

# How to Create an Effective Approach to Employee Financial Wellbeing:

## Why and How

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Dr Duncan Brown  
20.9.18



### Money Advice Service What Works Fund: IES project final evaluation report

Aug 2018 | Institute for Employment Studies (IES)

This report presents the findings from an IES study funded by the Money Advice Service and conducted in 2017-18. The study trialled IES and Chartered Institute of Personnel and Development (CIPD) employee financial wellbeing guidance in organisations and aimed to build a business case for support on employee financial wellbeing.



### Exploring wellbeing and mental health and associated support services for postgraduate researchers

Metcalfe J, Wilson S, Levecque K | May 2018 | Research England

This report presents the findings of research conducted by researchers from Vitae, IES and the University of Ghent into the provision of wellbeing and mental health support for postgraduate researchers (PGRs) in UK higher education.



### Barristers' Working Lives 2017

# About IES

- Leading independent centre of research and consultancy in employment policy and HR practice
- Not for profit, established in 1969
- c50 multidisciplinary staff

## The IES HR Network:

- Organisational membership
- Collaborative research
- Conferences and seminars

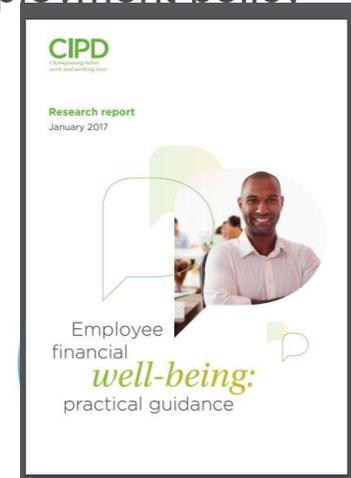
## Recent projects

- Reviewing and addressing increased attrition in a government department
- Surveying teachers on pay for DfE
- Review and re-design of the KSF performance management system in the NHS
- Evaluating the success of the government's apprenticeship growth programme
- Surveying the career intentions of university leavers
- Reviewing total rewards and employee engagement in the NHS
- Addressing poor employee relations in a London local authority

## Financial wellbeing projects

- Money Advisory Service: What works?
- Three guides and research for CIPD
- Employer projects – barristers, nurses, energy company, etc

[https://www.employment-studies.co.uk/publications?search=financial+wellbeing&search\\_resources=1#results](https://www.employment-studies.co.uk/publications?search=financial+wellbeing&search_resources=1#results)



# Why worry? A perfect storm...

- Financial capability (MAS 2015) results – 59% on average manage money well, 30% don't have 3 months savings, 60% don't prepare well for life events
- Key groups at risk not limited to those outside the labour market: low earners, workers in social housing
- 20% of workers surveyed were kept awake by money worries and 10% reported health impact (IES, 2009)
- Ostrich behaviour – only 15% employees taking up financial education offered (IES, 2009)
- Majority (incl higher earners) have adverse attitudes (live for today, low priority on saving for future/retirement), and perceived lack of control – big future problem for employers not just government (MAS, 2015)
- Plus policy/context change – pensions – reduced tax relief, auto-enrolment, higher education funding changes of grants → loans
- Plus demographic change... ageing population living/working longer, 2/3 of higher rate tax payers have inadequate pension provision (IFS, 2015)

# Impact

## Effects of money worries

How financial concerns have affected employees:

Lost sleep

19%

Found it hard to concentrate/make decisions

10%

Spent working time dealing with money problems

8%

## Impact on performance

One in four employees say that financial concerns have affected their ability to do their job.



# What matters?

CIPD

in partnership with

 Close Brothers  
Driving financial wellbeing

## What matters to employees

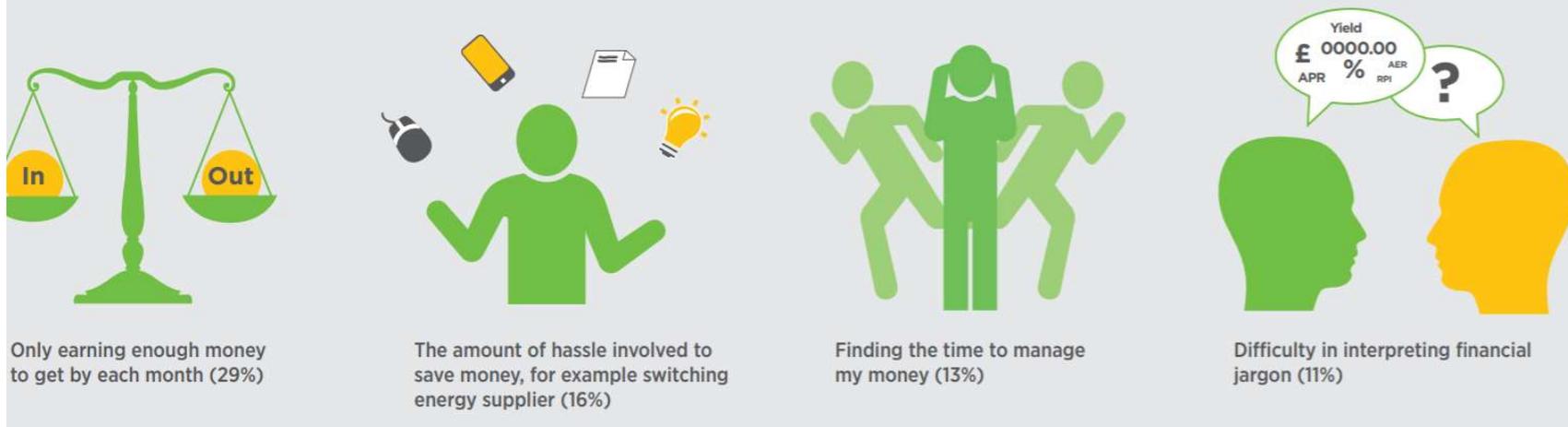
According to workers, the most important aspects of financial well-being are:



#finwellbeing

## Barriers to financial well-being

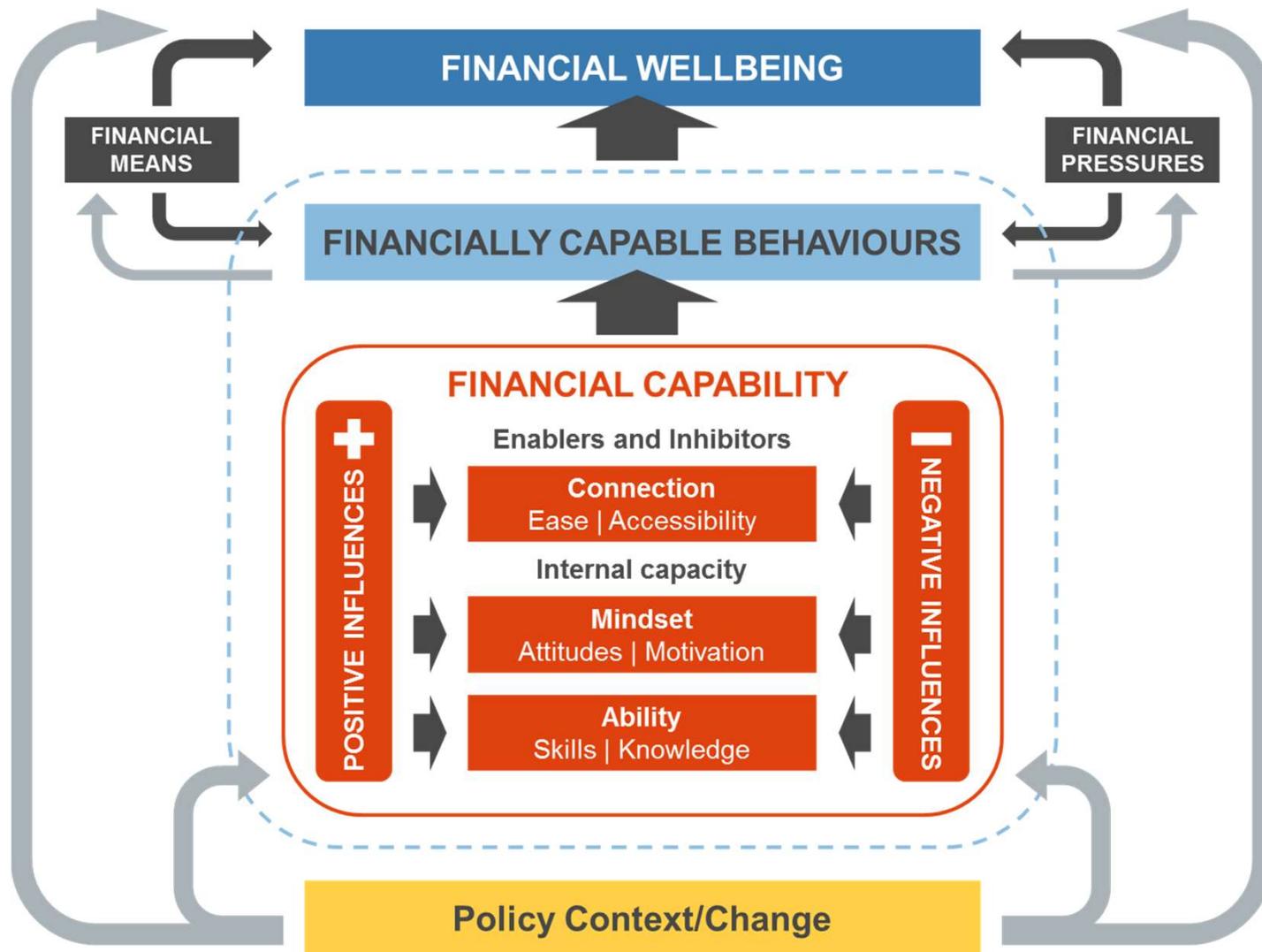
Fifty-eight per cent of workers say that they are facing obstacles in managing their financial situation, rising to 72% of 18–24-year-olds. The most common barriers are:



# Looking to the future...

- 1 in 4 on verge of retirement can't afford it (Prudential, 2016)
- 12 million people are not saving enough for retirement, with two thirds of people not knowing how much they need to save for retirement (MAS, 2015)
- Some areas, e.g. annual allowance effects in public sector DB plans, fiendishly complicated
- Average pensioner income now above average of those in work (IFS, 2015)
- 80% employees expect employer support in making decisions about benefits (Hymans Robertson)
- Only 39% of people retiring last year sought financial advice, only 21% sought help from Pension Wise, of which the majority only use the website (PLSA)

# Financial wellbeing – the MAS model



Adapted from Image 1 in *The Money Advice Service – Financial Capability in the UK 2015* (p.9)

# Some common employer concerns about financial education...

- *'It's about personal choices'*
- *'It's not our role/responsibility' (see FCA and Pensions Regulator)*
- *'We can't be seen to be giving advice'*
- *'It's the /FCA/MAS/government's responsibility'*
- *'We haven't got the expertise/knowledge'*
- *'Our provider(s) can do it for us'*

# Total rewards

“Workers seek to maximize their total utility of employment...their total net advantage will depend upon the agreeableness or dis-agreeableness of work, the difficulty and expense of learning, the responsibility, the possibilities of success or failure...compensating wage differentials”

*Adam Smith, The Wealth of Nations, 1776*

“Magnificent recreation grounds, a concert hall with continuation schools, medical attention, works councils, pensions... Owing to this system of paternal employment, the workers have better conditions, more security and infinitely better chances of leading a decent and happy life...here is enormous gain”.

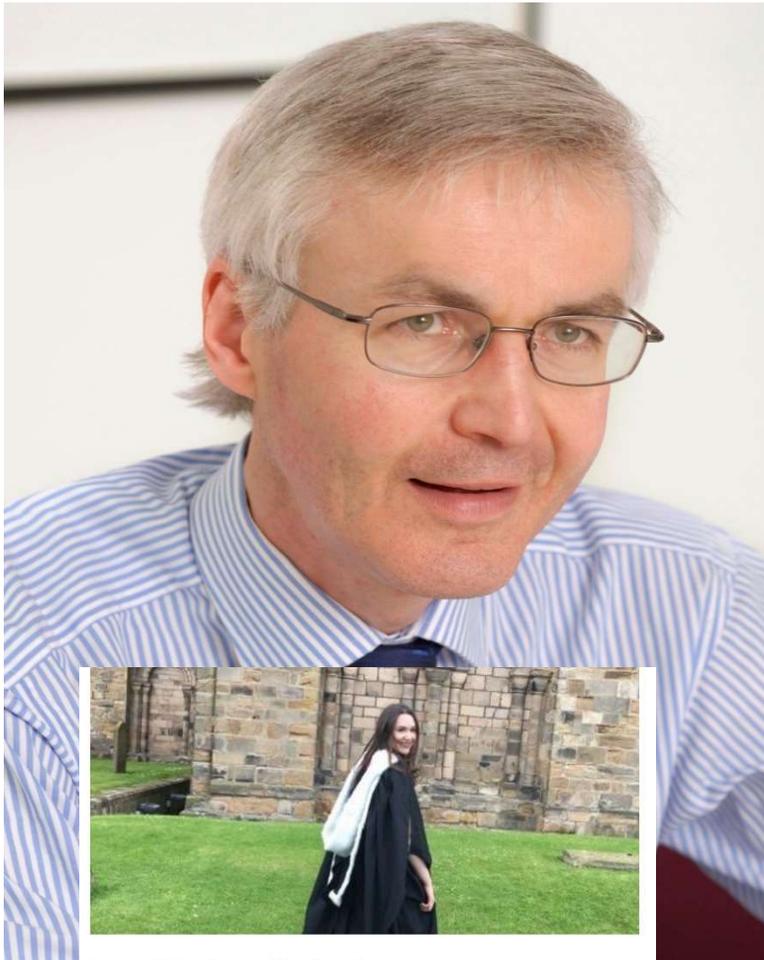
*J B Priestley, An English Journey, 1929*

- Shift of emphasis from pay with fixed benefits to a synthesis of ‘total reward’ as a potential behavioural driver
- Total reward offers a distinctive ‘employment proposition’ linked to engagement and performance
- Employees are not solely economic agents – they look for meaning and control over work and balance with their ‘other’ life
- Looks from employee not solely employer perspective
- Links into other aspects of wellbeing

## So what should I do?

- Investigate in your own workforce
- Use existing sources eg EAP line
- Make the business case
- Make a plan
- Understand/survey where your staff are and what they want/need
- Make use of free resources
- Start simple and extend
- Call IES

# Thanks



## Last Week: A big bad hangover for women's politics and pay

Published on November 13, 2016



Duncan Brown  
PhD, FCIPD - Head of Consulting at Institute for Employ...



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Martin Rowson's brilliant cartoon in *the Guardian* yesterday pictured a very drunk and disreputable 2016 driver smashed into a bloody lamppost, making the lame excuse that

Duncan leads the HR Consultancy and Research work at IES, a leading independent research-based charity which supports improvement in HR and employment practice.

He has more than 25 years' experience in HR consulting & research with Aon Hewitt, PwC and Towers Perrin. He spent 5 years as Assistant Director General at CIPD.

His clients have included major companies such as National Grid and Lloyds Banking Group, universities such as City, Kingston and Bristol, public sector bodies such as the Cabinet Office and National Health Service and not-for-profits such as Cancer Research and the United Nations.

Duncan is a leading commentator on HR, and publishes widely. His last book was on reward effectiveness.

He has participated on Government taskforces concerned with fair pay, engagement, pensions and human capital reporting. He advises a number of remuneration committees

*Human Resources* magazine placed him in its listing of the top 5 most influential thinkers in UK HR.

Duncan has an MA from Cambridge University, an MBA from the London Business School and is a Fellow of the CIPD. He is a Visiting Fellow at Kingston University where he obtained his PhD in reward strategy last year.

Read his blogs at:

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