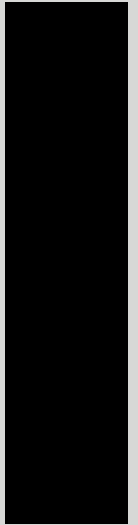
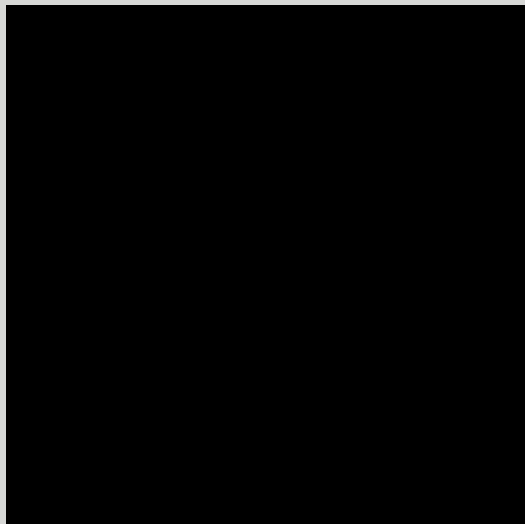
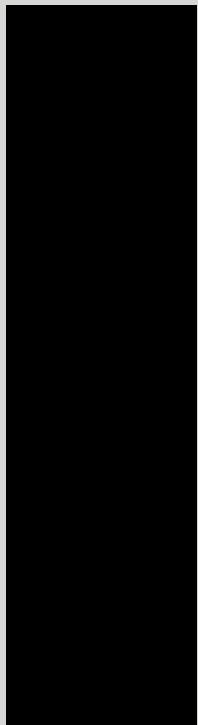




A growing interest in employee financial well-being in India

Insights from the Global Benefits Attitudes Survey 2016

Indian employees' satisfaction with their financial state today belies financial worries that a majority of them have about current and future finances.



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Table of contents	
About the survey	4
Executive summary	5
Pessimism over long-term financial well-being	6
Why should employers be concerned about employee financial well-being?	7
Financial priorities and retirement benefits	10
Are employees on-board for a broader employer role?	12
A way forward in technology	15
The way ahead	18





About the survey

For over the past 10 years, Willis Towers Watson has surveyed employees about health and retirement. Our Global Benefits Attitudes Survey fielded across 19 countries is the second globally consistent survey, and our third survey in India since 2012 that collates this rich information on health and retirement.

This paper specifically focuses on the survey results for India. This survey was fielded across the country for the period between June and August 2015, eliciting 2003 responses. It includes representative samples at non-governmental employers.

The survey questionnaire covers the following areas:

- Employee effectiveness: where we ask questions around employee engagement at work, absence, productivity and stress.
- Financial security: where we explore employees' financial situation, their money worries and how they deal with finances; we also explore their confidence in their retirement, their benefit preferences.
- Health and well-being: where we ask questions around employees, health status and risks, the role of employers in health and well-being, and some questions around health plan design, incentive and employee behaviours, including programme participation.

Our employee research is complimented by our Willis Towers Watson Staying@Work 2015/16 survey, which examines similar issues from an employer perspective. For nearly two decades, we have conducted Staying@Work research in North America. The 2015 Survey is our second global study of employers' health and productivity strategies, involved 34 markets, including the Middle East. It covers 43 employers in India with nearly 390,000 employees.



Executive summary

Our 2016 survey explores a broad range of issues concerning employee benefits, health related behaviours, current and prospective financial situations and work experience, of which financial and retirement security are an inextricable component. Our key findings are:

- Indian employees' satisfaction with their financial state today belies financial worries that a majority of them have about current and future finances;
- Employees' issues tend to cluster, those in poor health also tend to have financial worries and be less engaged with their work;
- Employers are concerned about these issues, which create a drag on productivity;
- Employers have already taken steps to ensure their employees' financial well-being, with a pipeline of similar initiatives over the next few years;
- Employees now consider financial and retirement security a priority and recognise the importance of employer-based retirement benefits;
- Employees in India are in favour of their employers playing an active role in their health and retirement as well as in their personal finances;
- Employees are interested in wider benefit choices that address their diverse needs and priorities; and
- Technology presents an opportunity for employers to engage employees and help them manage their finances and retirement savings.

Pessimism over long-term financial well-being

With India having the highest growth rate among the world's major economies, employees' satisfaction with their financial situation has increased 9% since 2013, to reach 65% of employees surveyed.

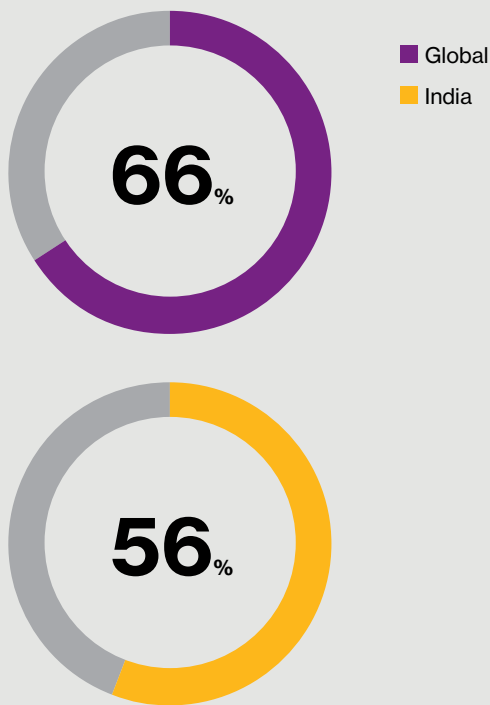
However, this apparent satisfaction belies the fears that employees harbour towards their current and future state, especially in retirement. A majority (56%) of Indian employees fear that they will be worse off than their parents in their retirement (*Figure 1*).

These financial concerns cast doubt on their confidence in saving enough money to see them through their retirement (*Figure 2*). With the expected retirement age slowly creeping upwards, a growing proportion of employees expect to work through their sixties to meet their financial obligations.

Even when questioned about their current financial state, almost half (46%) the employees surveyed express concerns, with two-fifths (37%) worrying about their debt, and 1-in-3 stating that their financial problems negatively affect their lives.

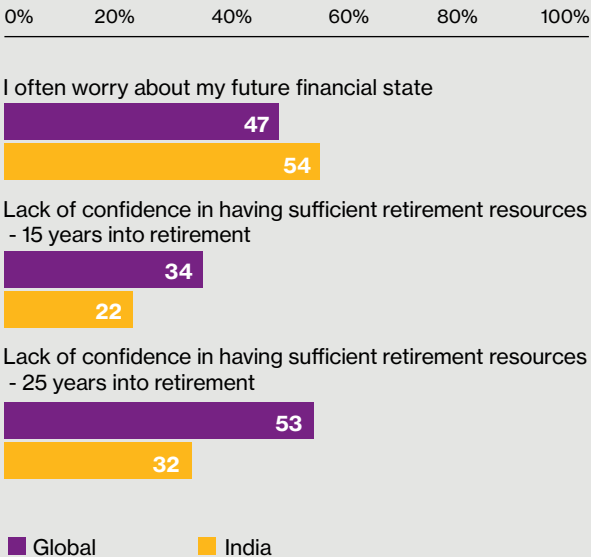
Figure 1: **Employees' long-term concerns**

My generation is likely to be much worse off in retirement than my parents' generation are/were



Source: Global Benefits Attitudes Survey 2016

Figure 2: **Worries about retirement adequacy**



Source: Global Benefits Attitudes Survey 2016



Why should employers be concerned about employee financial well-being?

Financial concerns take a toll on employees and hamper their productivity at the workplace. Willis Towers Watson has profiled the surveyed employees based on their financial worries into four categories, as seen in Figure 3: those who were *Unworried*, those with *Future Worries* (those worried about their ability to afford retirement), *Current Worries* (those with concerns about their finances in the short term but who feel confident of being able to afford retirement) and the *Struggling* (those who have both short- and long-term concerns).

Among the *struggling* employees, 75% admit to above average or high stress. In contrast, the same is true for less than 2-in-5 employees in the *unworried* group.

Figure 4 shows how stress and workplace engagement are linked to financial concerns.

Within the *struggling* group itself, 34% admit to being in very good health, whereas this figure increases to nearly 3-in-5 in the *unworried* group. At the workplace, *struggling* employees are 1.4x more likely to suffer from presenteeism at work than their *unworried* counterparts. All of these factors have an impact on the performance of employees at the workplace. On average, about 52% think that employees are less effective at their work due to financial problems.

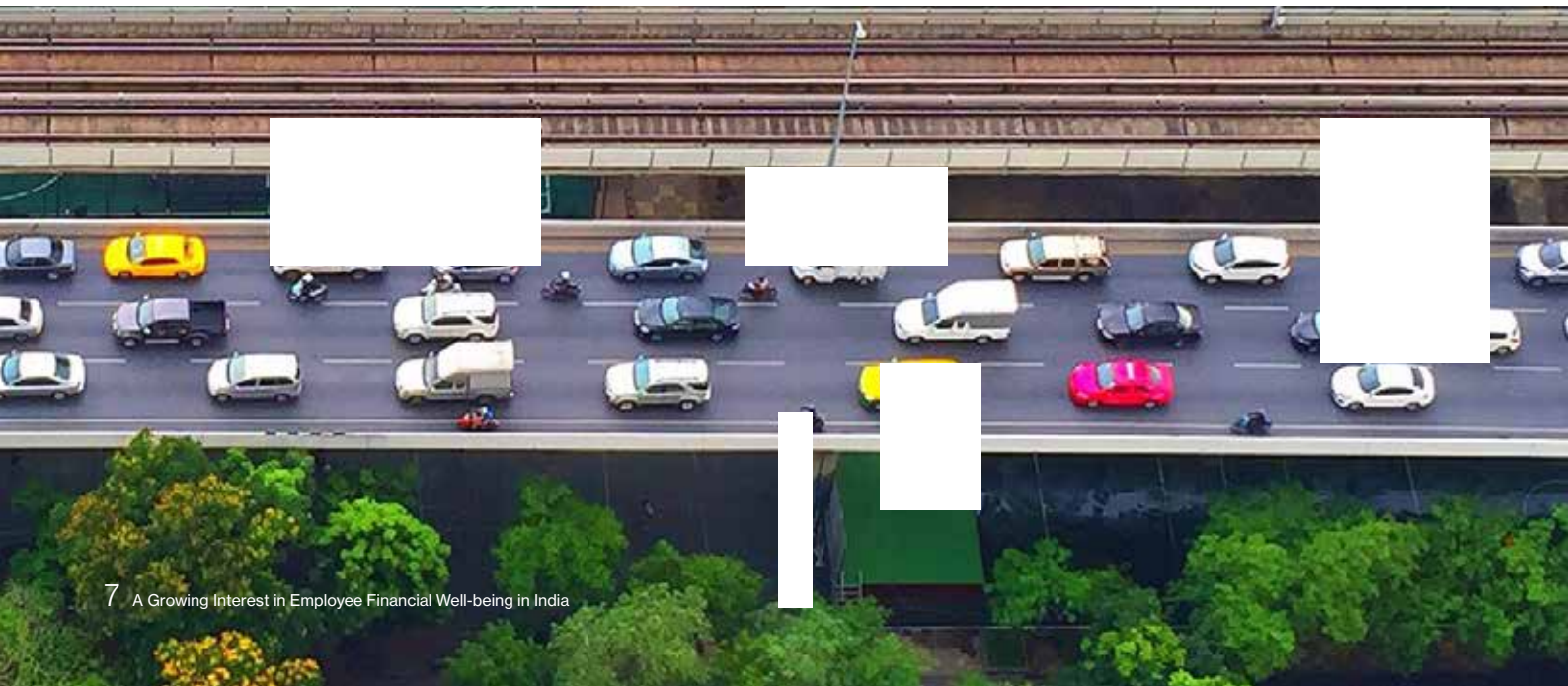
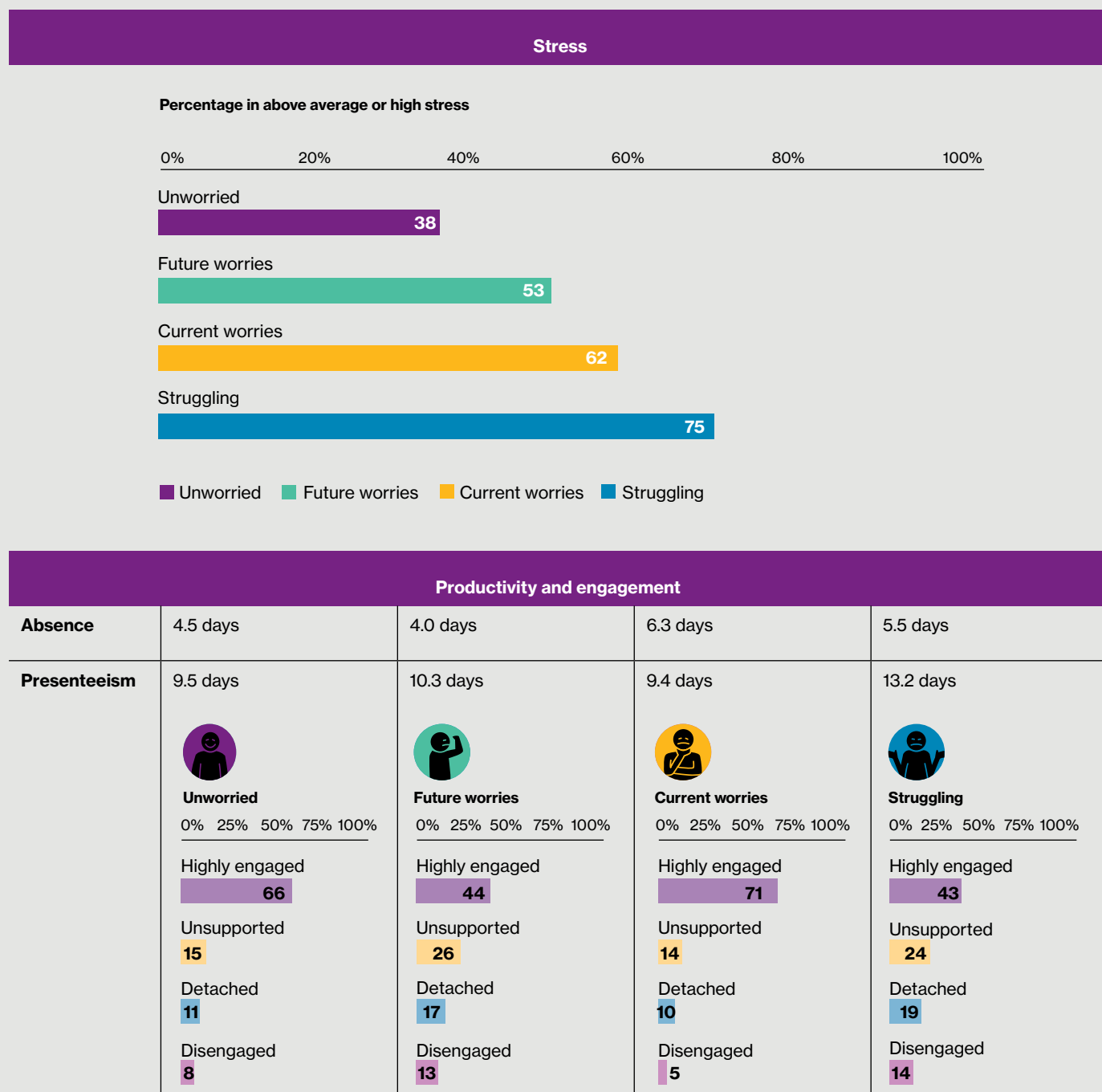


Figure 4: The links to poor health and productivity



Source: Global Benefits Attitudes Survey 2016
Sample: All employees

When comparing *struggling* to *unworried* employees, it becomes clear how these financial worries affect the workplace. We find that *struggling* employees are:

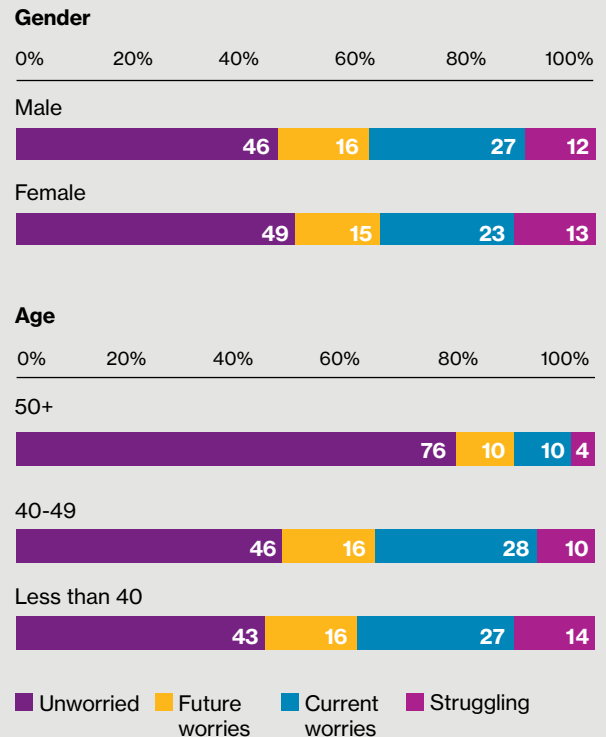
- Twice as likely to report high personal stress;
- 1.5 times more likely to report poor health;
- Likely to lose almost 5.5 days of work each year; and
- Twice as likely to leave for another job.

With these clear links to high levels of stress, poor health, higher turnover, lower engagement and productivity, it is not surprising that employers would want to be involved.

To be able to help their employees, employers first need to identify these at-risk segments and understand their needs (Figure 5). Across both genders, we see that there is only a marginal difference in the composition of employees among the four categories. Those aged 50 and above are typically (76%) *unworried* about their current and future financial situation; this figure reduces to 46% among those in their 40s and by another 3% for those in their twenties and thirties. However, 4% of employees are *struggling* in the 50+ category and 14% in the less than 40 category.

We also see that employees concerned about the future, i.e., those who are *struggling* and those with *future worries*, are less likely to be members of their employers' retirement plan (Figure 6).

Figure 5: **Age and gender split among different categories of respondents**



Source: Global Benefits Attitudes Survey 2016
Sample: All employees

Figure 6: **Correlation between salary, financial priorities and retirement and benefits plans**

	Unworried	Future worries	Current worries	Struggling
Average salary	₹1,453,867	₹1,342,394	₹1,828,297	₹1,146,805
% have children aged less than 18	60%	58%	66%	60%
% member of employer retirement plan	43%	28%	59%	32%
% member of employer health plan	74%	76%	80%	71%

Source: Global Benefits Attitudes Survey 2016
Sample: All employees

Financial priorities and retirement benefits





We also find that these employees who are concerned about the future are more likely to say that their employer retirement and health plans do not meet their needs, and be less satisfied with their pay and bonus (*Figure 7*).

Our survey results also suggest that 1-in-4 employees, when asked about their top priorities, prefer superior retirement or health benefits to pay and bonus, and more than 2-in-5 would prefer some alternative to pay and bonus.

Given an allowance to spend on benefits, we see that even the *current worries* and *struggling* groups would allocate almost a fifth to retirement benefits, whereas all the other two groups would allocate close to a quarter to this important benefit. Employees across all age groups list retirement savings in their top three financial priorities. It is third for employees in their 20s, and rises to second priority for those in their 30s and 40s, after children's expenses, and is the top priority for those in their 50s and over. Although retirement savings are important, we have seen that there are often other priorities for younger groups (*Figure 8*).

Our survey results also suggest that 1-in-4 employees, when asked about their top priorities, prefer superior retirement or health benefits to pay and bonus, and more than 2-in-5 would prefer some alternative to pay and bonus.

Figure 7: **Employee attitudes towards employer benefits packages**

	 Unworried	 Future worries	 Current worries	 Struggling
Satisfaction with:				
Pay and bonus	68%	48%	77%	39%
Retirement plan	74%	51%	84%	61%
Health care plan	76%	68%	86%	63%
Meets my needs:				
Retirement plan	74%	47%	88%	61%
Health care plan	64%	48%	76%	49%

Source: Global Benefits Attitudes Survey 2016
Sample: All employees

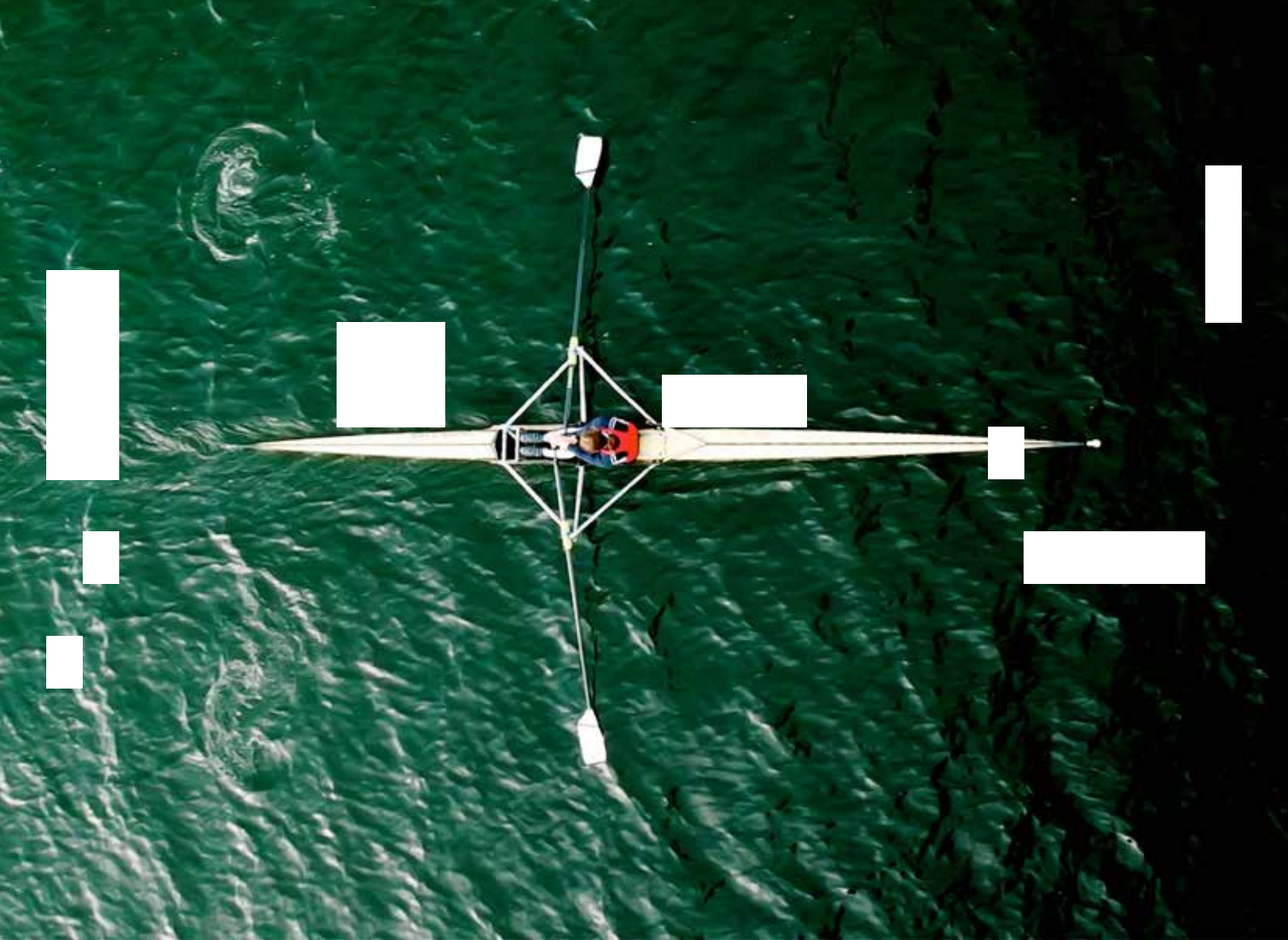
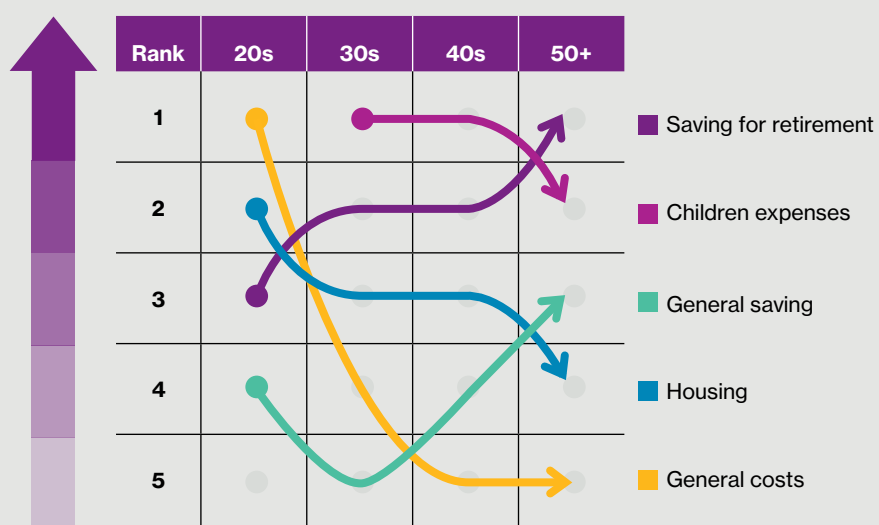


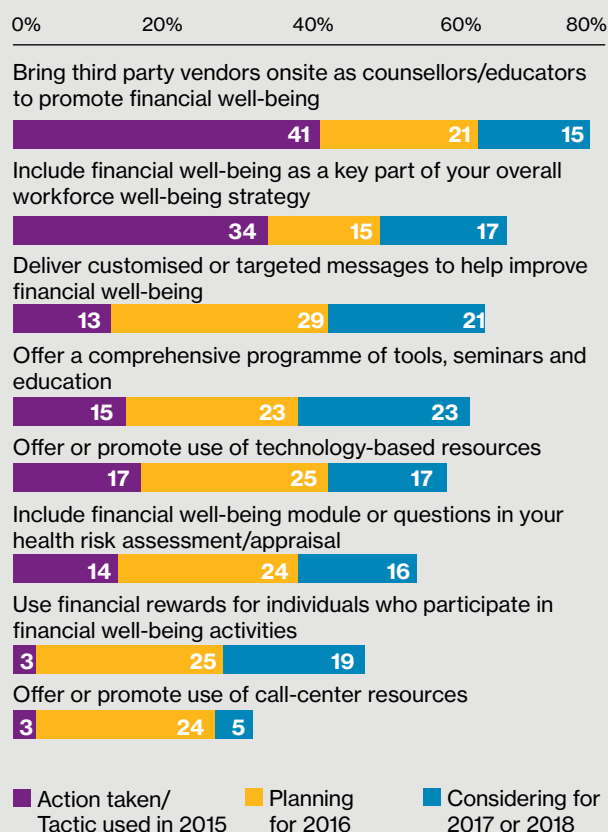
Figure 8: **Employees' financial priorities**



Source: Global Benefits Attitudes Survey 2016
Sample: All employees

Are employees on-board for a broader employer role?

Figure 9: **Employer initiatives towards promoting financial well-being**



Source: Global Benefits Attitudes Survey 2016

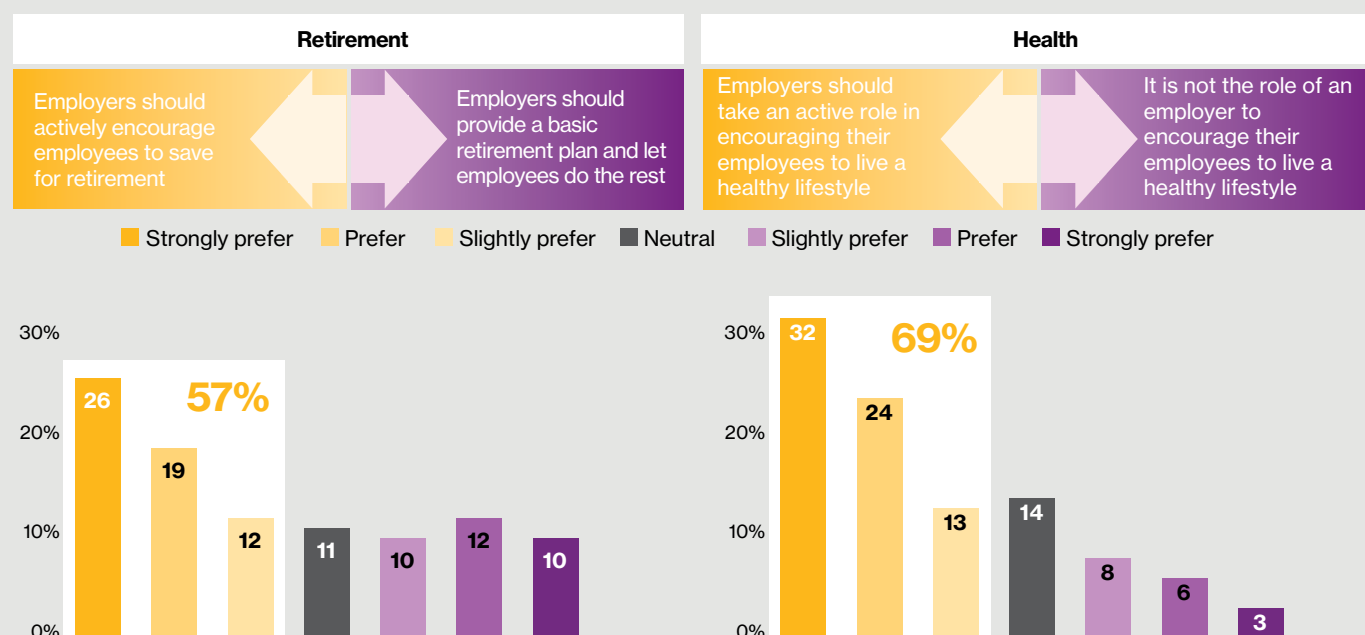
Employers recognise that there are opportunities for them to play a role. The Willis Towers Watson Staying@ Work 2015/16 study shows that about one-third of Indian employers have made financial well-being a key aspect of their well-being strategy, pointing to how this is seen as an integral element of an employee's overall well-being. In 2015, 41% of employers collaborated with third-party vendors to promote financial education – a trend that is expected to grow to reach 77% of employers by 2018 (Figure 9).

The biggest growth in promoting financial well-being in India will be in the use of customised and targeted messages, where 50% of employers intend to do so over the next three years, on top of the 13% currently doing so. Also, 46% of employers intend to offer a comprehensive suite of tools, seminars and education that cover budgeting, planned large purchases, debt reduction, wealth accumulation, protection/insurance and tax assistance/advisory by 2018.

When asked about whether employers should have a role, Indian employees supported the idea that their employer should have a role in encouraging them to a) save for retirement (57%), b) lead healthy lifestyles (69%) and c) better manage their finances (65%), with fewer than a third against such a role for employers in any of these areas (Figure 10 and Figure 11). Therefore, our research indicates that Indian employees seem to be comfortable with their employers' involvement.

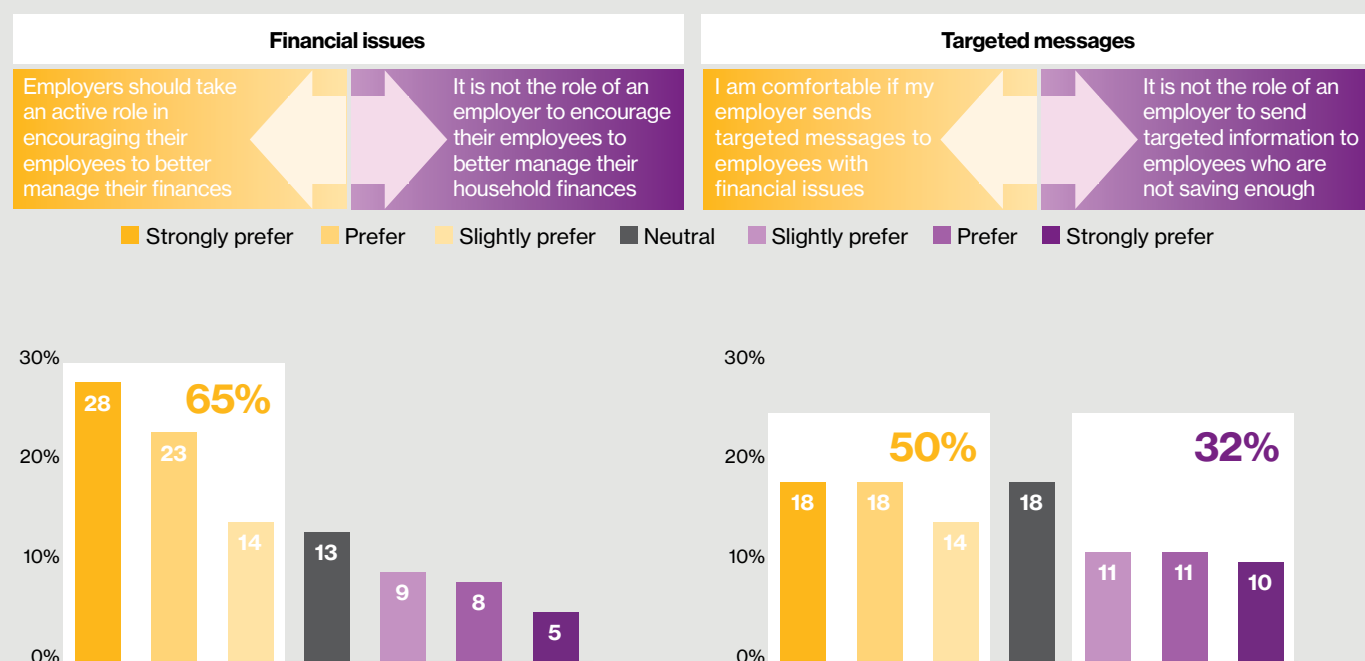
If you were offered the following choices, which would you prefer?

Figure 10: Employee attitudes towards employer involvement in their retirement and health



Source: Global Benefits Attitudes Survey 2016
Sample: All employees

Figure 11: Employees' attitudes towards employer involvement in their finances and targeted messages

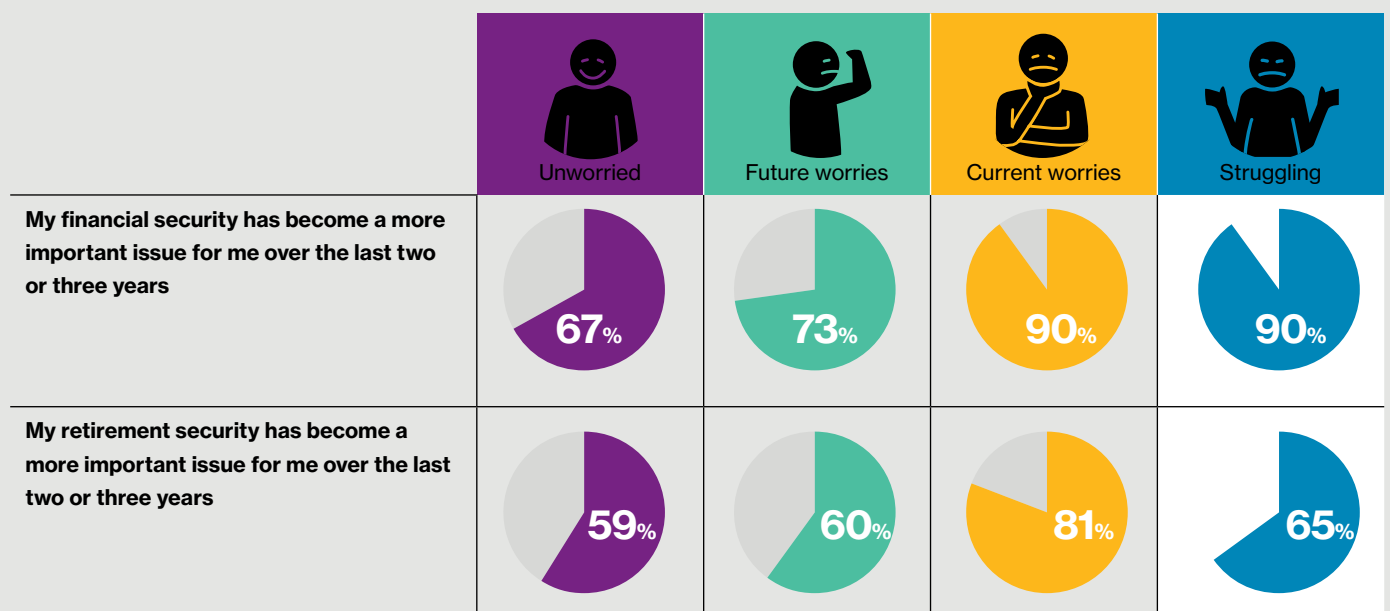


Source: Global Benefits Attitudes Survey 2016
Sample: All employees

For employers to move beyond their conventional role and intervene to support their employees, a one-size-fits-all approach cannot be adopted consistently across all organisations as a solution. Instead, employers need to plan their steps and customise their offerings to different segments within the workforce based on their requirements, as we have seen in the profiles discussed above. However, as seen in Figure 11, there is some resistance to employers taking a very interventionist role with 32% of employees saying they are not comfortable receiving targeted messages from employers. Nevertheless, half are comfortable with such messaging. Coupled with the increased importance of financial and retirement security to Indian employees over the past few years (*Figure 12*), this suggests an opportunity for employers to help their employees. Still, employers will have to carefully identify the groups that are resistant to their intervention and enable them to deal with their financial issues on their own.



Figure 12: **Increased importance of financial and retirement security**



Note: Percentage agree or strongly agree

Source: Global Benefits Attitudes Survey 2016

Sample: All employees

A way forward in technology

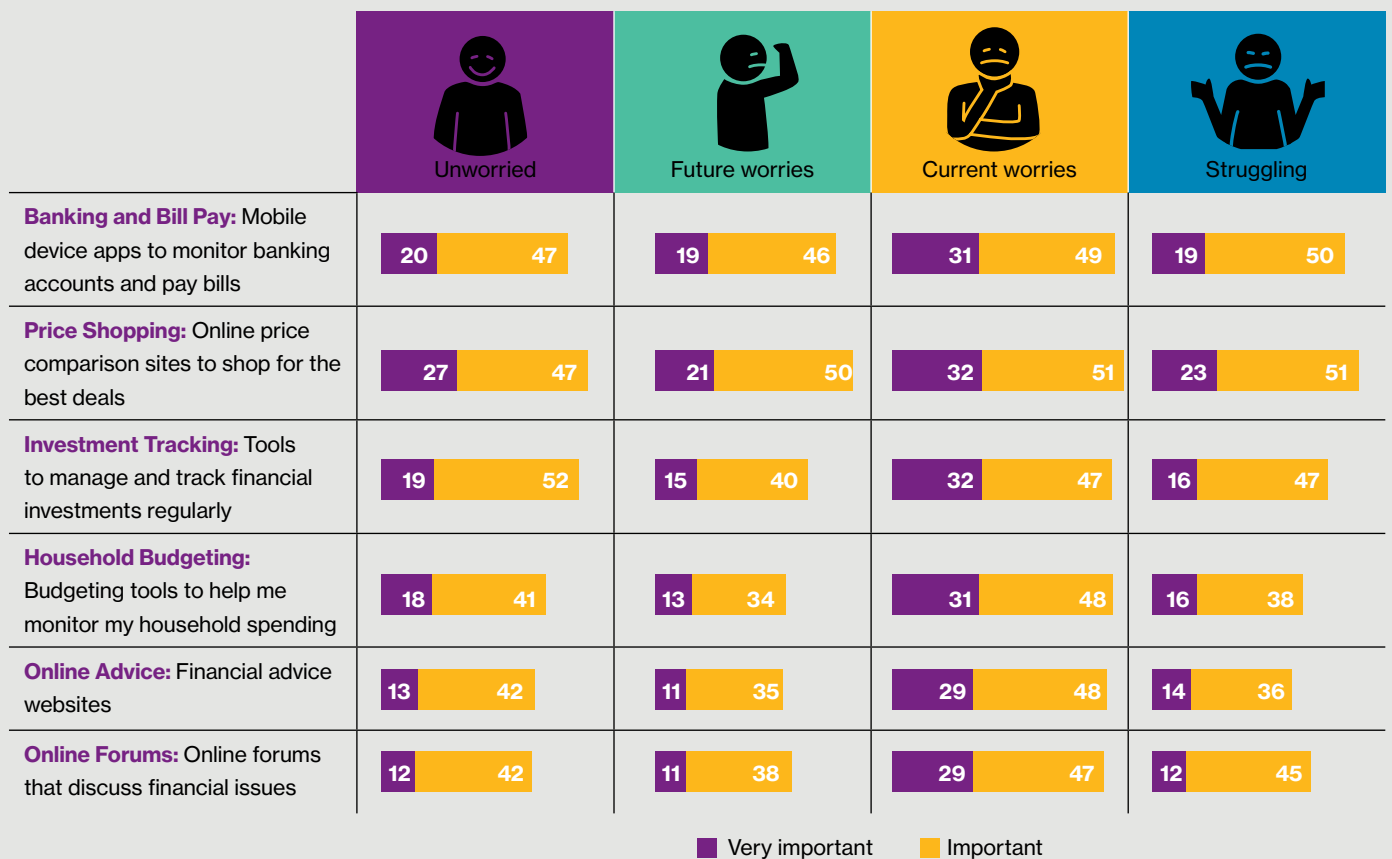
Indian employees are tech-savvy and have embraced technology in their daily lives in the form of mobile apps. They have been quick to adopt online tools and financial apps to help manage their finances and retirement savings. These include banking and bill paying apps, price comparison sites, investment trackers and budgeting tools for personal finances (*Figure 13*). For retirement savings, the tools include savings and adequacy trackers, online advice and online forums that provide financial information and advice and discuss retirement issues (*Figure 14*). A large proportion of the employees surveyed find these tools useful and important, and this is across all types of employees, from the *unworried* to the *struggling*.

What is interesting is that the *current worries* group and the *struggling* place more weight on the importance of these tools in helping them manage their finances and retirement savings.

As discussed earlier, about 2-in-5 employees would prefer alternative benefits to pay and bonus (and 1-in-4 would prefer retirement and health benefits to pay and bonus). Providing some technological solutions (tools and apps) as part of their core benefits offerings may go a long way in helping employees.

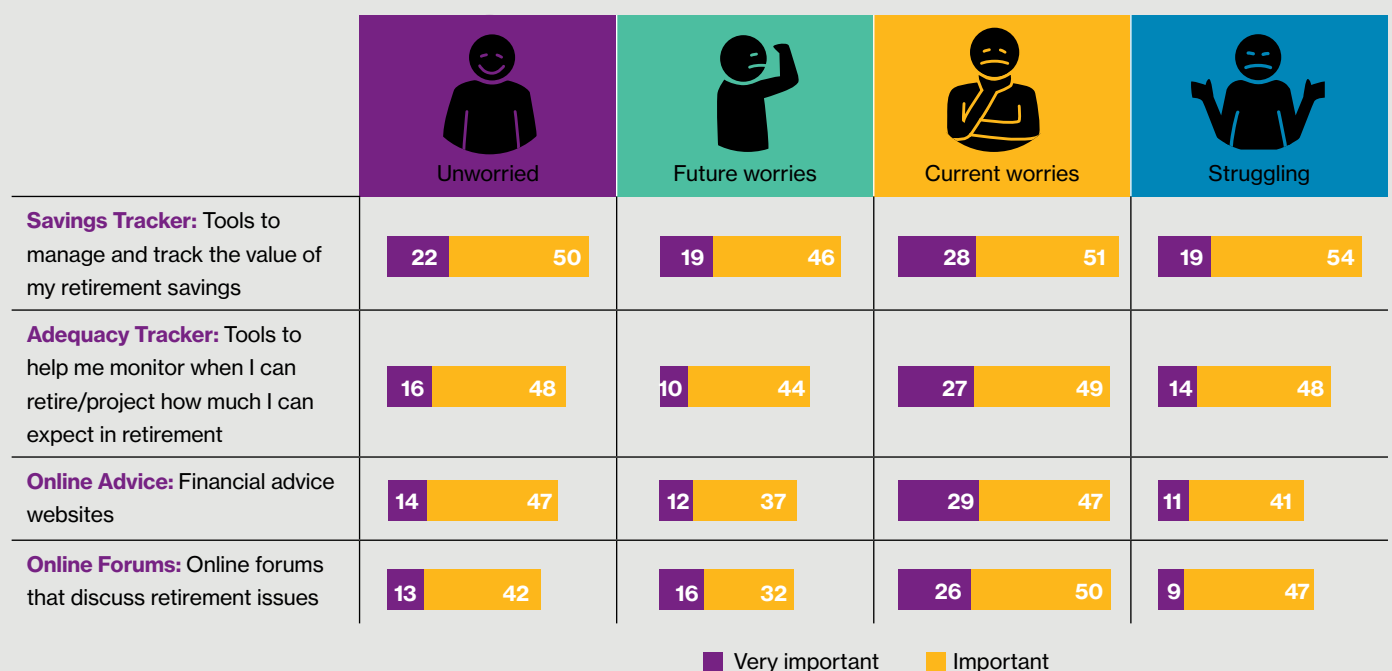


Figure 13: **Employees use technology to manage their personal finances**



Source: Global Benefits Attitudes Survey 2016
Sample: All employees

Figure 14: **Employees use technology to manage their retirement savings**



Source: Global Benefits Attitudes Survey 2016
Sample: All employees

An aerial, high-angle photograph of a busy city street intersection. The street is filled with various vehicles, including cars, buses, and trucks. Tall, multi-story buildings line the streets, creating a dense urban environment. The perspective is looking down from a high vantage point, possibly from a building's upper floor. The lighting suggests it's daytime, with shadows cast by the buildings and vehicles.

Employees in India favour employer involvement in encouraging them to better manage their finances and to encourage them to save for their retirement, beyond simply providing a retirement plan.

The way ahead

As employers understand the connection between their employees well-being and their performance and productivity at work, and how this affects the organisation's bottom line, and that issues of health (physical and mental), financial well-being, engagement and absence cluster, they will realise that a holistic approach is needed to address these issues effectively. On the issue of financial well-being, companies are beginning to take steps by making their employees' financial well-being a core component of their overall well-being strategy and employee value proposition.

Employees in India favour employer involvement in encouraging them to better manage their finances and to encourage them to save for their retirement, beyond simply providing a retirement plan. Our research suggests that there is an opportunity to boost engagement and productivity by reconfiguring the benefit package offered by employers. Different employee segments may require a different mix of benefits that depend on their financial priorities at their given stage in life. Employers should aim to help employees address their different issues, from short-to medium-term savings, through to the traditional long-term retirement savings.

Employers should use segmentation to identify the needs of different groups and to provide targeted solutions to meet those needs. Different groups in any organisation (whether by age, financial worries or groups in favour or against employer intervention) have different financial priorities and emphasise retirement savings at different times of their lives. As a result, they would have different benefit preferences.

Retirement education to remain top of mind. Among all the benefits employers can offer, retirement benefits will remain a top priority for employers. However, employees are open to more than just the provision of retirement plans, and offering employees retirement education would help them with their long-term financial well-being.

Personalisation when communicating with employees and using appropriately targeted messages would increase employee engagement with the offering provided by the employer to enhance employee well-being. However, there may be some employee sensitivity regarding the use of targeted messages, and employers should take care not to alienate resistant groups.

Sponsor new technology. As employees embrace emerging technologies, there is an obvious opportunity for employers to leverage this to help employees manage their household finances and retirement savings. However, employers will need to find a way so employees are not overwhelmed by choice and are not pushed into making choices that are not necessarily most beneficial to them.

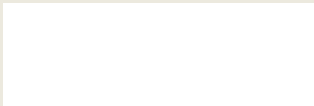
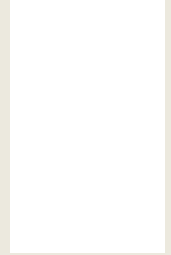
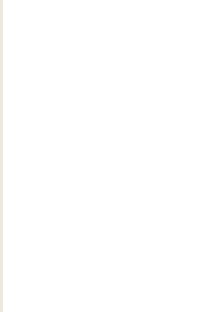
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About Willis Towers Watson

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