hooker & holcombe

You can't talk about that at work: tackling financial FAQs

Financial stress is the 5,000-pound elephant in the workplace. Working with a financial advisor to provide financial guidance and education can help to alleviate workplace stress.

Talking about money is tricky, especially at work. While it may seem too personal for work and easier to avoid the conversation, the effects can have a lasting effect on a company.

More and more forward-thinking employers are starting to overcome the stigma that surrounds talking finances at work. They are putting to rest their fear of overstepping boundaries because employees strongly value financial guidance at work. In fact, 87% of employees want help and nearly 9 out of 10 take advantage of financial wellness services when offered.[1]

Stress impacting the bottom line

It is well documented that financial stress can cause a myriad of workplace complications. Stress can have a cascading effect; for example, 4 in 10 employees experience health issues or loss of sleep due to financial stress, which in turn leads to a $400 annual increase in healthcare costs per stressed employee.[2]

Stress also has a way of consuming productivity; 3 in 10 employees admit that financial stress has impacted their job performance, and they spend three to four hours a week at work dealing with their finances.[2] That's 150 hours of lost productivity per stressed employee per year. That's a lot!

The elephant in the room

When companies are up against a complex problem like financial stress, how do they start attacking the problem? Well, like the saying goes, you have to eat the elephant one bite at a time, so financial guidance and education can be great ways to start combating the 5,000-pound problem.

One of the most important areas of concern for employees is retirement readiness, so employers need to emphasize communication around the topic.

Good employee communication is a must, especially letting them know there is no such thing as a "stupid" question. Emphasize that they shouldn't be hesitant or embarrassed to ask the questions on their minds. Here are some questions employees might ask about saving, investing and planning for retirement.

Tackling employee FAQs

Why save? First, to help you in the event of an emergency or for large-ticket items such as a house or car. It is also very important is to save for retirement if your goal is to be financially secure when you're no longer working. You don't want to depend on Social Security for your total retirement income.

When should I start saving for retirement? Now. The sooner the better. It's easy to see retirement as something in the future and not an important event you need to start preparing for at an early age. Additionally, if you don't know how to start, what to invest in or understand the power of compound interest, you might feel like putting it off. Ask your 401(k) administrator if you don't understand your plan.

When employers demonstrate a commitment to financial wellness, 60% of workers say they are more dedicated, loyal and productive at work.[2]

What's compound interest? Compound interest is interest paid not only on the money you've invested, but on the interest you've already earned. Because of compound interest, even small amounts become larger over time.

What's an investment? An investment is a way of putting money aside so you can get a return on it. Investments are often thought of in terms of stocks and bonds. Your 401(k) plan has investments to put your contributions into, so take advantage of them.
What's a stock? A stock is an investment that represents partial ownership of a company. Units of stock are called "shares", which may pay interest and dividends to you as an owner. They're traded on the stock market, where the price can fluctuate up and down.

What's a bond? A bond is an investment where you lend money to a company (or a government); the borrower then pays interest until the bond matures at which time you should receive your money back.

Your 401(k) plan may have a variety of investments such as **mutual funds**, a type of investment in which many investors pool their money in securities like stocks, bonds, and money market instruments. It might also contain **Target Date Funds**, a type of investment, often consisting of mutual funds, structured to grow over a specific time frame and then become more conservative once that target date, usually at retirement, is reached. Like stocks, the value of mutual funds and target date funds can fluctuate.

Teamwork makes the dream work

Speaking with a financial advisor or joining a financial wellness education session can engage and assist employees in being more financially responsible, take better advantage of their 401(k) plan and be more "present" at work.

After all, 82% of employers subscribe to the belief that it is in their company's best interest to help employees become more financially secure. And employees tend to agree: when employers demonstrate a commitment to their financial wellness, 60% of workers say they are more dedicated, loyal and productive at work.[2] It's a win-win situation for all!

[1] PwC. "PwC's 10th Annual Employee Financial Wellness Survey" 2021.

[2] Prudential. "Wellness Programs Earn Their Place in Human Capital Strategy" June 2019.