

## Financial stress has more impact on your company than you think



In today's economy, financial stress is having a profound impact on working Americans. Stressed employees are feeling the pinch; this can affect productivity, retention and engagement at work. Financial education could be an easy solution that helps your employees and overall business.

Employees are financially stressed. Weathering the last several years – a pandemic, geopolitical tensions and economic uncertainty – has only exacerbated their stress levels.

Unsurprisingly, elevated stress carries into the workplace impacting operational costs including retention, mental health expenses, productivity and the company's bottom line.

### **Inflation, debt and economic uncertainty**

Over the past year, inflation has been a significant source of stress. Its effects reach far and wide – from influencing spending decisions to impacting retirement security.

This is evident in revolving credit card debt. American consumers seem to be reaching for the plastic with more gusto. Between 2021 and 2022, the average credit card debt rose by 15%, the highest rate of increase in more than 20 years.<sup>1</sup> This brings the average credit card debt per person to \$5,525.<sup>2</sup>

As an alternative to credit cards, a new debt source, “buy now, pay later” services are gaining popularity. Online shoppers may be drawn in by the attractive promise of interest-free payments. But this may be a trap. Users may end up paying more for their purchases as fees are added to late payments, sometimes leading to a much steeper cost than anticipated.

Americans also feel their retirement savings affected by the current state of the economy. More than half say they are not where they need to be for retirement with one-third indicating they are “significantly behind.” They overwhelmingly point to inflation as the reason.<sup>3</sup>

### **Financial issues follow employees to the workplace**

One thing is certain: financial stress does not stay at home. Employees have long brought money issues into work. Terms such as “quiet quitting” and “the Great Resignation” have entered the business lexicon, seeking to explain recent worker trends and employment changes.

A recent survey found that employees say that financial stress and money worries over the past year have had a severe or major impact on their mental health, company loyalty and overall work performance. Financially

stressed employees are:<sup>4</sup>

- 2x as likely to look for another job
- 6x more likely to say stress has reduced their productivity
- 7x more likely to say stress has impacted their attendance
- less likely to feel valued at work

Financial security has a powerful impact on employees within the workplace. There seems to be an undeniable connection between financial worry and employee satisfaction, indicating that managing finances is critical for job concentration and success.

## Financial wellness and education for the win

Introducing or enhancing your company's financial wellness program can be a great way to help ease the financial strain on employees and bolster loyalty. Since money management skills are often the root cause for financial stress, a financial wellness program could help employees where they need it the most.

More than ever, lowering your employee's financial stress is not only important for their mental well-being but also for their contributions to the workplace, your business and beyond.

<sup>1</sup> Federal Reserve Bank of New York, "[Total Household Debt Reaches \\$16.51 trillion in Q3 2022; Mortgage and Auto Loan Originations Decline](#)", November 15, 2022

<sup>2</sup> Savannah Hanson, "[Average Credit Card Debt in the U.S.: Statistics for 2022](#)", Annuity.org, December 5, 2022

<sup>3</sup> James Royal, "[Survey: 55% of working Americans say they're behind on retirement savings](#)", Bankrate, October 24, 2022

<sup>4</sup> PwC, "[2022 PwC Employee Financial Wellness Survey](#)", May 2022

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