



TECHNICAL GUIDE TO EVOLVING A FINANCIAL WELLBEING STRATEGY



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Editor's welcome



Financial wellbeing has long been considered one of the fundamental pillars of employee wellbeing, alongside physical, mental, and increasingly social wellbeing.

But REBA's Employee Wellbeing Research 2022 found that only 11% of employers believe that they have a mature financial wellbeing strategy. For comparison, 29% said they have a mature mental wellbeing strategy.

The cost-of-living crisis has shone a powerful light on financial wellbeing. Increases in food, fuel and other living costs driven by soaring inflation have caused acute money worries for many households. While current inflationary pressures will hopefully be finite, the crisis has also exposed longer term, more ingrained financial wellbeing challenges such as low general financial resilience and widening financial inequalities.

Poor financial wellbeing is clearly a business risk as well as a personal one, and an important part of the HR agenda. With finances now near the top of most people's agenda and with all businesses more focused than ever in looking for increased engagement and productivity, with a sensitive approach, now is the perfect time to review financial wellbeing. Employers can start to help employees build a stronger, more resilient financial future which will help them to better prepare for any future shocks.

Building a financial wellbeing strategy, which has such a potential wide scope, can appear a daunting prospect. This guide is designed to help you with tips and ideas, no matter whether you are starting from scratch or looking to enhance and evolve an existing strategy.

Maggie Williams
Content Director, REBA

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Sponsor's comment



Now is the golden moment to push forward with financial wellbeing

Employee wellbeing not only affects individuals it also impacts business performance, and so for both reasons, it's no wonder that employee wellbeing has become an increasingly important priority for many organisations in recent years.

If you simplify overall wellbeing into its four main components; physical, mental, social and financial, as well as the importance of each individually, there are also significant co-dependencies which cannot be ignored. Money worries are one of the principle causes of anxiety and stress. And much of our social wellbeing relies to some extent on money. Therefore, overall wellbeing cannot be achieved without also focusing on financial wellbeing – it is an important aspect in its own right, but without it, mental and social health strategies cannot be as effective.

And let's not forget that financial wellbeing has taken a battering in recent years; the pandemic, adjusting personal budgets to the changing way we work, the highest rate of inflation in decades, the rising cost of living, plus continued market volatility – almost all unprecedented and most of which have been inflicted upon us and so are outside of our control.

Yet despite this, whilst we have seen a third (33%) of organisations increase their budget for wellbeing benefits and 81% of organisations increasing their focus on mental health, financial wellbeing still remains the most neglected area of employee wellbeing with only 21% of companies supporting employees' financial wellbeing (CIPD, *Health and Wellbeing at Work 2022*).

Financial wellbeing is the 'elephant in the room', and whilst it's sitting large in every organisation, it is sadly still being ignored by many.

But, we are now living in different times. Recent circumstances have conspired to make now the golden moment to focus on financial health. Personal finances are near the top of most people's agendas right now; more are struggling with money and so want and need help; and every organisation is looking at ways to get a better return on reward and benefit spend, and to support, engage and retain their people.

The door is wide open. More employers need to take a step through it and put financial wellbeing higher on their corporate agendas to ensure it has its own place in their wider wellbeing strategies.

No matter where your organisation is on its financial wellbeing journey, at Close Brothers we know there is always something that can be done to improve your position, and better support your people. And focusing on financial wellbeing doesn't need to be costly or require huge added effort.

This guide offers practical tips for every organisation, no matter your workforce size or shape. The potential rewards are ready and waiting: improved financial fitness for every one of your employees as well as your organisation as a whole, leading to a joined-up wellbeing strategy that will boost mental, social and overall wellbeing.

Jeanette Makings
Head of Financial Education





Chapter 1: Getting started with financial wellbeing

Financial wellbeing means being in control of your finances, being able to make well-informed decisions about your financial future and avoiding financial distress.

Employers are in a great place to help employees achieve this. In addition to the obvious relationship between pay, workplace benefits and financial wellbeing, employers can offer employees access to trustworthy sources of financial information, benefits and support.

That also has advantages for business, in terms of improvements to wider wellbeing, ability to retain top talent, and workforce planning around retirement.

While the cost of living crisis has brought financial wellbeing further into the spotlight, creating and evolving a mature strategy requires a long-term focus to help employees with immediate challenges, and to become financially resilient for the future.

There are three steps to getting started with financial wellbeing:

1. Explore employees' financial wellbeing needs

A vital aspect of any financial wellbeing strategy is understanding employees' financial wellbeing priorities and recognising that these can change over time. While it might not be possible to ask every employee what their current and future needs are, there are many sources of information and data to help give employers a starting point.

Demographic data – such as the average age of the workforce and gender balance, salary ranges, and changes of circumstances, like maternity leave, can tell you a lot about potential needs.

Benefits data – from share scheme take-up rates to employee assistance programme (EAP) usage trends, existing benefits can reveal financial worries and priorities within the workplace. The pension scheme is a treasure trove of data that can help with future workforce planning as well as financial wellbeing.

External data – third party data sources such as the Office for National Statistics' (ONS) Wealth and Assets Survey can give valuable clues about general and regional trends that apply to most workforces.

Employees themselves – employees may not want to share specifics of their financial situation at work, but employee support networks for specific groups such as parents could prove a valuable source of generic feedback.





2. What do you already offer?

Employers often already offer more financial wellbeing support than they realise. Many benefits also provide added value services that can help employees better manage their finances.

- **Pensions** – talk to your pensions provider to make sure that you're getting the most out of any extras such as webinars, apps or other services to help employees with wider money management. Pension contributions can also be made using salary sacrifice, to help yours and your employees' money go further.
- **EAPs** – some EAPs provide support for money worries either as part of their core offering or as an add-on service. They may also offer seminars or other forms of support about money or be able to signpost employees to third party organisations that can help with specific challenges such as debt management.
- **Linking up with mental wellbeing services** – poor financial wellbeing can take its toll on mental health and many people have money worries that contribute to anxiety and mental strain. Make sure your mental wellbeing support links up with your financial wellbeing and vice versa.
- **Health and protection insurance** – health and protection insurance can provide reassurance for employees that, if they should fall ill, they will be able to return to work as soon as possible, cover medical costs and protect their income should they be unable to work.

There are also plenty of other benefits that are not always recognised under the umbrella of financial wellbeing but which will help make employees' money go further, such as support for working carers, and discount vouchers offering a percentage saving on everyday shopping.

3. Address the gaps

By understanding employees' priorities and exploring what you already offer, you can start to identify and fill gaps in coverage. That might mean extra support for particular groups within the workforce, such as parents or older workers, targeting specific needs such as financial resilience, adding new benefits, or reconsidering communication strategies.

Joining the dots between financial wellbeing and other benefits

- Link financial wellbeing with other wellbeing pillars so that employees can see ways to improve their physical and mental health alongside their financial wellbeing.
- Create a communications programme that makes it easy for employees to know what benefits are on offer, how those benefits can help them and how to access them.
- Introduce workplace champions who can explain and promote financial wellbeing to employees.
- Make financial wellbeing part of the conversation in mental health-focused events such as Time to Talk Day.
- Create a culture where employees feel they can open up about financial wellbeing and be directed to help.





Chapter 2: Taking financial wellbeing to the next level

Taking stock of the financial wellbeing benefits you already offer and identifying gaps in support will give any business a strong starting point for a long-term approach to financial wellbeing.

To take financial wellbeing to the next level means joining up different types of financial benefits, creating effective communications and embedding financial wellbeing in your wider working culture.

How to develop your strategy

Join benefits up – as we've seen, most employers already offer a range of benefits that help with financial wellbeing, but they may not be perceived as such. Grouping benefits together as part of an existing internal wellbeing brand, or creating communications that show the breadth of what's on offer to help with financial wellbeing can be a relatively straightforward way to build awareness. As new benefits and services are offered, these can be communicated as part of the same approach. And this is even more important when you have different financial benefits being offered by different providers. Your employees need to see the full picture when comparing one benefit to another, as well as help in understanding how to make good choices for each benefit.

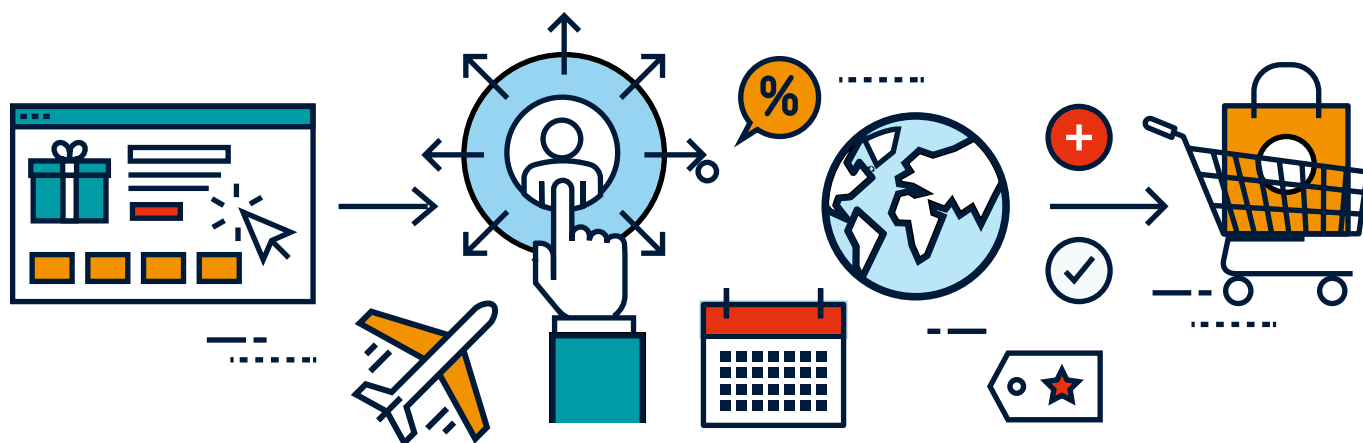
Focus on financial literacy – Poor financial literacy is a major financial wellbeing risk. By supporting financial literacy throughout employees' lives, rather than just on joining, when a problem hits or in the run-up to retirement, employees can gain greater control of their money and plan more effectively for the future at every stage in their career. A financial education programme and access to financial coaching and guidance or financial advice can all help (see page 8).

Train line managers – line managers know their teams better than anyone else, so are in a great position to signpost financial wellbeing benefits, offer support and drive culture change. However, line managers may also need support with their own financial challenges and will need help to become wellbeing promoters.

Beware assumptions – it's tempting to assume that poor financial wellbeing only affects low-earning employees or those in more junior roles. However, more senior well-paid employees also suffer with poor financial wellbeing, and may be even more reluctant to talk about it.

Link information and action – giving employees information is useful, but it only really comes to life when the information leads to action. Include clear next steps and prompts to help employees take the next step.

Measure and adapt – work with providers to collect data, measure and report on the impact of financial wellbeing initiatives. Use this information to continually adapt and improve the strategy accordingly.





7 ways to make financial wellbeing more inclusive

Everyone is different and while it's risky to make too many assumptions about individual employees based on their age or gender, linking financial wellbeing with your diversity, equity and inclusion (DEI) strategy can make sure that all employees engage with what you have to offer, use it and thrive financially.

1. Check communications include language and visuals that represent the needs and characteristics of your workforce.
2. Look at the bigger picture of people's lives – for example, women may need a different approach to pension saving from men, as they are more likely to take career breaks and return in reduced hours roles.
3. Take a joined-up approach with DEI colleagues to make financial wellbeing part of a wider strategy.
4. Support inclusivity with practical, accessible benefits – for example, provide a Shariah pension savings option to support Muslim colleagues, promote it to new and existing members and ensure that employees can easily select it when being auto-enrolled.
5. Make sure employees can access help, guidance and information when and where they need it – including shift workers and employees permanently based at home.
6. Actively identify and build an action plan to address pay and pensions gaps.
7. Be aware of vulnerabilities – long-term characteristics such as ill health and short-term impacts like relationship breakups can make employees vulnerable, with knock-on effects for their financial wellbeing.

Go beyond pensions

Look beyond pensions to help employees manage debt, save for emergencies and for their future and cope with the cost of living over the longer term.

Budgeting and financial habits – help employees to build good habits, such as budgeting and checking regular outgoings like subscriptions to make sure they are still relevant.

Debt management – repaying high cost debt, such as borrowing on credit cards without paying off the monthly balance, can start to eat away at employees' finances, and risks starting a difficult spiral of further borrowing. Signposting to debt support charities such as Step Change can help employees to consolidate debts and repay them in a manageable way.

Housing costs – help employees make sure that they are managing their housing costs as efficiently as possible (for example, by educating employees about different types of mortgages and how to save money on bills such as home insurance and energy). Understanding the value of products such as Lifetime ISAs can help younger employees get onto the property ladder.

Saving for emergencies and saving for life – the cost of living crisis has magnified employees' lack of financial resilience. Workplace savings, either linked to pensions or as a standalone benefit, can help employees create a savings habit for emergencies and wider goals.

Protection – offering benefits such as income protection gives employees peace of mind that, should they be too unwell to work, they will be able to cope financially.

Tax management – this could include helping employees to understand how to make best use of tax-efficient savings such as pensions and ISAs, as well as understanding the impact of pensions withdrawals on tax.

Retirement planning – pensions auto-enrolment helps almost all employees to at least make a start with retirement planning. Help evolve this with support and education on how much money employees need to save to achieve their desired standard of living in retirement, how retirement savings mean more than just pensions and how older employees can use their pension pot over the course of retirement.





Chapter 3: Evolving a mature financial wellbeing strategy

Measuring the success of financial wellbeing and acting on the findings

Good quality measurement and data is at the heart of evolving financial wellbeing and making sure that strategies remain fit for purpose.

Some of the key reasons for measuring the impact of financial wellbeing include:

- Predicting future retirement patterns and workforce needs
- Identifying benefits gaps and future employee priorities
- Justifying return on investment and making the business case for future benefits
- Making sure that your strategy remains fit for purpose.

Measuring the success of financial wellbeing is still work-in-progress, but collecting feedback from proxy measures such as participation rates and staff surveys is a good starting point, as well as continuing to engage with data from other benefits such as EAPs, benefits providers as well as employee networks. Work with providers and commercial partners to find out what additional useful data or analysis they can offer.

Financial education, guidance, advice and coaching: what's the difference?

Financial education, guidance, advice and coaching all have a role to play in supporting financial wellbeing.

The Financial Conduct Authority defines financial advice as a service that recommends a specific course of action based on consumers' individual circumstances and goals. In contrast, financial guidance provides information and/or options to narrow down consumers' choices, without making an explicit recommendation.

Financial education aims to improve employees' understanding and confidence with their finances, so they can make better financial decisions now and for their future. It can focus on a specific topic such as pensions or debt, but offers the greatest support when it includes all aspects of personal finance, workplace benefits, wider financial products and fundamental principles of good financial wellbeing. It could be provided through any combination of face-to-face sessions, webinars, online education portals, and digital tools such as apps, and more.

Financial coaching provides one-to-one support to help individual employees to get their finances on track.

Taking your communications and engagement to the next level – 3 tips

1. Communicate regularly using a range of different channels. Financial wellbeing support can be a 'slow burn' that employees will access when they have the need, time and mental space to do so.
2. Make financial education and guidance about more than just the facts of financial products – also address mindset changes employees might make to better manage their money.
3. Align financial wellbeing messages with wider reward issues such as fair pay and transparency to make sure that employees see consistent messages and to help them to 'join the dots'.





Future-proofing financial wellbeing

Making sure that your financial wellbeing strategy continues to meet the needs of all of your workforce requires a flexible, future-proofed approach with commitment at organisational, HR/benefits and individual employee level.

Organisational

- Ensure financial wellbeing is a formal part of an overall wellbeing strategy and communicated throughout the workforce
- Align financial wellbeing with wider business goals, such as sustainability, DEI or supporting wider employee wellbeing.
- Get board-level commitment to support financial wellbeing and create culture change that means employees can confidently ask for help.

HR/benefits

- Help employees join the dots between the different aspects of financial wellbeing. For example, money saved from discount programmes could be used to start saving, or returns from share schemes reinvested into pensions.
- Create regular and varied communications and calls to action that employees can access as and when they need them.
- Be flexible, to continue to help employees as their financial circumstances change.
- Take advantage of moments of change – such as new employees entering the workforce – to support financial wellbeing.
- Think about short-term and long-term employee vulnerability and how this can affect employees' approach to money.

Employees

- Enable employees to access the financial benefits that really matter to them, when they need them and to take ownership of their own financial wellbeing.
- Help employees get to know their emotional responses to money, how this affects their spending and saving, and support them to build this knowledge into their approach to managing money.

The future of financial wellbeing – four priorities for 2023/4 and beyond

1. **The long term effect of the cost of living crisis** – helping employees cope today, rebuild their finances over time and rethink future financial resilience and wider savings plans if needed.
2. **Inclusive support** – acknowledging and supporting the everyday financial challenges faced by different employee groups, from school leavers and high earners to parents and carers.
3. **Retirement planning** – helping employees create realistic retirement plans, including how they will use their pension and other savings in retirement.
4. **Hybrid working** – employees' spending patterns may change with hybrid working. For example, they may spend less on travel but more on home heating and lighting – how are your benefits and communications recognising this change?





Checklist

Here's a checklist covering the key points in this guide:

Getting started with a three-part approach:

Explore employees' financial wellbeing needs using data from benefits, employee feedback and third-party information.

Look at what you already offer – there may be more than you think including pensions, EAP support for financial worries and other resources such as mental wellbeing programmes and apps.

Identify and make a plan to fill any gaps in cover, either in terms of the benefits you offer or the employee groups that you support through financial wellbeing.

Taking financial wellbeing to the next level

Join up benefits to create a recognisable and coherent strategy. This will give you a good structure for adding in new benefits as well.

Make financial wellbeing inclusive by thinking about the needs of specific employee groups and by collaborating with DEI colleagues.

Explore areas of financial wellbeing that aren't already part of your strategy, such as support for housing costs or budgeting.

Underpin this with financial education, guidance, coaching and advice suitable for your workforce.

Evolving a mature financial wellbeing strategy

Identify ways to measure success that are appropriate for your organisation. Data from benefits providers, staff surveys and listening to employees are all good starting points. Providers may also be able to help with bespoke data and analysis.

Be flexible and future-facing. Employees' personal circumstances will change over time, and so will economic conditions that affect their finances. Aim to offer access to flexible benefits that can be tailored to personal needs, combined with good quality communications.

Involve the whole organisation including the board, HR, reward and benefits, providers and employees themselves in creating and maintaining a strategy.





Who we are

Close Brothers

Close Brothers has been providing workplace financial wellbeing services to some of the UK's best known organisations for over 50 years.

We are passionate about helping people improve their finances and recognise that they can benefit from financial education, guidance and advice throughout their career. Whether you are looking to support your employees with planning for retirement, improving their financial wellbeing as part of your wider wellbeing strategy, or to engage new joiners with their benefits, our services inspire people to take control of their finances both now, and for the future.

Our expertise is to understand your organisation, your people and your key objectives. We can then design a financial wellbeing programme tailored to your needs that will help you achieve your goals.

Our programmes include:

- Face to face and web-based financial education events including:
 - For all key career stages: early, mid and late career
 - Bite-sized topic based programme
 - To support particular events or employee groups
- An online financial education hub which looks at all workplace benefits and every aspect of personal finance, including adding details of and links to an organisation's pensions and other benefits information
- Annual calendar of 'stay in the loop' email nudges to keep employees engaged
- Financial fitness test which assesses the financial fitness of both individuals and organisations
- Financial guidance helpline
- One-to-one financial guidance
- Financial advice

Please be aware that the value of investments can fall as well as rise and you could get back less than invested.

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Reward & Employee Benefits Association

What is REBA?

REBA is the only dedicated professional networking community for reward and benefits practitioners. Through sharing experience, ideas, data and insight with each other, we support members in their challenges and triumphs in the reward and benefits sector.

We help members to pursue best practice, increase professionalism in the industry and prepare for upcoming changes. We also lobby government on members' behalf.

What does REBA do?

- Hosts regular conferences and networking events, both face-to-face and virtually through webinars and online platforms
- Produces benchmarking research, insight and data reports on key reward and benefits themes
- Creates and distributes online content, including industry insights into best practice, case studies and thought-leadership
- Curates an industry-wide research library of reports, government consultations and best-practice guides
- Delivers focused content through daily emails and social media channels
- Supports professional members with supplier shortlisting and research
- Offers focused digital networking for professional members through our rebaLINK peer-to-peer forum, where members can also get supplier reviews from their peers.

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