

**'HOW TO'**

# **SUPPORT FINANCIAL WELLBEING:**

SEVEN SECRETS TO SUCCESS

A guide for  
employers

**AON**  
Empower Results®



# INTRODUCTION

## WHAT IS FINANCIAL WELLBEING?

Financial wellbeing is a key component of an individual's overall wellbeing, which also includes physical, mental and social wellbeing. It goes beyond just having enough money in the bank; it includes good financial management and having the appropriate tools to facilitate financial decisions. It's the peace of mind that comes with knowing there is enough money for both present and future financial commitments.

As one of the core wellbeing pillars, employee financial wellbeing is a growing concern for businesses. According to the Financial Conduct Authority, 67% of employees are currently struggling financially<sup>1</sup>, which can have a detrimental impact on both their own health and business performance.

It's an area which we know employers are looking to support. In our **2020 UK Benefits & Trends survey**, 62% of companies said they believe employee financial wellbeing is an employer's responsibility. Therefore, it comes as no surprise that 48% of companies are planning to act and implement initiatives relating to employee financial wellbeing in the next 12 months.

## IMPACT ON MENTAL HEALTH

22% of employees have said their financial situation causes them stress and impacts negatively on their productivity; financial stress is a key cause of mental health problems.<sup>2</sup> Poor mental wellbeing can increase presenteeism and absenteeism, reduce productivity and have a significant financial impact on businesses – latest estimates put the economic cost of workplace mental health at £34.9bn.<sup>3</sup> The issue is circular: people with problem debt are more likely to experience mental health problems, and people with mental health problems are more likely to have problem debt.

## IMPACT ON RETIREMENT

Poor financial health will inevitably have an impact on people's ability to retire. Our Aon DC and Financial Wellbeing Member Survey showed that 59% feel they are not saving enough for the future, and 37% of people approaching retirement do not have a plan. A workforce with employees who can't afford to retire is not just an issue for those employees; it can also impact career progression and may increase the number of employees with poor health – and therefore may increase absence rates.

## WHAT CAN EMPLOYERS DO?

Supporting financial wellbeing in the workplace doesn't have to be complicated. Our seven secrets to success will help you amplify results.

<sup>1</sup><https://www.fca.org.uk/publication/research/fawg-financial-well-being-workplace.pdf>

<sup>1</sup><https://www.moneyandmentalhealth.org/money-worries-in-the-workplace/>

<sup>2</sup><https://www.centreformentalhealth.org.uk/news/mental-health-problems-work-cost-uk-economy-ps349bn-last-year-says-centre-mental-health>

<sup>3</sup>Money and Mental Health Policy Institute: <https://www.moneyandmentalhealth.org/money-and-mental-health-facts/>

A photograph of a man and a woman sitting at a desk, looking at a document together. The woman is holding the document, and the man is pointing at it. On the desk are a laptop, a smartphone, and some papers. A red hexagon is overlaid on the image, containing the text '46% OF PEOPLE IN PROBLEM DEBT ALSO HAVE A MENTAL HEALTH PROBLEM<sup>4</sup>'.

**46%**

OF PEOPLE IN  
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HEALTH PROBLEM<sup>4</sup>

# 1. ADOPT A HOLISTIC APPROACH

Don't get caught in the trap of thinking that your support should only cover financial aspects related to the workplace, such as pensions, workplace ISAs, bonuses etc. When it comes to supporting Financial Wellbeing, employers need to think holistically and consider personal financial circumstances too – everything financial which can impact an employee and affect their financial wellbeing.

It's not an easy task! Personal finances are inherently complex, and - perhaps more than ever before - employees' finances face significant challenges – regardless of the life stage they're in. A 2018 study found that in the UK, 70% of the working population are “chronically broke”, and nearly 10 million UK households have no cash savings<sup>5</sup>.

Although historically financial challenges may have been chronological and predictable – and thereby easier to provide support – nowadays, employees face a myriad of conflicting financial priorities:

Education	Housing	Family	Consumer	Retirement
<ul style="list-style-type: none"><li>▶ Student loan repayments</li><li>▶ Career development loans</li><li>▶ Retraining costs</li></ul>	<ul style="list-style-type: none"><li>▶ High rental costs</li><li>▶ House deposit saving</li><li>▶ Mortgage</li></ul>	<ul style="list-style-type: none"><li>▶ Wedding saving</li><li>▶ Childcare costs</li><li>▶ Cost of raising children</li><li>▶ University funding</li><li>▶ Dependant care costs</li><li>▶ Eldercare</li></ul>	<ul style="list-style-type: none"><li>▶ Credit card debt</li><li>▶ Car finance</li><li>▶ Personal loans</li></ul>	<ul style="list-style-type: none"><li>▶ Pension funding</li><li>▶ Care costs</li><li>▶ Post-retirement mortgage/housing costs</li></ul>

Although it might seem overwhelming, it's important for employers to provide support. Our DC and Financial Wellbeing Member Survey showed that 66% of employees would like some form of help from their employers to improve their financial situation.

Initially, look at where you can make an impact. It's likely that you already provide employee benefits which make a difference to an employees' finances. Look at uptake levels and identify which employees are engaging, and which aren't. It's also important to include an assessment of your communications when evaluating uptake; it might be that your benefits are appropriate, but your communications aren't.

You can use this knowledge to make improvements to your benefits offering, identify missed opportunities and align your financial wellbeing plan to your benefits programme.

<sup>5</sup><https://themoneycharity.org.uk/money-stats-almost-10m-with-no-savings/>

## HOW TO IMPROVE FINANCIAL WELLBEING: 7 TOP TIPS



“No one individual can make informed and effective decisions unless they understand their complete financial world - all finances are interlinked and people that take a holistic approach, provide themselves with a better opportunity of improving their financial wellbeing.”

**Martin Parish,**  
**Financial Wellbeing Specialist, Aon**



# 1. ADOPT A HOLISTIC APPROACH

## EMPOWER CHANGE THROUGH EDUCATION

A critical part of financial wellbeing success is empowering change. **There's no one-size-fits-all approach to financial wellness, nor is it an overnight fix.**

Financial education can help you make a prolonged impact on your employees' financial wellbeing; the old adage about teaching a man to fish also applies to teaching financial principles. Giving them the knowledge and confidence to make good financial choices will enable their success.

Run financial education programmes to empower your employees to make the best financial decisions for their circumstances – and remember to run them at regular intervals for new starters or evolving personal lives.

### AON TIP

Give your employees the knowledge and confidence to make good financial decisions, and the tools to manage their personal finances.



## HOW TO IMPROVE FINANCIAL WELLBEING: 7 TOP TIPS



## 2. USE DATA

Data is powerful, and using the right data can drive impactful decisions.

The good news is that you probably already have access to all the data you need to shape informed decisions about your financial wellbeing strategy:

### AUDIT

Before jumping ahead, assess your current strategy (if you have one) and levels of uptake and engagement. You might discover that no one uses your workplace ISA scheme. However, don't overlook context – it might be because you've only sent one email about it, in 2016.

### OUTREACH DATA

It makes sense that if you want to provide the best financial wellbeing support for your employees, you should probably ask them what support they would like. Use surveys and focus groups to get a mix of qualitative and quantitative data. Using apps can also provide aggregated data to help drive your decision making. People might not be willing to admit their debt levels in a focus group, but be willing to input into an anonymised app or online survey.

### COMPETITOR ANALYSIS

Even if you don't know what your competitors are doing, we bet your employees do. Benchmark your financial wellbeing activities against your competitors to see how you could make improvements.

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## 2. USE DATA

### DEMOGRAPHICS

Ensure that your financial wellbeing programme is inclusive of all:

- » **Ages:** from hire to retire, tailor your guidance accordingly
- » **Incomes:** whether low or high, provide relevant advice to each (e.g. the Lifetime Allowance for high earners or the impracticality of salary sacrifice pensions for low earners)
- » **Genders:** acknowledge the impact of gender on finances – such as how it may influence decision making, and the real-world impact such as the pensions gender gap
- » **Attitudes:** provide support for everyone, regardless of their financial attitude
- » **Geographies:** location doesn't just impact expenditure, culture also impacts attitude – make sure you provide appropriate support

Make sure you use your data to communicate wisely; build tailored communications depending on life events, and use this data to make what you share relevant and personalised to those who receive it. **It's important to not make assumptions; debt and financial stress don't just impact those on a low income.**

### GOALS AND KPIS

Let's face it; as a business, you also have goals you want your financial wellbeing strategy to hit. Set these early, and assess regularly.

## HOW TO IMPROVE FINANCIAL WELLBEING: 7 TOP TIPS



“Ask yourself - what behaviour are you trying to get, what are you measuring, how can you review this, react and do more? What are your problem areas, what are you doing already, what can you do for impact?”

**Sarah Robson,  
Strategic Consultant**



# 3. A FOCUSED FRAMEWORK

With so much ground to cover, it can be overwhelming for employers to know where to start supporting financial wellbeing. The approach you take can have a massive impact on engagement – don’t bombard your workforce with information in one go, especially if they’re a new starter. Keep it simple – and be consistent.

## THE AON APPROACH

We use our ‘4 Ps’ framework to help clients improve employee financial wellbeing. It provides the foundation blocks of a financial wellbeing strategy, and forms the four core pillars for activities:

Framework	Goal
Prepare	Build financial knowledge and skills
Plan	Build a short, medium, and long-term financial plan
Protect	Prepare for the unexpected
Preserve	Understand financial needs: <ul style="list-style-type: none"><li>- after work and transitioning to retirement</li><li>- handling inheritance</li><li>- managing an existing pension fund</li></ul>

There are two key elements: **inform and educate:**

- » **Inform:** You want to tell your employees about the benefits and support you offer
- » **Educate:** You want to increase their knowledge – resulting in a positive change

## EMPOWER THROUGH EDUCATION

Running a modular financial education programme can help simplify complex financial issues into an understandable and actionable format for your employees. From our surveys, we’ve found that financial education is a popular choice with employees – 4 in 5 in their early career would like support from their employer, and the most popular method of support is face-to-face.

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# 3. A FOCUSED FRAMEWORK

Make it easy for your employees to engage with your financial wellbeing initiatives.  
Do this through simple communications and clear messaging.

## DO'S AND DON'TS

- ✓ **Do: Be short and sweet**  
Be careful not to inundate employees with lots of information in one go; set up a communication plan that delivers bite-size info.
- ✗ **Don't: Create barriers**  
If you want your employees to make changes, you need to make it easy for them to do so.
- ✓ **Do: Use a multi-channel approach**  
It's all-too-easy to hit delete on an email which just isn't a priority – or file it away never to be found again. Use more than one channel to ensure people are seeing your content, such as video, which can often aid understanding better than text alone.
- ✓ **Do: Create a brand**  
Having a separate brand identity for financial wellbeing will unify the information and build familiarity with your initiatives.
- ✗ **Don't: Be boring**  
Engage your employees and make it fun – it will boost engagement and their emotions will influence positive behaviour change.
- ✓ **Do: Be relatable**  
If you notice no-one in your company engages with the term 'pensions', phrase your communications differently.

## AON TIP

Align your communication method with the preferences stated in your initial employee survey – you're more likely to engage people if you're communicating via channels they actually use.



"It's as simple as informing and educating employees through ongoing communications on what's available and how it can help them. Making the user experience and access to information easier, it can really help break down barriers and change behavior."

**Sarah Robson,**  
**Strategic Consultant**

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# 4. BE PRACTICAL

You don't want to alienate your employees. Jumping straight into conversations about pension risk levels or your workplace share scheme may prove overwhelming for employees with limited knowledge of financial products.

It's important to ensure your approach is practical and relatable – using the 4 P's framework you can focus on key areas where you can make a positive impact, such as budgeting, financial goals, retirement planning, and preventative action against worse-case events.

## BUDGET

In 2018, household outgoings surpassed income for the first time in 30 years; on average each UK household spent or invested around £900 more than they received<sup>7</sup> – suggesting that many are living beyond their means. Encouraging your employees to review their outgoings and put together a budget supports long-term change.

Case Studies	Workshops	Budget App
Example budgets will help your employees visualise – and benchmark – their finances	Running educational seminars provides best practice insight on budgeting	Provide ongoing support via a comprehensive budgeting app



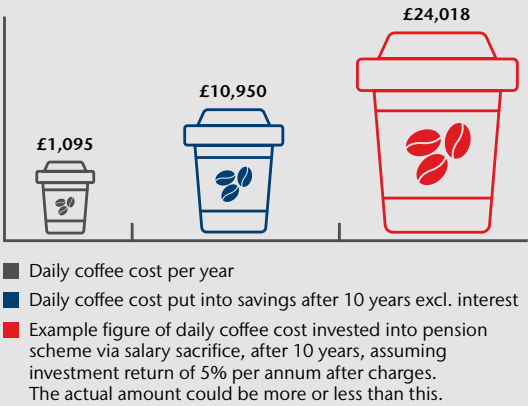
## HOW TO IMPROVE FINANCIAL WELLBEING: 7 TOP TIPS

### REAL WORLD EXAMPLE: TAKE-AWAY THE TAKEAWAY COFFEE

A cup of coffee at £3 every day adds up to £1,095 over the course of a year (and that's without adding syrups and cream). Save this money instead, and in 10 years you could have at least £10,950 – excluding any charges or additions from interest.

**Putting your coffee fund in your pension could make a bigger difference.** A higher rate tax payer (at current rates) paying the same £3 every day for a cup of coffee needs to earn pre-tax income of £1,887 per year to fund their coffee. If they forego their coffee purchase and redirect the money to their pension via salary sacrifice, in 10 years they could have an extra £24,018 in their pension\*, but there is no guarantee of this.

\*Assuming investment return of 5% per annum after charges  
Please note: above calculations are for illustrative purposes only. The value of a pension can go down as well as up, and is not guaranteed - employees could receive a lower amount than they paid in.



<sup>6</sup>Aon DC and Financial Wellbeing Member Survey 2018  
<sup>7</sup><https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/makingendsmeetarehouseholdslivingbeyondtheirmeans/2018-07-26>

# 4. BE PRACTICAL

## GOALS

Anyone who’s struggled with new year’s resolutions knows how hard it is to change behaviours – overhauling a lifetime of spending habits is no different.

Encourage your employees to set objectives to help them hit their financial goals, and demonstrate the cumulative benefit of regular savings. Not only will it engage them, it will make them feel good too.

## RETIREMENT PLANNING

Our Global DC and Financial Wellbeing Survey showed that 53% of employees still expect to be working at 67. Proactive financial education programmes can help employees get their finances retirement-ready; ensure your programme is targeted appropriately for each life stage:

New Employees	Early Career	Mid-Late Career
The focus: engaging new employees and getting them started on their journey towards financial wellbeing	The focus: helping employees save enough to build a foundation for their short, medium and long-term financial goals - whilst recognising other financial pressures	The focus: getting employees ready for retirement and making the right choices - whilst balancing shorter-term financial pressures and protecting family

## CONSIDER THE ‘WHAT IF’

Nobody likes talking about the worse-case ‘what if’ scenario, but unfortunately it makes good financial sense to do so. Kick-start conversations around the cost of inactivity; how not having life assurance could have long-term consequences, or how replacing a waterlogged-in-the-Mediterranean iPhone is much cheaper with gadget insurance.

**AON TIP**  
Encourage employees to reach their goals by incentivising success!





“Employees need to understand the impact a loss of earnings will have on their dependants. By taking into account existing savings, expected state payments, and any lump sum pay-outs, employees can assess the shortfall in their finances.”

**Mark Witte,**  
Head of Health and Risk, Aon

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# 5. USE TECH

Technology gives employers the opportunity to enhance their financial wellbeing strategy.

## ENGAGEMENT

As with your wider communications, use a multi-channel approach to communicate any financial wellbeing messaging. Technology provides an opportunity for companies to control communications, monitor engagement, deliver the content, and improve the employee experience.

Technology driven communications can deliver messages at the moments that matter for a personal user experience.

## MANAGEMENT TOOLS

There's a plethora of financial management apps, pension apps and banking apps on the market. It's overwhelming – and it shouldn't be.

Providing access to a customisable financial and money management app gives employees everything they need to manage their finances more effectively, and make better decisions to improve their financial future.

### BENEFITS OF USING FINANCIAL WELLBEING TECHNOLOGY:

- » **Real-time information:** always accessible, technology provides information when your employees are planning their finances
- » **Holistic overview:** help your employees make informed decisions, with everything they need to make the right decision for them
- » **Data-driven insights:** quantitative data to drive your ongoing strategy
- » **Cross-generational appeal:** technology can help you break through barriers
- » **Improved CX (customer experience):** technology can help make your employee's journey as easy as possible

### AON TIP

Running challenges is a fun way to keep your employees engaged with their financial goals!



“Technology provides an opportunity to be creative with communications. We’ve found that push notifications are an effective way of delivering timely content or deadline reminders.”

**Jon Bryant,**  
Director - Online and  
Communications, Aon

## HOW TO IMPROVE FINANCIAL WELLBEING: 7 TOP TIPS

# 6. ENGAGE CHAMPIONS

Peer-to-peer champions can be a really effective way of communicating your financial wellbeing support. You want your employees to be excited about your financial wellbeing programme, and feel like you provide 360 support - both at their level and from the top down. Adopt an open culture about financial awareness, and your champions will help cultivate enthusiasm.

Find people in your business who are passionate – and vocal – about financial wellbeing. Encourage them to engage with your initiatives and kick-start conversations about your financial education programme(s), and you should start to see positive behaviour change across your business.

## THE BENEFITS OF INFLUENCERS:

- » **Peer-to-peer communications:** supporting your multi-channel approach, your advocates will help relay key messages across your business
- » **Culture:** normalisation will help open a discussion around the importance of financial wellbeing
- » **Sustained change:** your influencers will help promote ongoing behaviour change amongst your employees
- » **Feedback loop:** influencers can also provide (anonymised) feedback on what employees think of your company's approach to financial wellbeing

## AON TIP

Personal finances are - by nature - personal. Your champions need to be sensitive to this; not everyone will want to share information about their debt levels or savings. Technology can help you be inclusive without being overbearing or intrusive - and your champions can test-run and promote the available tools. Personalised and tailored communications also enable you to provide specific support without invading privacy, and you can advise your champions on how to talk sensitive and generically about finances without delving into specifics.



“Don’t overlook the impact of senior business leaders – a video from the CEO promoting your new initiative can be hugely impactful”

**Martin Parish,**  
Financial Wellbeing  
Specialist, Aon

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# 6. ENGAGE CHAMPIONS

## FACILITATE REAL-WORLD SUPPORT

If you have employees willing to talk about their own experience of financial problems, consider asking them to be mentors for other employees. Involvement could be minimal – such as being a sounding board for colleagues facing similar problems – or more involved, such as running a drop-in seminar on their own experience of financial problems.

### AON TIP

We know financial stresses negatively affect mental health. Ask your advocates and mentors whether they'd like to undertake mental health first aid training – this will help them to recognise the signs of someone struggling and have the knowledge to provide emergency support.



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# 7. TAKE AN AGILE APPROACH

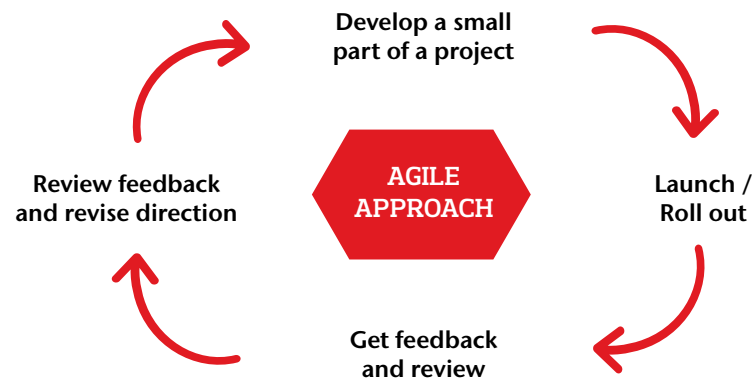
You don't need to roll-out your financial wellbeing strategy in one polished block. Adopting an agile approach will enable you to make improvements or change direction with minimal impact to your upcoming plans (and budget).

## THE BENEFITS OF AN AGILE APPROACH:

- › **Time-efficient:** rolling-out in stages increases focus on each component
- › **Saves costs:** the reduction in wasted effort and fine-tuning should mean it's cheaper than a traditional approach
- › **Aligned to employee needs:** you can react to the feedback from your employees – and data on uptake. It allows you to add further initiatives which have been requested, or change plans which you don't think will be in-demand.
- › **Futureproof:** you might find your employees' needs change. But with an agile approach, your future plans face minimal disruption – you just need to change direction
- › **Greater success/engagement:** because your strategy is continually being finetuned around successes, your overall success rate should be higher

## HOW WOULD AN AGILE APPROACH WORK?

A term usually reserved for software development or project management, an agile approach focuses on working iteratively:



## HOW TO IMPROVE FINANCIAL WELLBEING: 7 TOP TIPS



"A financial wellbeing program doesn't have to be all singing and dancing on day one. If you roll out in phases then you can react to what is working/not working. Something is better than nothing. Strategy can help choose which areas to focus on."

**Sarah Robson,**  
Strategic Consultant



# BRINGING IT ALL TOGETHER: YOUR FINANCIAL WELLBEING CHECKLIST

Putting together a financial wellbeing strategy doesn't have to be complicated; pinpoint problem areas within your workforce and focus on resolving them.

Use this checklist to make sure your financial wellbeing programme ticks all the right boxes.

FINANCIAL WELLBEING STEP	HAVE WE IMPLEMENTED IT?
1 Take a holistic approach – review how financial wellbeing sits alongside your overall wellbeing strategy	
2 Use data to audit your existing approach	
3 Set goals for your financial wellbeing strategy	
4 Investigate how technology can support financial wellbeing	
5 Use the 4 P's framework to plan your strategy, taking an agile approach to roll-out	
6 Plan a communications strategy which is easy for employees to digest	
7 Identify and engage champions	
8 Review your support for mental health	

Whatever your financial wellbeing strategy, effective communications and supportive technology will help employees keep their financial goals on track. With our seven secrets to success, you'll create an accessible programme which truly makes a difference.

## EXPERT SUPPORT FOR FINANCIAL WELLBEING – TALK TO AON

Finances evolve, and we do too. From money management apps to financial education programmes covering the latest in personal finance, we work hard to help our clients support the financial wellbeing of their employees.

If you'd like support with anything covered in this guide

## GET IN TOUCH

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## About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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