Economic Uncertainty:
The Toll on Employee Well-being & Organizational Success
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.
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.

Primary Drivers of Stress

- **96%** High inflation
- **93%** Potential recession
- **90%** Rising interest rates
- **89%** Market volatility

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%).
Respondents Are Reassessing Their Finances

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<thead>
<tr>
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<th>2023</th>
<th>vs. 2022</th>
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<tbody>
<tr>
<td>Improving financial habits</td>
<td>81%</td>
<td>79%</td>
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<tr>
<td>Cutting expenses</td>
<td>80%</td>
<td>63%</td>
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<tr>
<td>Delaying financial goals</td>
<td>66%</td>
<td>51%</td>
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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
- 77% of Gen X

80% of Gen Z
63% of Baby Boomers
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

Younger respondents are less financially literate

- Millennials: 11%
- Gen Z: 13%
- Gen X: 24%
- Baby Boomers: 34%

Financial Preparedness is Low

- 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
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.
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%).

89% of leaders believe employees’ financial stress hurts engagement and productivity at their company.

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.

*Assumes there are 100,206,000 knowledge workers in the U.S. with an hourly wage of $33.6. 24% of knowledge workers have high or very high levels of financial stress and 44% 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.
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.
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.

**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%)

**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 Challenges Facing Business Leaders in 2023**

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<tr>
<th>Challenge</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Holistic well-being</td>
<td>53%</td>
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<tr>
<td>Career growth</td>
<td>53%</td>
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<td>Culture of belonging</td>
<td>52%</td>
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**Top 3 Challenges in 2022**

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

**Top Innovative Employee Benefits**

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<th>Benefit</th>
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<tr>
<td>Flexible time off</td>
<td>37%</td>
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<tr>
<td>Financial wellness</td>
<td>31%</td>
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<tr>
<td>Fertility assistance</td>
<td>28%</td>
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</table>
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, 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.

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.

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

Most Desired Financial Benefits

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

Percentage of Employees Using Financial Benefits

- Retirement matching: 87%
- Equity compensation: 58%
- Financial education & tools: 48%
- Financial advisor access: 43%
- Digital financial wellness solution: 42%
- Emergency savings fund: 42%
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.

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

- Achieving pay equity for all employees: 56%
- Ensuring equal access to advancement opportunities: 56%
- Prioritizing offering financial education and tools for underrepresented employee groups: 56%
- Making this a priority for their DE&I team: 55%
- Publicly sharing salary information: 44%
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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