

Accelerating Financial Wellbeing

Your roadmap for more personalised, measurable and impactful ways to support employees.

INTRODUCTION

Barely a day goes by now without a headline on rising inflation, escalating energy costs and hikes in food prices. As an employer – facing extra costs too – how can you ease your employees' concerns?

Our recent survey shows that employers understand making financial wellbeing a priority is a win-win approach. And that providing financial education and coaching can have a big impact. They know the situation is urgent.

BUT THERE ARE CHALLENGES TO OVERCOME.

Based on survey data from 200 employers we have created a new roadmap which can help employers move into a new phase of financial wellbeing that is more personalised, measurable and impactful.

Armed with our insights and advice you could make a huge difference in your peoples' lives.

THE GOOD NEWS

Most employers understand the benefits of supporting employees' financial wellbeing. And they see education and coaching as integral to that.

Employers know the proven benefits of investing in financial wellbeing

The top three reasons for focusing on financial wellbeing are:

- 1 Increasing employee satisfaction and retention (82%)
- 2 Improving employees' financial health (81%)
- 3 Increasing employees' knowledge of company benefits and policies (60%).

Employers know what good looks like

Historically, we have seen employers invest:

- 1 First in benefits ('the first wave')
- 2 Then financial education ('the second wave')
- 3 And finally, in personalised 1-to-1 guidance ('the third wave')

This comes through in the results of this survey: the majority of employers (57%) define financial wellbeing as 'providing core financial benefits'. But the pendulum is swinging.


Financial coaching and financial education are now the two benefits employers would most like to be able to provide. And they know they need to act quickly.

Three quarters of the organisations we surveyed want to prioritise financial wellbeing as soon as possible or within one to three years.

BARRIERS TO OVERCOME

The intention is there, and employers know what they should be doing, but some barriers still remain.

An overwhelming majority (91%) of respondents would rate engagement with their financial benefits as average or poor.

 Less than 20% of employers think they're in the 'third wave' of financial wellbeing

– in other words offering high quality, personalised financial support.

So it's clear, employers recognise they need to do more.

SO, WHAT NEEDS TO BE DONE DIFFERENTLY?

If employers say they see the benefit of supporting employees' financial wellbeing, how can they have more impact, more easily?



INFLUENCE UPWARDS SO LEADERSHIP TAKES AN INTEREST

Sixty percent of the leaders we surveyed were unclear on whether financial wellbeing is a priority for leadership (or know that it isn't).

The data also told us that half of the time, financial wellbeing is 'owned' outside of HR. This makes the need for HR teams to advocate for financial wellbeing on behalf of employees even more important.

Eighty-eight percent of our respondents say they either never survey their employees to assess their financial health or do it only *once a year*. If HR isn't checking in on the financial needs of employees, it is difficult to evidence the need to prioritise financial wellbeing to managers and business leaders.



CLEAR UP MISCONCEPTIONS ABOUT HOW TO HAVE AN IMPACT

People see lack of budget as a problem, with over half of our respondents saying it's a blocker to investment. But in fact, as our roadmap shows, solutions such as financial coaching are very cost effective.

The next two blockers people identify are a lack of resources to manage financial wellbeing internally (31%) and a lack of understanding internally (29%).

There's no reason that supporting your employees' financial health has to cost you an arm and a leg. For example, when it comes to introducing financial coaching we do the heavy lifting for you.



RECOGNISE THE WIDER POSITIVE BUSINESS IMPACTS

Only a few employers (9%) see better financial wellbeing as a way of improving productivity. While it's tricky to work out a precise correlation between someone's financial wellbeing and productivity, some studies put the cost at 15% of average salary. And HR leaders have told us about their experiences dealing with stress-related absences. Financial coaches can help people resolve money worries, get them back on track and back to working at their full capacity.

With a better understanding of how their pension works, people often increase their pension contributions – in turn, reducing an employer's National Insurance bill. But just 2% of our survey respondents identified cutting National Insurance costs as a useful benefit of financial wellbeing initiatives. And only 2% recognised the value in reducing corporate risk and liability. Money worries can make people vulnerable to putting an employer at risk. Financial distress might damage someone's ability to make sensible decisions – which is especially dangerous in industries exposed to corruption and bribery.



GET STARTED TODAY! MOST EMPLOYERS STILL HAVE A LONG WAY TO GO

Over half of the employers we spoke to say they're 'just starting out' on their financial wellbeing journey. Almost half (46%) said financial wellbeing had been a priority for less than a year. They acknowledge the urgency to get better at it, so there's pressure for many to accelerate their progress.



QUESTIONS TO ASK YOURSELF AND YOUR TEAM

- How can I help my leadership team understand the financial guidance employees need right now?
- What other department or colleague can I team up with to champion financial health?
- How can I challenge the assumptions held about the costs of personalised financial support?
- What secondary business impacts would resonate most with my organisation?

OUR VISION

Employers are ready to take the next step, and elevate the quality of their financial wellbeing.

We believe the next phase of financial wellbeing is characterised by truly personalised, impactful and measurable financial support. Which is why we're on a mission to make financial coaching accessible and affordable to everyone, by giving every employee their own financial coach and access to powerful planning technology.

Here's why financial coaching is the future of financial wellbeing:

-  It's the only way to provide your employees with truly bespoke support that's tailored to their lifestyles and financial goals.
-  It's affordable and accessible for everyone, regardless of how much or how little they earn.
-  It puts power in the hands of your employees to choose what's right for them – as opposed to being sold a financial product by a bank or incentivised advisor.
-  It can help improve the average household wealth of your people by over £9,000 in the first year.
-  It's proven to reduce stress - employees who don't have someone knowledgeable to speak to are nearly 20% more likely to feel stressed about their personal finances.
-  It has an impact today, and into the future. Our planning tool forecasts until retirement. That means people are equipped to manage their finances better throughout their life – not just while they're working for you.
-  It's the benefit most people want! Having someone to talk to is the number one thing employees want to help them feel better about their finances.

First

Financial Benefits

- Pensions
- Savings Schemes
- Workplace Loans

Then

Financial Education

- Content
- Webinars

Now

1-to-1 Guidance

“The third wave of financial wellbeing”

- ✓ More personalised
- ✓ More measurable
- ✓ More impactful



THE ACCELERATION ROADMAP

We've created a step-by-step roadmap to help you make financial wellbeing a reality for your teams. It will guide you through introducing financial coaching in a way that's meaningful, sustainable, and championed by stakeholders internally and externally.

Our survey shows most HR, reward and benefit leaders are keen to improve the financial health of their employees. But they're not getting the right buy-in or alignment to wider corporate strategies to accelerate this process as much as is needed.

Our roadmap outlines the tried and tested methods we've seen employers use to improve the financial wellbeing of over 9,000 employees.

ACCELERATION

ROADMAP

1

Employee financial health check.

2

Connect to vision and mission.

3

Connect to company strategy.

4

Powerful business cases.

5

Align the resources.

6

Make it visible.

7

Capture insights.

8

Measure impact.

9

Find the stories.



SET THE VISION



BRING IT TO LIFE



REVIEW AND EVOLVE

SET THE VISION

CARRY OUT AN EMPLOYEE FINANCIAL HEALTH CHECK

When was the last time you checked on your employees' financial health? If you're anything like the respondents to this survey, it wasn't recent enough. Employers want to move away from a 'benefits-only' approach to financial wellbeing. But when asked what they most want to know about their employees the highest majority (80%) still chose 'which financial benefits are most important to them'. Less than 10% were curious about their financial goals or resilience to shocks.

It can be difficult to keep your finger on the pulse of how everyone's feeling about money and what support they really want. But checking in regularly with your employees is the best place to start.

Financial worries can be very individual, so it can be hard to find solutions that are ideal for everyone. But, knowing what's top of mind for your employees as a whole, will help you narrow down the best focus for your wellbeing efforts.

"These are difficult times. We know that everyone's situation has changed in some way over the past year. With MoneyCoach we feel confident that every employee has access to personalised 1-to-1 support and guidance on precisely the right financial actions for them as the process is tailored to each employee's situation, whether they want to plan for a rainy day, a property, enjoying life, a family, and/or retirement."

Experian

"Had I had financial advice when I started in the industry, without question I'd be in a much better position now. It's too late for me to completely unpick the last 17 years, but it's not too late for the people that join our business. And that's really my 'why' for wanting to do it."
SR2 - Socially Responsible Recruitment

CONNECT FINANCIAL WELLBEING TO YOUR MISSION AND VALUES

Before you get to the stage of building a business case for financial wellbeing, it's important to know how financial wellbeing connects to the bigger mission or purpose for your business.

Being clear on this will help you capture hearts and minds among your key stakeholders, as well as helping you stay focused and measure only the successes which connect to your core purpose.

"Experian's focus is about helping customers become financially literate, enabling them to build a better financial future. It's important that we do all we can to support our employees in achieving this too."
Experian

"We want all our benefits and wellbeing efforts to reflect our overall purpose and brand, which is 'helping households save money'. Octopus MoneyCoach completely encapsulates that ethos and allows us to make sure our employees are able to save money in ways that are most relevant to them."
MoneySuperMarket

CONNECT TO YOUR COMPANY STRATEGY

For 45% of our survey respondents, financial wellbeing isn't owned by HR - it sits with the board or a cross-functional team. That means it's critical to connect the value of financial coaching to your wider business priorities. Your internal stakeholders and influencers may well be looking at, or responsible for, exactly those priorities as well.

Because money worries affect everyone, financial wellbeing can be the cornerstone of many corporate initiatives: diversity and inclusion, mental health, sustainability, brand and so on.

"From a wellbeing perspective we want to help our employees be resilient. And financial resilience is an integral part of that - because it has a direct correlation to mental health and wellbeing." **MoneySuperMarket**

Talent retention and diversity and inclusion were the two top priorities for 70% of our survey respondents.

Did you know that financial coaching can help address gender biases...?

Our employer insights frequently show us gaps in financial confidence, debt, pension and protection between different groups. A financial services employer recently came to us saying, "We're interested in financial coaching because we think it's the most effective way to address gender inequality in our team."

...And it can be a tool to strengthen your talent brand?

Financial coaching helps you 'walk the walk' by signalling to your employees that it's OK to feel unsure about money. Financial coaches help model this behaviour to help it gradually take root across your business. The leader of a regional financial services business told us "We want to transform our culture into the kind of forward-thinking environment that will attract the next generation of talent. We need to create a space where people feel comfortable talking about tough things and feel really supported."

BRING IT TO LIFE

IDENTIFY THE MOST POWERFUL BUSINESS CASE

We work with employers of every shape and size, in nearly every industry, up and down the UK – so we know what makes a good business case for financial coaching.

“It’s important to have senior buy-in. Senior leaders have to be part of the process. Ideally management highlight our information for their teams. Having that collaboration really helps.” Ipsos

We tend to see four priority business cases for employers:

1 Employee financial security - The cost of living hikes are increasing stress and uncertainty for your employees. Coaches help employees prepare for and deal with financial shocks – taking real actions you can measure. After one year of coaching, the improvements in financial health can be huge - typically we see average household wealth increase by £9,755, as well as 51% of people reducing their debt, and 55% increasing their savings.

2 Benefits engagement - Most employees don’t realise the benefits their company has in place to support them (we spoke to 1,000+ FTSE50 employees last year and 41% said they didn’t think their employer supported their financial wellbeing). One professional services employer told us, *“Our teams are saying they don’t feel supported, but they’re also not using the benefits we’ve put in place to support them.”*

Coaches guide employees to all the benefits that could be useful for them – from salary advance to pension – and put it into the context of their goals and their worries. The team at Goodlord told us: *“Financial coaching helps us support employees through the biggest decisions in their lives ... it’s one of the most popular benefits we offer.”*

3 Equity, diversity and inclusion (ED&I) - Most companies have made big pledges and promises in order to show meaningful progress on ED&I priorities. When our financial coaches work with employees, we gather insights to help their employer better understand the financial health of their workforce. So, we see firsthand how biases and exclusion show up across different demographics.

A diverse panel of coaches can also help engage and empower all employees, share their own life experiences and tailor to diverse needs.

4 Employee retention - When money feels tight, employees look for ways to increase their salary. Coaches help clients do more with what they have, building a detailed financial plan that shows how they can reach their goals and transform the conversation to what’s possible with their current salary – moving mindsets from “spending more” to “spending better.” One head of HR told us that *“even reducing our annual recruitment costs by 2% makes this investment worth it.”*

ALIGN THE RESOURCES AND BUDGET

Our survey revealed that there are misconceptions about how much it costs to improve financial health.

In fact, 1-to-1 financial coaching is one of the most cost effective ways to improve your employees' financial health. The cost can even be net-neutral because when employees increase their pension contributions, the employer's National Insurance costs are reduced.

As an employer, the investments you do need to make in order to be successful are:

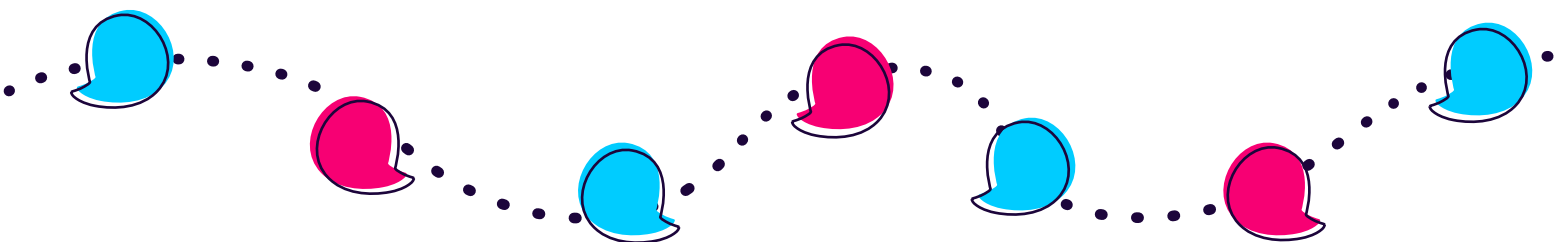
- **Aligning the right advocates** and leaders who are willing to be vocal, and visible on the subject of financial wellbeing.
- **Securing sponsorship** from across your business functions, such as finance, legal, risk and compliance. This will help to remove any blockers, as well as broaden engagement.
- **Getting permission to build a team.** Our results show that financial wellbeing is rarely the remit of one department. So having committed champions from across the business will really help.
- **Helping leadership** understand that there's a range of funding options depending on your business priorities. At a minimum, everyone in your company can get one session with a coach each year and unlimited Q&A, at no cost to you or your employees. And for those that subscribe to the full service, you have the option to fully-fund, subsidise, or offer via Salary Sacrifice.

MAKE IT VISIBLE

There's still so much taboo and stigma around money. In fact, 9 in 10 of us don't find it easy to talk about money (MAPS 2021). But it's proven that talking to someone about money (whether that's a partner or a friend or a financial coach) actually helps us to manage our money better.

The leaders you identify as part of your business case are important here as well. They should serve as your figureheads and story-tellers to make sure there's leadership from the front on financial wellbeing.

“We can see a direct correlation between our pension provider coming in to do a session and an increase in pension contributions” **Ipsos**



REVIEW AND EVOLVE

CAPTURE INSIGHTS

There's more to capturing insights than just measuring how many people are booking meetings with a financial coach. Our detailed engagement, planning and forecasting with your people means we get an unprecedented view into their financial health.

We capture data on: most common goals, savings rate (long and short-term), insurance and protection cover, debt and investment profiles.

That gives you a true measure of their financial health - and how much it's improving. You can compare this information to the Financial Health Check you completed at the outset to see how much of an impact coaching makes.

"People are getting real, tangible impacts from speaking to a financial coach. One of our team now knows his savings are on track to buy his first home a year earlier than he was expecting. For him and his family, that's a game-changer." **SR2 - Socially Responsible Recruitment**

MEASURE IMPACT ACROSS THE BUSINESS

The insights gathered are relevant across your business priorities. For example, these insights could help you:

ADDRESS

- gender wealth gaps
- mental health

UNDERSTAND

- your employees' financial resilience to shocks (like cost of living increases)
- how the life goals of your workforce could influence wider working policies, around parental leave, or flexible working policies.

IMPROVE

- financial inclusion where you see gaps by demographic
- financial literacy where you see gaps in knowledge
- recruitment and retention by helping people see how much more they can do with their money rather than looking for a higher paying role.

FIND THE STORIES

Money is still a taboo subject, but the community of forward-thinking employers is growing day by day. Shouting about the positive impact of financial coaching in your business not only benefits you by strengthening your employer brand, but it helps other employers see how much more they could be doing.

One of the employers we work with told us:

“We want to transform our culture into the kind of forward-thinking environment that will attract the next generation of talent. We need to create a space where people feel comfortable talking about tough things and feel really supported.”

“Our industry (recruitment) hasn’t got the best reputation when it comes to staff culture. It’s also an industry with a fairly young workforce who have the potential to make a lot of money quite quickly. So, it’s always been important to us to make sure financial wellbeing is a core pillar of our benefits package, along with mental and physical health.” **SR2 - Socially Responsible Recruitment**



CONCLUSION

Employers are ready to enter a new and more powerful phase with financial wellbeing.

While the results of our survey have highlighted some considerable gaps in confidence from the majority of employers, there are still reasons to be cheerful.

Employers want to do better, and know that the future of financial wellbeing is going to be more personalised, more measurable, and more impactful.

They recognise that they need to shift from a focus on benefits and platforms, to a focus on individual employee goals, financial education and 1-to-1 coaching. But old habits may die hard. HR leads will need to push to close the gaps between what leadership says and what they do, to rewrite the narrative of budget and resource constraints, and to become even bigger employee financial health advocates.

GET IN TOUCH



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METHODOLOGY

In February and March 2022 we surveyed 200 senior HR leaders with the help of HR Grapevine and asked them about their approaches and attitudes to financial wellbeing. Survey respondents came from a diverse set of industries and ranged from under 100 to 5000+ FTE.



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