reba insights

Financial Wellbeing Research 2024

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Contents

About REBA

The Reward & Employee Benefits Association (REBA) is a thriving community of HR professionals dedicated to pursuing best practice in reward and benefits. Synonymous with excellence, REBA informs and empowers its members to grow their networks, advance their knowledge, source and connect with market-leading vendors, and be prepared for what's coming over the horizon.

REBA's research taps into its diverse network of 4,400+ members and 20,000+ HR contacts to provide objective insights into the reward, benefits and people risk strategies that a broad range of organisations are implementing throughout the UK and internationally. As a result, REBA produces independent reports featuring data-led benchmarking, fresh insights, emerging trends and case studies to identify change and inform better decisions in reward and benefits strategies.

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Balancing the here and now with evolving trends

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Debi O'Donovan

High housing costs have caused financial risks for well over half of all workforces

Societal shifts will change the face of financial wellbeing strategies

To focus solely on employees' immediate money challenges can mean missing longer-term underlying shifts that will reshape financial wellbeing strategies over the coming years. While it is unwise to ignore the right-here-right-now stresses of those struggling to stretch their wages, employers must also consider broader societal trends.

This research shows that the fastest evolving driver of change will be the ageing of the population. While about a quarter (23%) of respondents say this has influenced their thinking over the past two years, this jumps to four in 10 (41%) believing it will be a factor over the next two years. This 78% leap indicates a trend that will continue to rise significantly over the coming years.

Out of sync

Rethinking how we work, live, save and spend when our total earning lives are likely to span about sixty years calls into question why we focus almost single-mindedly on saving harder into pensions in order to completely retire before or in our sixties.

Cliff-edge retirements are on their way out, while blended working, longer periods of leave throughout careers and life-long learning are on their way in. Effective workplace financial offerings, therefore, are likely to shift, too. This research demonstrates that major life events are already becoming increasingly acknowledged by employers, not least because of the way related money pressures distract from work or cause valued employees to leave.

While parents and carers in the workplace are not yet getting the full support they need, this research shows that most employers are aware that these cohorts have specific risks to their financial wellbeing. Almost three-quarters (73%) acknowledge this for working parents, and nearly half (46%) see this among their employees who care for adult dependants. Early indications in the data show a gradual increase in the proportion of employers acting to support those with caring responsibilities.

Home truths

The UK's high housing costs, from rent and energy bills through to mortgage costs, have caused financial risks for well over half of all workforces (64% of employers say high rents are causing a risk, and 58% say the same of high mortgage costs). Housing affects where people live, the conditions in which they live and how well they sleep at night. Longer term, if unsolved, this situation will lead to increasing numbers of future retirees not owning a home when they finally stop earning. While this latter scenario is a bigger issue for society and government than for individual employers, it is leading to debate about the balance in emphasis between long-term workplace savings going into pensions versus supporting people to get onto the housing ladder.

Such societal shifts may be why this research shows a dramatic surge in employers planning to measure the effectiveness of their financial wellbeing spend against HR objectives such as retention, attraction, diversity gaps and employee engagement. Needs are changing and strategies must realign. Without data, it will be hard to understand exactly what actions apply for each workforce.

Reward & Employee Benefits Association
PURSUING BEST PRACTICE

Evidence-based methodology reveals reliable, data-driven insights

REBA's robust, evidence-based methodology is strategically aimed at uncovering clear, actionable future trends and decision-making patterns among employers. The research aims to deliver reliable, data-driven insights that employers can leverage to help them make informed decisions about their own financial wellbeing strategies.

This research was conducted as an online quantitative survey between April and May 2024 among REBA's membership community and wider database of HR professionals. It achieved participation from 236 predominately medium to large organisations, representing an estimated 1.3 million employees. This approach ensured a broad and diverse set of data, reflecting a cross-section of employer sizes and industry sectors in the UK.

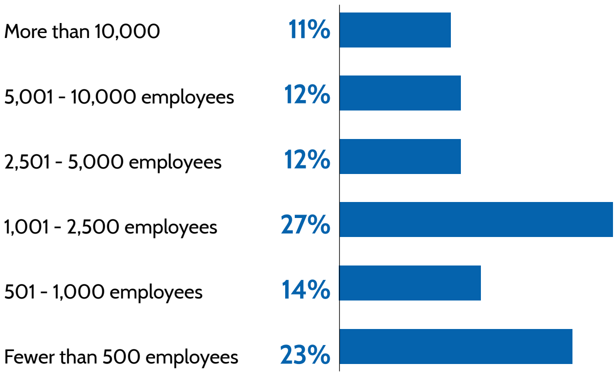
Please note that due to rounding, graph figures are between 99% and 101%.

236
Employer respondents

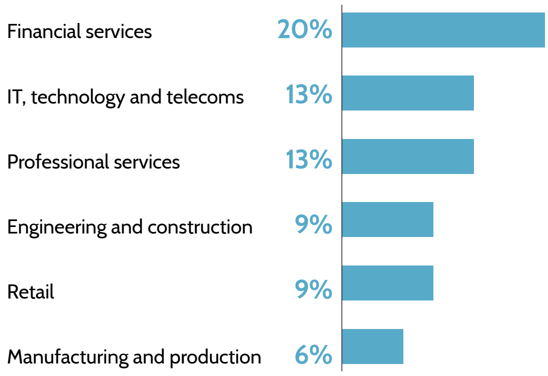
1.3m
Employees represented

145
Respondents have more than 1,000 employees

Company size



Largest industry sectors (full list on page 41)



Responding companies

View full list on page 41

- Accenture
- AkzoNobel UK
- Alstom
- AtkinsRéalis UK
- BNP Paribas
- Bourne Leisure
- Centrica
- Costa Coffee
- Deloitte
- DFS Group
- DHL Supply Chain
- Dunelm
- Experian
- EY
- GSK
- Informa
- Legal & General
- Molson Coors Beverage Company
- Mott MacDonald
- Mydentist
- New Look
- Novartis
- Parkdean Resorts
- Procter & Gamble
- Sanofi
- ScottishPower
- Shell Energy Retail
- Sopra Steria
- Standard Chartered Bank
- Thales
- The AA
- The Royal Mint

Matching financial wellbeing strategy with employee needs

Jonathan Watts-Lay

Director
WEALTH at work

Now is the time to bring financial wellbeing support all together in a joined-up approach

WEALTH at work

part of the Wealth at Work group

People need support to manage their day-to-day needs – now is the time to create a more joined-up approach

From this year's research, it is clear to see that employers are linking financial wellbeing to other HR and business objectives, such as building a sustainable and resilient workforce, improving productivity, attracting talent and retaining employees.

However, it is quite worrying that more than three-quarters of employers think a barrier to improving financial wellbeing support is employees not knowing where to start when asking for help; that almost three-quarters believe that their support is not joined up; and that more than two-fifths say that their existing support is unsuitable for employee needs.

Risks to employee financial wellbeing

Although receding, many employers still consider the cost of living as a threat to financial wellbeing, as well as insufficient retirement savings and lack of financial literacy. The mental wellbeing of the workforce is also high on the agenda for employers.

It is well known that when employees do not fully understand their finances or how to address current difficulties, it can result in stress. A lack of understanding of finances can also result in poor decision-making. Helping employees to understand the key financial issues that relate to them is an effective way of overcoming these risks.

But it is really important that any financial wellbeing provision is suitable and effective for the workforce and that employees know how to access it. As people often struggle with their finances, they need support to manage their day-to-day needs, which should be balanced around longer-term needs – for example, the provision of savings through Workplace ISAs, as well as pension savings and preparing for retirement.

The future of financial wellbeing provision

To combat these concerns, it is good to see that almost half of employers plan to make changes to their financial wellbeing offerings in the next two years, with many now focusing on helping employees by providing them with tools to better manage their money through offering financial education, one-to-one guidance and advice. Support is also growing for savings products, such as Workplace ISAs, to help employees build financial resilience.

Although the cost-of-living challenges in recent years may have caused employers to be reactive to financial wellbeing support, now is the time to bring it all together in a more joined-up approach.

Offering a financial wellbeing programme will help employees feel financially secure, whether they are a new parent managing childcare costs, saving for a first home, or planning for retirement. And, ultimately, this can help employees become more financially resilient, which is a win for employers, too.

Contributors

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Head of reward and recognition
Utility Warehouse

Naomi has been head of reward and recognition for the multi-service provider Utility Warehouse since August 2023. Naomi's responsibilities include creating a proactive reward and wellbeing strategy for the growing company that supports a broad demographic. Prior to this, Naomi was head of reward at Cazoo and has held other senior reward roles at Boston Scientific, BTG and Arqiva.

See case study: page 27

Alan Becken

Global employee benefits director
Salesforce

Alan is responsible for Salesforce's global retirement and financial wellbeing strategy, supporting 80,000 employees across 35 countries. With over 20 years' experience in both consulting and in-house roles across a variety of industries, Alan is passionate about empowering employees to make sound financial decisions and to feel confident about their financial situation.

See case study: page 37

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Ant has worked for specialist trade merchants Wolseley UK Group since 2021 in the role of reward manager. His responsibilities include leading on all aspects of employee benefits, pensions and company car schemes across the UK and Ireland. Prior to this, he managed E.ON UK's reward and benefits activity for several years, including developing the E.ON Group's first global employee benefits strategy.

See case study: page 17

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Tim has worked in the pensions industry since 1987. His roles have covered consultancy with Bacon & Woodrow (now Aon), Mercer and Barnett Waddingham. He works extensively on PMI's Policy and Public Affairs Committee and provides input into the institute's education and events programmes. He also writes for the pensions press. He is a Fellow of the PMI and holds the CII's Diploma in Financial Planning.

See expert view: page 25

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Oliver brings a blend of senior private-sector experience at Reuters, combined with a unique record of change leadership as a CEO in the public sector.

Oliver is committed to seeing MaPS reach its full potential to help people, particularly those most in need, to make the most of their money and pensions.

See expert view: page 30

Debi O'Donovan

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Reward & Employee Benefits
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Debi is a highly experienced and well regarded commentator on workplace benefits, reward, pensions, insurances and wellbeing, having researched, written and spoken on these topics for over 25 years.

She co-launched REBA in 2015, having previously been editor at *Employee Benefits* magazine, which she joined in 1998.

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Oluyomi has worked at beauty leader Wella Company since 2020, and in the role of global head of total reward and people operations since 2022. His responsibilities include total reward, performance management, organisation design and HR systems. Prior to this, he held senior reward and compensation roles at Coty and AstraZeneca among other companies.

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Head of reward and HR analytics
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Michaela has been head of HR and reward analytics at Ipsos Mori since 2019, having joined the polling company as reward manager in 2016. Her responsibilities include leading total reward strategies, benchmarking and compensation structures.

Prior to this, she was UK pensions manager for American Express and has held pensions roles at Friends First Assurance and Davy.

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Nina Platt

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Nina has worked at vehicle glass repair and replacement group Belron UK since 2018, holding the role of head of reward and pensions since 2019. She is responsible for the development and delivery of all reward aspects of the people strategy. Prior to this, she held reward roles at Britvic, Sainsbury's Argos and Philips, among other companies.

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Johnny is a financial inclusion commissioner and has roles with the Building Resilient Households Group, Vocational Rehabilitation Association and the Supporting Healthy Ageing at Work project at the University of Edinburgh Business School. He is currently lobbying for a government-led National Financial Inclusion Commission and an independent Household Financial Security Commission.

See expert view: page 21

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Louise's areas of expertise include living standards, pay, employment, forced labour, labour markets, skills, working with employers, services and local government, immigration, and slavery. She studied biological sciences at St. John's College, Oxford. Her background is in education, having previously worked on developing widening participation activity at the University of Oxford after starting her career as a science teacher.

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Jonathan is one of the original founders of WEALTH at work. He has worked with companies across the UK to help their employees improve their financial future through the provision of financial education, guidance and investment advice. He is a recognised commentator on a range of financial matters, from helping employees make the most of their pay and benefits, to planning for retirement.

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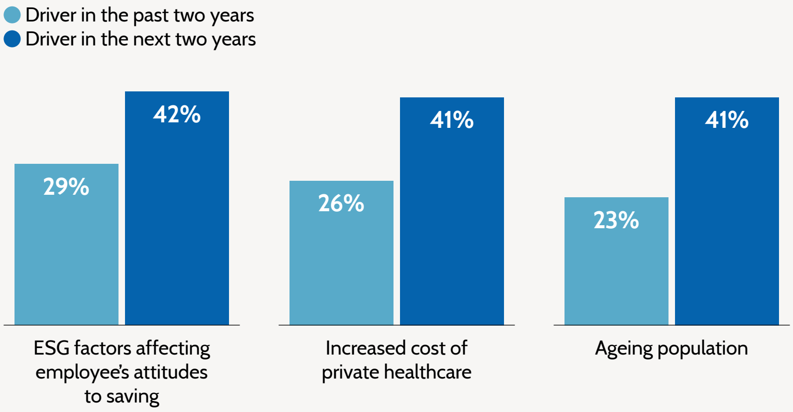
The emerging trends in nurturing workforce financial wellbeing

ESG, ageing and medical costs to reshape financial wellbeing strategies

Broader societal and economic issues will have a bigger influence on changing offerings as the impact of the cost-of-living crisis dissipates. During the next two years, increasing numbers of employers will be looking to adapt their financial wellbeing offerings to take account of employee expectations linked to environmental, social and governance (ESG) issues, shifts in age demographics and the impact of funding private medical care as the NHS struggles.
See page 11

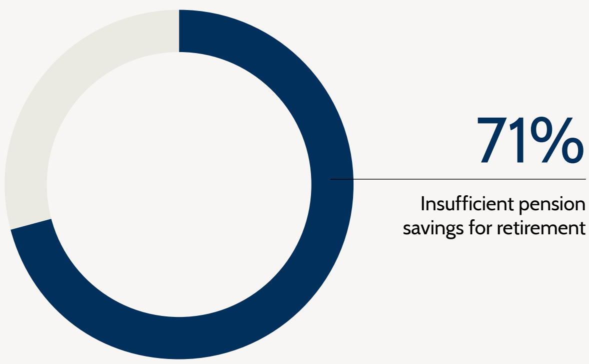
Top three increasing drivers of future change in financial wellbeing offerings



More employers to take on responsibility to address retirement adequacy

Insufficient pension savings is the third highest perceived risk to employees' financial wellbeing, as reported by 71% of respondents. As such, increasing numbers of employers are beginning to take action to address this looming issue by focusing on pre-retirement support and benefits (see page 23). Ensuring retirement adequacy not only supports wellbeing but also meets wider organisational aims around diversity, equity and inclusion (DEI) and ESG.
See page 22

What is putting employees' financial wellbeing at risk



Parenting, caring and housing costs are creating financial risks for employees

The impact of high living expenses on employees' financial stability, and the knock-on consequences these can have in the workplace, are being recognised by employers. The high cost of housing, from rent and energy bills, through to getting onto the property ladder, is creating stress in the workforce. Working parents and carers in particular face higher financial burdens.
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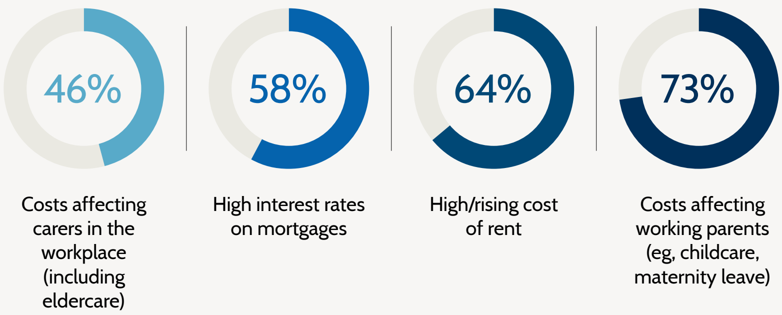
Top issues putting employees' financial wellbeing at risk



Mental wellbeing is the driving force behind financial wellbeing

The connection between mental and financial wellbeing is well established. Increasingly, employers are becoming aware of how those dealing with more complex clinical mental health conditions can be particularly vulnerable to poor financial wellbeing and exclusion. More focused support for specific groups, from the bereaved through to neurodivergent employees, is needed.

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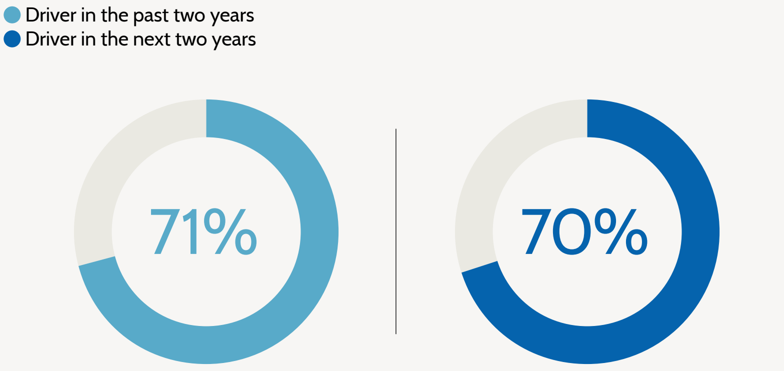
Mental wellbeing is the top driver of change to financial wellbeing offerings



Upsurge in data use to justify spend and prove effectiveness against HR objectives

Better use of data insights over the next two years will help employers to measure and understand the effectiveness of their financial wellbeing programmes. By leveraging this data, employers will be able to strategically embed their offerings and align them to organisational aims and objectives, from improving DEI, through to measuring return on investment.

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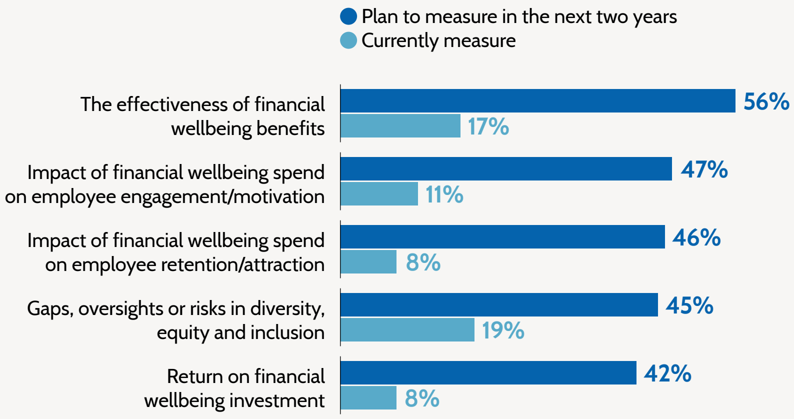
Top five areas employers measure with their financial wellbeing data



Pre-retirement planning, coaching and training will be fastest-growing financial wellbeing offerings

Specific financial wellbeing benefits and support are needed to meet the highly personalised requirements of a workforce. For employers keen to improve financial resilience and workplace culture to better support employees, one size cannot fit all. Individual coaching and line manager training is on the rise to fill this gap.

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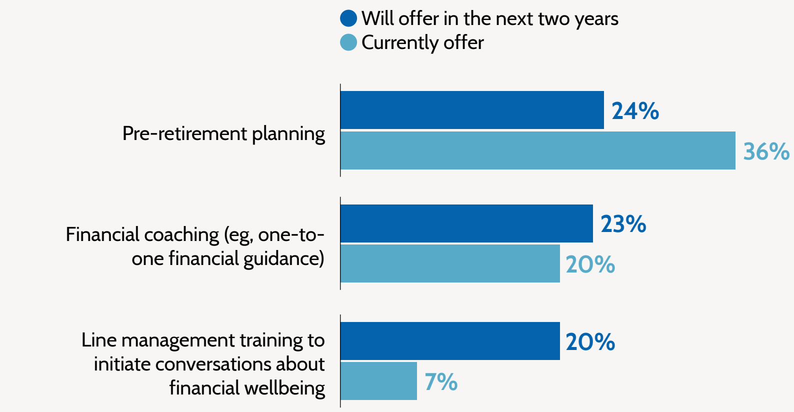
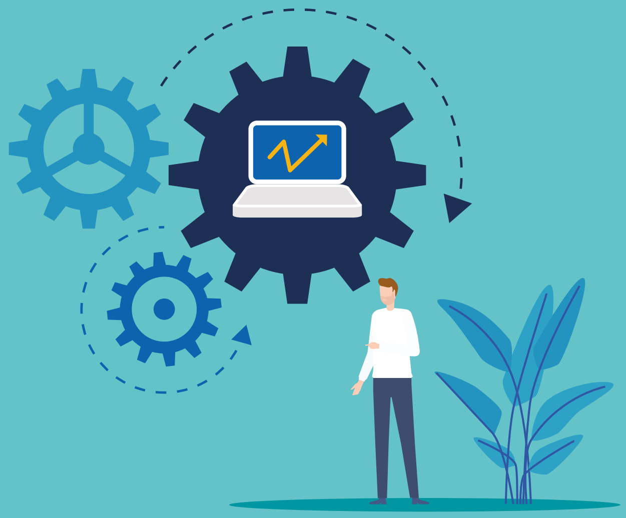
Top three financial wellbeing support services employers plan to fund



As financial wellbeing risks increase, so too does pressure on employers



Financial wellbeing is top of mind for employers, as changing behaviours and enduring consequences of the high cost of living ignite a shift

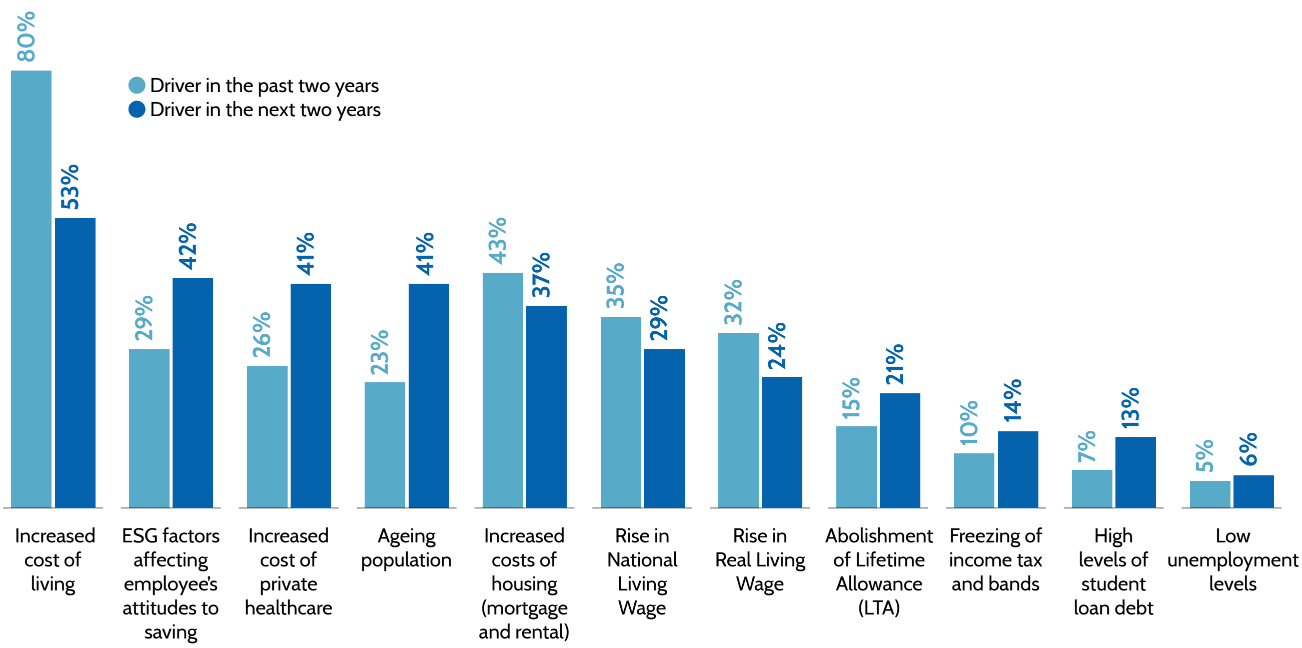
The majority of employers have either made changes to their financial wellbeing offering in the past two years or plan to do so in the next two years (see page 33). There are an array of factors influencing this shift, from economic and social changes through to employee expectations.

A primary cause of this significant movement is the enduring effects of the high cost of living. The Bank of England's target rate of inflation is 2%, and although this was met earlier in 2024, figures from the Office for National Statistics (ONS) show that the consumer price index rose again to 2.2% in July, highlighting ongoing instability. Furthermore, despite the overall fall in inflation, the government's *Households Below Average Income* report finds that 12% of working adults are in poverty.

The high rate of interest, coupled with the ongoing consequences of economic instability, mean that the cost of living is still having a significant impact in the workplace. Research from the Money and Pensions Service (MaPS) shows that 12.6 million people (one in four adults, 24%) are financially at risk, meaning they're struggling to keep up with bills and borrowing commitments, using high-cost credit or are unable to afford food or essentials.

Figure 1

The external factors driving change in financial wellbeing offerings over the next two years



BIG SHIFT

-34%

Fewer employers think the cost of living will drive change in financial wellbeing offerings

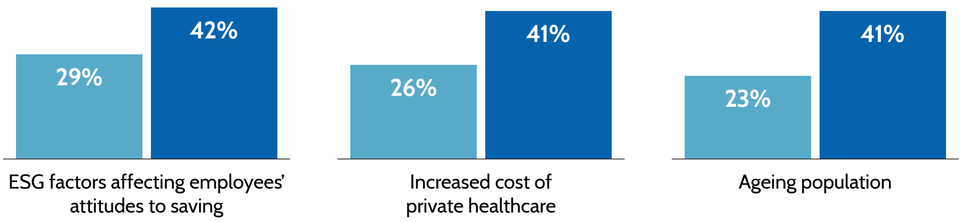
As many as 80% of employers say the increased cost of living has been a driver of change in their financial wellbeing offerings over the past two years. However, a little over half (53%) expect it to be a factor in the next two years.

Wider societal issues are having an impact on employers' financial wellbeing offerings

Although the increased cost of living is the largest driver of change, this is a decreasing issue. During the past two years, 80% of employers feel that this has been a driver of change for financial wellbeing offerings. However, in the next two years, this falls to just over half (53%).

In contrast, other societal and economic issues – such as attitudes to environmental, social and governance (ESG) factors, the cost of private healthcare and the ageing population – have moved up the agenda.

Figure 2
Top three increasing drivers of future change



Driver in the past two years
Driver in the next two years

Just over one in five (21%) have chosen pension investments based on their values and beliefs (such as environmental, social or religious), according to a WEALTH at work survey of more than 2,000 working adults with a defined contribution workplace pension.

Its *Pensions Engagement Research* (2024) also found that two in five (40%) employees would increase their contributions if they knew their pension was investing in funds that aligned with their values and beliefs. This increased to almost half (48%) for younger workers (18- to 34-year-olds).

Medical inflation – the increase in costs to support medical trends and developments and usage of diagnostics and treatment – continues to rise, while the ageing workforce is also adding to healthcare demand.

The Association of British Insurers (ABI) revealed in its *Growing Demand – Increased Use of Health and Protection Services in 2022* report that take-up of virtual GP appointments through insurance has rapidly increased, with 1.4 million appointments scheduled in 2022. Of these, 87% were offered through workplace schemes. Coupled with challenges around the ageing workforce and retirement capability (see page 22), employers are facing a wide range of financial wellbeing challenges.

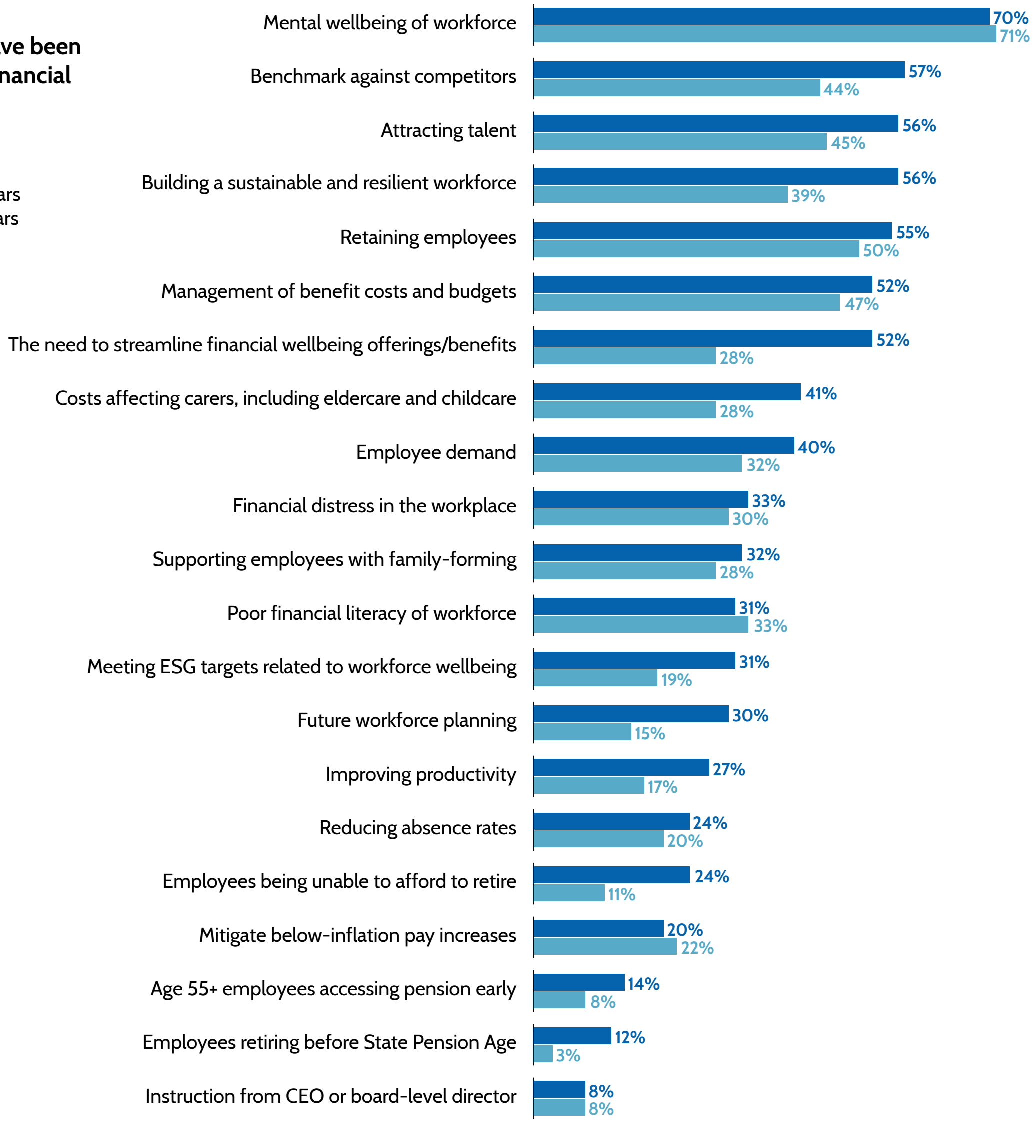
Greater focus on financial wellbeing offerings is coming from numerous internal sources

Across the board, internal pressures are mounting to improve financial wellbeing offerings – much more so than in the past two years. This highlights ongoing issues such as recruitment and retention, as well as emerging trends such as retirement adequacy (see page 22).

Figure 3

Internal factors that have been drivers of change for financial wellbeing offerings

- Driver in the next two years
- Driver in the past two years



BIG SHIFT

+86%

The rise in employers streamlining financial wellbeing offerings will be the fastest-growing driver of change

Just over a quarter (28%) of employers say the need to streamline financial wellbeing offerings has been a driver of change in the past two years. This proportion will rise to more than half (52%) over the next two years.

Mental wellbeing remains the consistent factor driving financial wellbeing offerings

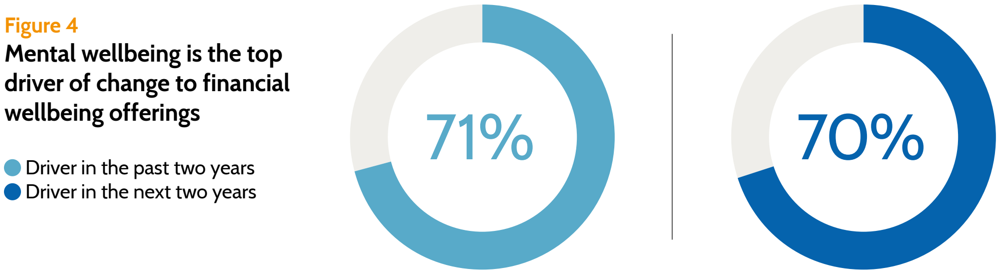
The connection between mental health and financial wellbeing is well established.

The Money and Mental Health Policy Institute's *Always on your Mind* (2024) research found that those who experience persistent mental health problems are 9.3 times more likely to find it difficult to manage financially, compared with those who have never experienced a mental health problem.

Similarly, those with persistent financial difficulties are 5.5 times more likely to experience a mental health problem compared with those who haven't reported any financial difficulty. A similar pattern was also observed among those with shorter-term mental health difficulties.

Figure 4

Mental wellbeing is the top driver of change to financial wellbeing offerings



Supporting mental health was the top internal driver of change, and, given the ongoing impact of the cost of living (see page 10), this is unlikely to change in the short term. Financial distress in the workplace was also a driver of change for one-third of organisations in the next two years.

Financial wellbeing is central to a sustainable and resilient workforce

The World Economic Forum's *Good Work Framework* (2022) proposes enhancing job quality through five objectives and associated goals, including promoting fairness on wages and technology, and delivering on health and wellbeing. It finds that 'good work' would have wide-ranging benefits for economies, societies and businesses, as well as supporting the 'S' of ESG.

Financial wellbeing is increasingly recognised as a key element of this, supporting employees' mental and wider wellbeing.

Other ESG factors, such as improving equality, via closing pay and pensions gaps, is becoming more important to investors, shareholders, employers and employees alike. These elements are further acknowledged in the UN's Sustainable Development Goals.

Figure 5

ESG-related drivers that are influencing financial wellbeing offerings

In addition to the social elements of ESG, the research findings highlight that employee attitudes towards saving are having an influence – for example, ensuring that there are sustainable investment options available in the organisation's pension scheme.

Addressing financial wellbeing gaps is key to meeting ESG targets

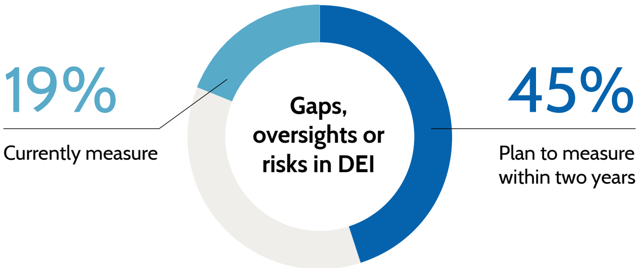
Diversity, equity and inclusion (DEI) is a central pillar of meeting ESG objectives. From a financial wellbeing perspective, supporting financial inclusion and being aware of potential financial gaps in the workplace is paramount.

The Financial Inclusion Commission's *Fixing Financial Exclusion across the Four Nations* (2024) research highlights the difficulties some face in accessing financial services and, as a consequence, being financially resilient. Groups that are particularly at risk are: part-time workers – many of whom are women; single parents; those with a disability; carers; and immigrants. Age is also a factor, with younger employees finding it difficult to build a credit history, while older individuals may be digitally excluded.

With nearly two-thirds (64%) of employers either measuring or planning to measure DEI gaps (see below), employers will be able to better understand what groups in their workforce need additional support.

Many are already taking action with the benefits and services they offer (see chapter 5), such as maintaining pension contributions during periods of statutory parental leave and providing group risk insurances that safeguard employees' financial wellbeing during sickness. Simply improving communications to ensure accessibility – be it through different channels or checking that the language used is clear for all – is essential to closing and improving financial wellbeing gaps.

Figure 6
How employers plan to use financial wellbeing data to measure DEI



EXPERT VIEW

We need urgent action on workers' economic security

Louise Woodruff

Senior policy adviser
Joseph Rowntree Foundation

As a new government settles into Westminster, there's an opportunity for us to take stock of the UK's labour market, our aspirations for it – and where we need to see urgent action to ensure workers across the UK feel economically secure.

UK success stories over recent decades have included a rising minimum wage and more people entering work. More than 15,000 employers now pay the voluntary Real Living Wage.

But at the same time too many workers face insecurity, while the UK's in-work poverty rates have crept upwards. Analysis of the latest data finds 12% of UK workers are experiencing in-work poverty. Research from the Living Wage Foundation in 2023 found that 60% of low-paid workers had used a food bank in the past year.

Of course, other factors – such as the cost of living, housing costs and social security – have a role to play in households feeling economically secure. But jobs are an essential part of the picture, and employers have a fundamental role to play in tackling in-work poverty.

JRF's own work on tackling in-work poverty found that 'good work' must include providing fair pay, security and flexibility – and crucially, being treated with dignity and respect.

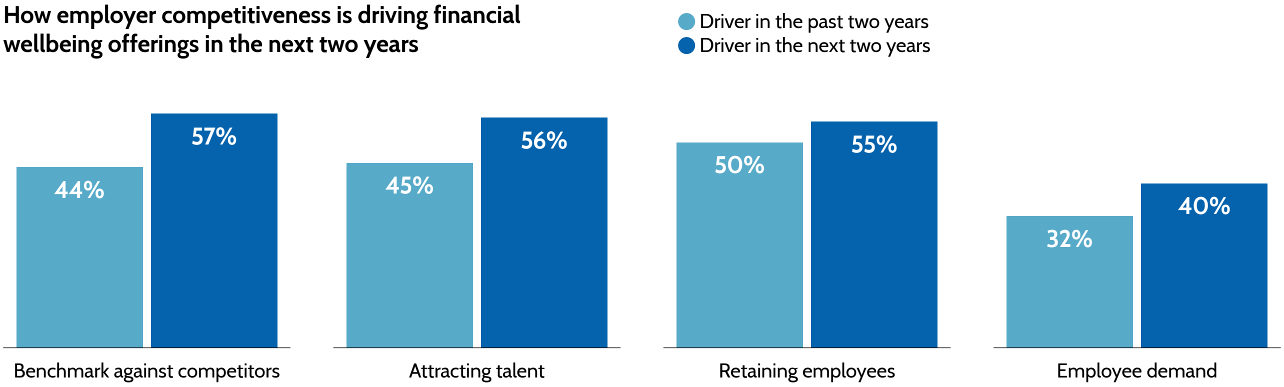
The government has promised significant changes in employment legislation, but there is still an urgent need for employers to lead the way through voluntary action – and a huge opportunity to make a difference for workers by doing so.

Financial wellbeing offerings are increasingly important to competitiveness

Benchmarking against competitors was the second biggest internal driver of change in this year's research. Given that REBA's *Benefits Design Research 2024* revealed that 38% of respondent employers have identified financial wellbeing initiatives as an area that requires urgent attention, and 50% have or will increase spend on financial wellbeing, it is clear that employers are keen to ensure that their offerings are both competitive and meet employee demand.

Figure 7

How employer competitiveness is driving financial wellbeing offerings in the next two years



Challenges around retirement are a significant concern for some employers

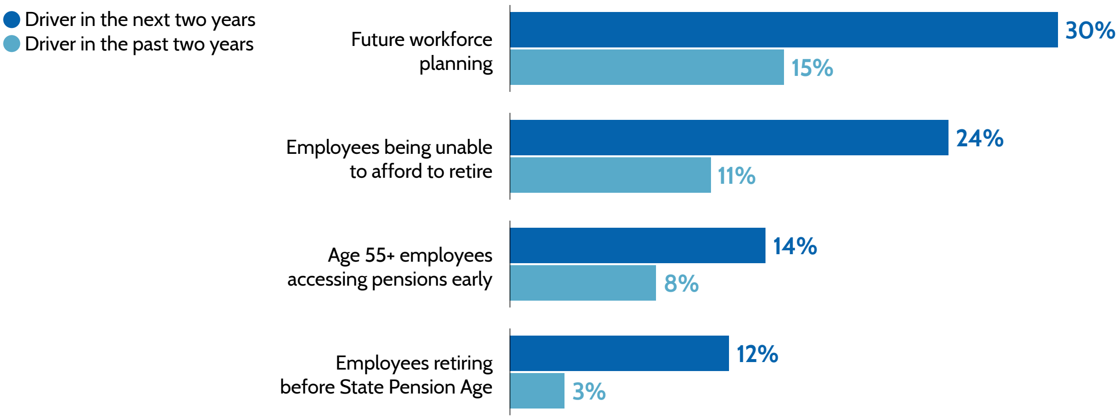
Changing retirement patterns and the ageing of the workforce are likely to cause significant shifts in financial wellbeing offerings.

This year's *Financial Wellbeing Research* shows a significant jump in the number of employers concerned about those who are unable to retire. Undoubtedly, this is linked to the higher cost of living. The Pensions and Lifetime Savings Association's (PLSA) *Retirement Living Standards*, calculated by the Centre for Research in Social Policy at Loughborough University, were revised earlier this year. It finds that the level of expenditure required to maintain a minimum standard of living in retirement per year is now £14,400 for a single person and £22,400 for a couple (see page 24 for more).

This is having knock-on consequences for workforce planning, while those accessing their pension early may also be jeopardising their ability to afford to retire (see more on page 22). More broadly, as retirement behaviours change, employers will need to consider job design to incorporate more flexibility for those who might want and need to adjust their hours. Skills retraining for older workers will also become more important to create a sustainable workforce.

Figure 8

Concerns around retirement readiness are driving change in financial wellbeing offerings in the next two years

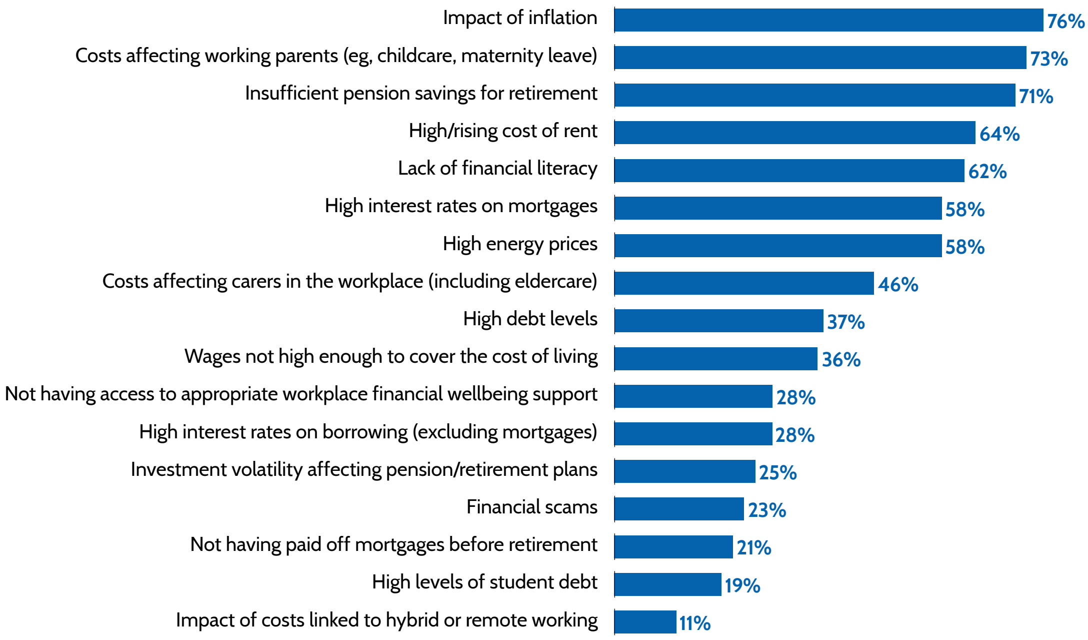


The impact of life events on financial risks

Often, the financial wellbeing risks facing employees relate to their life stage, be they a recent graduate with high student debt, a new parent managing childcare costs or an older worker planning for retirement.

However, employers must be careful not to make assumptions about employees' circumstances based on life stages alone. They must also consider that unexpected events, such as divorce and bereavement for example, can have a significant impact on an employee's financial resilience.

Figure 9
The financial wellbeing risks facing workforces



Financial literacy is a global core life skill, but two-thirds don't reach target levels

The OECD defines financial literacy as a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and, ultimately, achieve individual financial wellbeing.

In 2020, the G20 recognised financial literacy as a core life skill that is essential to empower individuals and support the financial wellbeing of both individuals and societies. Without these skills, people can struggle to manage their money effectively, especially when life events occur, such as illness or an unexpected bill to fix a car.

However, the *OECD/INFE 2023 International Survey of Adult Financial Literacy* revealed that of the 39 countries participating in the survey, the average financial literacy score was 60 out of 100 points. Only 34% reached the minimum target score for financial literacy, defined as scoring at least 70 out of 100 points. As outlined by MaPS on page 30, employers have a role to play in helping to improve financial literacy.

Figure 10
A lack of financial literacy is a risk to the workforce's financial wellbeing

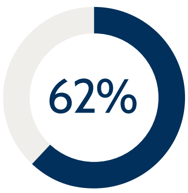
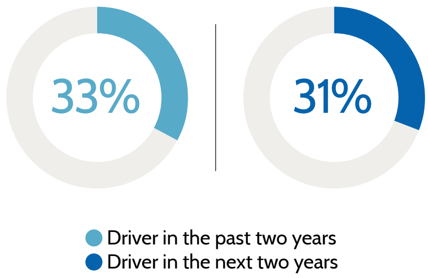


Figure 11
Poor financial literacy is driving change in employers' financial wellbeing offerings



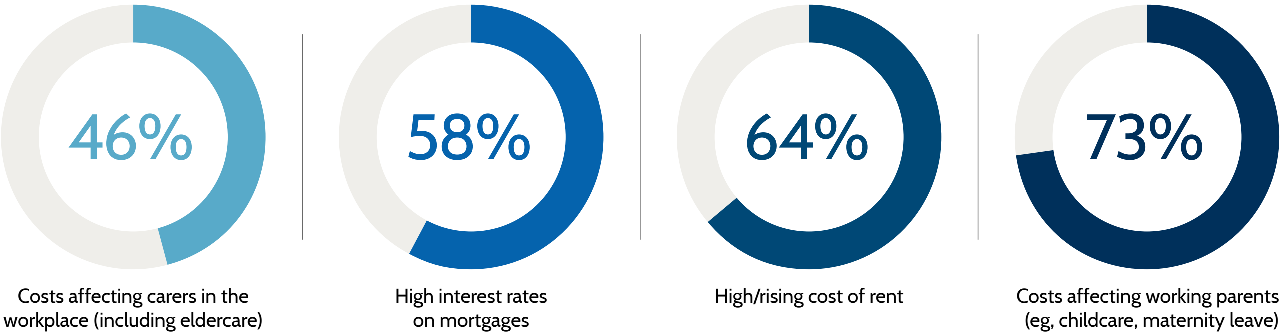
Furthermore, more than a quarter of respondents (28%) highlighted not having access to appropriate workplace financial wellbeing support as a risk to employees' wellbeing. In light of this, many employers are taking steps to improve financial literacy by offering financial benefits and services, as can be seen on page 38.

External economic pressures put employees' financial wellbeing at risk

As we saw on page 10, the cost of living is the largest driver of change to employers' financial wellbeing offerings. And that is reflected in employers' perceptions of the risks to their employees' financial wellbeing, which are predominately focused on living expenses.

Figure 12

The emerging factors putting employees' financial wellbeing most at risk



CASE STUDY

Fair reward is key, but mind the gaps in benefits usage

Ant Donaldson

Reward manager
Wolseley UK

Society doesn't really equip people to make the challenging financial decisions it increasingly expects them to. As people access key financial products such as pensions and insurances through the workplace, supportive employers are ideally placed to help their people navigate this. Our company history in various incarnations spans almost 140 years, and our approach still has an element of paternalism.

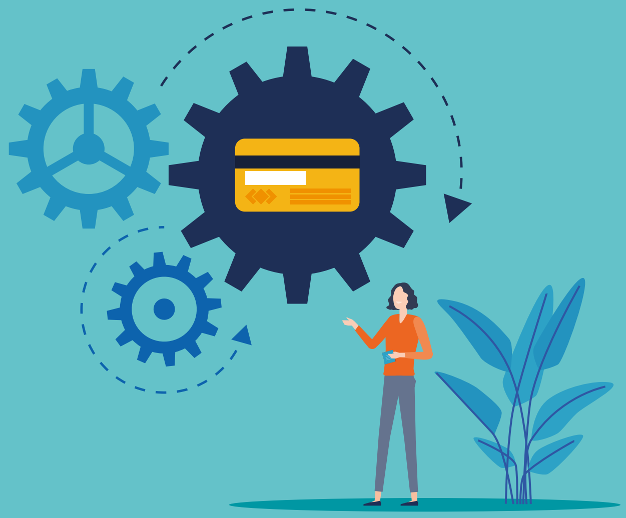
The trade merchanting sector really competes for people, whose expertise is central to our success, so employee wellbeing is an important part of our attraction and retention strategies. But as a relatively low-margin, high-volume business, we haven't got huge amounts of cash to spend.

We differentiate ourselves with the Wolseley wage – our basic rate of pay – which sits above the National Minimum and National Living Wages, and which everyone receives, regardless of age. We believe that fair reward underpins financial wellbeing.

Our colleague forums across the business tell us that the cost of living is still one of the biggest worries – housing, energy, food and fuel. But we've realised that there's insufficient usage and knowledge of the benefits we offer that could help. We're focused on promoting and linking financial wellbeing benefits through webinars and all the in-house communications channels we use.

This has also helped us identify gaps. We are very aware that a lot of people have personal, unsecured debt, or might find themselves paying rent in retirement. The financial services industry tends to look at the world through a wealth management lens, with the assumption that people are reasonably well off. As employers, we need to understand people's lived experiences, rather than looking through those lenses, and offer practical help around the benefits that we offer.

The enduring high cost of living is altering financial wellbeing



Supporting employees through financial pinch points is key to creating an effective financial wellbeing strategy

Across the broad range of issues affecting employees' financial wellbeing, there are five themes that have emerged: working carers, housing costs, student debt, low pay and retirement adequacy. These are affecting different cohorts, although some elements can intersect, with employees experiencing more than one of these at any one time.

The financial challenges facing working parents and carers

The cost of childcare and caring has become more acute as the cost of living has risen. The average cost of a part-time (25 hours per week) nursery place for a child under two is now £148 per week, according to the *Coram Family & Childcare Survey 2023*. This figure rises to £285 for full-time care (50 hours per week).

Pregnant then Screwed's *State of the Nation 2023* research found that just over one-quarter of parents say that the cost of childcare is more than 75% of their take-home pay, while 76% of mothers who pay for childcare say that it does not make financial sense for them to go to work.

Carers are also facing difficult financial decisions when trying to balance working hours and state benefits, while some may experience unexpected expenses such as higher heating or transport costs. Others may have to organise and help fund in-home care or nursing home fees.

Figures from the *Heading for Crisis: Caught Between Caring and Rising Costs* report by Carers UK reveal that, of the 10.6 million carers in the UK, 16% of unpaid carers are in debt as a result of their caring role and their financial situation. This proportion rises to 40% for those in receipt of Carer's Allowance.

Figure 13

The financial wellbeing risks associated with working carers

Employers are becoming more aware of the financial pressures caused by caring responsibilities, and are now taking action to better support this cohort of employees, with more employers viewing this issue as a driver for change over the next two years.

Figure 14
How supporting working carers is affecting financial wellbeing offerings

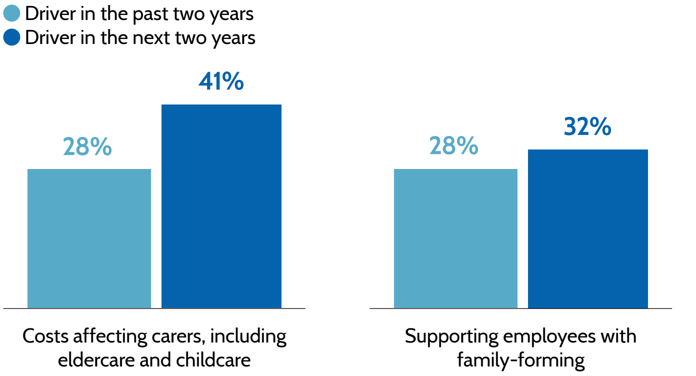
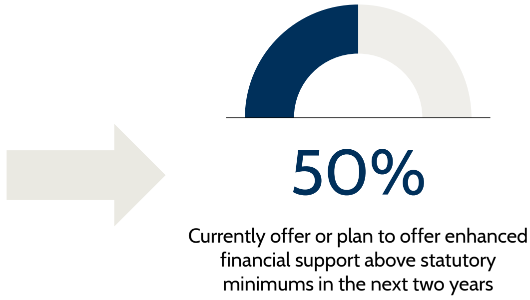


Figure 15
The financial wellbeing benefits aimed at supporting working carers



Housing costs are placing significant strain on employees' financial wellbeing

The cost of housing has risen significantly, particularly in the past couple of years. Figures from the Office for National Statistics' (ONS) *Opinions and Lifestyle Survey* showed that, by the end of 2023, more than a third of those responsible for rent or mortgage payments in the UK were struggling to afford them.

ONS data also showed that private rental prices in the UK rose by 6.2% in the 12 months to January 2024, while the Bank of England's *Financial Stability Report* (June 2024) revealed that about three million households are set to see their mortgage payments rise in the next two years.

CASE STUDY

How a hardship fund offers a last line of defence

Nina Platt

Head of reward and pensions
Belron UK

About 18 months ago, we established a hardship fund. It acts as a last line of defence for employees experiencing one-off challenges when they have exhausted all other options. We've paid for things like tyres and brakes on cars and children's school shoes.

It's not for credit card or utility bills. Typically, we pay out (net) up to £500, but have gone above this on occasion. We take each application on its merit and use previous decisions as a test. We didn't want to have a long list of regulations – instead, we scrutinise applications in tandem with the employee's manager. It's about making sure the people who really need this money are getting it.

About 35 applications have been made so far. But the single biggest reason for people applying is section 21 notices – which allow landlords to evict tenants with two months' notice, after a fixed-term tenancy ends or during a tenancy with no fixed end-date.

Through no fault of their own, people find themselves needing to find accommodation and paying for an unexpected relocation. They might need money up front for a deposit. Invariably, the cost of rent in a new property is more expensive than for their current home, so they feel a real squeeze. You can imagine the stress and worry that comes with that.

Concerns around the impact of student debt are on the rise

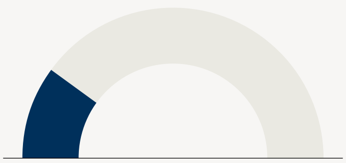
UK graduates now leave university with average debts of £44,940, according to data from the Student Loans Company following a BBC Freedom of Information request. This is significantly higher than in previous generations and has a direct impact on take-home pay. This is compounded by high interest rates, which for post-2012 graduates is capped at 7.5%.

The long-term impact of starting work in debt is striking. Research from the UCL Institute of Education and the University of Michigan, *Graduate Indebtedness: Its Perceived Effects on Behaviour and Life Choices – A Literature Review*, finds that high student debt negatively affects career choices, home ownership, health, finance, retirement, and, for women, getting married and having children.

Employers are beginning to acknowledge the consequences of high student debt and the impact this can have on personal wellbeing, particularly mental health and employees' ability to save. More than one in 10 (13%) employers say high levels of student loan debt will be a driver of change in the next two years. This has almost doubled from 7% in the past two years.

Just 6% of employers offer or plan to offer financial wellbeing benefits to support student debt payments, highlighting a disconnect between those who recognise student debt as a risk and those taking action to address it through their benefits.

Figure 16
Proportion of employers that believe high levels of student debt are a financial wellbeing risk



19%

Figure 17
The financial wellbeing risks associated with housing costs

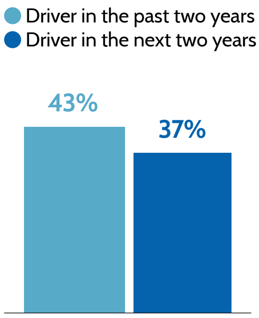
These figures have changed little year-on-year. REBA's *Financial Wellbeing Research 2023* revealed that 66% of employers said that high/rising cost of rent was a risk to financial wellbeing, only marginally higher than this year.

Likewise, last year, 77% were concerned about the risk of high energy prices; this year, 58% said it was a risk (see page 16). This is in line with the fall in energy prices. The energy price cap for 1 July to 30 September 2024 was set at £1,568 per year, £122 lower than for the previous three months.

Employers are using broader financial wellbeing support to help employees manage high housing costs

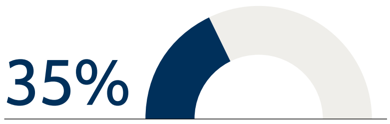
Despite the research revealing that employers understand the high risk of housing costs to employees' financial wellbeing and identifying it as a top-five external driver of change to their financial wellbeing offering, few employers are putting in place benefits that directly support these challenges.

Figure 18
Housing costs are an external driver of change to financial wellbeing offerings

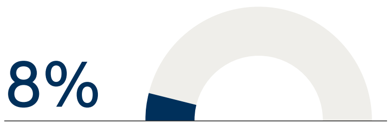


Increased costs of housing (mortgage and rental)

Figure 19
The financial wellbeing benefits aimed at supporting employees with housing costs



Currently offer or plan to offer access to mortgage broking services



Currently offer or plan to offer access to support with rental costs

A more widely used area of benefits support that indirectly relates to housing is financial education and budgeting. The latter is especially important to help employees manage their living expenses effectively.

Financial education offered by an independent specialist is currently provided in 31% of respondent organisations, with a further 16% planning to introduce it in the next two years (see page 31). It is likely that employers are using this broader approach to support employees with the high cost of housing, rather than offering benefits directly related to housing.

Balancing the needs of the low paid with organisational challenges

More than one-third of employers (36%) acknowledge that wages not being high enough to cover the cost of living is a risk to the financial wellbeing of their workforce (see page 16). This is despite the National Living Wage having its largest-ever increase of 9.8% in 2024 to bring the rate up to £11.44 an hour for those aged 21 and over. The Real Living Wage – a voluntary rate based on the cost of living – also increased and currently stands at £12 an hour outside London and £13.15 in the capital.

This risk is balanced with the challenges employers face in paying a higher wage. Around one-quarter of employers say the rise in National Living Wage (29%) and Real Living Wage (24%) will be a driver of change in financial wellbeing offerings in the next two years. Paying higher minimum wages has consequences for pay differentials, pensions payments, as well as the wider benefits budget.

Yet, despite these challenges, employers are taking action to support lower-paid workers. In addition to the increasing number of employers offering financial education and coaching (see page 31), other benefits are being introduced to help this cohort.

Figure 20
Financial wellbeing benefits aimed at supporting lower-paid employees

29%
Offer or plan to offer Pay As You Earn savings schemes

21%
Offer or plan to offer a wage advance scheme

10%
Offer or plan to offer lending through a community finance provider (ie, credit union)

EXPERT VIEW

Long-term change programme for financial inclusion

Johnny Timpson OBE

Chair
Financial Inclusion Commission

Improving work participation and return, closing our UK financial inclusion gap and improving resilience to income and expenditure shocks will offer the opportunity to unlock inclusive economic growth by bringing all stakeholders together in a virtual 'workplace health service' to both shape and deliver a long-term change programme for financial inclusion.

In the spring of this year, the Financial Inclusion Commission (FIC) commissioned research from the University of Birmingham's Centre on Household Assets and Savings Management (CHASM). It revealed that millions of UK consumers are underserved by financial services, with the UK advice and guidance gap now a crevasse for many. This results in reduced resilience to financial shocks, plus potentially affecting their physical, mental and financial wellbeing, as well as economic participation.

The Building Resilient Households Group (BRHG) report speaks of the growing number of people unable to work because of ill health, reduced consumer resilience to shocks, and, often, poor awareness of available occupational and welfare benefits and support, together with the need to reform statutory sick pay.

In addition, it flags the pressing need to improve access to financial information, tools and support via the workplace, as well as the provision of opt-out workplace savings schemes, vocational rehabilitation support and occupational income protection insurance.

FIC and BRHG would welcome the opportunity to collaborate with REBA in progressing workplace financial inclusion and resilience discussions with both the government and all stakeholders.

As the workforce ages, questions around retirement adequacy and readiness are becoming more pressing

Retirement adequacy and saving are essential to long-term financial resilience, yet most employers feel this requirement is not being met

Ensuring that employees save effectively for the short, medium and long term is important for several reasons. It not only ensures that employees are financially prepared for unexpected events, thus reducing stress, maintaining productivity and reducing problem debt, but it also helps with retirement adequacy, which has consequences for the wider organisation.

A lack of retirement adequacy can lead to issues around workforce planning and employees having to work longer than they want to, perhaps in poor health, leading to productivity and performance challenges, not to mention added financial stress for the employee.

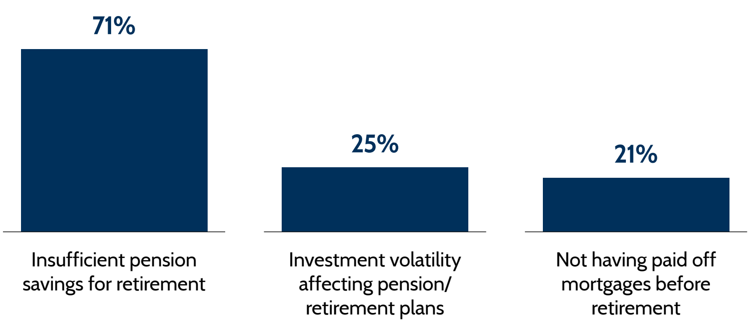
The state of retirement adequacy

The PLSA's *Five Steps to Better Pensions: Final Report* revealed the challenges facing savers. Figures from the 2024 Retirement Living Standard (see page 24), show that, among the working population, 76% of households are likely to hit the minimum amount required to meet basic living expenses – £22,400 a year for a couple.

When looking at the moderate Retirement Living Standard – £43,100 for a couple – only 20% of households of the whole population are currently on track to achieve it. This highlights that many employees will have to accept a much lower standard of living than they are used to, or continue to work.

Employees are also concerned about their level of retirement savings. WEALTH at work's *Retirement Worries* (2024) research finds that nearly two-fifths (39%) of employees think they will never be able to afford to retire, while 32% have decided to delay retirement. Furthermore, the majority of employees (81%) are concerned that the rising cost of living means they will be less comfortable in retirement because of a shortfall in savings.

Figure 21
Risks associated with retirement readiness and savings adequacy



Retirement and savings adequacy are having an impact on financial wellbeing offerings

Of the external factors driving change (see page 10), those relating to retirement are showing a steady growth, highlighting that retirement adequacy is an issue that is gaining momentum.

Figure 22

The external factors linked to retirement readiness and savings adequacy driving change in financial wellbeing offerings

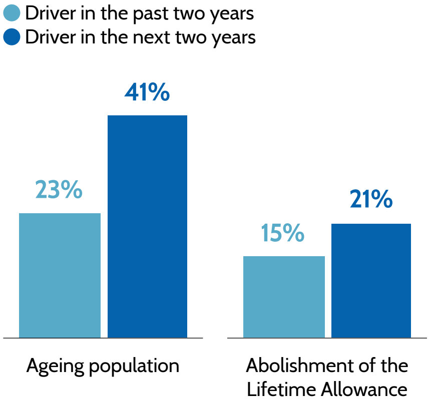
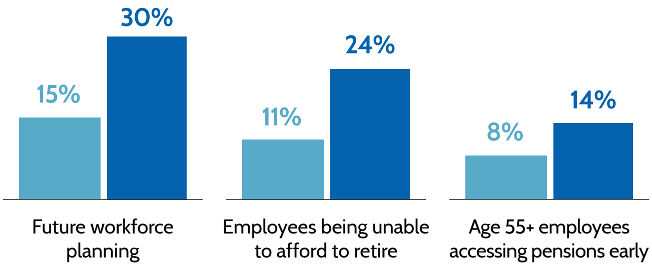


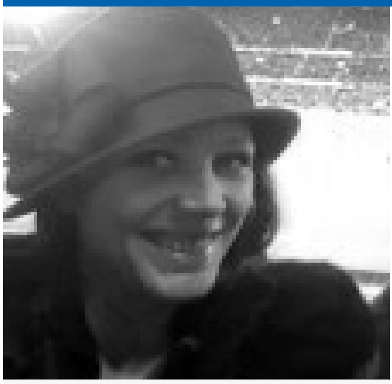
Figure 23

The internal factors linked to retirement readiness and savings adequacy driving change in financial wellbeing offerings



CASE STUDY

Enabling people to make informed decisions at Ipsos



Michaela O'Reilly

Head of reward and HR analytics
Ipsos UK

Monitoring the pensions calculator on our financial education intranet, we found a significant number of women opting out of the salary sacrifice pension scheme when going on maternity leave. We've also found that many senior executives don't know they are affected by the removal of the Lifetime Allowance. Conversely, many of the new graduates joining us have very sophisticated financial knowledge, and ask us detailed questions about investment funds and other financial matters.

Consequently, we target our communications to different groups of employees. We actively speak to anyone changing their contributions because they are going on parental leave, discussing the future implications of coming out of the pension scheme. Our communication styles and types vary depending on the cohort and subject. Blanket emails don't work.

Differentiating communication has increased attendance at education sessions. We offer about 40 sessions a year, making use of a close relationship with all our providers. They know exactly what kinds of financial benefits we offer, so they can tailor specific guidance. Our education is often targeted to certain groups, too.

Obviously, we can't give advice, but we're reducing confusion and offering straightforward, factual, non-advisory information. It's crucial that we enable people to make informed decisions, rather than decisions based on what they think they need to do, without having the facts first.

BIG SHIFT

+78%

Growth in influence of the ageing population on financial wellbeing offerings

Just over two in 10 (23%) employers say the ageing population has been a driver of change in their financial wellbeing offerings in the past two years; this will jump to about four in 10 (41%) over the next two years.

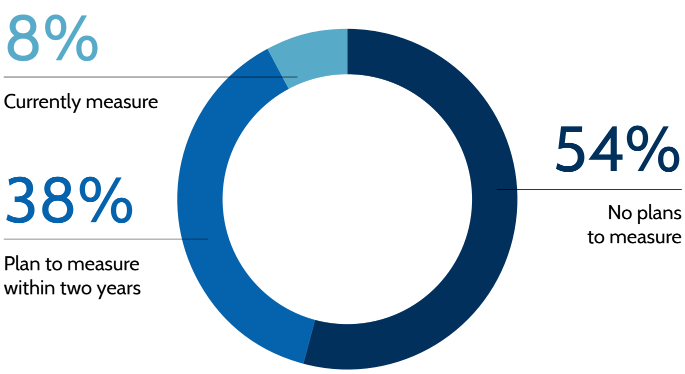
Despite the risk of inadequate pension savings, few employers are measuring retirement adequacy

Research from the Pensions Management Institute (PMI) shows that the cost-of-living crisis has caused almost half (49%) of working adults to change their retirement plans, including 24% of people who plan to delay retirement and 23% who have reduced their pension contributions. A further 5% have stopped making contributions entirely.

These figures should be of concern to employers. However, with just 8% of respondents to REBA's *Financial Wellbeing Research 2024* measuring retirement adequacy, many are in the dark about the preparedness of their workforce and the actions needed to improve it.

The good news is that a significant proportion (38%) have recognised the need to better understand retirement adequacy.

Figure 24
Employers planning to measure the retirement adequacy of their workforce



What are the Retirement Living Standards?

The Retirement Living Standards from PLSA, based on independent research by Loughborough University, show what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

Many employees' private and state pensions, plus other savings, can go a long way towards these costs. For 2024-25, the full state pension stands at £11,500 per year. However, circumstances at the stage of retirement differ greatly, with some employees still paying mortgage and rent upon retirement. Adding to this is the potential cost of social care and any tax on pension income, making retirement adequacy a much greater concern.

Minimum standard £14,400 (single) or £22,400 (couple): A 'minimum' lifestyle covers all your needs, with some left over for fun and social occasions.

Moderate standard £31,300 (single) or £43,100 (couple): A 'moderate' lifestyle provides more financial security and more flexibility.

Comfortable standard £43,100 (single) or £59,000 (couple): A lifestyle that allows you to be more spontaneous with your money.

The ageing population has significant potential consequences for employees' financial wellbeing

For retirement adequacy, the biggest external driver of change in the next two years is the ageing population. Figures from the *State of Ageing 2023* research by the Centre for Ageing Better showed that the number of people aged 65-79 is predicted to increase by nearly a third (30%) to over 10 million in the next 40 years.

Coinciding with this, ONS data on economic labour market status of individuals aged 50 and over reveals that the employment rate of older workers in the two decades leading up to the pandemic was consistently on the rise for older age groups. But this progress has now stalled, with the employment rate of 50- to 64-year-olds still below the pre-pandemic peak.

The *State of Ageing 2023* research notes that older workers with higher incomes are much more likely to actively choose to leave work; while those on lower incomes are more likely to be pushed out because of poor health. Older women are more likely to leave for caring responsibilities than men, and are often less financially secure. The issue of financial gaps is something explored in greater detail on page 14.

REBA's *Employee Wellbeing Research 2024* considers the challenges of looking after the physical wellbeing of older workers, many of whom will be managing chronic health conditions. However, managing the financial wellbeing of older workers is equally important. This is especially true given employers' concerns around retirement adequacy and worries about the consequences of employees accessing pensions savings at age 55+.

EXPERT VIEW

Initiatives will boost longer-term retirement prospects

Tim Middleton

Director of policy and public affairs
Pensions Management Institute
(PMI)

The first members of Generation X will reach the age of 60 this year and will be the first cohort to feature significant numbers of individuals whose workplace pension accrual consists solely of defined contribution (DC) benefits. Unfortunately, many of these people probably will not have accrued sufficient pension savings to secure an adequate retirement income. While this is cause for concern, it is important to note that steps have been taken to improve the retirement prospects of future generations.

The introduction of automatic enrolment (AE) in 2012 has ensured that, by default, all employees are placed in a workplace pension scheme. In the private sector, this will almost inevitably involve a DC arrangement. Currently, at least 8% of 'qualifying earnings' (gross earnings between £6,240 and £50,270 pa) must be paid into a scheme for those aged between 22 and the State Pension Age. Recent reforms are set to remove the lower threshold and reduce the minimum age to 18. Many within the industry also expect the minimum rate of contribution to be increased – possibly to 12% - in the near future. It is important to note that many employers contribute over the statutory minimum.

Recent government initiatives have focused on the assets selected for DC pension investments. By investing in 'patient capital' (long-term investments such as infrastructure projects), savers can expect better long-term returns. This would boost the average pension pot by £11,000, the government says.

The introduction of pensions dashboards from 2026 will allow savers to keep track of accrued pensions savings easily. With Generation Z expected to change jobs every two years, this will prove significant.

While DC pension schemes are often seen as a less secure form of saving than the defined benefit arrangements that preceded them, there are continued efforts by the government and employers to improve longer-term retirement prospects. This will do much to secure the finances of those retiring during the second half of the century.

Tips to improve retirement adequacy

There are several actions that employers can take to improve the savings and retirement adequacy of staff. In chapter 5, we outline the benefits and initiatives that employers can put in place to improve employees' financial wellbeing.

The Centre for Ageing Better also recommends actions for employers and government:

- **Sign its Age-Friendly Employer Pledge** to show that you recognise the value of older workers, are committed to improving work for people in their 50s and 60s and are taking the necessary actions to help them flourish in a multigenerational workforce.
- **Support staff in mid-life to plan for the future** through mid-life reviews, looking at their career, wealth and health as they age. This would enable them to have access to better and more trusted information about retirement, pensions and financial planning than they otherwise would.
- The Centre for Ageing Better wants the government to help older workers return to work through **targeted employment support** aimed directly at people aged 50 and over. It believes that by embedding its key principles for effective employment support, developed over six years of co-design and research work, people will be able to continue working for as long as they want or need.
- **Legislation should be strengthened to support carers to stay in work**. The Centre for Ageing Better would like all workers to be given access to 10 days' paid carer's leave and up to six months' unpaid carer's leave if needed. This is more generous than the current provisions that were introduced under the Carer's Leave Act in April 2024, which provides one week's unpaid leave per year. However, many employers already go above and beyond the statutory minimum.

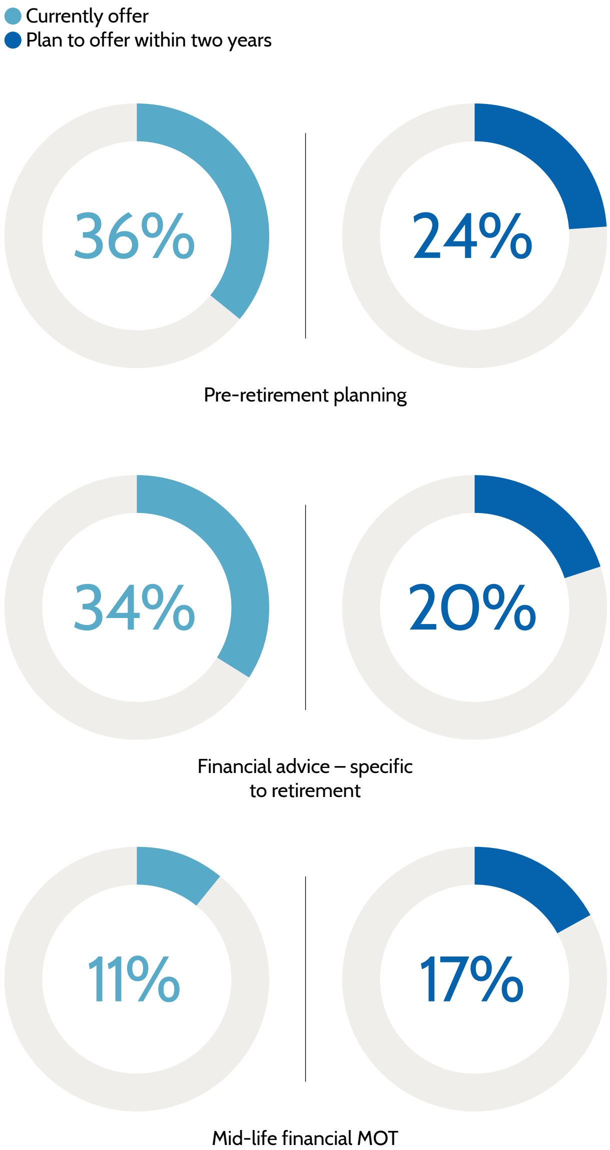
Benefits support around retirement planning is on the rise

In response to the risk of poor retirement adequacy, the research indicates that employers are investing in pre-retirement benefits, with more than half of employers committing to offering these in the next two years.

Just under a third are also looking at mid-life support. Given the recommendations from the Centre for Ageing Better (see column, left) and the value in saving for retirement over a long period of time, more employers should consider offering this benefit.

One explanation for not offering mid-life financial MOTs could be job tenure rates. The ONS found that, on average, around 9% of people changed jobs each year between 2000 and 2018. Therefore, employers may not see the long-term value of this benefit. Yet the positive impact this could have on employees could make it an attractive benefit for retention.

Figure 25
Financial wellbeing support offered that is targeted at retirement needs



Employees need support to protect hard-earned savings

With many employees having saved thousands of pounds in pensions savings, understanding how to protect this and maximise the potential of that money in retirement is paramount.

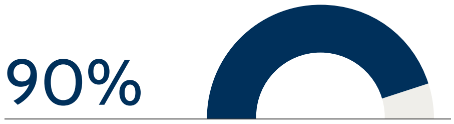
Pension scams are a significant risk, with the Financial Conduct Authority (FCA) reporting that in just six months in 2021, more than £2m had been stolen from pension savers. Moreover, the FCA believes this figure is underestimated as only one in five people report instances to Action Fraud, the UK's national reporting centre.

Tax arrangements surrounding pensions, such as the abolishment of the Lifetime Allowance, which removes incentives to reduce hours or leave the labour market because of pension tax limits, should be a consideration for high earners, as well as those looking to withdraw from their pension at age 55+.

Employers are working hard to enhance and support retirement adequacy, with the majority of respondent employers (90%) offering or planning to offer pension contributions above the auto-enrolment (AE) minimum. This is encouraging, given that the PLSA is urging a rise in the AE minimum from 8% to 12% by the early 2030s.

However, it is important that pension savings are protected and that employees are given the support and knowledge they need to have the best retirement possible, as we see in chapter 4.

Figure 26
Most employers fund or plan to fund above the auto-enrolment minimum



Employer pension contributions above auto-enrolment minimum

CASE STUDY

Employee-led support that targets every age and stage

Naomi Alexander

Head of reward and recognition
Utility Warehouse

We're building from the ground up by getting feedback from employees about financial wellbeing needs, then developing our approach based on their feedback. We use our employee engagement survey and insights from our providers to understand our employees' needs.

The fragility of financial situations has been brought to the fore by recent economic volatility, and this has increased employees' expectations. A big challenge for us is accommodating all our employees' financial wellbeing needs, regardless of their income level and life stage. Another is bridging the gap of understanding challenges across our workforce for employees in varying financial situations.

Pensions are always a big discussion area. It's harder to know when employees are planning to retire now. They often want to continue working in some capacity, and the choices available have perhaps complicated reward professionals' views. Forecasting has become much more challenging.

Younger generations appear to want other savings vehicles in the short to medium term, perhaps to save for a house deposit, or because they don't consider contributing to a pension a priority. But they often still want the employer contributions they would receive if they were contributing to the employee pension scheme.

There seems to be greater expectation from younger generations for employers to support them with their wider financial literacy, helping them to understand good versus bad debt; not just pensions. This is a challenge for the pensions sector, and for us as reward professionals.

Employers have an increasing responsibility to look after the financial wellbeing of their workforce

Whether employers choose to offer education, guidance or advice, engaging employees with financial wellbeing is, ultimately, a governance issue

As we saw earlier in the research, the majority of employers (62%) view a lack of financial literacy as a risk to the financial wellbeing of their workforce. Year-on-year, this concern has not decreased. In REBA's *Financial Wellbeing Research 2023*, 63% identified it as a risk.

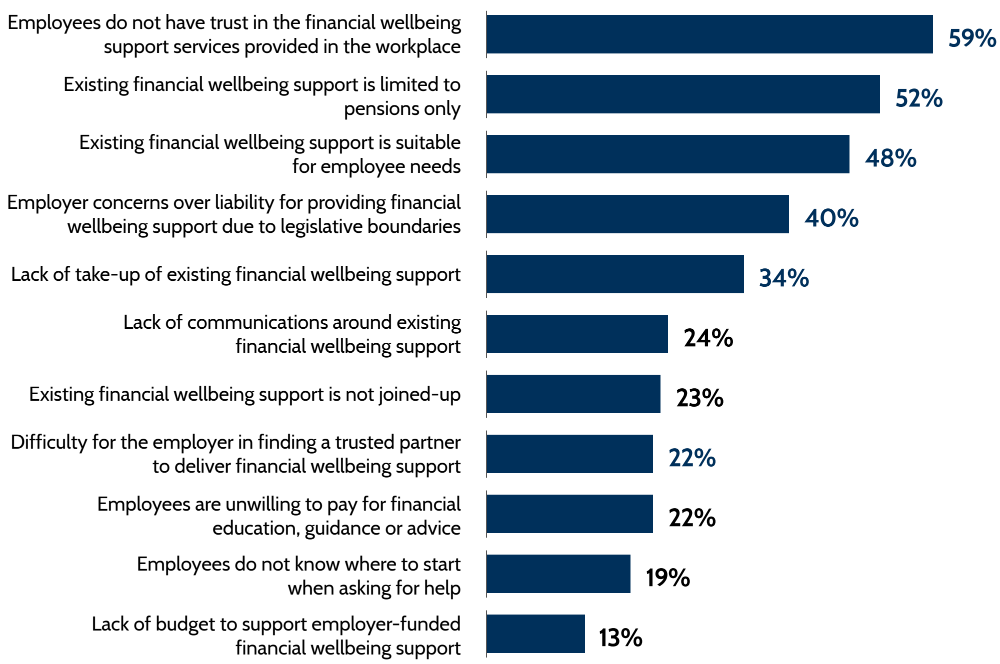
Many employers are still developing their financial wellbeing strategies (see page 33). However, more than half of respondents are feeling positive about the benefits and services that they already provide.

That being said, WEALTH at work's *Retirement Worries* (2024) research finds that 41% of employees don't feel supported in their workplace when it comes to getting help to understand their finances. Just 14% said they would speak to their employer.

This suggests that there is a perception gap between what employees think about financial wellbeing provisions and what employers perceive – 59% of respondents to this survey believe that employees trust the financial wellbeing support services provided in the workplace.

Figure 27

Areas that are *not* seen as a barrier to improving financial wellbeing support

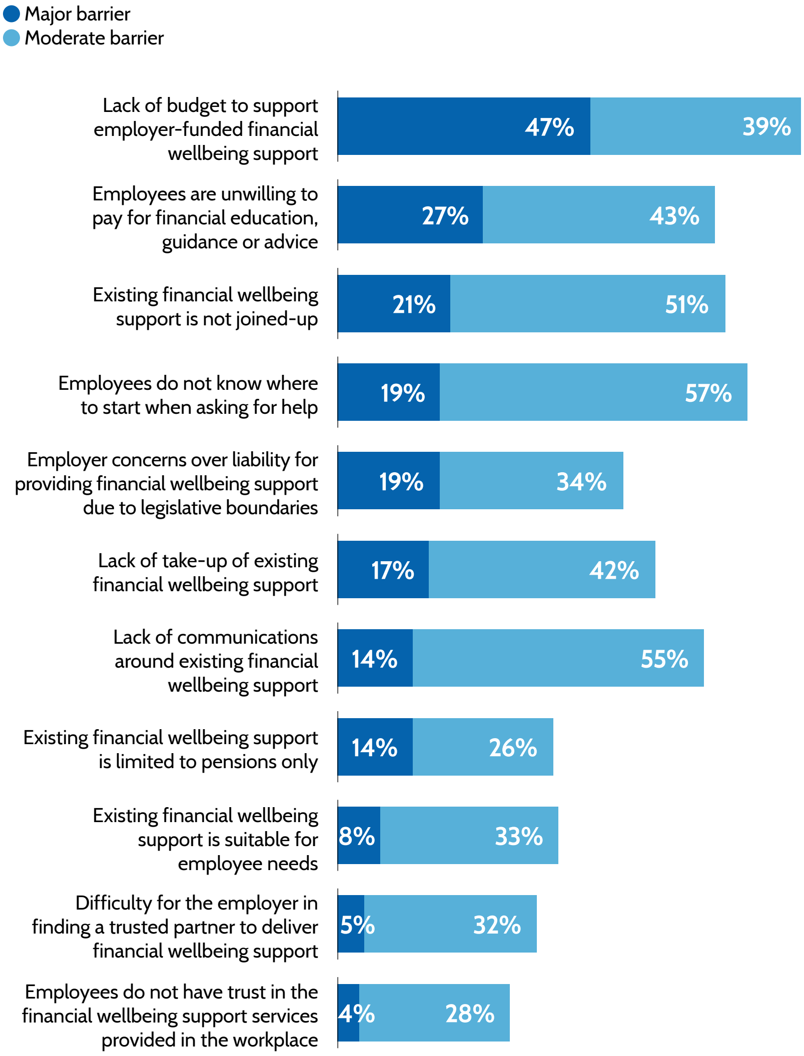


Barriers to providing financial wellbeing remain

The majority of employers are experiencing barriers to improving financial wellbeing support. However, these can broadly be placed into two categories. The first is employer affordability. As with all benefits, budgets are currently under pressure, yet with more informed data on the horizon (see page 35), creating a business case that proves the value of these benefits is set to become easier.

The second main barrier is communication. Employers must improve their communication to help employees better understand the value of paying for advice (if required), where to access and get reliable and accurate financial information from, and how to engage in better support as strategies evolve. As we see on page 30, employers are taking action to make their communications more effective.

Figure 28
Barriers to financial wellbeing support



Steps to support your workforce's financial wellbeing

An employers' guide to financial wellbeing from MaPS details seven steps that employers can take to confidently provide support for their workforce.

1. Use good **signposting and education** to help build confidence and resilience. A quick way to do this is to include links on your intranet and other communication channels to guidance and tools from your providers and other independent sources, such as MaPS.
2. Know **what's worrying your employees** and encourage them to talk about money. External research and internal data and insights can help shape and support the business case for financial wellbeing support in an organisation.
3. Assess what you **already offer**. Audit existing financial wellbeing benefits and understand how well they respond to your employees' needs.
4. Design your **financial wellbeing approach** by considering how to target and prioritise your activity, based on your workforce needs and available resources.
5. **Target key moments** and make support accessible. Proactive financial planning can help support both positive and negative life events. Provide access to guidance and products that enable employees to manage these life events.
6. Decide if you need to use **external providers**. Alongside financial education and guidance, employers can offer a variety of useful products to their workforce, including savings, affordable loans, debt consolidation, salary advance access and insurance.
7. Don't forget to **test and learn**. Whatever financial wellbeing measures you put in place, ensure that you innovate and evaluate and are agile.

Better communication could unlock financial wellbeing value

Findings from REBA's *Benefits Design Research 2024* showed that communication of benefits requires urgent attention in 36% of respondent organisations, with a further 18% stating that minor improvements were needed. As a result, the number-one large-scale project planned by employers for 2024-25 was communication of benefits – in 56% of those organisations planning a strategic transformation project.

Many of the challenges facing employers' financial wellbeing strategies are related to this area. One of the key barriers is a hesitation of employers around providing financial wellbeing support, because of legislative boundaries.

Figure 29
Barrier to improving financial wellbeing support

EXPERT VIEW

Seek structure to boost employees' financial wellbeing

Oliver Morley

Chief executive officer
Money and Pensions Service
(MaPS)

At MaPS, we take an evidence-based approach to understanding what works in building financial wellbeing. We encourage employers to do the same.

We have noticed that employers are increasingly outsourcing provision of financial literacy for their workforce to third-party app or platform-based providers. These offer in one place financial literacy for money, debt or pensions decisions and, depending on each provider's business model, a range of regulated/unregulated financial products.

Evidence is beginning to show (although more research is needed) that people are responsive to using personalised financial wellbeing apps that include a mix of financial products and financial literacy alongside an interactive visualisation of their real-time salary or pension income.

Lastly, AI-generated financial coaching is a growing offer from workplace fintech providers. This has the potential to transform just-in-time financial literacy for employees but must be developed with care to ensure that the in-app financial guidance generated is trustworthy and accurate.

We are collaborating with providers through their apps and platforms, to see where we can embed MoneyHelper guidance and tools.

Having co-funded groundbreaking research into workplace autosave as part of the Nation of Savers pillar of the UK Strategy for Financial Wellbeing that MaPS has a statutory role in coordinating, we are now engaging policymakers and regulators to see how we can expand such schemes at scale through the workplace to help people build their financial resilience.

We are likely to see many more employers taking a structured approach to understanding and meeting the financial literacy needs of their workforce. This is a good thing.

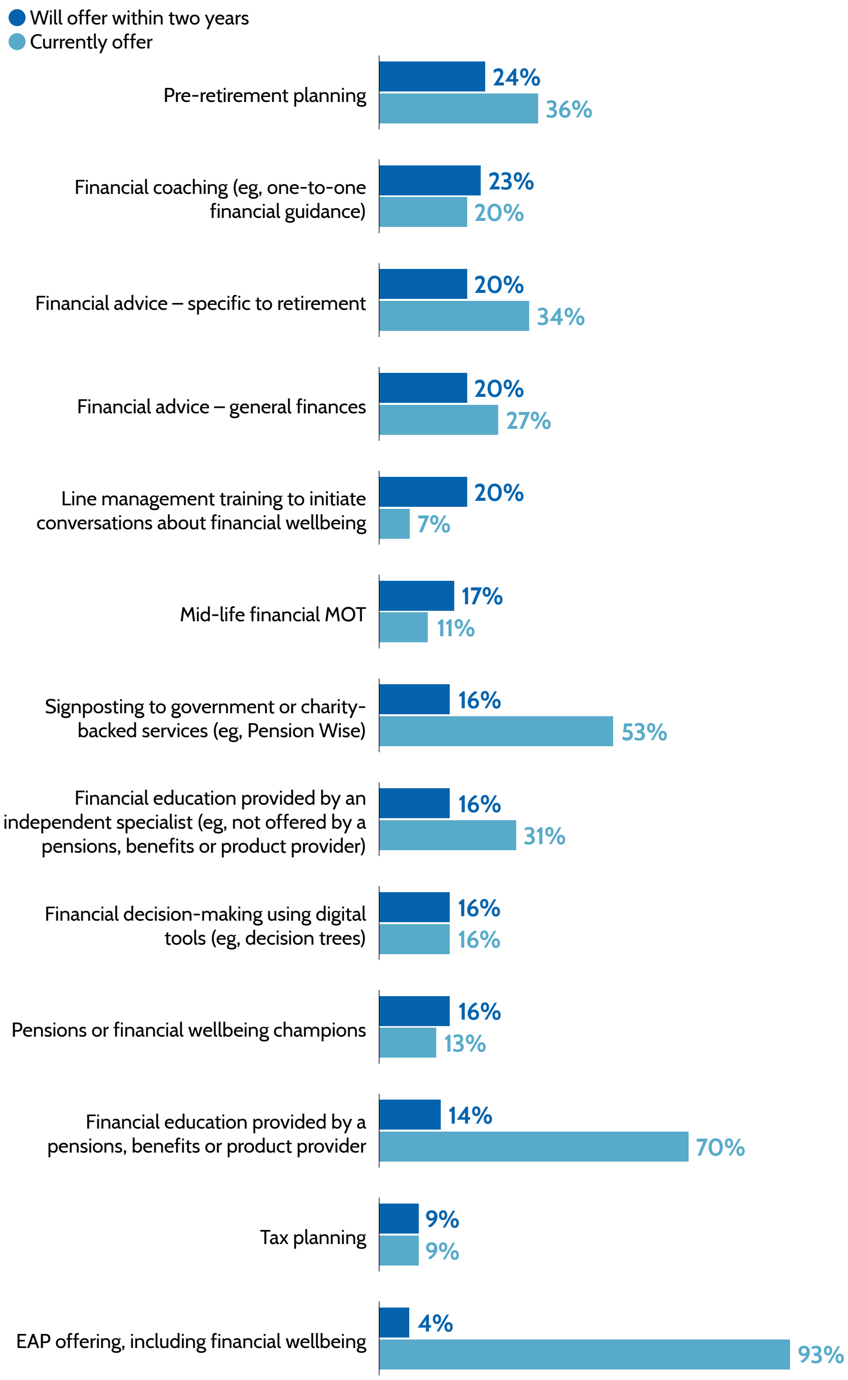
Funded financial wellbeing support is on the rise

Employers are increasingly investing in the financial wellbeing of their workforce (see page 34) and are supporting them with an array of affordable provisions, such as signposting to government or charity-backed services and investing in line manager training, through to more targeted support.

Retirement planning and advice specific to this issue is high on employers' agendas, further reflecting our earlier findings around the ageing workforce and retirement adequacy.

Figure 30

The financial wellbeing support services funded by employers



FCA Advice Guidance Boundary Review: what it means for employers

The FCA's Advice Guidance Boundary Review aims to close the advice gap by building a framework that consumers can trust, recognising the complexity in making financial decisions.

To achieve this, the government and the FCA have been consulting on the regulatory boundary between financial advice and other forms of support. It wants to create a system that ensures consumers get the help they want, when they need it and at an affordable cost.

The review provides the opportunity to rethink the way advice and support are delivered and takes advantage of new and emerging technologies to enhance experiences and outcomes. The aim is to design a regulatory system where commercially viable models of advice and support can emerge, so consumers can make effective financial decisions.

For employers and financial wellbeing providers, a simplified advice regime could potentially give employers more confidence and reassurance about the financial wellbeing support they offer employees, be it through their own in-house signposting and guidance, or via an external third-party provider, such as an insurer or pension provider.

The consultation into this review closed in February 2024 and we are awaiting a response.

CASE STUDY

A share in value is the starting point for employee financial wellbeing at Wella

Oluyomi Okunowo

Senior vice-president, total reward and people operations
Wella Company

Last year, we began offering private equity participation to every single employee

Raising financial literacy and equalising access gives people the tools they need to make informed choices

Wella has private equity backing from KKR, an investment firm that only invests in companies that create a share in value for employees. Last year, we began offering private equity participation to every single employee. When the company does well, there will be a financial benefit for everyone.

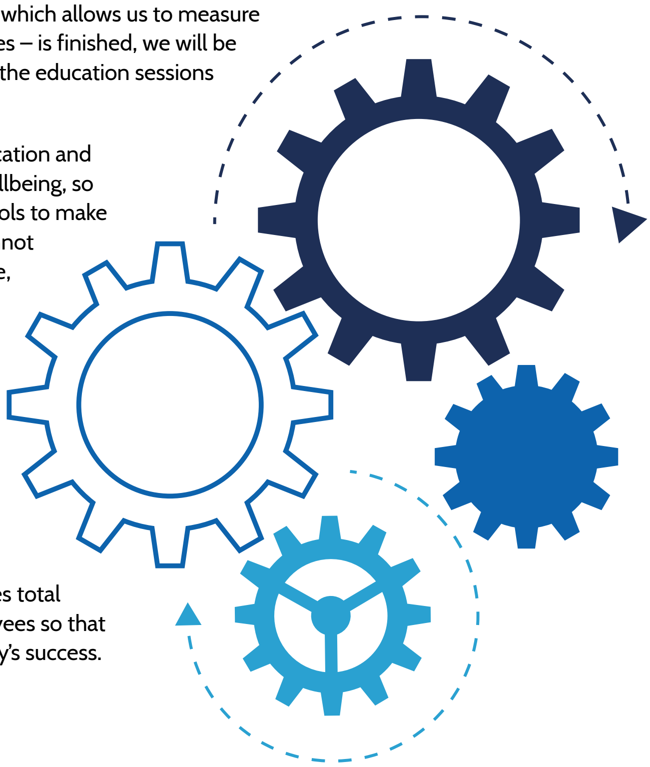
Raising the level of financial literacy among the workforce is crucial to encouraging them. We're aligning our benefits programme – WOW (We Own Our Way) – with incentives and financial education. Not everyone has had access to investment advice or financial management advice.

One of the first things we did was to change the provider of our employee assistance programme in January 2024. Typically, people go to an EAP when they are already having problems. We wanted a service that was more proactive. Our provider now offers advice and counselling across wellbeing pillars but also pushes tailored information to people. This helps shape people's thinking and how they approach their personal finances before they get to a situation where they need help.

We've also rolled out a series of financial wellbeing sessions globally, sharing with people what they should know. Then we started to break it into groups. During International Women's Day, we ran a session focusing on women and finance and what's important to them. This year, we're rolling out three sessions that are focused on different career stages.

Measurement is a central part of these programmes. We're already seeing improved usage of the EAP. Once this year's employee engagement survey with its wellbeing index – which allows us to measure the impact of our initiatives – is finished, we will be able to see how effective the education sessions have been.

We want to ramp up education and awareness of financial wellbeing, so we're giving people the tools to make informed choices. We cannot be everything to everyone, but we want to be able to provide different options to everybody. So we have focused on a competitive rewards programme that addresses the challenges of higher inflation, brings more people into incentive programmes and increases total compensation for employees so that they share in the company's success.



CHAPTER FIVE: FUTURE FINANCIAL WELLBEING STRATEGIES

Employers move to enhance their financial wellbeing offerings

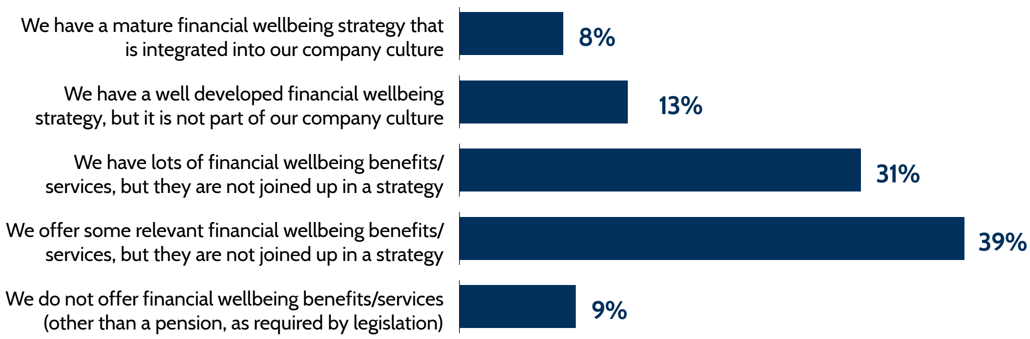
Improving financial wellbeing is high on employers' agendas, with the majority acknowledging that it needs attention and moving to invest in its development

Most employers do not yet have a joined-up financial wellbeing strategy but there's cause for optimism, as this is expected to undergo radical transformation in the next two years. REBA's *Benefits Design Research 2024* found that nearly one-third (31%) of employers plan to implement a large-scale project in this area in 2024-25. This is further highlighted on page 34, where we can see that spend on financial wellbeing is set to increase.

Employers are certainly acknowledging the financial challenges facing employees at all life stages, understanding that there is no one-size-fits-all approach to financial literacy and better financial wellbeing. By actively working to improve the financial literacy of their workforce, employers will begin to see positive repercussions in helping to retain, recruit, engage and, ultimately, improve wellbeing.

Figure 31

How evolved organisations' financial wellbeing strategies are

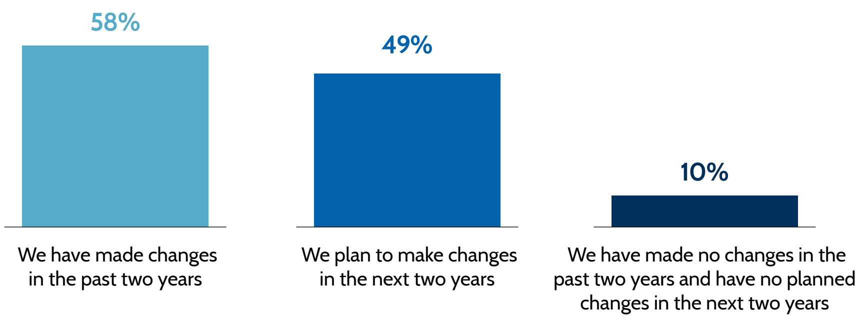


Change is the order of the day when it comes to financial wellbeing

Echoing the results of REBA's 2023 *Financial Wellbeing Research*, we can see that change – whether to join up offerings or to introduce new benefits or services and policies – is still ongoing and planned for the future

Figure 32

The proportion of employers making changes to their financial wellbeing offering



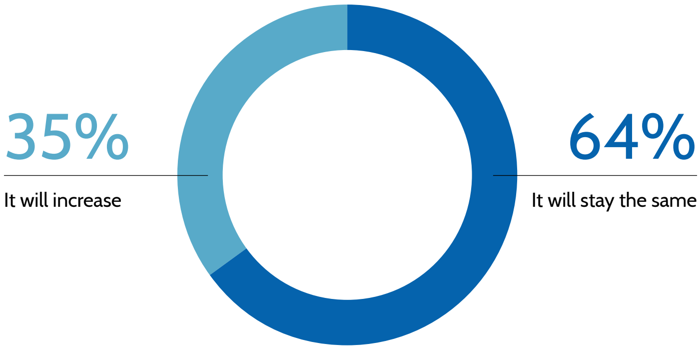
Employers are committed to investing in financial wellbeing

As we see in the following pages, employers are not only investing in broad financial wellbeing programmes but are also reviewing benefits that can target specific challenges faced by employees, such as cost-of-living rises, caring costs or enhanced retirement support.

Many employers are also reviewing their policies – for instance, enhancing financial support for parents and carers above statutory minimums.

Offering financial wellbeing support doesn't have to be expensive. As we explored on page 30, employers should review the benefits they already have in place to understand how these can be best used and communicated to their workforce.

Figure 33
How financial wellbeing spend (excluding pay and pensions) will change in 2024-25



Education, guidance, advice: what's right for your organisation?

More and more employers are putting in place financial wellbeing support in the form of education, guidance or advice. But what's the difference?

Education – provides employees with information about a particular topic. It is likely to be general, catch-all information and offer signposting so employees can learn more about a particular subject. Employees are left to make their own decisions about how to proceed.

Guidance – is slightly more tailored to a person's circumstances and can provide a range of options and narrow down choices, but it will not tell you what to do or which product to buy. It is still down to the individual to make a decision about what option to go for.

Advice – is a regulated service and, as such, is specific to a person's unique circumstances. A regulated adviser will take into consideration an individual's situation, provide advice on what they think is best to do and then implement that advice. If there are any problems, the adviser is responsible, not the individual.

MaPS offers more information on the differences between guidance and advice.

To help you decide what level of support to offer, here are some key questions to consider:

- What are you trying to achieve by offering financial wellbeing benefits?
- What are the main financial wellbeing issues you want to address?
- Do you want to offer support to everyone or just to those making key financial decisions, such as retirement planning?
- Could you offer different levels of support for different cohorts or life events?

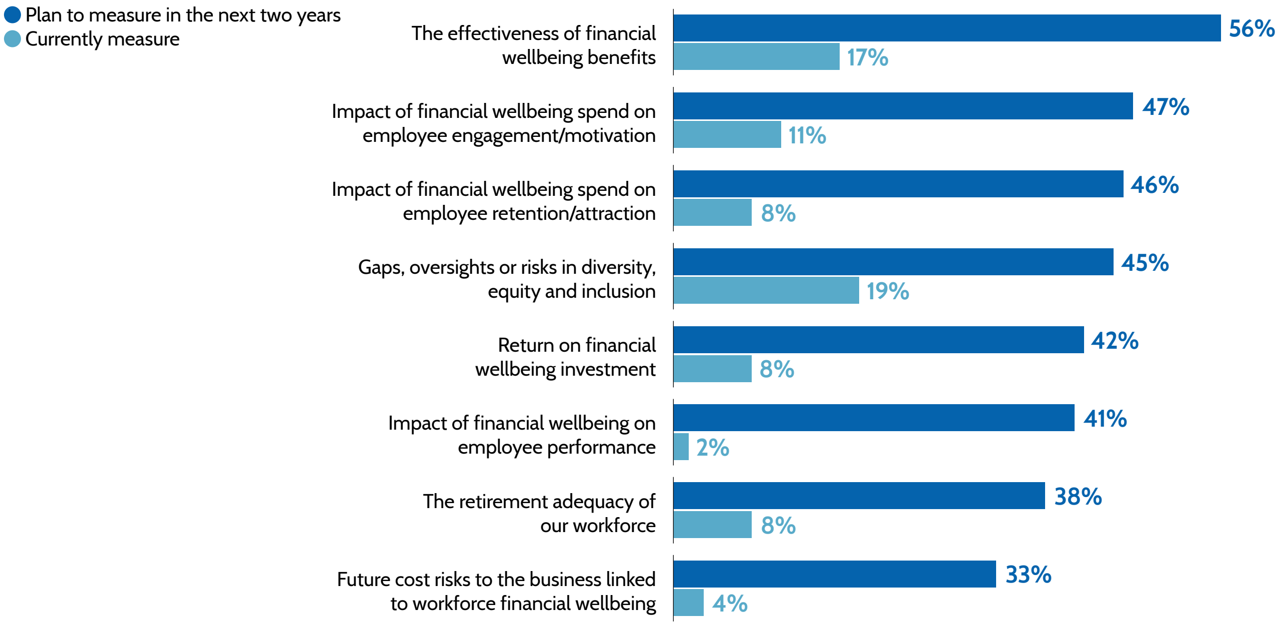
Employers want to better understand the impact of their financial wellbeing strategies

The need for better and more sophisticated employee data is not new. However, employers are becoming more proactive in attaining the information they need to make evidence-based decisions about their financial wellbeing offerings and understanding how they connect and affect wider HR and business objectives.

REBA's *Employee Wellbeing Research 2024* found a move towards greater analysis and measurement of wellbeing initiatives across the breadth of wellbeing offerings. For instance, 14% of respondents said they currently analyse the impact of wellbeing on employee performance, yet 61% plan to do this in the next two years.

Figure 34

How employers plan to use financial wellbeing data to measure the effectiveness of their offerings



The use of financial wellbeing data is set to change dramatically over the next two years, with employers moving to better understand the impact of their strategies on broader HR and business objectives and how financial wellbeing is delivering value to justify future investment. Of the top five factors on the graph, four are linked to proving its effectiveness and impact.

Furthermore, the proportion of employers planning to measure employee performance and financial wellbeing (up from 2% to 41%) highlights how employers also want to understand the consequences of poor financial wellbeing on an individual.

BIG SHIFT

+329%

Growth in how many employers plan to measure the effectiveness of financial wellbeing benefits

Currently, fewer than a fifth (17%) of employers measure the effectiveness of financial wellbeing benefits. During the next two years, more than half (56%) plan to start measuring this for the first time.

Introducing workplace savings benefits is gaining momentum

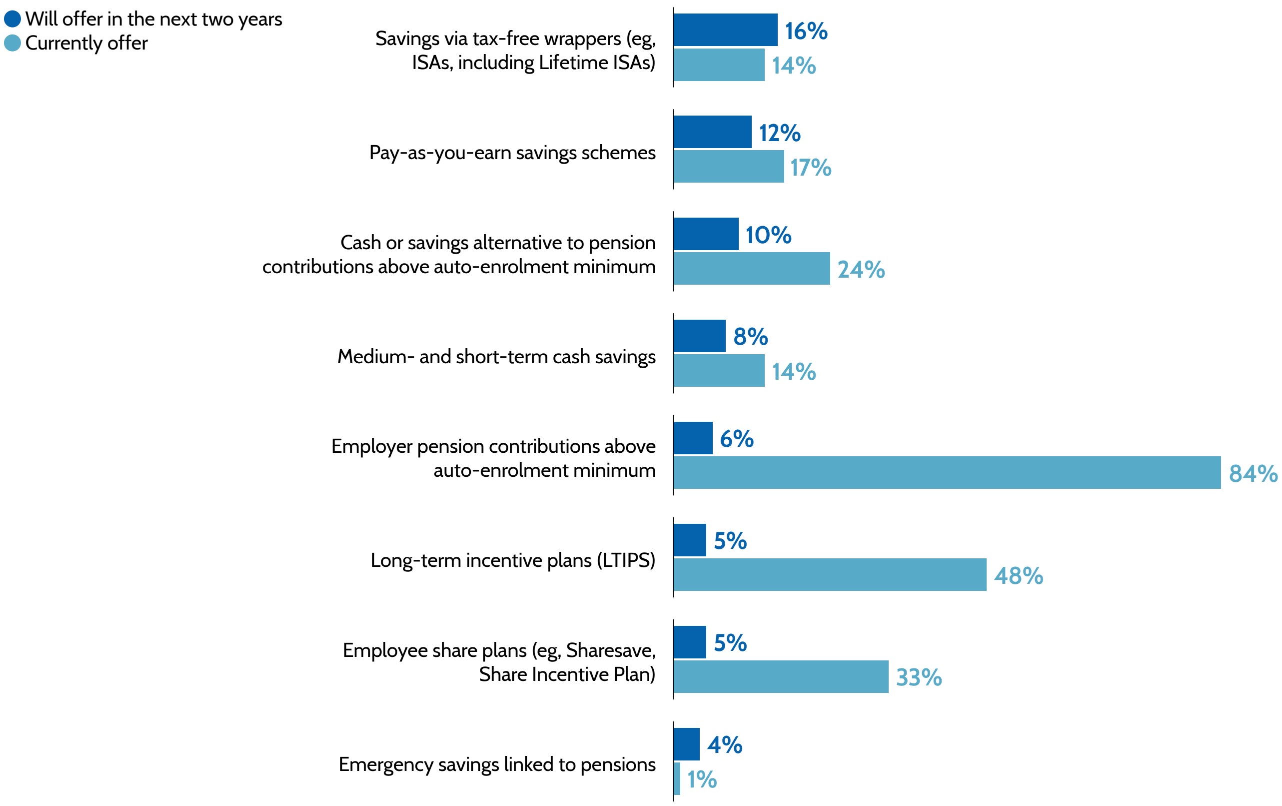
Traditionally, workplace savings have been restricted to pensions and share schemes. Although these are still excellent savings vehicles, changing employee needs mean that shorter-term and more flexible options are gaining momentum.

These are particularly important for those who want to improve their financial resilience by building a savings net, or for those with shorter-term financial goals. Nest Insight, a public-benefit research and innovation centre, undertook a four-year trial of its hybrid saving tool, designed to help employees build up emergency savings. Once a savings target was reached, money was then set aside for retirement on top of their usual auto-enrolment pension contributions. This has been highly successful in helping people to save in a sustainable way.

As the findings show, flexible and more accessible savings vehicles, such as workplace ISAs and payroll savings schemes, are becoming increasingly popular.

Figure 35

The savings and incentives offered by employers



BIG SHIFT

+114%

Growth in the number of employers offering savings via tax-free wrappers

Currently, about one in seven employers (14%) offer savings via tax-free wrappers, such as workplace ISAs. This is set to more than double, with 16% of employers intending to introduce this as a new benefit in the next two years.

CASE STUDY

Trust and equality drive Salesforce's quest to enable employee financial stability

Alan Becken

Global employee benefits director
Salesforce

Soon, every employee will have unlimited, one-to-one access to financial guidance

A financial wellbeing programme that reaches all 80,000 employees across 35 countries is key to inclusivity

At Salesforce, 'trust' is our number-one value. Our employees increasingly look to and trust us to support them, including with their financial wellbeing. Our philosophy on financial wellbeing is simple – we want our employees to make informed choices that are right for them at the right time so they can feel confident about their financial future.

Our latest benefits survey revealed that financial stability is the highest priority for our employees across many of the countries we operate in, even ahead of mental and physical wellbeing.

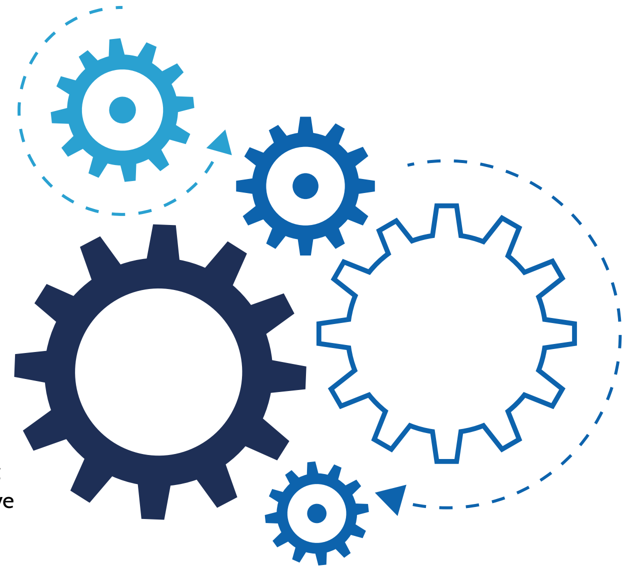
While Salesforce pays competitively within the tech sector and provides comprehensive retirement, accident, life and medical coverage, employees are still anxious about inflation, rising energy prices and housing costs and struggle to know where to go to address their personal financial challenges.

Providing financial education across the employee population is a good place to start, but very quickly employees will want to apply this to their own personal situation, which can be a difficult leap and lead to disengagement. To address these concerns, we are extending our financial wellbeing programme with BrightPlan beyond the US to reach all 80,000 employees across 35 countries. Soon, every Salesforce employee will have unlimited, one-to-one access to financial guidance from a certified, regulated and impartial financial planner based in their own country. These sessions, which can cover any financial topic, will be in the employee's native language and based on the local financial landscape. We also focus on educating and guiding our employees to adopt healthy financial behaviours and attitudes, which are essential for their overall financial wellbeing.

'Equality' is another core value at Salesforce. Our programme is designed to be fully inclusive, recognising that financial challenges can affect anyone at any time. For example, those later in their career may be supporting children with student debt, while younger workers may be supporting elderly family members. We're proud that our programme will provide a level of support typically out of reach for many.

To help the right people at the right time, we also integrate financial wellbeing prompts into existing HR processes, ensuring timely and relevant communication. For example, we can give a prompt when employees receive bonuses or return from maternity leave.

As we continue the roll-out of this programme, we look forward to the opportunities it gives our employees and to live up to our core values.



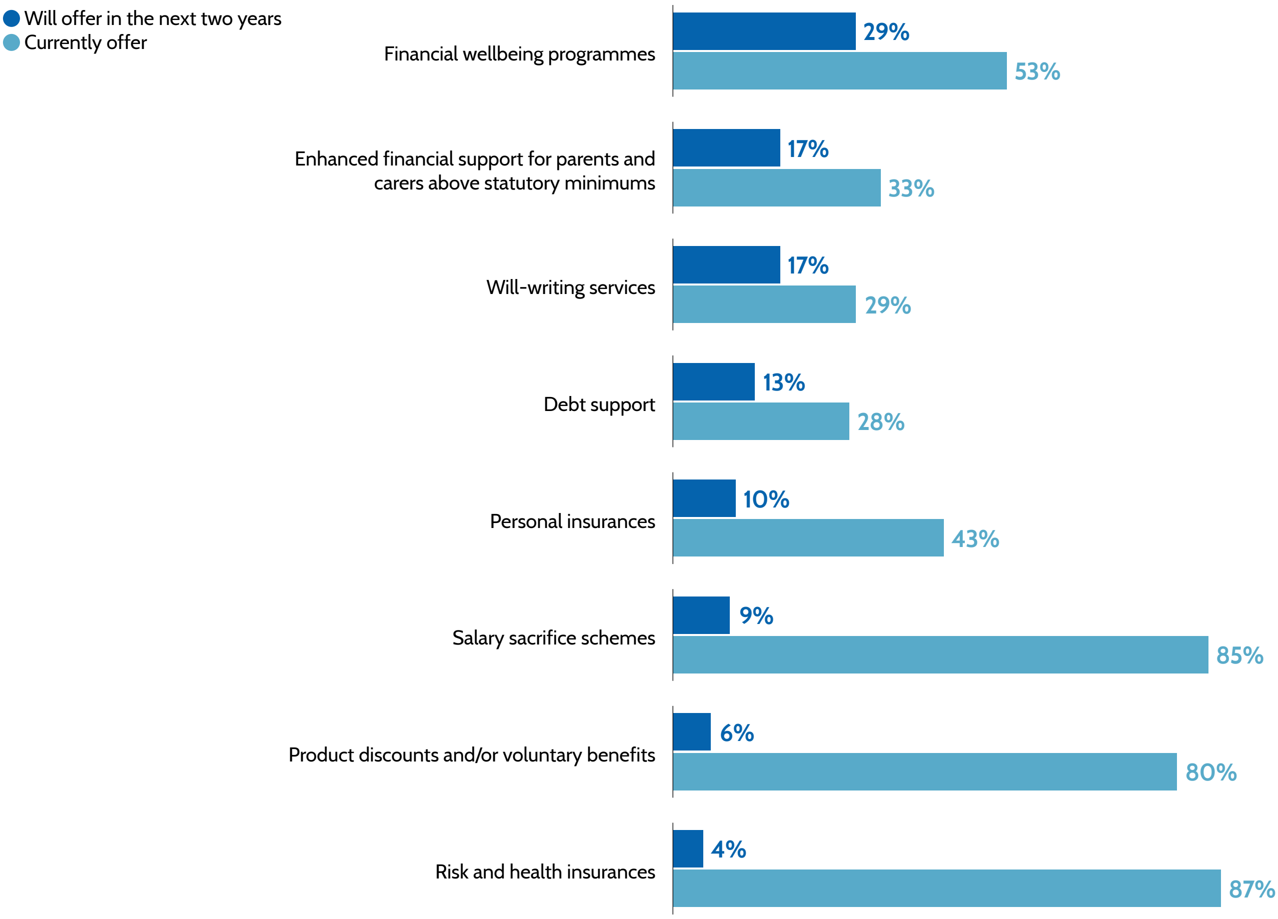
Employers are set to cement their financial wellbeing offering

Staple benefits such as risk and health insurances, voluntary benefits and salary sacrifice schemes are present in the majority of organisations. However, employers do not always associate these key mechanisms with financial wellbeing.

Nearly one-third (29%) of respondents plan to introduce a financial wellbeing programme, which should help to connect and enhance the communication of these benefits. This should create a more joined-up strategy – currently, 70% of organisations do not have a joined-up financial wellbeing strategy (see page 33).

Figure 36

The employee benefits linked to financial wellbeing offered by employers



BIG SHIFT

+286%

Increase in employers offering line manager training in initiating financial wellbeing conversations

Currently, just 7% of employers offer training to support line managers in initiating conversations about financial wellbeing. This proportion will nearly triple, with 20% of employers planning to introduce this in the next two years (see page 31).

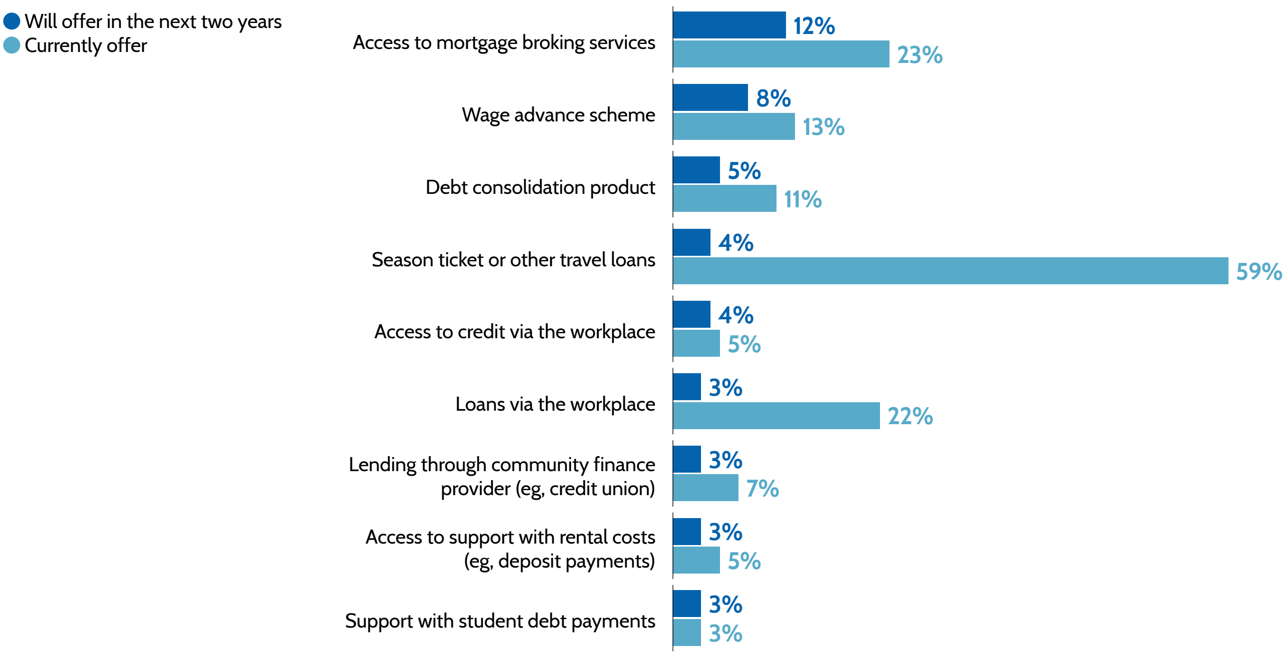
More employers are planning to offer debt and borrowing support

The expansion of debt and loan products and services is still fairly small across organisations, with most employers preferring to offer financial education, coaching or advice (see page 34) rather than provide access to specific products and services in this area.

An exception to this rule is wage advance schemes, which continue to experience steady growth, highlighting the demand for more flexible pay arrangements.

Figure 37

The debt and borrowing support products/services offered by employers



Supporting employees in debt

Debt charity StepChange's *In Work. But Still In Debt* research finds that one in five of its clients in full-time employment are in a negative budget – their expenditure exceeds their monthly income, even after full debt and budgeting advice.

It estimates that around 2.8 million UK adults in full-time employment are in problem debt, while a further 11 million are showing at least one sign of financial difficulty.

This is a growing issue. In 2021, 38% of those seeking debt advice with StepChange were full-time employed. However, by December 2023, that proportion had reached 44% – a 16% rise. It highlights that being in full-time employment does not shield people from problem debt. The cost of living was identified as a major driver behind these figures.

There are several things employers can do to not only support those facing problem debt but also to help prevent employees from reaching this point. Here are some initiatives and benefits that employers can put in place to support employees:

- Fair pay is the foundation of financial wellbeing, as we saw in the case study with Wolseley on page 17. Consider whether pay could be adjusted or improved.
- Put in place financial education and/or coaching to help people better understand about how to budget, the pros and cons of accessing credit, and other key financial skills and products.
- Introduce line manager training to help open conversations about financial wellbeing and ensure that employees are quickly signposted to support services.
- Share stories about problem debt to help break down taboos.
- Communicate regularly about available services and benefits that can support employees with debt, as well as wider financial wellbeing concerns.
- Consider introducing a hardship fund (see the Belron UK case study on page 19).

Recommended actions

From WEALTH at work

1 Build financial resilience

Building new financial habits can be difficult, especially during the current cost-of-living challenges. However, help with budget planning to recognise poor spending patterns (should they arise) is invaluable. It's also vital to help employees understand the importance of saving for the future to build financial resilience. Ensuring they are aware of available workplace savings, such as ISAs and Share Incentive Plans, and how they can help is key.

2 Make it inclusive

Ensure financial wellbeing support reaches all of your workforce. A number of methods are available to support people, depending on their preferred learning style and work environment, such as financial education sessions (face-to-face or online), one-to-one financial guidance with a coach (via telephone, online or face-to-face), webcasts, videos and animations, or even interactive financial wellbeing platforms with gamified learning to increase engagement and interaction.

3 Consider all life events and stages

Specific groups within the workforce – such as parents and carers and those approaching retirement – will have different financial wellbeing needs. Offer employees choices so that they can select benefits that are suitable for them. But don't forget that employees will need support to understand the financial benefits on offer and how to access them to optimise their use.

4 Boost pensions engagement

Given our retirement worries research found that 39% of employees think they will never be able to afford to retire, more needs to be done to engage people. Help employees understand the difference that small increases to pension savings can make. For example, someone in their 20s saving just 1% more can boost future savings by 25%. Also, look for relatable and interesting ways to switch employees on. For example, our pensions engagement research found that despite the current cost-of-living challenges, 40% of employees would increase their pension contributions if they knew their pension was investing in funds that aligned with their values and beliefs.

5 Bring it all together

In recent times, employers may have been reactive in their approach to financial wellbeing as a result of the cost-of-living challenges many have experienced. Now there is an opportunity for reward and benefits professionals to take a forward-looking view and begin to bring together benefits into a more coherent and joined-up strategy. Financial education and guidance can ensure employees understand all their workplace savings and benefits and bring it all together to help improve their finances.

About WEALTH at work

WEALTH at work is a leading financial wellbeing and retirement specialist, helping employees and pension scheme members to improve their financial future through workplace support on a range of matters, from debt and money management to pensions and preparing for retirement.

Established in 2005, we provide bespoke financial education and one-to-one guidance, which can be delivered globally. As part of the Wealth at Work group, we deliver these services for hundreds of organisations, reaching millions of the workforce. Following this, for those wishing to understand their personal financial situation, support is provided via our helpline. At this point, we can offer access to investment advice that provides specific recommendations and can adapt in line with changing needs. We also offer other investment options (on a non-advised basis) for those with simpler investment requirements. These can be initiated at individual level or arranged at employer level by setting up and offering a Workplace ISA.

Visit our website for more information

WEALTH at work

part of the Wealth at Work group

Employers completing REBA's survey

By organisation size, plus sector breakdown

Respondents by organisation size

10,001-50,000

- Accenture
- AtkinsRéalis UK
- Bourne Leisure
- Care UK
- Centrica
- Costa Coffee
- Deloitte
- DHL Supply Chain
- Dunelm
- EY
- GSK
- Halfords Group
- John Lewis Partnership
- Kier
- Mettler Toledo
- McDonald's
- Nationwide
- Nuffield Health
- Primark
- Santander
- Sky
- TJX Europe
- Vodafone
- Whitbread
- World Vision International
- Bidcorp UK
- Cadent
- Card Factory
- Eon
- Exact Sciences
- Flutter Entertainment
- Fujitsu
- Google
- Grant Thornton UK
- Informa
- Legal & General
- Mott MacDonald
- mydentist
- New Look
- NHSPS
- Parkdean Resorts
- ScottishPower
- Sopra Steria
- Thales
- The AA
- Thermo Fisher Scientific
- TP ICAP
- Wolseley UK

5,001-10,000

- AECOM Technology Corporation
- Altrad Babcock
- American Express UK
- Anglian Water
- AXA UK

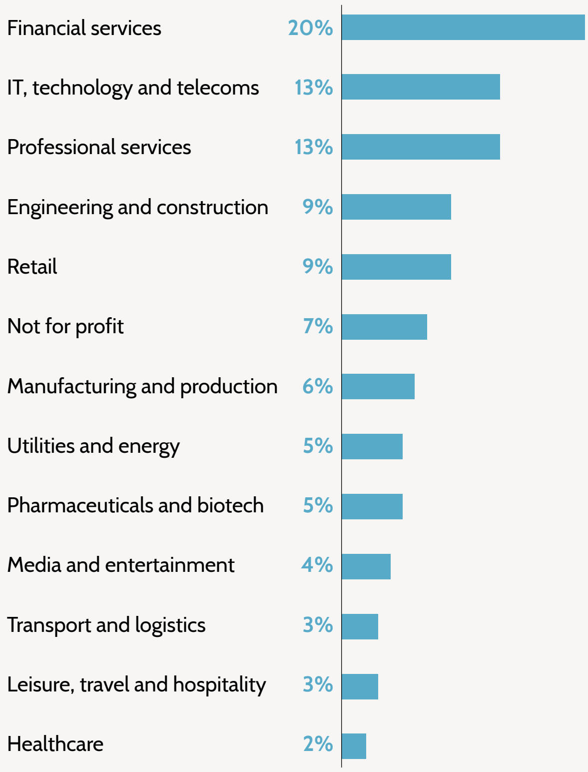
2,501-5,000

- Aegon UK
- AkzoNobel UK
- Alstom
- Arla Foods UK
- BNP Paribas
- Breedon Group
- Cox Automotive
- DAC Beachcroft
- dentsu
- DFS Group
- DHL eCommerce UK
- EMCOR UK
- Experian
- Finsbury Food Group
- Kennedys
- London Gatwick Airport
- Markerstudy
- McCarthy Stone
- NATS
- Peabody
- Procter & Gamble
- Quilter
- Salesforce
- SIG Trading
- Southern Water
- Speedy
- Standard Chartered Bank
- Stantec UK
- Vitality

1,001-2,500

- 3M
- All3Media
- AmTrust
- Arch Capital
- Ashurst
- Aster Group
- Avanade
- AVEVA
- BAT
- Beazley Management
- Belron UK
- Boston Consulting Group
- Brambles
- Britvic Soft Drinks

Industry



Employers completing REBA's survey

By organisation size

Browne Jacobson
Cabot Financial
CityFibre
Coty
Cundall
DMGT
Electronic Arts
Encirc
Environmental Resources Management (ERM)
Expedia Group
First Central Insurance
Guide Dogs
Hiscox
HN
HomeServe
Hymans Robertson
INTO University Partnerships
Ipsos
Kingfisher
Latham & Watkins
Leeds Building Society
Liberty Global
Lockheed Martin
LSL Property Services
Marex Group
Marshall of Cambridge Aerospace
Mediaocean Systems
Mishcon de Reya
Molson Coors Beverage Company
Northern Trust
Novartis
NTT DATA UK
Oxford Instruments
Paragon Banking Group
Raytheon UK
Ridge and Partners
Seagate
Shell Energy Retail
Signature Senior Lifestyle
Smiths Group
The Hyde Group
TMHCC
Universal Music Group
Wellcome Trust
Wise

500-1,000

Aristocrat Leisure
Astellas Pharma Europe
Bryan Cave Leighton Paisner
Clarksons
Control Risks
Eisai Europe
FCE Bank
Frontiers Media
Incora
Lendlease Europe
Longhurst Group
Medical Protection Society
Moore Kingston Smith
MS Amlin
Philip Morris
Progress Housing Group
Qualcomm
Renewable Energy Systems
Reward Gateway
Rolls-Royce SMR
Royal HaskoningDHV
Sanofi
Secure Trust Bank
Swiss Re
Synthomer
The All England Lawn Tennis Club
The Donkey Sanctuary
The Royal Mint
Thomas Miller
TMK
UPP
Viatris
Yell

Fewer than 500

355
Activity Alliance
Aventum Group
Backbase
BGF
Block
Bluewave
Boodle Hatfield
CM HR Consulting
Connor Clark & Lunn
Cromwell Property Group
CSG
David Austin Roses
Fisher Investments Europe
Fried Frank
Gaia Workplace Wellbeing
Greenwoods Legal
Heeton UK
Hochtief
IFCO Systems
Inenco Group
Interflora
Intuit
IPRS
knoell Germany
Kumba Iron Ore
Mapbox
Mary Kay
Medtronic
Microchip
Netscout
Novo Nordisk
Octavia
Open Banking
Parts Town UK
Playdale Playgrounds
Push Resources
ResMed
Rimi Baltic
Rio Tinto
Rockwell Automation
Sanlam Investments UK
Sentiem
Silver Cross
Snap
Sonnedix
Stink
Stone King
Synchron
Trayport
TRL
Ventas Consultants
Vestey Foods UK
Virgin Management
W T Johnson
Williams
Woodgate and Clark