

# **The State of Financial Wellbeing**

The UK Workplace Report 2022



# The State of Financial Wellbeing

## The UK Workplace Report 2022

Created by Wagestream

[www.wagestream.com](http://www.wagestream.com)

**24%**

of UK employees worry about money every day, up 8% in a year - **with money the biggest worry overall in 2022**

**50%**

of UK employees want help with savings in 2022, but **only 18% of employers are planning to help**

**2%**

is the percentage of team members that employers think worry about money every day - **the reality is 24%**

**52%**

of employees think their employer supports them with money, but **9 in 10 employers believe they're doing so**

**93%**

of UK employers now report having a financial wellbeing strategy in place, **up from 51% in March 2021**

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# Welcome

**The *State of Financial Wellbeing* is a research programme with one goal: improve the population's financial wellbeing. It pairs data and analysis with expert opinion and lived experiences to paint a clearer picture of what builds financial wellbeing, what blocks it, and how we can work together to make it a reality for everyone.**

The *UK Workplace Report* explores the intersection between employer and employee, an increasingly proven pathway for improving financial wellbeing across the UK. The findings in this report will help employers make a real difference in this space, to the benefit of individuals, organisations and wider society.

I would like to thank everyone who made the production of this report possible and hope that you enjoy it.



**Jamie Lawrence**

Insights Director  
Wagestream

## Methodology

This report is based primarily on a survey of 5,000 UK employees and 600 UK senior HR professionals conducted in November 2021 as well as a further 18 qualitative interviews with UK employees conducted in January 2022. A separate survey of 2,000 UK members of the public was conducted in August 2021. Additional analysis of the main datasets was conducted by CogCo in January 2022.

# Introduction

**In February 2022, the Money and Pensions Service (MaPS) published delivery plans to take forward MaPS' UK Strategy for Financial Wellbeing. Alongside delivering MoneyHelper to support people, particularly those in vulnerable circumstances, to make the most of their money and pensions, and commissioning debt advice services in England, we have a statutory duty to coordinate this UK Strategy. This is only possible by working closely with a wide range of stakeholders across government, education, financial services, community settings and the workplace.**

The Strategy sets out, and the delivery plans enable, ambitious agendas for change across five broad financial wellbeing themes: children's financial education; savings; use of credit; debt advice; and planning for and managing in later life. They also include cross-cutting themes on gender and financial wellbeing and on mental health and financial wellbeing.

Underpinning all of these themes is our own survey data showing how much work we need to do in partnership with many others to improve the financial wellbeing of millions of people in the UK. This is placed into even sharper focus by the ongoing impact of Covid-19 and the rising cost of living on people's finances.

Our own evidence underscores the importance of having the confidence to talk about money issues in breaking down barriers and enabling people to deal with financial difficulties such as debt and in managing money and pensions throughout our working and later lives.

How employers respond to these challenges is at the heart of our work. This is why the findings in this *State of Financial Wellbeing* research report about the need for and importance of financial wellbeing in the workplace are so timely and welcome.

It's vital that many more employers respond positively to these findings by seeking ways to close the gap between their employees' need for better financial wellbeing support in the workplace and employers' perception of what these needs are. This ranges from financial education offered at key moments during working life when people are open to conversations about money or pensions - for example for a new or retiring employee or at times of parental or bereavement leave - through to financial products and services, such as payroll-deducted savings, offered as part of employee benefits or wellbeing packages.

MaPS looks forward to working with Wagestream, other providers of workplace financial wellbeing solutions and employers of all sizes and from all sectors as, collectively, we drive forward the outcomes we want to achieve for the population as a whole through the UK Strategy for Financial Wellbeing.



**Sarah Porretta**

Propositions, Insights and External Engagement  
Director, Money and Pensions Service





# The time is now

**The past few years of turbulence and uncertainty have put a sharper focus on employee wellbeing, with mental wellbeing in particular enjoying more attention from organisations. Financial wellbeing has lagged, but there are positive signs that this is changing.**

The pandemic has really tested UK employees' financial resilience, with a perfect storm of factors including redundancies, furlough, reduced income and savings depletion. As we move into the post-pandemic recovery phase, it's important to remember that the financial impact on individuals will not disappear overnight.

This is particularly true with the cost of living rising so dramatically. At the start of 2022, StepChange reported one in three people were struggling to keep up with bills and credit commitments. This is only going to worsen as the UK gets hit by steep rises in inflation, energy bills and taxes. With UK households expected to experience a hike of £1,200 in living costs, The Resolution Foundation think tank is calling 2022 "the year of the squeeze".

Just as everyone has mental wellbeing, everyone has financial wellbeing – and there are people who need support with their financial wellbeing more than others. Organisations looking to create an all-encompassing wellbeing strategy must consider financial wellbeing a core pillar and take action to empower employees to improve their long-term financial wellbeing.

And if there was ever a time for organisations to consider their place in empowering UK employees to take control of their financial wellbeing, it's now.

The pandemic has certainly brought additional financial pressures to bear on individuals, but financial worries and poor financial wellbeing existed long before we knew that Covid-19 was a thing.

I encourage you to read this *State of Financial Wellbeing* report for a comprehensive view of UK financial wellbeing in 2022 and for expert guidance on how you can improve the financial wellbeing of your people with actionable next steps.



**Becky Norman**

Editor, HRZone

**HRzone**



## SECTION 1

# The impact of Covid-19 and the rising cost-of-living

# Daily money worries have risen sharply

Against the backdrop of Covid-19 and the rising cost of living, we wanted to know the extent to which UK employees were worrying about money. We found that almost a quarter (24%) worry every day, a rise of 8% in a year.

Meanwhile, 57% worry about money every week or more - up 9% on November 2020 when just under half (48%) of UK adults reported worrying about money once a week or more in the preceding month.

With the cost of living continuing to rise, it's reasonable to think that the prevalence of money worries will increase rather than decrease as people struggle to adapt to the worsening macro environment.

In fact, the Office for National Statistics (ONS) now reports that the rising cost of living is top of household concerns. Three-quarters (76%) said their cost of living had risen, with 90% reporting paying more for food.

**November  
2020**

**16%**

worry about  
money every day

**48%**

worry about  
money every  
week or more

**24%**

worry about  
money every day

**57%**

worry about  
money every  
week or more

**November  
2021**



"Many people are struggling with their financial situation as a result of Covid-19. We have seen an increase in financial worries due to inflation rises, the cost of living going up, rising mortgage rates and eviction restrictions being lifted. All of which means in 2022 finances continue to play an outsized role in employees' mental health."

**Cliff Lee, Head of Wellbeing, Retail Trust**



# Employers **unaware** their people are worrying more

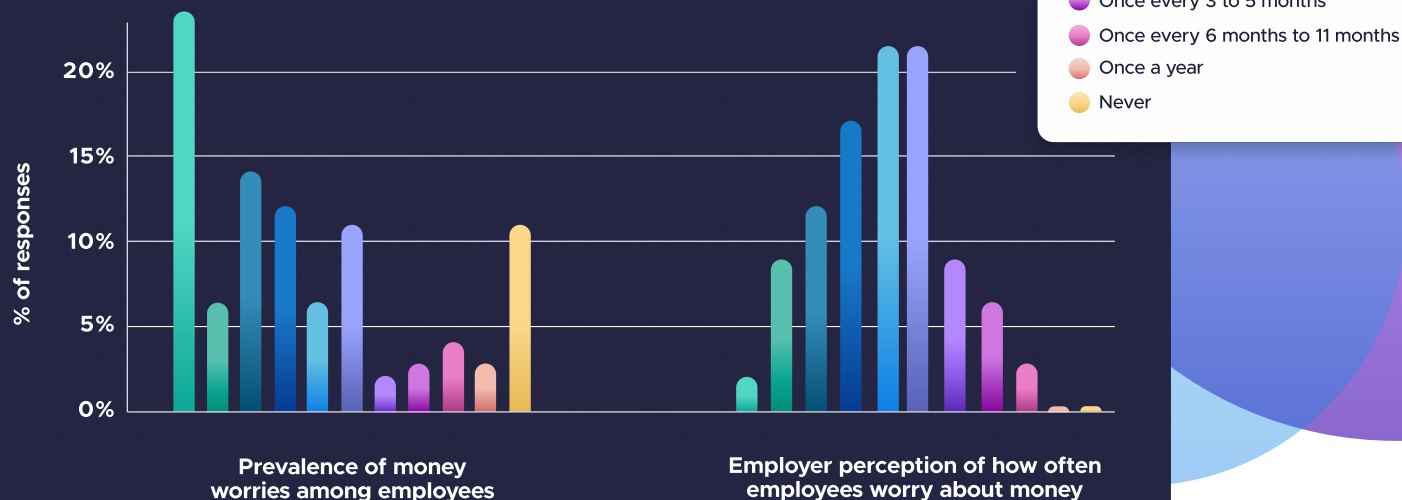
While worries about money are clearly rising among UK employees, employers are generally underestimating the degree to which worries about money are affecting their staff.

Employers estimate that 2% of UK employees worry about money daily - a 22% underestimate. This may be because

the increase in worry has not coincided with an increase in the number of people overtly asking for support from their employer.

Overall, employers think people worry about money every few weeks to every month - a range which overlaps with common pay cycles and may reflect a belief that worries peak before or after getting paid.

## How often UK employees worry versus how often employers think they worry



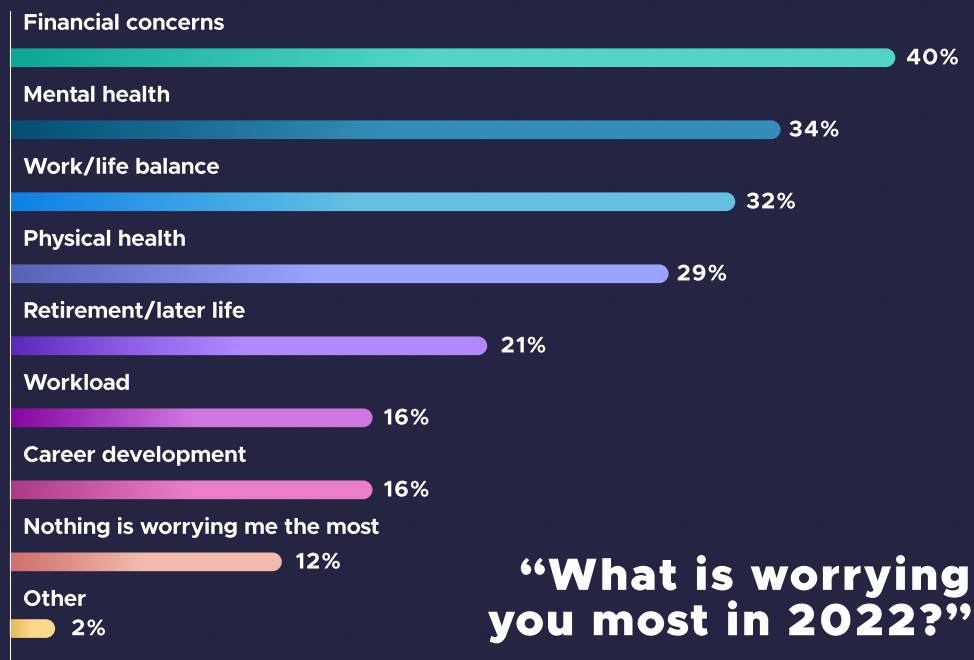
# Money and mental health are top worries

As well as an increase in the amount that people are worrying, Covid-19 and the cost of living increase seem to have put money at the forefront of what UK employees are generally worried about in 2022.

Well over a third (40%) reported that 'financial concerns' were their biggest worry in 2022. Money remains the biggest driver of

worry in 2022 across every age group, except for a dip in the 55+ age group where, as we might expect, it came second to 'retirement/later life'.

Mental health came in second with 34%. Together, financial concerns and mental health were cited by almost three-quarters (74%) of UK employees as their biggest worries of 2022.



**“What is worrying you most in 2022?”**

# Perfect storm has left UK employees vulnerable

The increase in money worries coincides with an increase in low financial resilience, affecting the ability to absorb financial shocks. In October 2020, 14.2m UK adults had low financial resilience [PDF] - an increase of 3.5m in seven months, reversing a three-year downward trend.

Low financial resilience can be triggered or exacerbated by negative life events. These rose by 45% in the same seven-month period - driven almost exclusively by income shocks like job loss or furlough.

Reflecting this environment, just under half (47%) of UK employees cited fear of unexpected expenses as the factor most having contributed to their worry in the last year - with a perceived lack of money (39%) and a lack of savings (31%) also common.

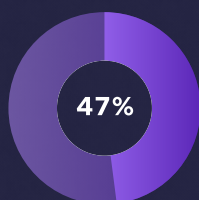
Unsecured debt remains relatively high - 17% of respondents said they had unsecured debt of £7,000 or more. Total unsecured debt per individual was £3,745 in Dec 2021, according to [The Money Charity](#) [PDF].



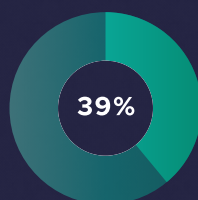
"There's a perfect storm of factors contributing right now to financial stress for UK employees. Not only is empowering employees to take control of their financial wellbeing the right thing to do, but there is considerable business benefit that comes from happier, healthier employees."

**Sam Westwood, Head of People, The White Company**

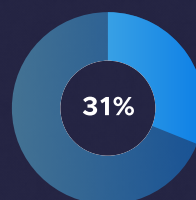
**"What things have worried you most about your money in the last year?"**



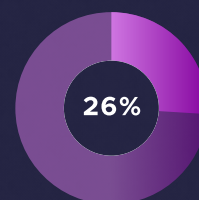
I'm worried about unexpected costs coming up



I don't feel like I have enough money



I am worried as I have no savings



I run out of money before payday





## SECTION 2

**Are UK employees  
feeling supported at  
work with their money?**



# Employers mobilised but desire to help isn't being felt

Over nine in 10 (91%) employers said they provide an environment supportive of financial health, while 52% of employees said they feel supported with their money at work.

This is despite 87% of organisations reporting that Covid-19 has increased their organisation's focus on the financial wellbeing of their people.

Over nine in 10 (93%) employers said their organisation has a financial wellbeing strategy in place - a significant increase on the 51%

of employers who said in the CIPD's Reward Management survey in March 2021 that they had a financial wellbeing policy.

This 'perception gap' on how supportive the workplace is when it comes to financial wellbeing may be driven by poor awareness of the support being offered in the workplace.

Almost a third (28%) of employers said they provide salary advances, for example, while only 9% of employees said their employer provides them.

**28%**

of UK employers said they provide salary advances

**26%**

of UK employers said they provide life assurance

**21%**

of UK employers said they provide financial education

**9%**

of employees said their employer provides salary advances

**12%**

of employees said their employer provides life assurance

**7%**

of employees said their employer provides financial education

# UK workers want more help but a lot are on the fence

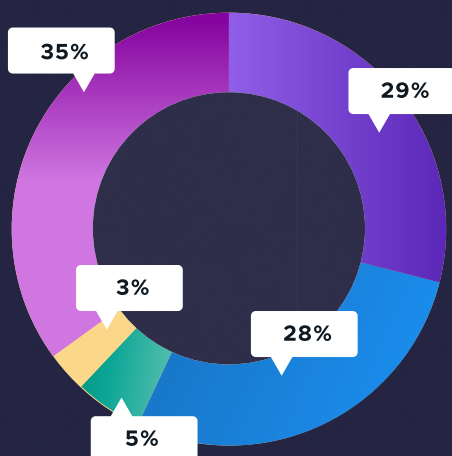
Over two-thirds (65%) of UK employees want more help with their finances from their employer in 2022. A small proportion (8%) do not want support and close to a third (28%) are not sure.

When asked if they feel in control of their financial future, almost a third of UK

employees (28%) said they weren't sure.

This cohort likely requires additional engagement, for example they may need to be convinced of the value of financial wellbeing support or that the workplace is a suitable pathway for improving their financial wellbeing.

**“Would you like your employer to provide more support when it comes to money?”**



- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree



"I'd be comfortable talking to my organisation about money, I trust them. They're really good and have been super helpful during lockdown." **Michael, 21**


# Employers are **unaware** of the ‘on the fence’ cohort

While close to 100% of employers have a financial wellbeing strategy in place, it's likely these will be skewed towards the cohort of employees that want more support with their money.

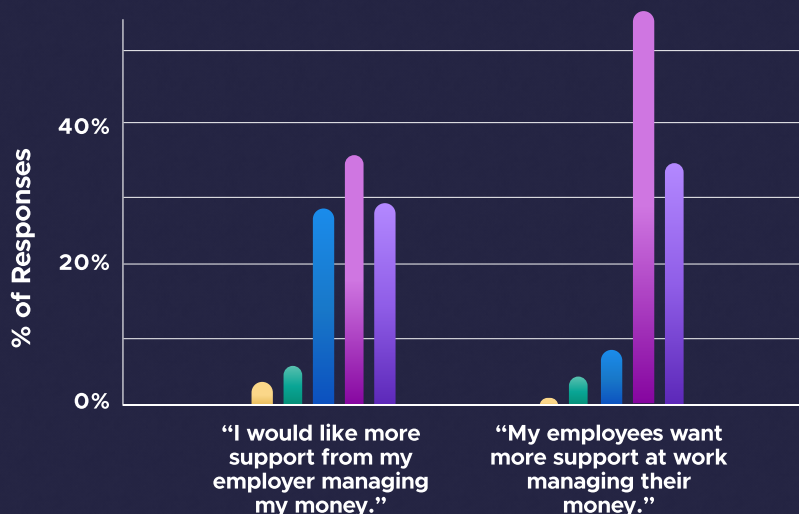
Generally speaking, employers are overestimating the number of employees with a clear desire for more financial support at work. Close to nine in 10 (88%) said their employees do want more support, while 8% said they're not sure. But almost a third (28%) of employees reported not being sure.

In practice, this may mean engagement campaigns fail to tackle factors that crystallise desire for more workplace support - such as internal motivation to improve financial behaviours and trust in the employer-employee relationship.

It could also be other factors are driving this uncertainty, such as perceived lack of time to engage with wellbeing initiatives or difficulties engaging with initiatives among non-office based or night shift employees.

- 
- Strongly agree
  - Somewhat agree
  - Neither agree nor disagree
  - Somewhat disagree
  - Strongly disagree

## Do UK employees want more workplace support with their money?



# UK employees do not talk about money at work

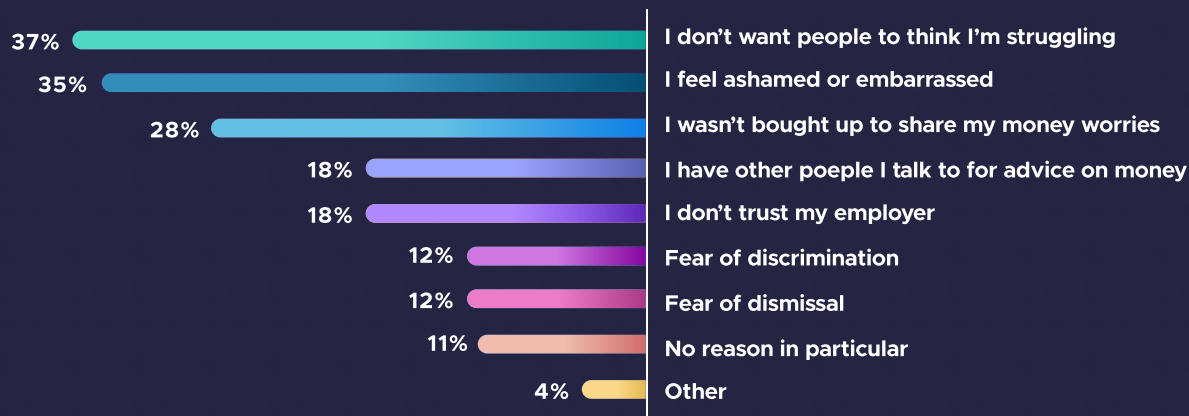
Despite the progress that's been made in encouraging employees to open up about mental health in the workplace, many are still very reluctant to discuss money.

Over two-thirds (68%) of those whose money worries had worsened their mental or physical health hadn't told their employer.

The most commonly-cited reasons were internal, such as feelings of shame.

But four in 10 (41%) cited negative perceptions of their employer, such as lack of trust or fear of discrimination, as factors driving their decision to keep quiet.

## “Why haven't you told your employer about your money problems?”



“The stigma and shame people feel about not being able to provide for their family, or being in debt is huge. It means that on average the people we support have delayed getting help for two years or more.”

**Paula Stringer, CEO, Christians Against Poverty**





### SECTION 3

**What support with money do employees really want in 2022?**



# Recovering financial resilience is most desired

Almost two-thirds of UK employees (61%) cited either building a 'rainy day' fund or reducing debts as their biggest financial priorities of 2022. A further 23% wanted to feel better about money.

These financial priorities are reflected in what type of support UK employees most

want from their employer in 2022. Half (50%) want savings products that make it easier to save.

Overall, it seems UK employees are looking to rebuild resilience to deal with the unexpected, in the face of the rising cost of living.

## Top three financial priorities for UK employees in 2022

31%  
Build a 'rainy day' fund

30%  
Reduce my debts

23%  
Feel better about money



*Employees that self-reported having access to Help to Save schemes at work were **8% more likely to say their employer cares about their financial health** and **4% more likely to say they feel in control of their financial future.***

# Tailored support trumps generalised support

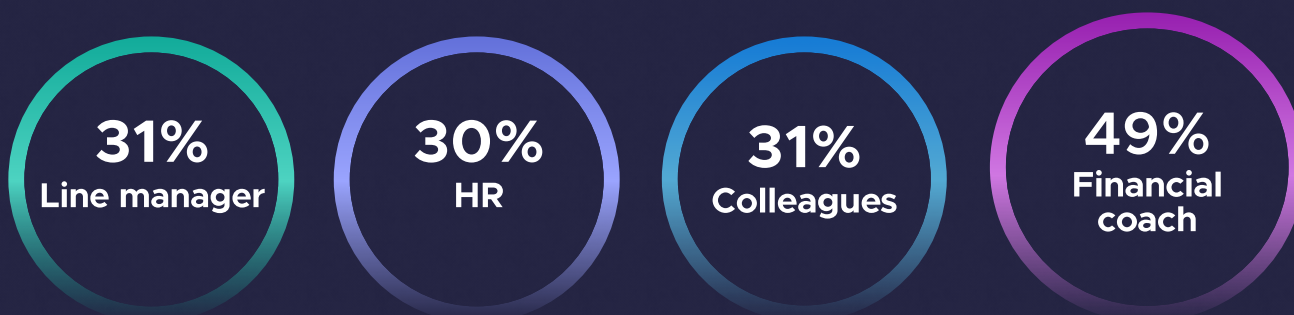
Getting on for half (41%) of employees want financial coaching to help them get better with money, ahead of options for more generic information, such as articles, blogs and other financial education (15%).

As well as a desire for personalised coaching, UK employees are more comfortable talking to financial coaches than any stakeholder group in the workplace, such as colleagues and line managers.

Among some UK employees, there's a strong aversion to talking in the workplace about money. Over a quarter (26%) say they would not feel comfortable talking to HR about their money worries; this rises to 27% for line managers. For financial coaches, the figure is 6%.

Employers should not feel pressured to 'bring the conversation in-house.' many organisations provide third-party services alongside strong, visible signposting.

## "How comfortable are you talking about money worries with...?"





# Employers have resolve but need to focus

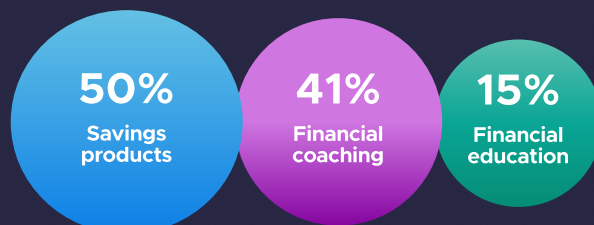
**With 93% of employers saying they have a financial wellbeing strategy in place, new forms of support are on the horizon - but they're not matching what employees want in 2022.**

18% of employers are considering implementing savings products to help employees save in 2022, despite it being the most desired form of support this year with 50% of employees wanting it.

Overall, employer resolve for improving financial wellbeing appears generalised rather than targeted.

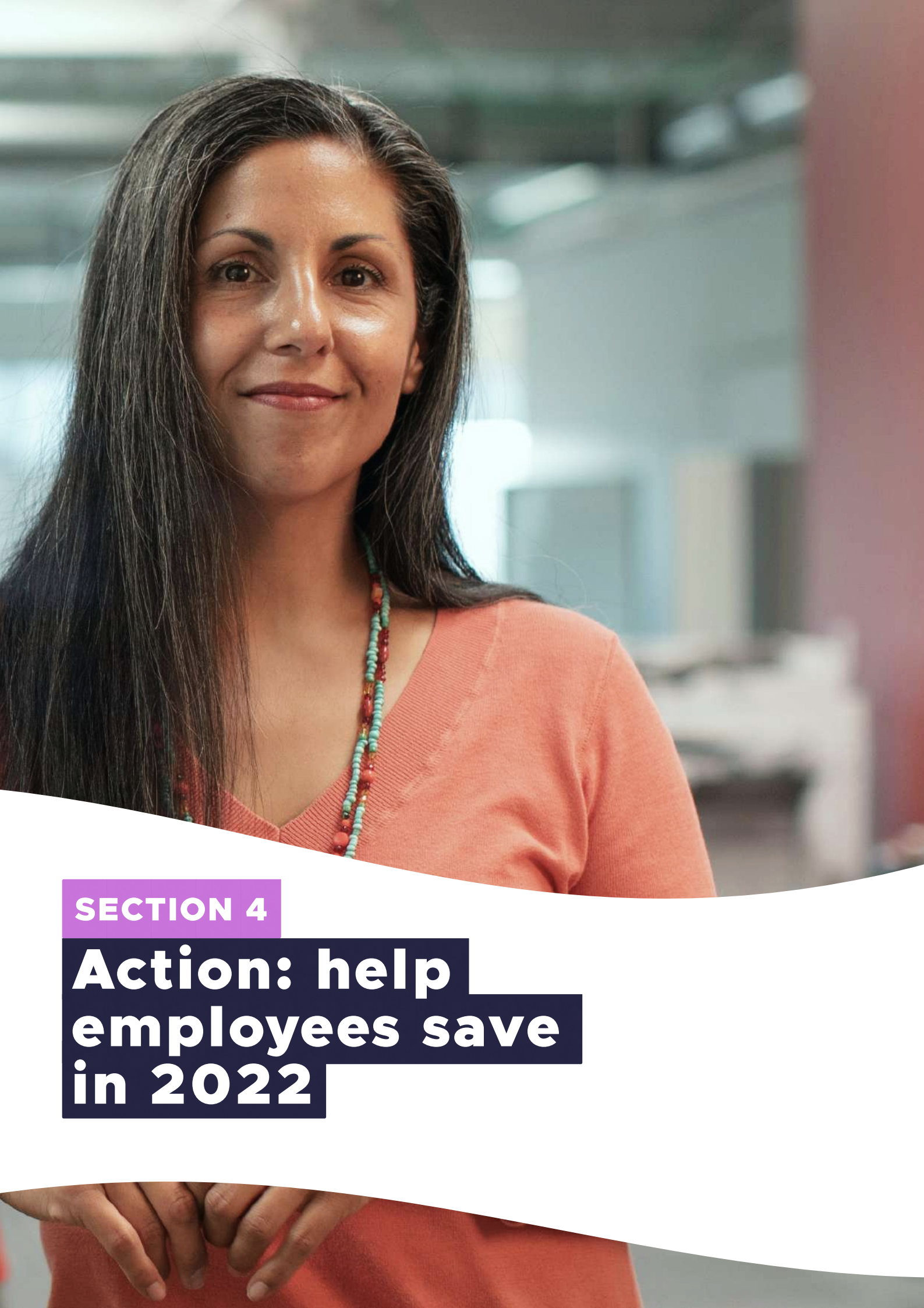
Financial education, childcare support, employee assistance programmes, discounts platforms, mental health support and health cash plans were all being considered for implementation within the next 18 months by around one in five (20%) of employers.

It's important to note small nuances in benefit offerings can be rated vastly differently by employees: 41% of them want financial coaching in 2022, but the more traditional idea of financial education attracted a more muted 15%. This reflects the journey employers are on to identify the most desired and effective forms of support.



**"What forms of support for your finances would you want the most from your employer?"**





## SECTION 4

**Action: help  
employees save  
in 2022**

# Hone in on savings barriers

**According to the Money and Pensions Service, 11.5 million people have less than £100 in savings to fall back on. Why do people find saving hard?**

In our *UK Financial Wellbeing Personal Interviews 2022*, we spoke to UK employees about saving. The desire to save was close to universal, but ability varied considerably based on factors such as income, stability of hours, debt levels, goal-specific motivation and access to suitable products.

For those with high levels of debt, saving was not typically considered a viable short-term goal and saving for the sake of saving (i.e. for an emergency fund or to increase generalised financial resilience) was by necessity way down the priority list.

Some reported having had savings before Covid-19 hit, but that these savings were eaten up by income shocks such as job loss or furlough - which rose 45% in the seven months between March and October 2020.

Unexpected expenses unrelated to Covid-19, such as car breakdown, had also served to wipe out savings, especially among those with little month-to-month disposable income.

Struggling to save is therefore a multivariate problem unique to the individual, but the issues can be broadly categorised into four specific conditions that are necessary if saving is to be successful in the long-term. We'll look at these conditions next.



“We know that people understand the importance of saving for a rainy day and do put money aside for future expenses and emergency costs; but it can be hard to build an effective short-term saving pot. For instance, we asked people 15 months after seeking debt advice whether they had enough savings to replace a fridge or washing machine. Only 9% said that they had been able to save enough to do this.”

**Peter Tutton, Head of Policy, StepChange**

# Framework: four conditions necessary for savings success

Understanding where people can fail with saving is important if employers want to support more employees to save.

This framework moves from the general to the specific and shows a pathway for employees to save successfully. Your strategy should ideally cover all four areas.



"I learnt about saving from my younger brother. He told me to think of a goal and know that if I dip into my money, I won't have money for that particular occasion. So for me it was my son's birthday and I knew if I spent my savings, I wouldn't be able to do anything for him on his birthday. And I've found it much easier to save after this." **Emma, 28**

# Three actions to encourage employees to save

## 1. Challenge common beliefs about saving

People with debts often don't bother saving - but it's not always true that having debts means you shouldn't save. It's also not true that it's never a good idea to dip into savings to cover outgoings - a study from NEST shows that even with withdrawals, savings tend to grow over time.

## 2. Help employees crystallise specific motivation

It starts with a generalised desire to save, but it's personal, specific motivation that makes the difference. Maybe it's taking the kids on holiday - or clearing debts. This motivation can be incredibly powerful but it needs to crystallise clearly in the mind.

## 3. Offer products that flex with income

When income changes between pay cycles, savings need to as well. But traditional savings products can be rigid - and put people off saving for fear of running out of money. Newer products make it much easier for employees to link their savings rate to their income, which may fluctuate week-to-week.



"If you want to move house, or go on holiday, or do anything, you need to have savings behind you."

**Matilda, 36**





## SECTION 5

**Action: encourage conversations about money**



# Reduce the money talk stigma in three steps

Just as the mental health stigma has been chipped away at in recent years and conversations are beginning to happen more freely, it's important the same thing happens with money. As we've seen, there are powerful internal motivators that are stopping UK employees talking about money.

Creating conditions more conducive to talking about money is an important part of establishing the workplace as a pathway for improving financial wellbeing. And it's important that employers don't assume that not talking, or not engaging with support or adopting benefits, is driven by a lack of desire.

## 1. Be clear on roles and responsibilities

Some of the people we interviewed for our qualitative *UK Personal Interviews 2022* reported feeling it fruitless to talk to their employer about money because there was nothing they could do to help. This may also explain why, in our research, we found a cohort of people who didn't know if they wanted more support from their employer. If employees aren't clear on the benefits of a conversation, they are less likely to have one.

On the flipside, those likely to have money-related conversations with employees – often the line manager – should be trained to understand what their role is and where their responsibilities end. For example, they can't 'solve' worry – but they can signpost to resources or additional support. It's unlikely they will be proactively encourage conversations about money unless they're clear on what's expected of them.

## 2. Use money champions

Mental Health at Work encourage organisations to train some employees as Mental Health Allies®. Managing Director Alison Pay told us this is a “volunteer role of confidential, expert listeners and signposters, ensuring that everyone has someone they can feel comfortable to talk to, whenever they need to talk.” The role of Mental Health Allies is not to advise or fix, but can be a useful first step for someone to talk about financial concerns and be signposted to specialist support if needed.

As we saw earlier, people are more comfortable talking to a financial coach than anyone in the workplace. This may be driven by a lack of a financial relationship or any precedent for discussing money matters, whereas with a financial coach the relationship is predicated on talking about money. By having dedicated money champions in the workplace that can listen and signpost, organisations help create clear pathways for talking about money at work

Allison added that Mental Health Allies® are “advocates for open conversations about mental health, supporting HR and managers in driving the agenda and sometimes running awareness campaigns.” It’s important for any champion network to be representative and diverse as relationships mediated by trust and between people in similar situations drive proclivity to talk about money.

## 3. Never let an opportunity go to waste

Furlough and Covid-19 made everyone think about money, and the 2022 cost-of-living crisis is making every stakeholder across society, from individuals and the private sector to government and charities, think in varying ways about money.

These are prime opportunities for engagement and awareness campaigns: as an employer, nothing says you’re more open to having a conversation than starting one. This is especially true when engagement is driven by money champions.

Resources exist to encourage conversations to happen at certain times, such as Talk Money Week from the Money and Pensions Service. This is focused around a week a year which can be a useful focal point for employers.



# Get ahead of the financial wellbeing curve.

The *State of Financial Wellbeing* is an ongoing programme of research designed to empower all efforts to improve financial wellbeing, across the workplace and beyond.

There's a lot on the horizon - make sure you don't miss out on the latest insight into financial wellbeing when it lands.



Email [sofw@wagestream.com](mailto:sofw@wagestream.com) for early access to all our research.



# Methodology, references & acknowledgements

The findings in this report have been compiled from the following datasets:

## **Wagestream UK Employee Research Project 2021 – 5,000 UK employees**

Additional analysis of this dataset was undertaken by CogCo in January 2022.

## **Wagestream UK Employer Research Project 2021 – 600 UK employers**

Additional analysis of this dataset was undertaken by CogCo in January 2022.

## **Wagestream UK Public Research Project 2021 – 2,000 UK consumers**

## **Wagestream UK Personal Interviews 2022 – 18 UK employees**

Where used in this report, names of employees have been changed to protect identities. Ages are accurate.

## **Additional research or studies cited in this report:**

*You don't have to be rich to save money: On the relationship between objective versus subjective financial situation and having savings, Maison et al (2019)*

## **Wagestream would like to thank the following partners for their contributions to this report:**



## About Wagestream

Wagestream is the financial wellbeing app founded by charities, designed for frontline workers and built around pay. Offered through employers like Bupa, Halfords, Pizza Express, Co-op and the NHS, it makes work more inclusive, fair and rewarding for one million people - by giving them access to fair financial services built around flexible pay.

Wagestream is driven by a social charter: every service it provides must measurably improve financial wellbeing. Over 70% of people using Wagestream feel more in control of their money, leading to a happier, healthier, more productive workforce.

Find out more at [www.wagestream.com](https://www.wagestream.com)

## About the Money & Pensions Service

The Money and Pensions Service (MaPS) is an arm's-length body sponsored by the Department for Work and Pensions. MaPS' mission is to ensure every person feels more in control of their finances throughout their lives: from pocket money to pensions.

When they are, communities are healthier, businesses are more prosperous, the economy benefits and individuals feel better off. MaPS delivers free and impartial money and pensions guidance to the public through [MoneyHelper](https://www.moneyhelper.org.uk), which recently brought together legacy services the Money Advice Service, The Pensions Advisory Service and Pension Wise.

Find out more at [www.moneyandpensionsservice.org.uk](https://www.moneyandpensionsservice.org.uk)

# Contact Wagestream

If you'd like to know more about Wagestream, or how it can improve the financial wellbeing of your employees, we would love to hear from you through one of the methods below.

## Get in touch



**Research & insights:** [sofw@wagestream.com](mailto:sofw@wagestream.com)



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