



# The Future of Financial Wellbeing Survey 2021

**Building financial resilience in a post pandemic world**

United Kingdom, April 2021

# Introduction

Even before the pandemic, the world of employee benefits had been rapidly changing, with organisations shifting their focus towards employee wellbeing. With the growing realisation that an employee's financial position can have a great impact on their wider wellbeing, addressing financial wellbeing has come to the fore for UK employers.

The emphasis on wellbeing has intensified during the pandemic as COVID-19 provided a stress test for both benefits programmes and employee wellbeing. For many employees, the pandemic marked a direct hit to their finances, whilst for others (less directly affected) the pandemic has been a time to re-think how they manage their finances and save for the future.

Whatever the case, the employer's role has become more crucial than ever, and organisations are increasingly willing to step in and play a bigger role in supporting employees. Many employers are now turning their attention to how financial wellbeing fits into their wellbeing strategy and are reviewing whether their benefit programmes effectively help employees improve their financial wellbeing.

Against this backdrop we launched the 'Future of Financial Wellbeing Survey 2021'. This survey examines the current state of financial wellbeing programmes in the UK, why organisations are focussing on financial wellbeing and what they wish to achieve by doing so.

## About the survey

The survey was conducted during February and March 2021 and includes 171 responses from organisations across different industries in the UK.

Around half of respondents represented large organisations, with 71% having more than 1,000 employees. Three in four organisations are multinationals.

The majority of respondents had direct responsibility over financial wellbeing (89%) in their organisation either formally or informally.



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# Executive summary

Organisations realise employees are currently facing a wider array of financial challenges and are looking to adopt broader financial wellbeing programmes, that provide the help they need.

Employees (especially younger ones) want help from their employer, and typically see employer provided solutions as more trustworthy than solutions they could otherwise find themselves.

Many employers are now accelerating their focus on financial wellbeing in response to COVID-19, and the associated economic impacts. During this time many employees' financial wellbeing has been hit. And even for employees in unaffected sectors the impact may be felt via other family members. Conversely, for those with a stable ongoing income and reduced spending, there are opportunities to take positive steps to improve their financial situation.

Employers are now looking to quickly develop a strategy to address financial wellbeing, but current benefits and programmes are not aligned to employee's needs. There is an appetite to redesign current benefits, and introduce new ones to improve the alignment.

In Part 1 of this report we look at the current state of financial wellbeing, how COVID-19 is impacting programmes and why organisations believe building a strategy for financial wellbeing is important. Part 2 analyses how organisations are designing programmes, supporting employees, funding benefits and measuring success.

## Key highlights

### Financial wellbeing strategy

Many organisations aim to reflect financial needs in their wider wellbeing agenda, but recognise that they need to step back and develop a coherent strategy.

### Design & delivery

Organisations are looking to expand the savings options they offer employees; selecting appropriate providers is more important than having a bundled solution.

### Decision support

Organisations plan to provide more customised support to employees, via a mix of technology solutions and human interaction. At-retirement support remains a priority.

### Measurement

Understanding the employee view and measuring the success of programmes are key areas of focus for employers, including direct feedback from employees and data analytics.

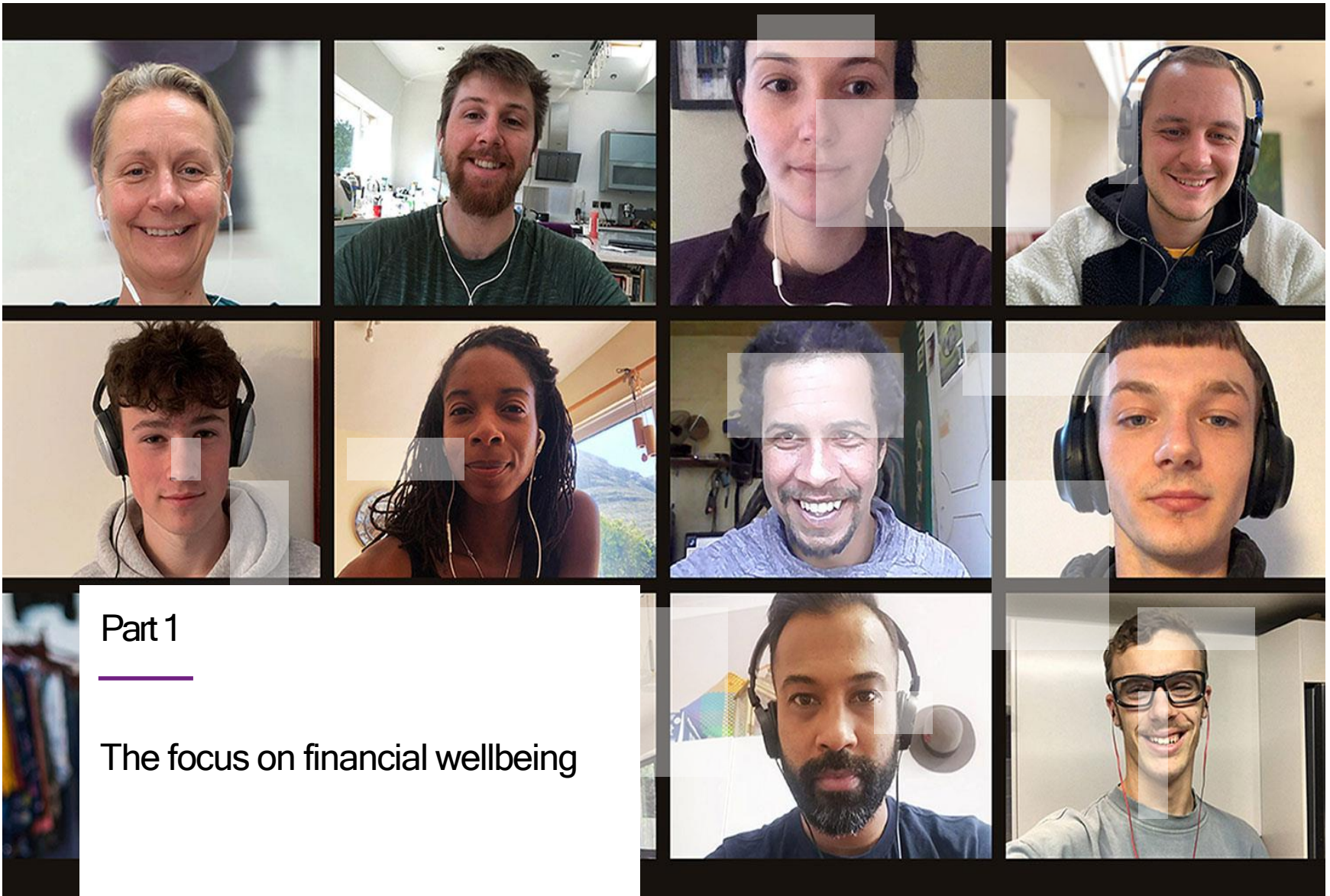
### Financing

Many organisations are willing to increase spending to fund financial wellbeing programmes. Despite the challenges, allowing employees flexibility is also of interest.



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## Financial wellbeing – the current state

**Employers recognise they need to take a more active role in supporting their employees' financial wellbeing, but their current benefits programmes fail to address the financial challenges many employees face.**

The vast majority of organisations (76%) perceive their employees want them to take a more active role in supporting them in broader financial matters (Figure 1).

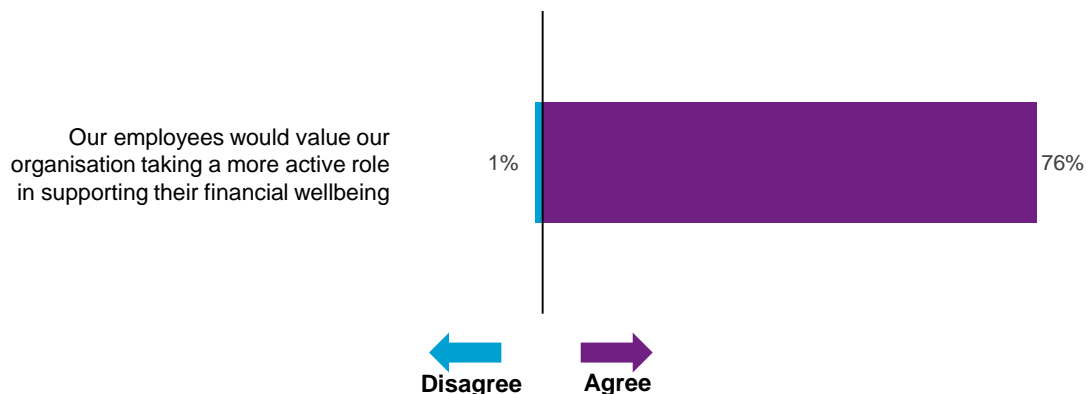
Our employee research shows that a large number of employees (especially young ones) would value such support and typically see employer provided solutions as *more* trustworthy than those they could otherwise find themselves (Figure 2).

There is then an opportunity for employers to do more to address their workers' financial concerns, and organisations themselves recognise this. However, there is a disconnect between the financial challenges their employees' face and the solutions employers currently offer.

Whilst most employers report a mixture of issues facing employees (debt, short-term saving, housing and saving for retirement) most organisations report they are only truly effective at supporting saving for retirement (Figure 3).

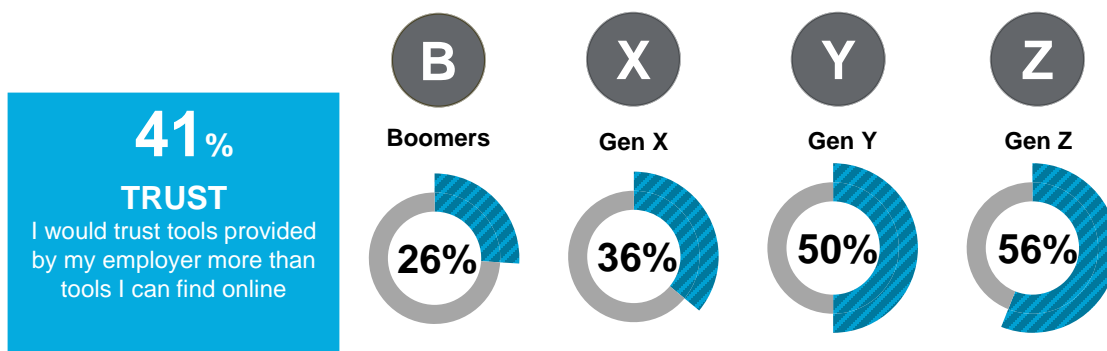
### Employer view

**Figure 1:** To what extent do you disagree or agree with the following statements on financial wellbeing at your organisation?



### Employee view

**Figure 2:** To what extent do you disagree or agree with the following statements about financial wellbeing tools provided by your employer?



Note: Percentages indicate 'Strongly agree' or 'Agree'.  
Sample: All employees.  
Source: 2019 Global Benefits Attitudes Survey, United Kingdom

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**Figure 3: The disconnect between employers and employees**



While two in five of organisations see that saving for housing or building up emergency savings are key challenges for their employees, only about one in ten have programmes in place that are effectively addressing these issues (Figure 3).

One in five organisations also suggest that their workforce faces issues with debt or with their ability to make ends meet. While this does not seem to be a widespread issue, employee research finds

that when these issues do come up, they have a particularly detrimental impact on mental health and wellbeing.

Yet, only one in five employers think they are effective in addressing debt and cost of living problems through their organisation's benefits programmes (Figure 3).

Employers are seeking to tackle this disparity and to provide greater assistance in these emerging, but possibly, high impact areas of financial support.

About half of employers say that providing assistance for building up emergency savings and helping employees manage day to day expenses and debt issues will become more important in the next two years. About a third also agree that providing greater assistance to save for a house is important.

However, promoting saving for retirement remains a key issue. The focus of broader financial wellbeing is not expected to come at the expense of a diminished focus on retirement.

# The impact of COVID-19

## COVID-19 is accelerating plans to change.

Across employers in the survey the impact of the pandemic on employees' financial wellbeing has been mixed.

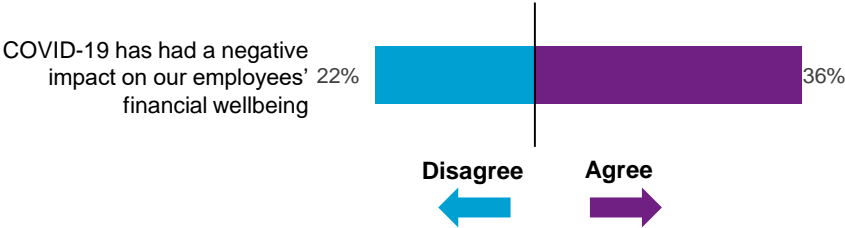
Over a third of organisations think COVID-19 has had a negative influence on their employees' finances (Figure 4). Sectors significantly impacted by the lockdown (such as hospitality, retail, leisure or travel) are obviously likely to be included here and whilst furlough has offered protection, many are facing significant financial hardship.

Yet, for other sectors (and their workers), the past year has benefited finances. About a quarter of organisations disagree that their employees' financial wellbeing has been hit (Figure 4). For cases where incomes have remained stable and possibly expenses (commuting, eating out, etc.) have fallen there is an opportunity for employers to take steps to communicate about programmes to maintain a positive financial position.

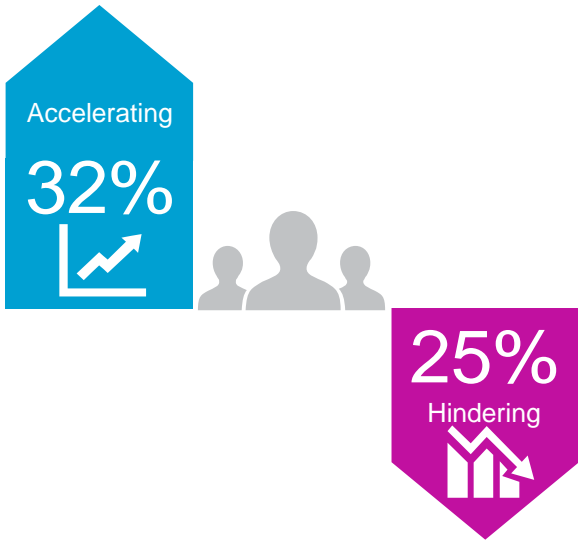
However, it is dangerous to generalise. Even where an individual worker may appear unaffected, their partner or spouse may be. And even in sectors which have been hit, some employees may have improved their finances.

This has prompted some employers to take action. About a third of organisations see the pandemic as being a factor in accelerating their emphasis on financial wellbeing (Figure 5). Conversely, a quarter see it as hindering their focus – particularly those organisations suffering financially during the pandemic or where new financial issues are emerging in their workforce.

**Figure 4:** To what extent do you disagree or agree with the following statements on financial wellbeing at your organisation?

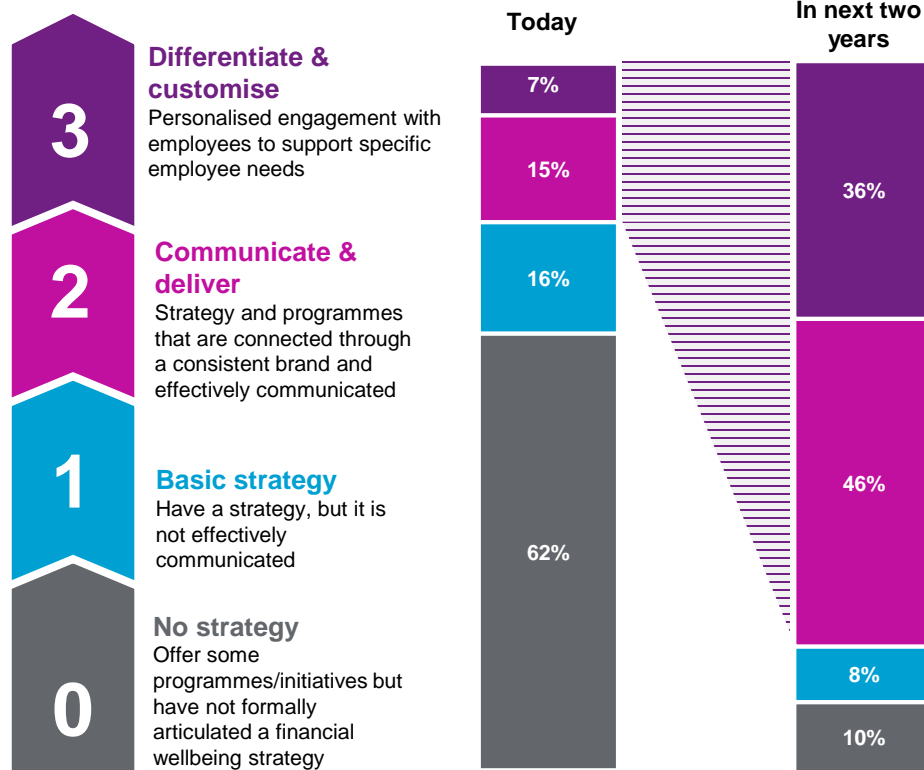


**Figure 5:** Is the current pandemic accelerating or hindering your organisation's strategy to improve the financial wellbeing of employees?



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**Figure 6:** Which of the following best describe what your organisation has accomplished with regards to financial wellbeing to date and what you expect to accomplish in the next two years?



## Building a financial wellbeing strategy

**Most organisations currently do not have a financial wellbeing strategy, but are looking to address this gap over the next two years.**

Figure 6 shows what organisations have accomplished so far with respect to developing a strategy to support financial wellbeing and where they expect to be in two-years-time.

Most employers (62%) currently offer some financial wellbeing benefits, programmes and initiatives, but have not articulated a strategy yet (Figure 6). Offering disjointed programmes that do not have objectives or goals, and that do not assess gaps or under-used benefits, are not likely to be effective in tackling the issues that matter most for employees.

Employers understand this, and most (eight in ten) plan to have a strategy that is effectively communicated and delivered in place in the next two years (Figure 6).

Building a financial wellbeing strategy is not an easy task. It requires an assessment of the needs of employees to identify gaps in provision, setting goals, agreeing on what programmes to offer and how to communicate and deliver them, and building an implementation roadmap.

For a significant number of employers (two in five), the ultimate goal is to be able to differentiate and customise their financial wellbeing programmes to target and address specific needs. In particular this will require employers to have a deeper understanding of employees' wants and needs and a greater focus on measuring programme use and effectiveness.

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Financial wellbeing – the employer rationale

An increased focus on broader employee wellbeing is translating to a desire to specifically address financial wellbeing

Employers report they are looking to move quickly to build and enhance their financial wellbeing programmes, but what is the motivation for this?

Our survey suggests that a large majority (88%) of employers see financial wellbeing as part of a more holistic wellbeing strategy, possibly as they understand the links that financial issues have to other aspects of wellbeing (Figure 7).

Employers also see supporting financial wellbeing as a key opportunity to enhance and modernise their benefits package and hence boost overall employee appreciation of benefits (68%).

Employers also recognise an intrinsic motivation to help employees manage their finances. About three in five employers see their involvement and focus on financial wellbeing as part of their “duty of care” and as part of diversity and inclusion policies and initiatives.

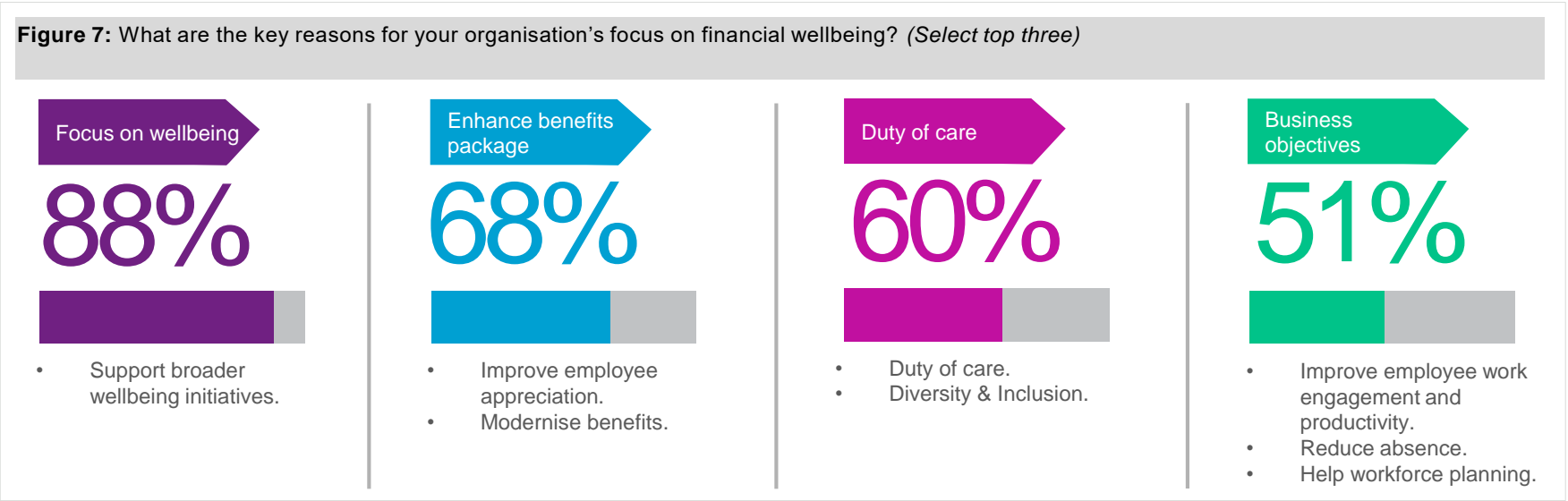
The latter reflects the broader concerns employers have about the employment deal treating all groups fairly. In benefits terms, it raises the question as to whom current

benefits programme are designed for. And which employees needs are not being met by the status quo.

These motivations (to address wellbeing, to modernise benefits or just due to a duty to consider employee needs) are more important than the potential beneficial effects of improving financial wellbeing on business performance, via enhanced productivity and engagement or reduced absence (51%).

Such motivations may be secondary, but are potentially important areas to measure and monitor to examine the ongoing success of programmes.

Figure 7: What are the key reasons for your organisation’s focus on financial wellbeing? (Select top three)



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## Part 2

### Building a financial wellbeing program

## Design and Delivery

### Encouraging savings through integrated programmes.

With the importance of financial wellbeing in the workplace now acknowledged by most employers, the challenge organisations face is how to design and deliver a successful programme.

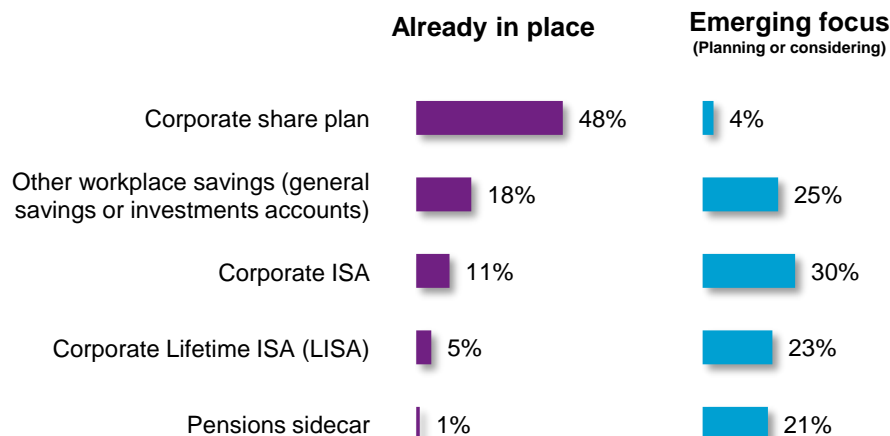
A key focus for organisations is to promote financial resilience and many employers are looking to do this via providing a greater array of ways for employees to save, moving beyond a narrow focus on retirement.

Employers are looking to expand the options they offer employees to include ISA and LISA accounts as well as other workplace saving options. Indeed, half of the organisations surveyed are planning or considering to introduce some form of new workplace savings option (Figure 8).

Tackling short term financial problems, that are known to be a cause of severe stress for the employees concerned, is also becoming a key focus in the design of financial wellbeing programmes: a third of organisations are looking to help employees facing financial issues via debt consolidation, workplace loans and/or earned income solutions (where the employee receive their salary slightly earlier than normal to alleviate financial issues).

When designing new programmes, integration seems key to employers.

**Figure 8:** Does your organisation have any of the following in place, or does it have plans to offer them in the next two years?



Three quarters report that integration with other wellbeing programmes is highly important, whilst three in five state integration with other online benefits in a single platform is highly important.

This shows a recognition of the need to tackle 'total wellbeing' and move away from piecemeal approaches seen in the past. The focus is then to leverage programmes in place, minimise fragmentation and provide a more holistic employee experience.

But here integration does not mean bundled. Most employers think it's highly important to provide best in class products (60%) as part of their delivery strategy, but only a minority (31%)

considers a single bundled provider is a key priority (even with the lower administration burden involved).

Financial programmes also need to be agile enough to meet diverse and evolving employee needs. Employers recognise this and about half report that the ability to target specific groups of employees is highly important in delivering financial wellbeing programmes.

To achieve this it is crucial to first understand the financial realities employees are facing, potentially through analytics and/or a financial wellbeing diagnostic.

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## Decision Support

### A move from providing information, to more targeted and personalised support.

Much research on employee behaviour has shown that simply providing more options to employees is unlikely to be successful if it is not supported by effective communication and decision support.

A well-structured financial wellbeing programme will provide education, tools and resources to help employees to address the causes of financial issues and make better financial choices. To be most effective programmes need to relate to individual's circumstances and be communicated at moments in time most relevant to the employee.

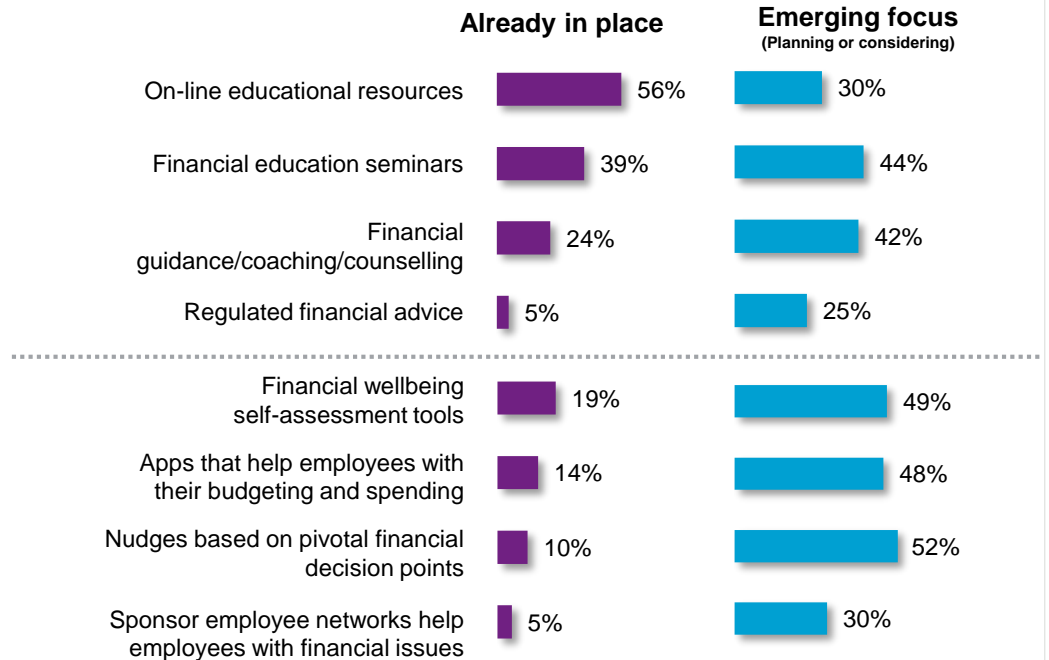
Employers in our survey seem to recognise this.

In figure 9 we see that the current approach to supporting financial wellbeing is concentrated on providing online educational resources (56%) and financial education seminars (39%).

While these will remain important, we see employers expect to shift in focus to more personalised and timely approaches (such as financial guidance/coaching and nudges that are triggered by pivotal life events such as a promotion or a house purchase).

This focus on personalisation is accompanied by moves to adopt new technology (web tools and apps) to help employees make better decisions.

**Figure 9:** Does your organisation currently offer employees any of the following, or do you plan to do so in the next two years?



Currently only 14% of employers offer any kind of technology based support to help with budgeting and spending, but almost half of employers are planning or considering adopting them in the next two years.

Yet, conversely there is a recognition that human interaction is also important and not all focus is directed to technology

solutions. Personal support is also set to increase dramatically.

Four in ten employers are looking to expand their support to employees via financial guidance and counselling and educational seminars and nearly one in four are looking at the potential to support financial advice.



## Funding

### A significant number of employers are finding extra money to pay for programmes.

COVID-19 has heightened the awareness around employee wellbeing and accelerated or strengthened the case for employers to build financial wellbeing programmes.

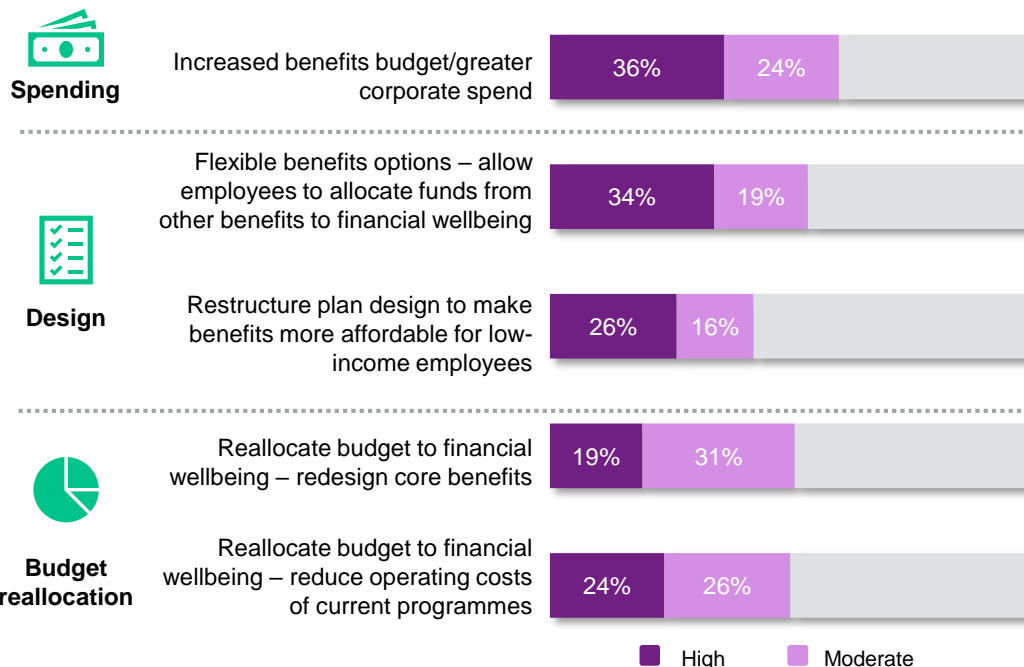
Yet, given the uncertain economic environment many companies are facing, finding the resources to support such programmes could be difficult. How are employers looking to finance this expansion in programmes?

About 60% of employers recognise that finding extra resources is likely to be important (Figure 10). In part this reflects the increasing importance placed on wellbeing (and financial wellbeing) by employers in the aftermath of the pandemic and the ability to find extra budget to support wellbeing related activities.

It may also be that some benefits to improve financial wellbeing have minimal cost to the employer (such as savings products or salary linked loans) and can be accommodated from existing budgets.

However, a sizeable number of employers are looking to finance financial wellbeing initiatives through flexible benefits options (53% consider them important), allowing employees to allocate funds to financial wellbeing from other benefits. This is aligned with the trend seen in the UK of providing employees with greater flexibility

**Figure 10:** How important do you expect the following to be in how your organisation will fund its financial wellbeing programmes?



and choice in selecting their benefits. This allows workers to tailor their benefits package to be more closely aligned with their own individual wants and needs, whilst managing employer costs.

Another popular option (for about half of respondents) is to reallocate budget from other (existing) benefits via benefits redesign or reducing operating costs of existing core programmes.

As part of the option to redesign benefits, some employers (19%) are considering allowing employees to divert all, or part, of their pension contribution to be used for other financial priorities. Employers recognise this is a challenging call given the consequences it could have for future retirement adequacy and the technical complexities. However, with careful thought, some employers have found that it is something worth considering.

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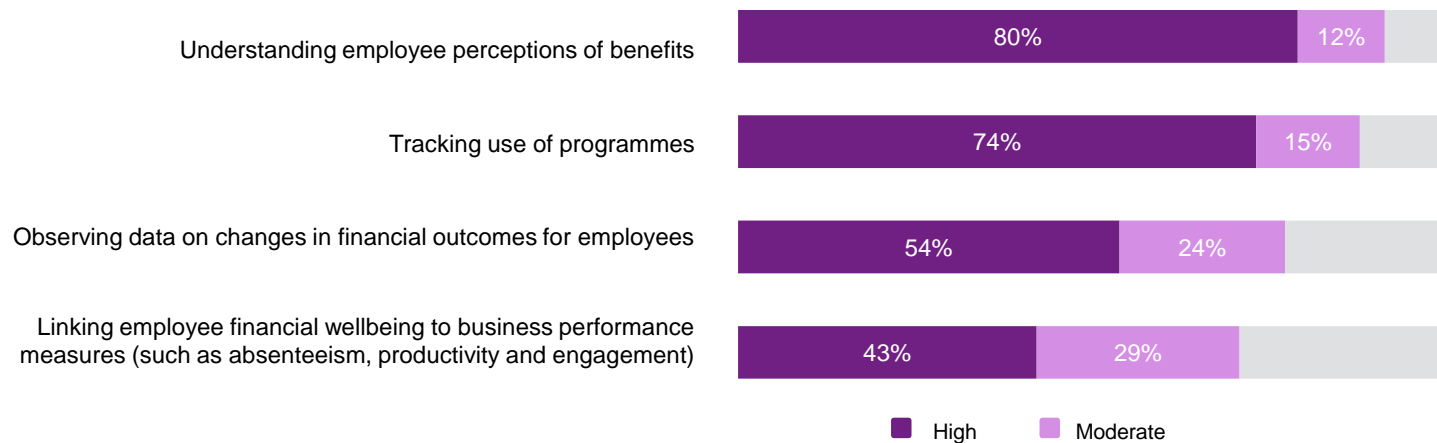
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**Figure 11:** How important are the following likely to be in how your organisation will measure success of financial wellbeing programmes?



## Measurement

### Measuring the impact of programmes is a high priority.

Virtually all organisations think that it is important to measure and track the impact of their financial wellbeing programmes. But metrics for success are intrinsically linked to the strategy and goals for these programmes.

If the objective of financial wellbeing programmes is more linked to improving commercial outcomes it will need to take the necessary steps to incorporate employee data with business success metrics (such as productivity or absenteeism).

By contrast, if the organisation is focussed on the employee experience, approaches will need to capture the employee voice (via surveys or focus groups) and/or track use of programmes.

Indeed, we find that for most organisations this is the current state of play: measurement strategies are linked to understanding employee use and satisfaction with the programmes offered (around 90% of organisations).

Employee insights and tracking usage are likely the first step for many employers in understanding the success of financial wellbeing initiatives. But over time, as programmes mature, we expect monitoring behaviour change and business

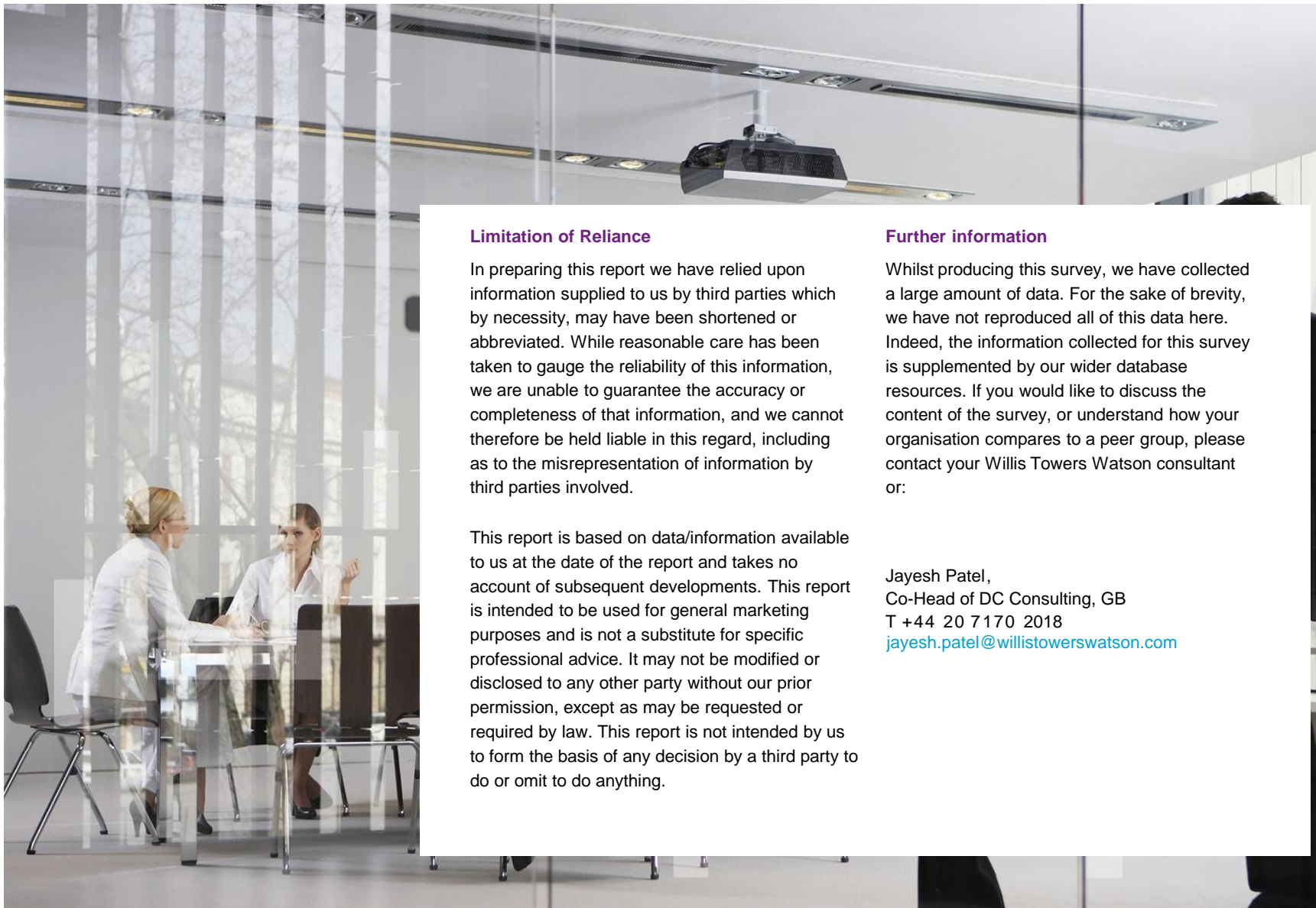
performance are likely to gain importance.

Over three quarters of organisations (78%) are looking to use data analytics to track how financial outcomes are changing over time (for example what steps employees are taking and how their situation is improving).

Finally, for about three quarters of organisations the impact on business performance metrics is important to measuring the success of wellbeing programmes.

Clearly, whatever the measures adopted, all of them require readily available data and a coordination with available systems to be implemented successfully.

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### Limitation of Reliance

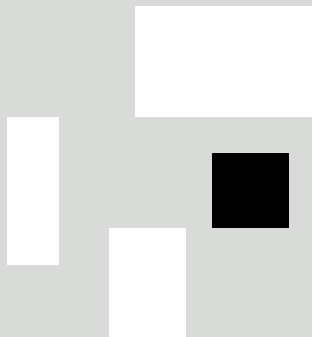
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### Further information

Whilst producing this survey, we have collected a large amount of data. For the sake of brevity, we have not reproduced all of this data here. Indeed, the information collected for this survey is supplemented by our wider database resources. If you would like to discuss the content of the survey, or understand how your organisation compares to a peer group, please contact your Willis Towers Watson consultant or:

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