



Emotions and Finances: *Most Employees Are Scared or Confused About Their Money*

*The Majority of Canadian Workers Feel Scared
or Confused About Their Finances,
and That's Harming Business*

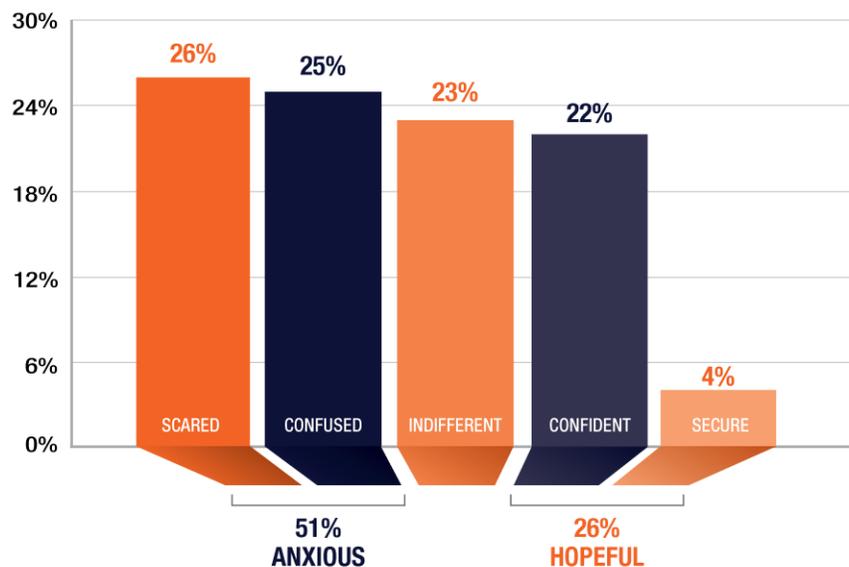
An epidemic of bad financial behaviours has Canadian workers worried and employers seeking solutions. Fear and confusion about how to handle money is widespread, leading to stressed-out employees and that stress follows them to work. The impact of money stress on business has led many companies to examine the role of financial wellness in the workplace.

The majority of employees are anxious about their money. In this paper, we'll look closely at some dominant money behaviours that appear to be causing all the anxiety around finances as well as the impact that anxiety is having on workers.

Anxiety About Money Is Widespread Regardless of Income or Generation

An OnPoint analysis of recent stats completed this year revealed most Canadians are not hopeful about their handling of personal finances. More than half of these workers are worried about their money, with 26% saying scared best describes their attitude and another 25% feeling confused. This anxious majority contrasts with the 26% minority of employees who feel hopeful with their money.

EMPLOYEES' TOP EMOTIONS SURROUNDING MONEY



The data also showed that those who are anxious about their money aren't limited to any particular generation or income bracket.

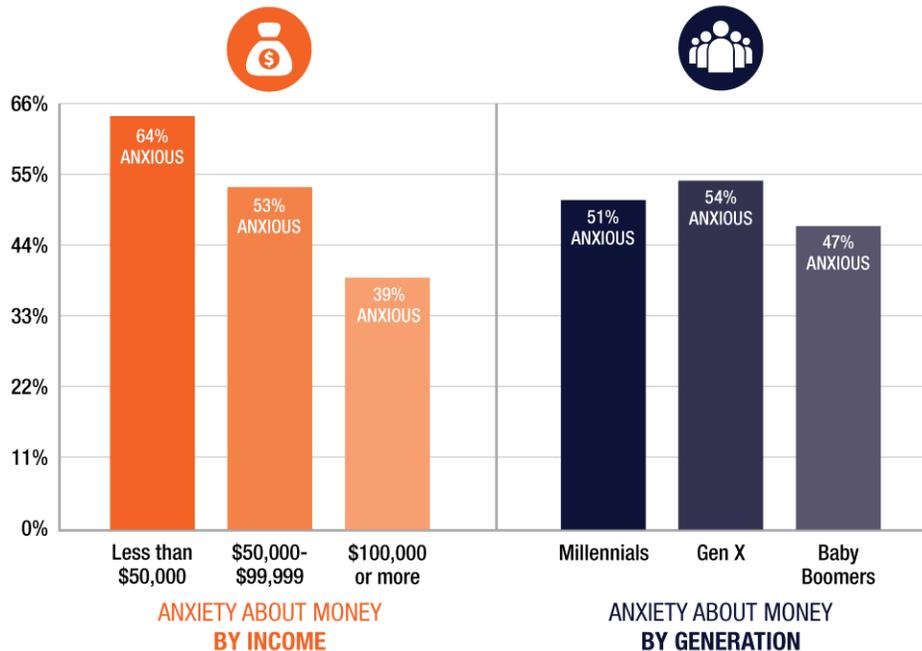
Though the percentage of worriers is higher for those who make less than \$100,000, even those who earn more aren't immune. Almost four in ten of those making six figures still feel anxious when it comes to personal finances. More than half in the \$50,000 to \$99,999 pay range are anxious as well, while more than 60% earning below \$50,000 feel the same.

Money anxiety is also no respecter of age. Whether workers are nearing retirement or just starting their careers, many say money is a big concern. Generation X is the most anxious, with a total of 54% feeling worried. But just over half of Millennials share the same emotion, along with 47% of Baby Boomers.

That kind of worry is perhaps natural for people just starting, but it's alarming that the majority of workers who are about to retire feel so unprepared for the future. Only one in five Baby Boomers said they feel confident they'll be able to retire comfortably when they want to. Instead of moving confidently toward retirement, Baby Boomers are being held back by lingering money anxiety.

Why do so many people in various income levels and stages of their careers share money anxiety? A look at their money behaviours may provide a clue.

ANXIETY ABOUT MONEY BY INCOME AND GENERATION



Canadians Who Feel Anxious About Their Finances Share Some Common Money Behaviors

According to the data, most anxious workers have at least three prominent behaviours keeping them from feeling more confident about their money—living paycheck to paycheck (65%), rarely using a written monthly budget (70%), and being unable to cover a \$1,000 emergency without borrowing (56%).

“Given these habits, it’s no surprise so many Canadians are insecure about their financial future,” Tyler Hoffman, Vice President of OnPoint, said. “High numbers of workers worry about their money because they’re deeply in debt, aren’t living on a budget, and have no money saved for emergencies. Regardless of age or income, most workers are struggling with these behaviours.”

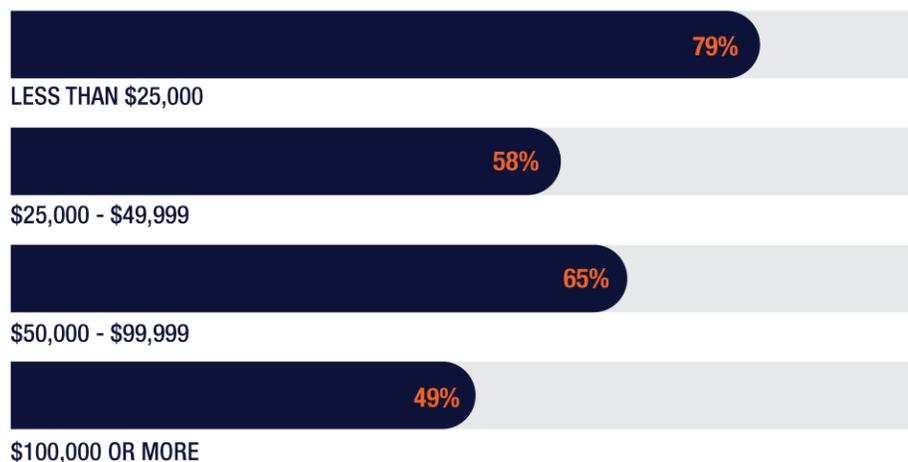
Most Are Living Paycheck to Paycheck

It’s hard to feel much confident about your financial future when you’re spending all your income to survive. And among those who reported feeling anxious about money, 65% are indeed living paycheck to paycheck. These employees are one life event away from a true financial crisis. Living paycheck to paycheck is a behaviour that persists across ages. Despite longer careers, even many Baby Boomers are just scraping by.

Although workers overall in this generation were the least likely to struggle in this way, 56% of anxious Boomers are still living paycheck to paycheck. An even higher share of younger workers is living paycheck to paycheck, and that lifestyle has them worried about the future. Nearly seven in ten of the anxious Generation X workers live this way, along with 66% of Millennials.

Running out of money before payday isn't something that plagues only those in lower-income ranges. Predictably, nearly eight in ten workers earning below \$25,000 live paycheck to paycheck. But so do 58% of those making from \$25,000 to \$49,999. Meanwhile nearly two-thirds (65%) of those earning from \$50,000 to \$99,999 live paycheck to paycheck. And almost half (49%) of those earning six figures have the same behaviour.

ANXIOUS WORKERS LIVING PAYCHECK TO PAYCHECK BY INCOME



Few Are in the Habit of Budgeting

Those who feel scared or confused about money rarely budget. By contrast, confident and secure workers were more than twice as likely to budget regularly. Living without a plan for their money is causing most Canadian workers to suffer from stress that lowers their overall wellness and productivity.

Seven out of ten workers who said they are scared about money rarely or never make a budget. It's no surprise that hopeful workers skip budgeting far less often than their anxious peers. Nearly half of those who feel hopeful about their money budget often.

"There's a strong connection between people who have a plan and having a feeling of confidence about their money," Hoffman said. "Budgeting is one of the building blocks for a strong financial foundation. People who lack a monthly spending plan will continue to live paycheck to paycheck. Without a plan, workers will continue to remain unprepared for the emergencies that come up in everyone's life."

On most measures of money habits and emotions, the behaviour of the anxious differed sharply with that of the hopeful. For example, confident and secure workers were far less likely to be living paycheck to paycheck. Only 14% of confident employees do so, along with just 4% of secure employees.

“Living paycheck to paycheck, it’s impossible to feel hopeful about your money,” Hoffman said. “Instead of spending all of their income as soon as it hits their bank accounts, workers should be looking for ways to take control of their money. One of the keys to doing that is working from a budget.”

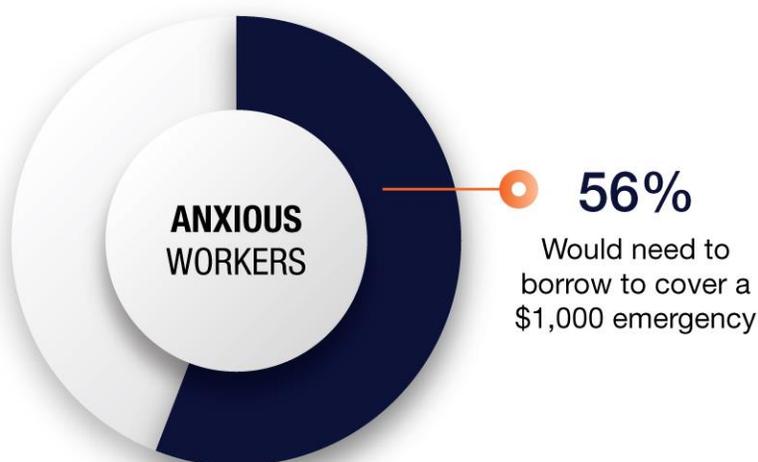
The Majority of Anxious Workers Can’t Cover a \$1,000 Emergency Without Borrowing

A high number of anxious workers reported being unable to cover a \$1,000 emergency without borrowing money. Fifty-six percent of anxious employees admitted they would need to borrow in the event of a \$1,000 emergency.

The lack of setting money aside for emergencies is another bad behaviour that was not limited to those with lower incomes. Even among those earning \$100,000 or more, 31% of anxious workers would need to borrow to cover small emergencies. And more than half of all anxious employees making from \$50,000 to \$99,999 said the same.

Workers who feel hopeful about their financial future presented a strong contrast. *Eighty-nine per cent of confident employees can cover a \$1,000 emergency without borrowing money, and nearly all (96%) secure employees can.*

“With participation rates in company retirement plans rising over the last decade, not having money to cover small emergencies is one of the biggest reasons that retirement plan loans have risen continuously,” Hoffman said. “Financial bad habits are holding back the majority of Canadian workers. Most aren’t planning to fail; they’re simply failing to plan. But too often workers allow their fears or confusion about money to prevent them from doing anything proactive.”



How Do These Behaviors Negatively Impact Employees' Futures?

The anxious emotions around money have consequences for workers and their attitudes about the future. *Nearly seven in ten who are anxious about money also feel overwhelming or high stress about their finances.* What's more, most anxious employees (91%) doubt they will be able to retire comfortably when they want, and 74% are not confident that they will be able to pay off their debt in the near future.

"Many Canadian workers have reason to be anxious," Hoffman said. "Failing to budget or maintain an adequate emergency fund, these employees are under constant stress. As a result, they're often scared and confused about how to make any positive change. The level of widespread debt adds even more to the anxiety. And all of these factors affect their quality of life as well as their productivity."

Debt dominates the lives of many, and 51% of respondents listed paying off debt as their top financial goal. But anxious workers doubt whether they will be debt-free anytime soon. When asked how hopeful they felt about paying off all consumer debt within the next two years, seven in ten anxious workers doubted the possibility. That's a sharp contrast with high-confidence workers—70% of those who said they are either confident or secure about their money also said they expect to be debt-free in that time frame.

ANXIOUS WORKERS LACK CONFIDENCE IN THE FUTURE



Employers Can Help Their Workers Become More Financially Secure and Feel Better About Their Money

Though the numbers look bleak for many workers, employers have an opportunity to help both their employees and their companies by guiding employees into better financial behaviours. “Workers tell us they are feeling scared, confused, and stressed out about their money,” Hoffman said. “And employers tell us they see the negative effects of their employees’ stress in high absenteeism and low productivity. Those issues affect business in negative ways, but they’re just symptoms of a deeper problem.”

Hoffman says financial wellness can only be achieved through behaviour change. “Millions of people are using the principles in OnPoint to turn their finances around and get on the path to success,” Hoffman continued. “With money fears dominating so many workers’ outlooks across age and income spectrums, HR decision-makers are in a position to change lives by providing their employees with a benefit that’s proven to shore up their confidence and financial wellness.

Providing employees with a program that offers a holistic solution to their money problems helps companies in many ways. As employees get out of debt and start saving, retirement begins to look like a much more hopeful proposition. What’s more, companies begin to enjoy higher participation and contributions in their retirement plans, along with lower absenteeism and higher productivity.” “The right financial wellness program allows employers to help their workers change the way they think about money and sustain behaviour change over time. The same behaviours that currently worry the majority of Canadian workers can be transformed into permanent behaviour change and a more confident outlook.”

“What’s causing all the stress and fear that harms workers is no plan, widespread debt, and lack of savings,” Hoffman said. “The good news is that workers view their employers as a trusted source of financial education. A financial wellness program focused on practical action steps toward lasting behaviour change is an obvious solution for employers. Behaviour change around money isn’t easy, but it is possible with a proven plan that allows anyone to take control of their money.”

About OnPoint

Established in 2006, OnPoint is an Employee Benefits, Wellness and HR Productivity consulting firm based in Mill Bay, BC. A Pending B Corporation, OnPoint is focussed on growing communities, putting 2% back of net profits into local initiatives. They do this by helping small business become better at what they are great at. OnPoint is allowing small businesses to say goodbye to benefits paperwork, and mundane HR tasks with their forever-free paperless, automated enrolment solution that’s redefining benefits and pension administration. MoneyWize, their complimentary online financial coaching portal is creating the possibility of financially confident employees.