

BrightPlan®

2023 | WELLNESS
BAROMETER
SURVEY

Economic Uncertainty:

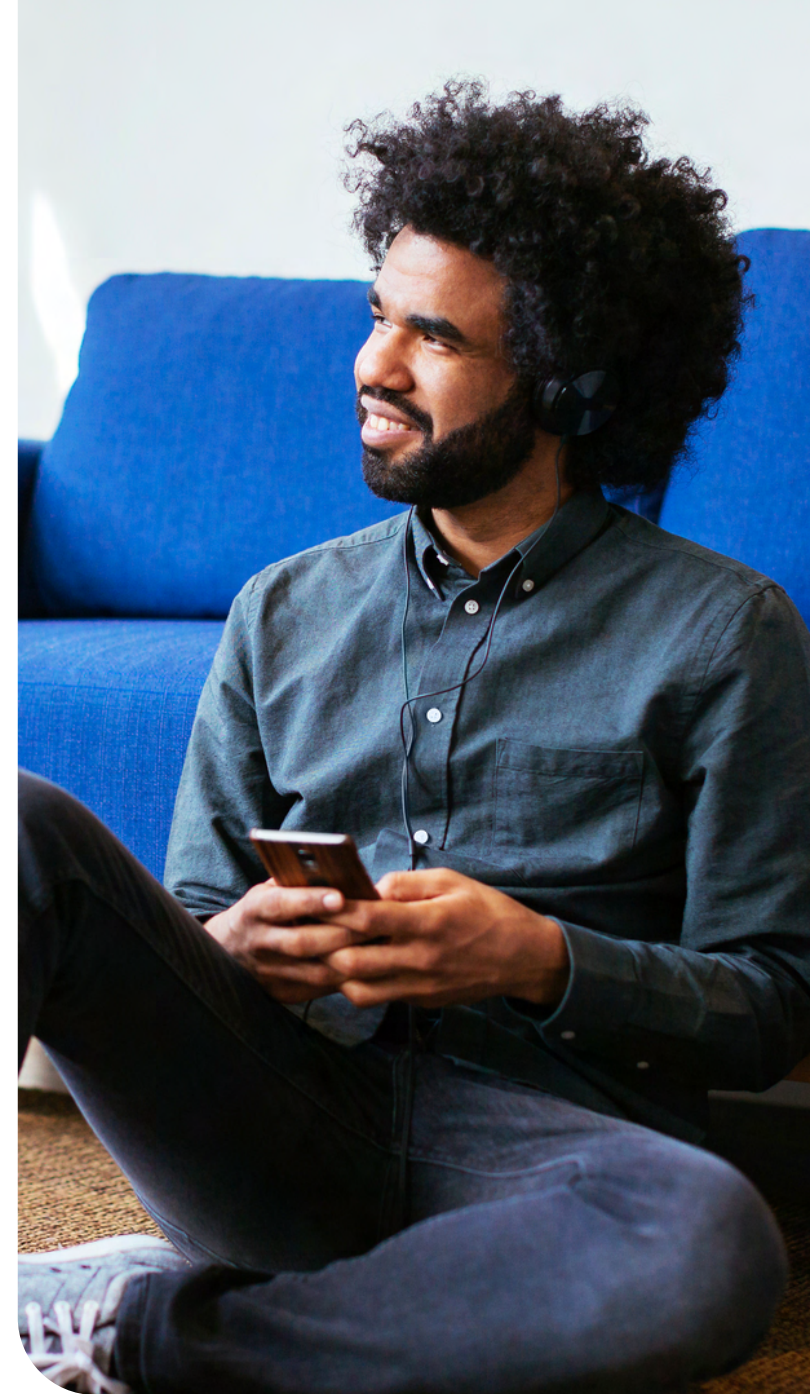
The Toll on
Employee Well-being &
Organizational Success





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00 Executive Summary

High inflation and the threat of a recession are creating an elevated level of unease and unpredictability in the market. Employees are struggling with financial instability as stress skyrockets and concerns over job security grow. Employers are similarly under immense pressure to drive cost and operational efficiencies. As the economic landscape continues to evolve, companies are seeking new ways to support their people while managing expenses.

The 2023 BrightPlan Wellness Barometer Survey took the pulse of **1,400 U.S.-based knowledge workers** (including a mix of C-Suite, HR decision-makers and employees) at **organizations with 1,000 or more employees** to learn what's top of mind and how employers can best respond to support their people in the reality of the current market environment.

Economic concerns have increased dramatically

92% of employees are stressed about their finances—and leaders are not immune. 76% of C-Suite and HR leaders are stressed about their finances. The primary drivers are **high inflation (96%)**, a **potential recession (93%)**, **rising interest rates (90%)**, and **market volatility (89%)**. This is motivating many respondents to take action to improve their financial habits (81%), cut expenses (80%), and contribute more to retirement (61%).

While respondents are taking steps to address their financial situation, only **18% have basic financial literacy**. **35% have no emergency savings** or only enough for up to 2 months, and nearly **half have unmanageable debt**.

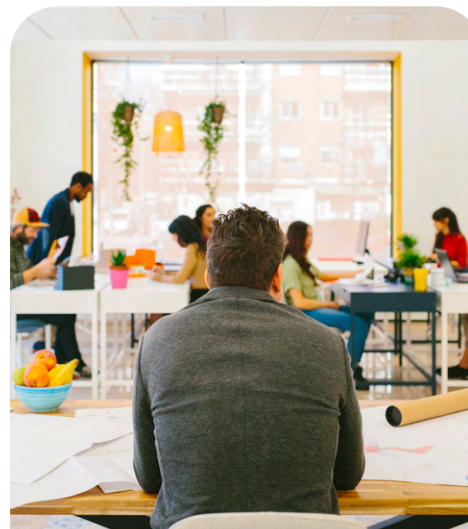


Financial stress is having a material impact on employees and employers

High financial stress is impacting **mental health (72%)**, **social health (64%)**, and **physical health (60%)**.

64% of respondents say financial stress has worsened their relationships with friends and family. **72% say they've passed up opportunities** to spend time with family, friends, and co-workers because they **couldn't afford** to do so.

Financial stress is also impacting engagement and productivity with respondents **losing over a day of productive work per week**.

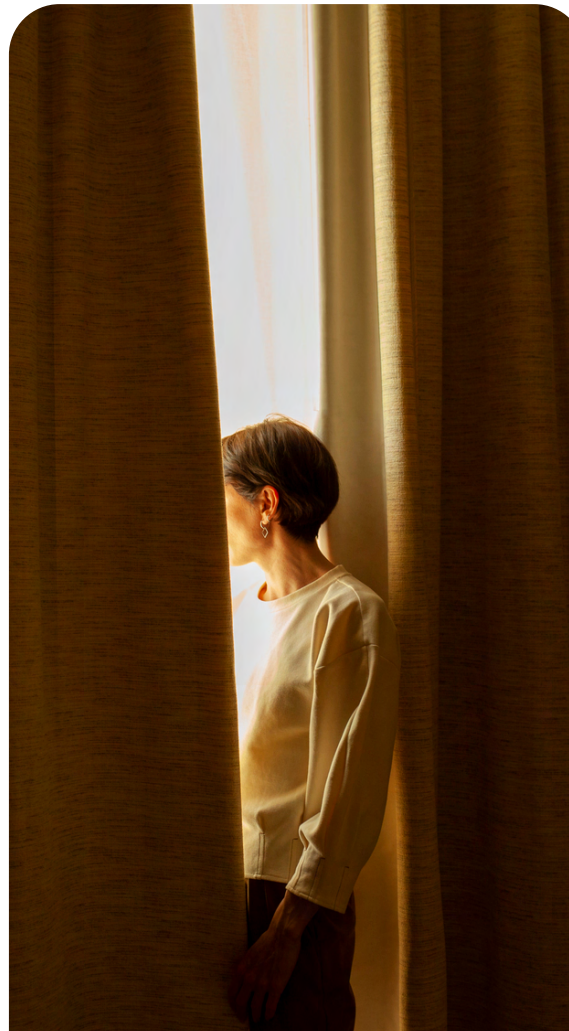


Leaders recognize that their people need help

HR and C-Suite's biggest people-related challenges are **supporting employees' holistic well-being (53%)**, along with career growth & development (53%) and creating a culture of belonging (52%). This is in stark contrast to the challenges faced by leaders a year ago when attracting or retaining talent was the number one concern (86%), followed by engaging employees (65%).

92% of leaders believe employers should support employees with their financial health. 95% believe they should provide guidance and investment tools to help employees build wealth and 93% believe they should help with financial literacy.

Yet, **74%** of employees are **not satisfied** with their company's **financial benefits**. **1 in 4 don't even know** if their employer offers financial benefits beyond retirement matching and stock options. The **most desired financial benefits include:** emergency savings fund (36%), debt management services (26%) and home ownership assistance (25%).



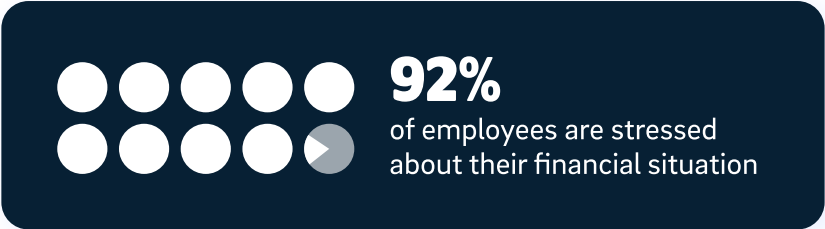
Employer trust is declining

Only **63%** of employees **trust HR and upper management** (compared to 83% in 2022) and only **61%** believe leaders at their company are **empathetic**. **64%** agree that their organization places **more importance on profits and bottom line** than employee well-being.

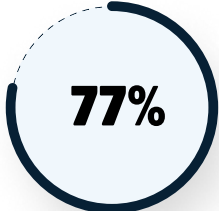
On the diversity, equity and inclusion (DE&I) front, **81%** feel their company is doing a **good job with DE&I** (down from 89% in 2022). Despite that, **36% of employees do not feel safe** or comfortable at work. Additionally, **50%** of employees feel they are **not paid fairly** and **80%** of employees believe their **employer should take action to address the racial wealth gap**.

01 Navigating an Uncertain Economic Future

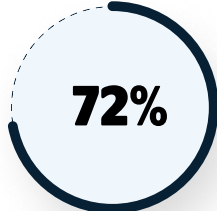
With record high inflation and a possible recession around the corner, employee stress has skyrocketed, particularly among older generations who may be up against additional financial pressures, such as sending their kids to college or impending retirement.



Leaders are also feeling the pinch—77% of HR and 72% of C-Suite are financially stressed. Interestingly, stress levels vary by location, with respondents in the West region reporting the least amount of stress (77%) and those in the Southeast reporting the most (91%).



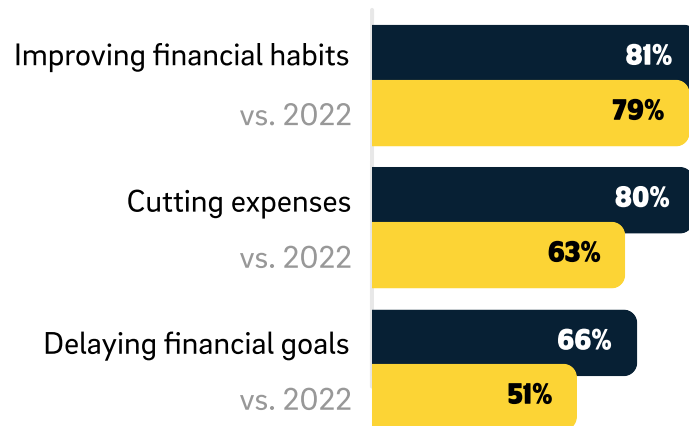
of HR leaders are stressed



of C-Suite are stressed



Respondents Are Reassessing Their Finances



Employees' Habits Are Shifting

Employees are also making changes at work in response to market conditions. **79%** have made **at least one adjustment**, including:

- Going above and beyond to avoid getting laid off (33%)
- Working extra hours to boost savings (33%)
- Developing transferable skills (31%)
- Deciding to stay in a job they don't like for the financial security (27%)
- Delaying retirement (23%)

Businesses Are Also Feeling The Pinch

The current state of financial unrest has **employers** in many industries **tightening their belts** and becoming more cost-conscious. **82%** of **leaders say their company is making at least one change** this year due to current market conditions, including:

- Investing in automation technologies to take over some tasks (44%)
- Cutting back spend on travel and meetings (41%)
- Closing some brick-and-mortar locations (29%)
- Reducing or deferring bonuses (29%)
- Removing some employee benefits (27%)
- Laying off employees (24%)
- Closing some corporate offices (22%)
- Asking executives to take a pay cut (22%)

Actions Vary by Generation

Younger workers are making more changes:

85% of Millennials

80% of Gen Z

77% of Gen X

63% of Baby Boomers

02 The State of Financial Health

While the majority of respondents are prioritizing financial health, the actual picture is a bit murky.

Financial Literacy is in Peril

Only **18%** of respondents answered at least four out of the five **financial literacy questions correctly**, a slight increase from 13% in 2022. Yet, **73%** self-reported their financial literacy as high or very high.

Financial Literacy Questions

1. You should pay off credit cards each month
2. Funds are taken from a debit card immediately
3. 15-year mortgages require higher monthly payments but reduce total interest
4. Credit card interest is the price you pay for borrowing money
5. 401(k) contributions are not taxed until withdrawal

Financial Preparedness is Low

18%

of respondents have basic financial literacy



35%

have no emergency savings, or only enough for up to 2 months



85%

have debt

48%

have more debt than is manageable



52%

are saving either nothing at all or less than 10% of their income for retirement



Younger respondents are less financially literate



Millennials



Gen Z



Gen X



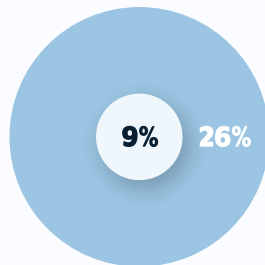
Baby Boomers

Retirement Savings are Modest

74% of respondents are confident they're on track to meet their **retirement goals**. Though a majority of respondents are saving for retirement, **52% are saving either nothing at all or less than 10% of their income** each year. 13% of Blacks and 15% of Hispanics are not contributing anything, vs. 7% of whites and 5% of Asians.

Financial Status Varies Widely

Men are more likely to report that their financial status is excellent or good (71%) compared to women (58%). Even among respondents making \$100,000 or more annually, only 37% selected "excellent."

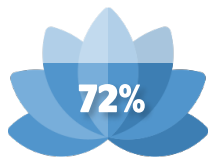


Just 9% of employees say their financial situation is "excellent," but leaders estimate that 26% of their workforce has an "excellent" financial situation.



03 The Cost to Employees & Employers

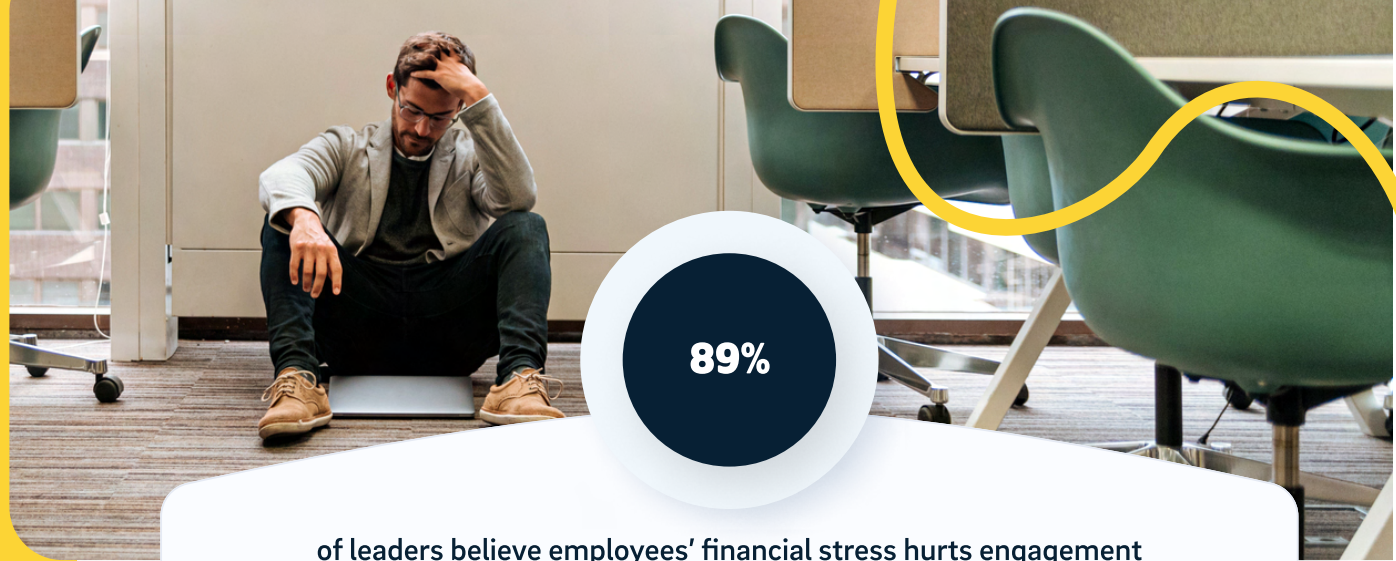
Financial stress is having an impact on multiple aspects of people's lives, including their mental health (72%), social health (64%), and physical health (60%).



72% of respondents say financial stress hurts their **mental health**



60% of respondents say financial stress impacts their **physical health**



89%

of leaders believe employees' financial stress hurts engagement and productivity at their company

The Business Impact of Financial Stress is Significant

On average, each respondent is losing **8.1 hours of productivity** each week due to financial stress, costing US businesses potentially close to **\$200B annually in lost productivity and engagement.***

The impact is even greater for business leaders, with **C-Suite** reporting an average loss of **16.8 hours per week** and **HR** reporting an average loss in productivity of **12.4 hours per week**.

8.1 hours

average productivity lost per week per respondent

=

\$200 billion

lost annually for US businesses*

*Assumes there are 100,206,000 knowledge workers in the U.S. with an hourly wage of \$38.6. 24% of knowledge workers have high or very high levels of financial stress and 48% of them have 8.1 hours of lost productivity per employee per week as a result of financial stress. Source: Federal Reserve Economic Dataset, BrightPlan.



64%

of respondents say financial stress has **worsened** their **relationships** with friends and family



72%

passed up opportunities to **spend time** with family, friends, and co-workers because they **couldn't afford** to do so



Financial Stress is Hurting Relationships

72% of respondents have **made at least one social sacrifice** due to their financial situation, including:

- Not attended a fun trip with others (42%)
- Passed on an invitation to get drinks or food (42%)
- Not taken up a hobby with friends because it cost too much (32%)
- Skipped an event/gathering because they didn't have nice enough clothes (32%)
- Skipped a wedding, birthday, or other event because they couldn't afford to buy a gift (29%)

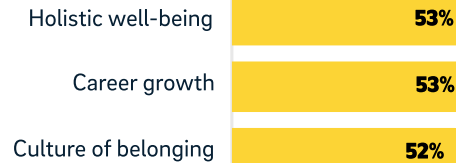
Additionally, there is a stigma around finances. Just **56% of employees** say they **feel open and comfortable talking about their financial situation** with others.

04 Role of Employers

Leaders recognize that their employees are struggling and they want to help.

HR and C-Suite's biggest people-related challenges this year are supporting employees' holistic well-being and enabling employee growth through learning and development. This is in stark contrast to the challenges that faced leaders a year ago.

Top Challenges Facing Business Leaders in 2023



Leaders Are Prioritizing Financial Wellness

An overwhelming majority of leaders state that employers should help employees with their financial well-being. Specifically, HR leaders and C-Suite believe employers should:

- Provide guidance and investment tools to help employees grow their money and build wealth (95%)
- Offer financial resources that are unbiased and have employees' best interests in mind (93%)
- Help employees improve their financial literacy (93%)
- Support employees in managing their money on a day-to-day basis (89%)

Top 3 Challenges in 2022

- Attracting or retaining talent
- Engaging employees
- Holistic well-being

Employees Seek More Well-being Support

Employees are looking to their employers for support on their holistic well-being, both in and outside of work.

Top Innovative Employee Benefits

37%

Flexible time off

31%

Financial wellness

28%

Fertility assistance

The disconnect between employees and business leaders is staggering: 94% of leaders say their company offers employees the financial guidance, support, and tools they need to achieve their life goals, compared to 48% of employees.

Employees Want Better Financial Benefits

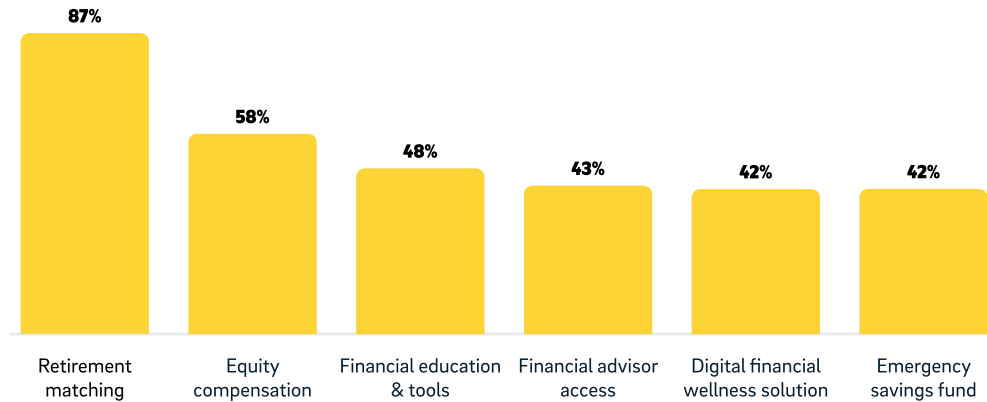
Despite the importance leaders place on financial wellness, employees are asking for more support and better financial benefits. Less than half (48%) of employees agree their company offers them the financial guidance, support, and tools they need to achieve their life goals.

74%

of employees are **not satisfied** with their company's financial benefits

1 in 4

don't even know if their employer offers financial benefits



Percentage of Employees Using Financial Benefits

Most Desired Financial Benefits

- Emergency savings fund
- Debt management services
- Home ownership assistance
- Financial advisor access
- Access to personal or home loans



05

Fostering Trust & Empathy

Feelings of trust, safety and belonging have declined significantly this year. Only **63%** of employees **trust their HR and upper management** (compared to 83% in 2022) and only **61%** believe **leaders at their company are empathetic**.



61% believe **leaders** at their company are **empathetic**



64% agree that their organization places **more importance on profits** than employee well-being

On the topic of **DE&I**, **81%** feel their company is doing a **good job** (down from 89% in 2022). Despite that, **36%** of employees **do not feel safe or comfortable** at work. **Asians** have the lowest levels of belonging (63% vs 49% in 2022), followed by **Blacks** (41% vs 35% in 2022).



Pay Equity Can Help Move the Needle on DE&I

50% of employees feel they are not paid fairly (yet leaders estimate only 35% of their employees feel this way) and **80%** of employees believe their employer should take action to address the racial wealth gap. 97% of leaders say their company is taking action.

Action Steps Business Leaders Report Taking



Conclusion

The workforce's needs continue to evolve rapidly. During the height of the pandemic, employees sought increased flexibility and work-from-home support. Today, employees are more concerned about economic volatility, job security, and the rising cost of everyday goods. This financial unrest is having an outsized impact on employee well-being, productivity, and business success.

To optimally address employee challenges, companies need to have a real-time pulse on their diverse and global workforce's shifting needs—and this requires data and insights. Armed with valuable intel, employers can proactively offer targeted solutions and benefits that not only improve employee well-being but also drive productivity and engagement, ultimately contributing to a healthier company bottom line. In the coming year, this focused approach will be critical to ensuring continued success in the face of economic uncertainty.



Methodology

On behalf of BrightPlan, Walr and Workplace Intelligence surveyed 1,400 knowledge workers at companies with 1000+ employees in the US between February-March, 2023. This included a mix of C-Suite, HR decision-makers and employees in various industries including technology, healthcare, financial services, education, manufacturing, energy, accounting and government.

About Workplace Intelligence

Workplace Intelligence is an award-winning thought leadership and research agency focused on the world of work. We help companies, and their executives, tell their workplace story in a meaningful, relevant, and impactful way using primary data, insights, and interviews. For more information, go to workplaceintelligence.com.

About BrightPlan

BrightPlan is a leader in Total Financial Wellness. BrightPlan provides a comprehensive global solution that addresses all aspects of employees' financial health at every stage of life, and empowers HR teams to enhance the employee experience and better attract, retain, and engage talent. Its unique combination of digital platform and financial planners enables employers to deploy at scale while delivering personalization for employees. BrightPlan is certified by the Center for Fiduciary Excellence, LLC ("CEFEX") as having met their standards for Fiduciary Practices for Investment Advisors. For more, visit brightplan.com.



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