

# Addressing Employee Financial Stress

Ogden-Weber Chamber of Commerce Workforce Committee  
January 26, 2022

**Don Hickman, Certified Master Financial Coach**

[thehickmangroupllc@gmail.com](mailto:thehickmangroupllc@gmail.com) / (801) 719-9928 (m)

**A HELPING HAND FINANCIAL COACHING**

***“HELPING YOU CHANGE YOUR FINANCIAL FUTURE, TODAY!”***



# I understand what you are going through

---

- As an experienced business leader AND certified financial coach, I know what financial stress looks like, what it does to employees, and how it affects your bottom-line
- I was once young, low-paid, newly married, and financially stressed
- I've led teams of 2 – 3,400 employees in nine different business units across the private and public sectors worldwide
- I've mentored, trained, hired and let-go many employees
- I've managed a \$30 million/year profit center in the public sector
- I've managed budgets from \$100 to \$10 billion in the private and public sectors
- I've helped hundreds of people turn their financial stress into financial peace
- I am older, still happily married, and in “financial peace”

# Summary

- **Personal Financial Stress is pervasive** – high income to minimum wage earners all suffer
- Employees with financial stress **often don't talk about it** – shame, fear, guilt, culture
- They are **much less productive** and are likely **looking for a new job**
- People generally know what they should do (talk with their spouse, budget, live within their means, save, & invest), **they often don't know how to do it**
- They crave **unbiased, individual coaching and counseling** as a benefit
- Your **benefits packages might not provide** what they need



# The World has gone bananas...



- “The Great Resignation” continues...
- Recruiting and retention is ... a hot mess
- Pandemic Year Three is approaching...
- The economy continues to evolve
- Inflation is over 8% (January 2022)
- House prices are up >30% 2020 to 2021
- Average 2-bedroom apartment rent is \$1,051 in northern Utah...means you need a full-time wage of \$20.21/hour just to afford a roof over your head.
- And rental houses cost A LOT more....
- And Tom Brady is not in the NFL playoffs

Source:

[Housing market: Here's what 2021 taught us, and what to expect in 2022 - Deseret News](#)

# *Financial Wellness* versus *Financial Stress*

## **Financial Wellness**

- You are financially literate
- You have a life plan and goals, and your money supports that plan
- You and your spouse/partner talk and plan together about your money without stress.
- You tell your money what its going to do - you create and use a monthly spending plan (aka budget)
- You are out of debt (except maybe the house)
- You have emergency savings
- You are investing for retirement, kids' college, paying off the house
- You have the right insurance in place and have wills and powers of attorney in place to take care of your family
- You live, and give, the way you wish because of your financial situation

## **Financial Stress**

- You probably are not financially literate
- You don't have a life plan or goals, and have no real plan for your financial future
- You and your spouse/partner don't talk about money or argue, even fight, when you do.
- A spending plan is too hard – and your money does whatever it wants to do every month
- Debt payments consume your income
- You have little/no emergency savings
- You aren't investing for retirement or college savings, and can't imagine ever paying off the house
- Discussing and creating wills, powers of attorney and life insurance is too way hard and hasn't been done
- You feel disheartened, anxious, shame and embarrassed because of your financial situation

***Financial Wellness (and Stress) are 80% behavior and 20% head knowledge***



# Some Root Causes of Financial Stress

- **Low levels of Financial Literacy** – some know what they should do, but not how to do it
- **Competing priorities:** contributing to your matching 401 (K) vs a 401 (K) loan vs Payday Advance vs pay off credit card debt vs buy food vs rent/mortgage vs etc.
- Spouses/partners have **completely different “money languages”** and experiences, which causes significant stress in relationships when they cannot communicate effectively about money
- **No Spending Plan:** “Budget” = “four-letter word”, never spoken in the house
- **Drowning in Debt:** Utah ranks #10 in the nation for the most household debt; average student loan debt in Utah is >\$31,000
- **Little or no savings:**
  - More than half of Americans over 55 years old have zero retirement savings
  - Two-thirds of Americans have less than \$1,000 in the bank and cannot pay for a “simple emergency” like replacing the car brakes
- **Perceived cultural expectations:** big purchases (usually with loans) overwhelm income
  - “Keeping Up with the Jones” / House Poor: Mortgage or Rent + Utilities > 25% of monthly income
  - Depreciating assets (things with motors - cars, trucks, Razors, boats, snow machines, etc) > 50% of annual income
- **Employment insecurity, pandemic disruption, inflation anxiety, “fear of missing out”**
- Sum of the above = **“Have more month than money”**: 78% of all Americans live paycheck to paycheck

**Financial Wellness (and Stress) are 80% behavior and 20% head knowledge**



# Some Reasons American's Don't Plan How to Spend their Money

- It might lead to marital fights
- They are afraid of what they will find
- Pride, and Laziness
- Don't know how to do one
- Equate “budget” with “bread and water”
- Budget abuse in the past (manipulation in a relationship)
- Past failures in budgeting (“it just didn't work for me”)
- “I'm a Free Spirit. Budgets are for Nerds”
- “I've got plenty of Money left over at the end of the month, so I don't need one”



[12 Reasons Your Budget Isn't Working \(thebalance.com\)](https://www.thebalance.com)

[Nearly 3 in 5 Americans are making this huge financial mistake \(cnn.com\)](https://www.cnn.com)

[10 Reasons People Don't Budget - 60 Minute Finance](https://www.60minutes.com)



## What do you consider too taboo (a forbidden topic) for discussing with friends?

	Total (%)	Men (%)	Women (%)
Salary or household income	39	33	45
Size of your retirement savings	38	32	43
How much debt you have	32	27	37
Inheritances, either what you plan to leave your children or expect from your parents	25	20	30
Marital problems	20	20	20
Religious beliefs	19	19	18
Disagreements within your family	18	19	18
Political views	17	16	17
Sexual orientation	16	17	15
Psychiatry or mental illness	16	15	16
Drug use or addiction	14	14	13
Sexual harassment or assault	11	13	8
Racial harmony	8	8	8
None of these	26	26	26

**Source: Taboo Topics (Capital Group)**

*I'm not making this all up.*



## 2021 PwC Employee Financial Wellness Survey

Four steps employers should take to strengthen workforce financial wellness



BENEFITS

### Employees' Financial Issues Affect Their Job Performance

Employers can help by offering education and counseling to increase financial literacy



By Stephen Miller, CEBS  
April 29, 2016

When employees are stressed financially, their health and productivity can both suffer. Fortunately, organizations can ease some of that stress by helping employees manage their personal finances and prepare for retirement.

ADVERTISEMENT

If You Purchased, Paid, or Provided Reimbursement for Various Brand or Generic

### HIV Medications

A CLASS ACTION MAY AFFECT YOUR RIGHTS

FILE A CLAIM HERE

HIVDrugSettlement.com

# Employers need to engage to retain productive employees

## Employees who are financially stressed are

### *Four times as likely to:*

Suffer decrease in household income

Find it difficult to meet monthly expenses

### *Two times as likely to:*

Have used a payday loan or advance

Have taken a loan or distribution from retirement accounts

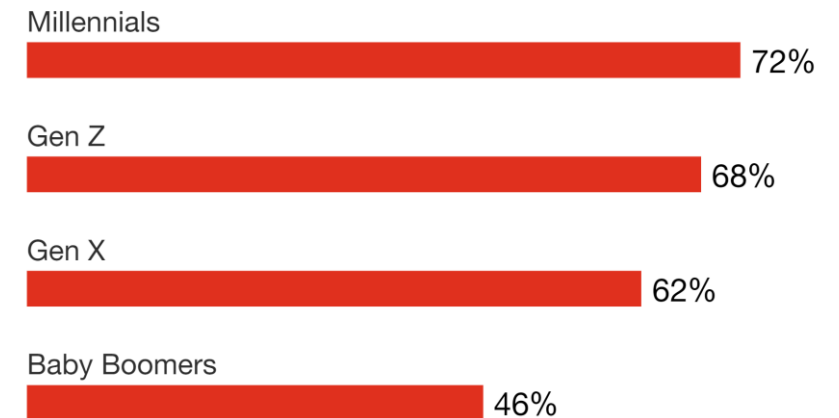
Be considering delaying retirement

Be looking for a new job

10 times more likely to not finish daily tasks at work

11 times more likely to have sleepless nights

## Majority of younger employees are experiencing increased financial stress due to the pandemic



Source: PwC's 10th annual Employee Financial Wellness Survey, PwC US, 2021 January 2021: base of 1,600 full-time employees

**Sources:** [2021 Employee financial wellness survey: PwC](#)  
[Employees' Financial Issues Affect Their Job Performance \(shrm.org\)](#)

# Financial Stress is a Productivity Killer

- Employers who invest in employee financial wellness can reap long-term benefits
- It starts with integrating financial wellness into your overall wellness culture

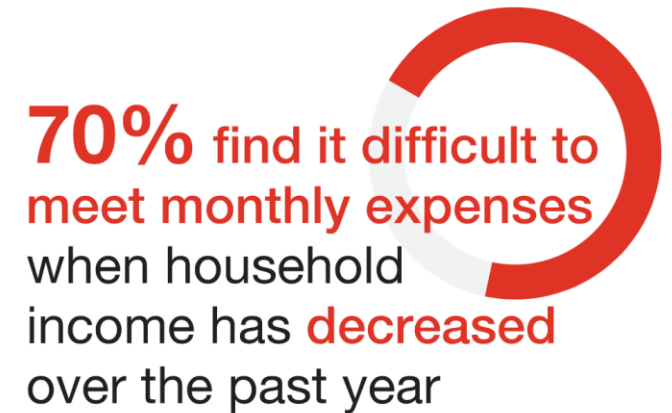


**Source:** [2021 Employee financial wellness survey: PwC](#)

# Recognizing what is going on at Home

- Employees know they have a problem, yet they remain woefully unprepared
- They have low financial literacy
- 47% say they could not meet basic needs if unemployed
- 49% say they'll need to use retirement funds early

## Employees struggle to meet monthly household expenses



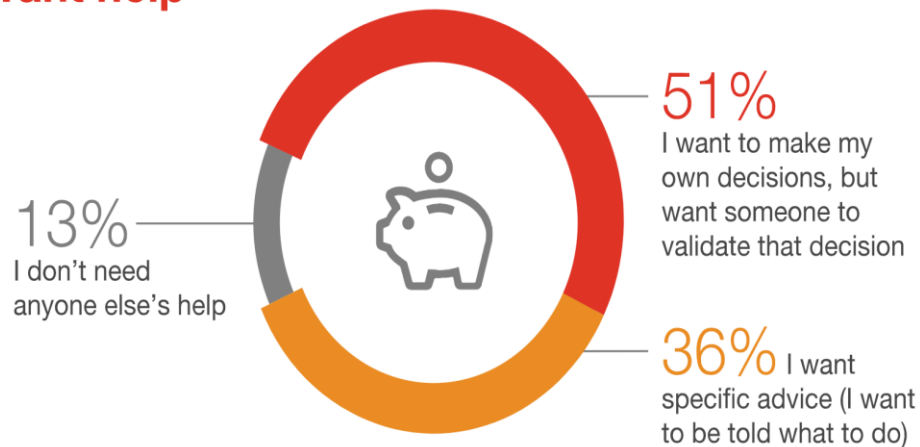
Source: PwC's 10th annual Employee Financial Wellness Survey, PwC US, 2021. January 2021: base of 1,600 full-time employees

Source: [2021 Employee financial wellness survey: PwC](#)



# Employees crave help with their finances

**When it comes to personal finances 87% of employees want help**



Source: PwC's 10th annual Employee Financial Wellness Survey, PwC US, 2021  
January 2021: base of 1,600 full-time employees

- 1/3 rank a wellness program with access to unbiased coaches as a benefit as what they would most like to see added
- One-on-one personalized coaching motivates people, emphasizes accountability, and can lead to meaningful behavior changes
- Preventing the financial stress costs less than recovering from avoidable, destructive financial decisions
- To be competitive, employers should provide programs that continuously engage employees (ongoing wellness/coaching) versus just are there when something happens

**Financial Wellness (and Stress) are 80% behavior and 20% head knowledge**

# It's "20 % Head Knowledge"

- This is the "What to do" – most people are aware of this, some excel, too many don't
- 401 (K), 403 (B), IRA, Traditional, Roth, 529 Plans, Annuities, etc.
- Stocks, Bonds, Mutual Funds, ETFs, Money Markets, CDs, HSAs, FSAs, etc.
- Credit cards, personal credit, student loans, mortgages, etc.
- Interest rates, compounding interest, returns on investment, etc.
- Life Insurance, Health Insurance, Disability Insurance, Wills, Powers of Attorney, etc.
- Understanding that:
  - **Savings** (spending less than you earn) looks like this:  $\$4,000 - \$3,000 = \$1,000$
  - **Debt** (spending more than you earn) looks like this:  $\$4,000 - \$5,000 = -\$1,000$

*Most employer-based financial advice programs focus on this 20%, and not the behaviors necessary to successfully apply the head knowledge and math*

**Financial Wellness (and Stress) are 80% behavior and 20% head knowledge**

# And “80 % Behavior related”

- This is the “How to do it” – some excel, too many don’t
- Personal habits, emotions, and financial literacy drive how people approach communicating, planning, spending, debt, savings, investing
- Your money habits depend on how you were raised and taught
  - Scarcity vs Abundance, source of stress or not, tools taught or not, debt is good/bad, investing is good/bad, understand risk, “free spirit or nerd”
- Money discipline and accountability are essential to success
- A spending plan/budget is the key to success...and for some hard to do
- Financial Stress is the #1 cause of divorce and relationship issues

Source: *Know Yourself, Know Your Money*, Rachel Cruz, 2020

**Financial *Wellness* (and *Stress*) are 80% behavior and 20% head knowledge**

# Professional Financial Coaching / Counseling

- Focuses on money behaviors and tools (80%)
  - Understanding personal money behaviors/habits and their roots
  - Understanding how those behaviors/habits are often different in relationships
  - Helping couples understand and work together towards common goals
  - Creating tools to make financial plans and set obtainable goals
  - Developing the discipline and accountability to follow through
  - Monthly spending plan (aka budget)
  - Eliminating unnecessary debt and breaking the cycle of suffocating debt
  - Turning stress and despair into hope and success
  - Using their money to enable their life's purpose
- Then Applying the Head Knowledge to Make a person's money work for them (20%)
  - Spending wisely against their plan
  - Saving for emergencies, so emergencies don't derail plans and dreams
  - Saving and investing for retirement, kids' education, a house, vacations, vehicles, etc.
  - Assuring appropriate insurance, wills, powers of attorney, etc. are in place

***Financial Wellness (and Stress) are 80% behavior and 20% head knowledge***

# What you can / should do

- Objectively evaluate your company financial wellness benefits based upon what employees are saying they want and need
  - Identify and offer unbiased financial literacy seminars / training
  - Add unbiased, ongoing one-on-one counseling / coaching if not offered
  - Ensure 401 (K)s are accessible and used (if appropriate)
  - Ensure Insurance is accessible and used
  - Are you offering Financial “Flexibility” or Financial “Wellness”?
- Know that employees often won’t reach out before its too late ... offer them an alternative
- Engage with your employees
  - Let them know that you care, understand, and are offering support
  - Ability to get help without telling the boss everything that’s going on

*Financial **Wellness** (and **Stress**) are 80% behavior and 20% head knowledge*



# Tools in your Toolbox

- ***Professional Financial Coaches and Counselors*** teach and train the fundamental skills and behaviors necessary to succeed
- ***Company's Retirement Plan Financial Advisors*** help with investing/retirement goals and plans
- ***Company's Insurance providers*** usually have advisors who focus on how best to succeed with those plans
- ***Family counselors and therapists*** through the Company Wellness programs may be able to provide some tools
- ***Accountants/CPAs*** help with taxes
- ***Banks/credit unions*** help with how to get a loan and savings
- ***Family Law Attorneys*** help with wills, advanced directives, etc.

*Financial **Wellness** (and **Stress**) are 80% behavior and 20% head knowledge*

# Some online resources and articles

- [Ramseycoach/Don Hickman](#)
- [Employee Financial Stress and Your Company Bottom Line \(ogdenweberchamber.com\)](#)
- [Empowering Financial Wellness | USU](#)
- [Employees' Financial Issues Affect Their Job Performance \(shrm.org\)](#)
- [How to Help Your Employees Deal with Financial Stress | Betterment](#)
- [Study reveals true cause of employee financial stress | BenefitsPRO](#)
- [Nonprofit employer guide to workplace financial wellness programs \(missionmoney.org\)](#)
- [FPW – Financial Advice for Women \(usu.edu\)](#)
- [Employee Benefits That Cause Financial Stress | RamseySolutions.com](#)
- [Average American Debt | RamseySolutions.com](#)
- [Is Financial Stress Weighing You Down? \(ogdenweberchamber.com\)](#)
- [Financial Peace and The Three Little Pigs \(ogdenweberchamber.com\)](#)



**DON HICKMAN**

**A HELPING HAND FINANCIAL COACHING**

(385) 244-0395 (OFFICE)

(801) 719-9928 (MOBILE)

THEHICKMANGROUPLLC@GMAIL.COM

**RAMSEY**  
**PREFERRED COACH**



Recommended by  
Dave Ramsey

*A Service-disabled, Veteran-owned Small Business headquartered in Weber County, Utah*

Questions/Comments?

A HELPING HAND FINANCIAL COACHING

*"HELPING YOU CHANGE YOUR FINANCIAL FUTURE, TODAY!"*