

benefits

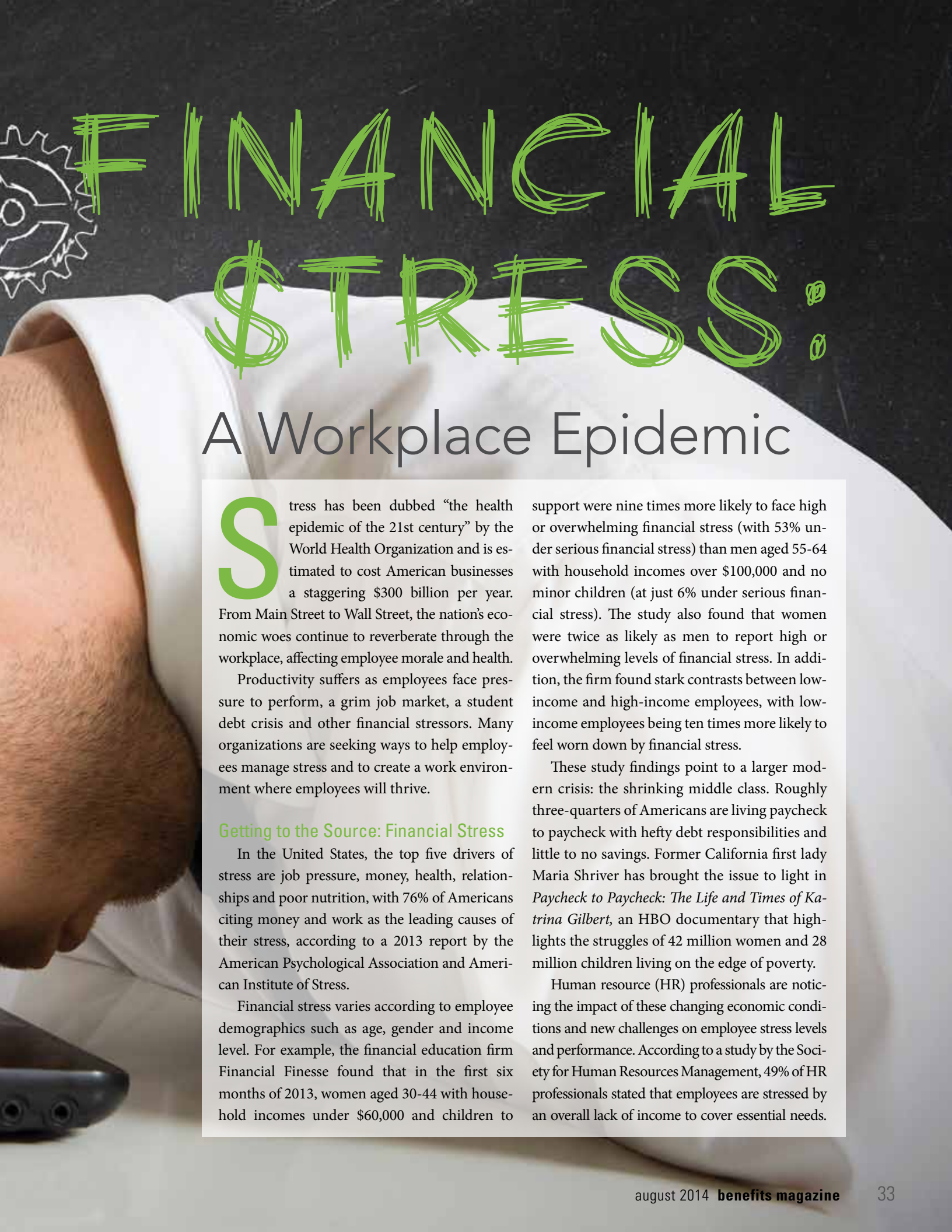
MAGAZINE

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by | **Ann D. Clark, Ph.D.**

When employees are stressed financially, their health and job performance often suffer. EAPs can help by providing financial education.



FINANCIAL STRESS:

A Workplace Epidemic

Stress has been dubbed “the health epidemic of the 21st century” by the World Health Organization and is estimated to cost American businesses a staggering \$300 billion per year. From Main Street to Wall Street, the nation’s economic woes continue to reverberate through the workplace, affecting employee morale and health.

Productivity suffers as employees face pressure to perform, a grim job market, a student debt crisis and other financial stressors. Many organizations are seeking ways to help employees manage stress and to create a work environment where employees will thrive.

Getting to the Source: Financial Stress

In the United States, the top five drivers of stress are job pressure, money, health, relationships and poor nutrition, with 76% of Americans citing money and work as the leading causes of their stress, according to a 2013 report by the American Psychological Association and American Institute of Stress.

Financial stress varies according to employee demographics such as age, gender and income level. For example, the financial education firm Financial Finesse found that in the first six months of 2013, women aged 30-44 with household incomes under \$60,000 and children to

support were nine times more likely to face high or overwhelming financial stress (with 53% under serious financial stress) than men aged 55-64 with household incomes over \$100,000 and no minor children (at just 6% under serious financial stress). The study also found that women were twice as likely as men to report high or overwhelming levels of financial stress. In addition, the firm found stark contrasts between low-income and high-income employees, with low-income employees being ten times more likely to feel worn down by financial stress.

These study findings point to a larger modern crisis: the shrinking middle class. Roughly three-quarters of Americans are living paycheck to paycheck with hefty debt responsibilities and little to no savings. Former California first lady Maria Shriver has brought the issue to light in *Paycheck to Paycheck: The Life and Times of Katrina Gilbert*, an HBO documentary that highlights the struggles of 42 million women and 28 million children living on the edge of poverty.

Human resource (HR) professionals are noticing the impact of these changing economic conditions and new challenges on employee stress levels and performance. According to a study by the Society for Human Resources Management, 49% of HR professionals stated that employees are stressed by an overall lack of income to cover essential needs.

The monetary setbacks range from reducing school and credit card debt to paying off medical bills.

Understanding employee demographics and sources of financial stress is an important factor in creating a financial wellness program that will effectively address workers' concerns.

How Financial Stress Affects Employee Health and Job Performance

Scientific research and countless studies suggest that stress leads to illnesses such as ulcers, migraines, back pain, anxiety, depression and heart attacks. Other health problems like high blood pressure, high cholesterol, weight gain, diabetes and even heart disease are also likely to arise under extreme stress. An estimated 75-90% of doctor visits are related to stress, with workers citing money issues as the primary source. Financial stress leads to increased health care expenses, prescription costs and absenteeism due to health-related concerns.

As for the impact of financial stress on corporate productivity, an estimated 80% of employees try to deal with their financial worries at work, resulting in a

wasted 12-20 hours per month. A study by Financial Literacy Partners estimates the cost at \$7,000 per employee per year.

Research also shows that employees are so distressed about money that it has caused them to openly exhibit signs of irritability, anger, fatigue and sleeping while on the job. It has also led to a sharp increase in *presenteeism*, a term used to describe a state in which an employee is physically present while mentally absent and, in turn, unproductive at work. The pandemic of presenteeism is growing by a rate three times greater than absenteeism, according to a study conducted by the Employee Financial Education Division.

EAP: Underutilized Benefit Can Make a Big Impact

A healthy, engaged and productive workforce is the ultimate differentiator in driving corporate innovation, growth and success. Because financial stress takes such a toll on employee health and productivity, many corporations are looking to boost financial wellness benefits and provide employees and families with tools and resources to improve personal finances and feel more financially secure.

Aon Hewitt surveyed more than 400 U.S. companies, representing nearly ten million workers, to determine their current and future approach to financial wellness benefits. According to Aon Hewitt, 76% of companies surveyed were somewhat or very likely to expand their focus on the financial well-being of their employees in 2014.

Most of these businesses are looking at their employee assistance program (EAP) for new and improved financial wellness offerings. While the EAP has always been a professional resource for better managing employee performance issues, threat assessment, critical incident response and substance abuse issues, EAP providers have evolved to tackle a full range of modern life challenges, including financial stress.

Financial wellness services provided through an EAP can include:

- Financial consultation for employees and family members to address a wide range of financial concerns including budgeting, loan repayment, debt consolidation, savings and investment options
- Financial coaching, including a personalized action plan to better manage budgets and personal finances
- Financial planning advice for a more secure financial future
- Financial wellness trainings and webinars, on site or online
- Online financial education tools and resources, easy to access and available to the entire family
- Financial education materials, literature and newsletters.

Although the EAP has evolved to include a wide range of financial wellness benefits, perhaps the most important component of the EAP is that it takes

takeaways >>>

- A majority of Americans cite money and work as the leading causes of stress.
- Studies suggest stress leads to ulcers, migraines, back pain, anxiety, depression and heart attacks and may play a role in high blood pressure, high cholesterol, weight gain, diabetes and heart disease.
- Warning signs of financial stress include an increase in employees taking sick days, running personal errands while at work and requesting pay advances.
- An estimated 80% of employees waste 12-20 hours per month trying to deal with financial worries at work.
- In creating effective financial wellness programs, employers need to understand employee demographics and sources of financial stress.
- EAPs have evolved to offer financial wellness services.

a holistic approach to solving employee challenges. Financial stress takes a toll on health, relationships and general well-being. While addressing the underlying financial fears and improving financial education are part of the solution, the EAP can make an even larger impact with additional resources including:

- Stress management support
- Referrals for affordable housing, child care, elder care and pet care
- Clinical support for relationship and marriage issues
- Referrals for education scholarships and financial assistance for college-bound children or adults returning to school
- Management consultation for workplace challenges and employee performance concerns.

Employers and HR professionals have found that taking proactive, preventive measures to help employees recognize and resolve personal issues before they escalate makes sound business sense. Some of the strategies used to ensure that EAPs are reaching workers from all walks of life and suiting their specific needs include:

- Increased use of technology and efforts to make EAP services accessible online and through mobile devices
- New promotional materials and contemporary messaging that appeal to all employees
- Engaging topics for seminars and webinars that cover relevant topics like stress and time management
- Creative “takeaways” that include employer-sponsored health or benefits fairs that inform employees of available services
- Supervisor training that familiarizes supervisors and managers with the range of services EAPs offer and the appropriate methods that should be used to address and solve workplace issues
- Mediation programs that provide conflict resolution services and aids to employees who may be having trouble adjusting to the expectations of their managers and/or co-workers.

Companies should also pay close attention to the demographics of their workforce to gauge the impact of financial stress, looking out for warning signs such as an increase in employees taking sick days, running personal errands while at work and requesting pay advances. Using EAP services ultimately may help reduce worker anxiety over the contending daily demands employees face at home and at work.

Whether an employee is stressed about monthly budgeting or long-term retirement goals, professional support is available for all issues. The EAP is a prepaid service provided at no cost to the employee seeking help. Employees receive personalized financial action plans to improve financial health at their own pace.

Effective financial wellness programs have shown a return on investment of more than three to one. By reducing the No. 1 cause of stress for employees by using services such as an EAP, companies can reduce health care costs associated with stress-caused illnesses and boost productivity, leading to happier, healthier, more fiscally fit employees. **b**

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Education

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Visit www.ifebp.org/symposium for more information.

From the Bookstore

**Financial Education for Today's Workforce:
2014 Survey Results**

International Foundation. 2014.

Visit www.ifebp.org/books.asp?7426E for more details.

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Ann D. Clark, Ph.D., is the CEO of ACI Specialty Benefits, a San Diego, California-based corporation that offers employee assistance programs as well as wellness, student assistance,

concierge and work/life services to corporations worldwide. Before founding the firm 31 years ago, Clark taught in schools in Kentucky and Wisconsin, was a college professor and served as director of education at the New Mexico Facility for the Mentally Retarded and as statewide director for Child Abuse Services. She is a frequent media contributor, motivational speaker and author whose latest books are *Wake Up, Go to Work—It's War* and *Women & Recovery: Sex, Sobriety and Stepping Up*. Clark received her Ph.D. degree from the University of Wisconsin–Madison and completed postdoctorate research on alcoholism and sexuality at the University of New Mexico.