

# Catalyst:

## Why financial wellbeing matters more than ever



**Restoring operations in the unstable COVID-19 environment presents many challenges with wide-reaching ramifications for your company and employees.**

Companies need to find both additional competitive advantage to return to profitability and assist employees adjust to new ways of working such as remote work, reductions in shifts or impacts from increased automation.

Globally, COVID-19 has caused 70% of employees to grapple with new financial concerns. Assisting employees to manage and maintain their physical, emotional and social health and increasingly their finances has become a priority for companies everywhere. The pandemic has tested wellbeing for both employers and employees and many employers are now turning their attention to how financial wellbeing fits into their wellness strategy and benefit program delivery.

<sup>1</sup> Willis Towers Watson Employee Opinion Norm Database July 2020.

### What is financial wellbeing?

Wellbeing is the state of being “well”: healthy and fit, and motivated and empowered about life inside and outside work. Financial wellbeing is achieved when you are engaged with and in control of finances – essentially, feeling as though you have enough money to meet your needs. You understand how you can build a resilient financial position.

Wellbeing encapsulates physical, emotional, social and financial factors. Good financial wellbeing often leads to greater overall wellbeing - you are equipped to save for contingencies and future needs and able to cope with financial shocks. It gives you the financial freedom to make choices that allow you to enjoy life.

## PHYSICAL

Managing population health risks and chronic conditions

## EMOTIONAL

Managing behavioural health, stress and substance use issues



## FINANCIAL

Implementing solutions to improve financial health

## SOCIAL

Implementing ways to promote a sense of involvement around health and financial issues

Figure 01. Financial is an integral part of employee wellbeing

## Why is financial wellbeing important?

Employees are struggling more than ever with financial issues that impact their broader wellbeing. And these employees are three times more likely to be disengaged – on average losing six days more per year of productivity due to absenteeism or presenteeism.

Willis Towers Watson research has demonstrated a strong link between organisations with superior financial performance and high-performance employee experience<sup>2</sup>.

The employee experience sits at the heart of delivering an exceptional customer experience.

Employers are more aware of the importance of wellbeing and the impact on employee engagement, productivity and business outcomes.

<sup>2</sup> Breakthrough research: Identifying the factors that make a high-performance employee experience (HPEX)



Note: Compared to employees with no issues.  
Sample: All employees.  
Source: 2019 Global Benefits Attitudes Survey, Asia Pacific

Figure 02. Why financial wellbeing is so important

## What matters most to employees?

Our research shows that for employees living from pay to pay, access to financial planning resources was top of the list of most desired benefits. This includes assistance with budgeting, retirement savings and understanding investment choices<sup>3</sup>. For many, rules and regulations around retirement savings and finances can be complex; it isn't something we want to get wrong, so we often put off making decisions.

For employers, communicating on benefits and wellbeing programs was one of their top benefits priorities over the next six months, after employee safety and enhancing mental health services and stress/resilience management.

One third of employers believe COVID-19 will have a moderate to large negative impact on employee wellbeing, and 40% of companies are looking to enhance their wellbeing programs. As many employees will have lower salary and bonus expectations in the current environment, we believe a company's overall benefit offering is likely to become even more important to employees.

<sup>3</sup> 2020 COVID-19 Benefits Survey in Asia Pacific. Willis Towers Watson survey of 746 employers in Asia Pacific in June 2020.

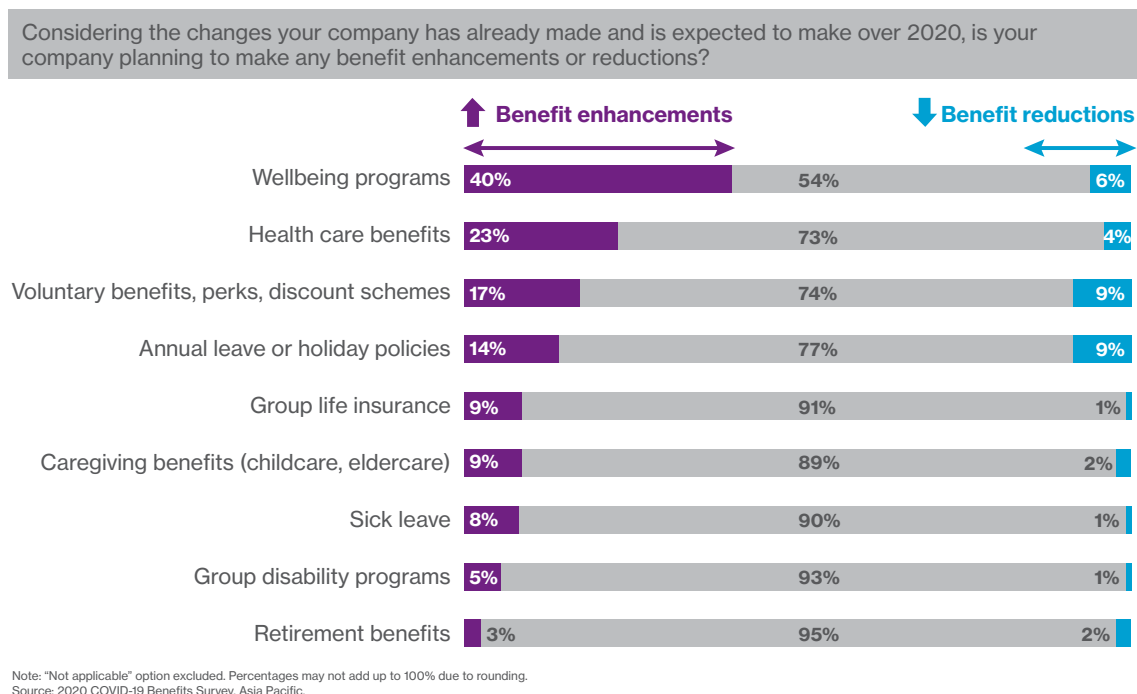


Figure 03. Many employers look to enhance wellbeing programs

## Creating an effective financial wellbeing program

Employers often ask us how they can start helping employees to better understand their finances? While an obvious starting point can be the advice offering of your default super fund, this may not be broad enough to address the spectrum of financial issues that most people need to deal with during their life.

The range of financial services offered by super funds vary considerably and can be complex to navigate – from Simple Advice (which typically just covers matters related to the employee's super fund investment and insurance options) to Comprehensive Personal Advice (which varies in cost and complexity).

Providing employees with a program which focuses on financial education will help them navigate through their life stages:

- Starting out – including budgeting and saving, income and asset protection and superannuation choices
- Managing life events – such as buying a property or dealing with a crisis
- Building wealth – including the role of debt and investments
- Planning for retirement spending and quality of life, and ultimately estate planning.

We've helped employers create effective programs to ensure their employees' wellbeing. Building knowledge through on-going learning is important for employees and many employers are facilitating employee access to information through a range of tools and personal advice.

Financial wellbeing, social, physical and emotional health are all connected. Wherever your employees are on their financial wellbeing journey we will partner with you to understand their requirements and the opportunities available to support your employees' financial wellbeing and assist you in implementing an effective program as part of your broader wellbeing strategy.

Over the coming weeks, we will take a deeper dive into different aspects of financial wellbeing. Look out for further Catalyst articles on our website.

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