First DNA of Financial Wellbeing Research Report
  - > 10,000 UK employees

- **Jan 2017**
  - DNA of Financial Wellbeing Research Report
  - > 10,000 UK employees
  - > 500 UK employers

- **2016**

- **2017**

- **2018**
  - DNA of Financial Wellbeing Research Reports:
    - Book 1 – Money and mindsets
    - Book 2 – Our borrowing needs
    - Book 3 – Savings and protection
    - Book 4 – A year in review
  - > 10,000 UK employees
  - > 700 UK employers

- **2019**
  - DNA of Financial Wellbeing Research Report
  - > 11,000 UK employees
  - > 700 UK employers

- **Nov 2019**

- **2020**

- **2015**

- **2016**

- **2017**

- **2018**
State of the nation
Financial worries is the top concern of UK employees.
Financial worries are impacting employees’ mental and physical health

- 1 in 4 have lost sleep
- 1 in 5 have felt depressed
- 1 in 3 have felt anxious
- 1 in 3 have felt stressed
MAPS National Strategy for Financial Wellbeing has highlighted mental health as a cross-cutting lens.

<table>
<thead>
<tr>
<th></th>
<th>Have a diagnosed mental health problem</th>
<th>Rest of UK population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are over-indebted</td>
<td>36%</td>
<td>11%</td>
</tr>
<tr>
<td>Missed payments in 3+ of last 6 months</td>
<td>27%</td>
<td>8%</td>
</tr>
<tr>
<td>Have used any form of short-term, high-cost credit in last 6 months</td>
<td>24%</td>
<td>8%</td>
</tr>
<tr>
<td>Have experienced emergency issues (e.g. court summons, bailiffs) in last 6 months</td>
<td>23%</td>
<td>6%</td>
</tr>
</tbody>
</table>
We’re borrowing a lot

52% are borrowing to meet basic financial needs.

45% run out of money between pay cheques.

36% say they sometimes or often struggle to pay off credit cards.

The average unsecured debt per person is £7,555
We’re not saving that much

One in 3 people have £1,000 or less in savings

1 in 4 don’t save regularly and of those that do, the most common amount saved is less than £50 each month.
We’re not prepared for the future

1 in 4 people would be able to cover their regular expenses for less than a month if they lost their income.

1 in 3 believe they will have a good lifestyle in retirement.

29% of people aren’t aiming to save for retirement.
20.3 million workers affected by money worries across the UK

% of workers affected by money worries by age
% of workers affected by money worries by income
There is a gender split in money worries.

- 36% anxious
- 27% lost sleep
- 57% affected by money worries
- 66% affected by money worries
- 38% stressed
- 28% stressed
- 24% anxious
- 20% lost sleep
- 17% often don’t have enough to cope with unexpected expenses
- 55% have no savings at all
- 46% The average woman has less saved than the average man
- £7,716 £10,885
Money worries affects most people regardless of age & income
Why does this matter in the workplace?
Most employers now have a financial wellbeing strategy but it’s not a well-developed or a priority.
How do employers feel about all of this?

- **33%** Financial worries
- **42%** Work / life balance
- **28%** Their workload

My organisation is good at providing a supportive environment for financial health:

<table>
<thead>
<tr>
<th>Year</th>
<th>Employers who agreed</th>
<th>Employees who agreed</th>
<th>Discrepancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>56%</td>
<td>21%</td>
<td>35%</td>
</tr>
<tr>
<td>2018</td>
<td>39%</td>
<td>25%</td>
<td>14%</td>
</tr>
<tr>
<td>2019</td>
<td>56%</td>
<td>33%</td>
<td>23%</td>
</tr>
</tbody>
</table>
Only 22% of employers see offering financial wellbeing support as a valuable benefit for the company
Poor financial wellbeing is impacting organisations

<table>
<thead>
<tr>
<th>Employees</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6 million</td>
<td>£478 million¹</td>
</tr>
<tr>
<td>2.9 million</td>
<td>£516 million²</td>
</tr>
<tr>
<td>3.6 million</td>
<td>£14.2 billion³</td>
</tr>
</tbody>
</table>

These could be costing UK employers:

- £478 million¹ from more than 4 million absences
- £516 million² in lost productivity
- £14.2 billion³ cost in turnover cost

Overall cost: £15.2 billion
It’s time for action on financial wellbeing
Understanding what employees need

Get Started
Employees almost always run out of money before pay day, which means they are borrowing to cover everyday costs and struggle to pay it back.

Take Control
Employees sometimes need to borrow to make it through the month. They often are struggling to pay off credit cards and feel like they don’t have enough left over to cover unexpected costs or buy the things they enjoy.

Find Balance
Employees are not borrowing to meet financial commitments, but they are still paying off credit cards. They have less than three month’s expenses in savings and still would be reliant on debt to cover unexpected expenses.

Build Resilience
Employees are in control of any debt they still have and feel like there’s enough left over for the things they enjoy. They’ve built an emergency savings fund to cover at least three months’ wages and are starting to prepare for longer-term goals.

Plan Ahead
Employees are financially comfortable with a large savings buffer and feel confident about their retirement plans. They may be investing in stocks and shares for long-term growth. They can spend money on themselves without causing a strain on finances.
Take action to improve your own financial wellbeing

**Step one**
» Work out what you really want from your money

**Step two**
» Evaluate your current state

**Step three**
» Build a realistic budget that incorporates your goals

**Step four**
» Add & remove friction to your finances

**Step five**
» Talk and share about money
Take action to improve employees’ financial wellbeing

Step one
  » Understand your employees’ needs

Step two
  » Identify what you’re trying to achieve

Step three
  » Ensure senior leadership engagement

Step four
  » Embed it in your culture

Step five
  » Measure, learn and adapt
Questions?

www.neyber.co.uk

@helloneyber

company/neyber