



## Manulife/Ipsos Reid Health and Wealth study 2015

Helping employers gain greater insight into the connection between health, financial wellness and engagement for a more productive workplace



As a provider of group benefits and retirement savings programs for many Canadian companies, Manulife has developed a unique perspective of the health and wealth challenges employees face. We noticed some disturbing trends in the workplace. Our group benefits team was seeing an increase in disability claims associated with mental health issues, while our group retirement area was becoming increasingly concerned about what appeared to be a lack of retirement preparedness. We wondered if these trends might be linked and what effects they may be having in the workplace.

In 2014, we decided to investigate and gain a deeper understanding of these developments by working with research firm Ipsos Reid.

## WE LEARNED A LOT

Results from our initial survey were revealing and validated there's a strong connection between health and wealth. To be strong contributors to a company's goals, employees need to be healthy – physically, mentally, and emotionally. We also confirmed financial wellness is intrinsically linked to an employee's overall health and that being financially unprepared can get in the way of employees coming to work fully engaged and ready to be their best each day.

## WE WANTED TO KNOW MORE

In 2015, we initiated a new survey to help shed more light on the role poor finances play in the mental and physical challenges facing many working Canadians:

- What financial challenges do employees face?
- How do these challenges present themselves?
- What obstacles keep employees from becoming financially prepared?
- How can we better understand the relationship between an employee's health and wealth and a company's bottom line?

It became clear that if our goal was to better understand employees who said they were financially unprepared, and what steps we could take to help them shift towards being prepared, we needed to look further into their current financial situations: from budgeting, to debt management, to access to workplace benefits, and more.

We're pleased to share the key findings of our research and hope it helps you gain a better understanding of the connection between employee health, wealth and the factors that can help a company succeed.

## KEY TERMS



### Engaged

Employees who care about their work and are dedicated to accomplishing company goals



### Financially prepared

- Have a financial plan
- Have borrowed appropriately and have a plan for managing debt
- Save sufficiently for retirement through a retirement savings plan



### Financially unprepared

- Have no formal financial plans
- Have high debt levels and report minimal savings
- Are not saving for retirement

## METHODOLOGY



The March 2015 survey was conducted online with 2,000 Canadians from across the country. All respondents were screened to fit the following criteria:

- Ages 25 – 65
- From all regions across Canada
- Varying income levels
- Working a minimum of 20 hours a week

# A CLOSER LOOK AT THE FINANCIALLY UNPREPARED



A key finding from our 2014 survey revealed **20 per cent** of employees said they're financially unprepared. This finding required a clearer picture of what it means to be financially prepared versus unprepared and why some struggle to achieve important financial goals.

## HERE'S WHAT OUR 2015 STUDY REVEALED

The financially unprepared face many day-to-day financial challenges, and either can't or don't know how to overcome them. But clearly, financial wellness is a struggle.

Compared to the financially prepared, the financially unprepared are:



**34%**

less likely to create a budget



**39%**

less likely to purchase or confirm they have proper life insurance to protect themselves or their families against death



**37%**

less likely to have a plan to pay off debt



**44%**

less likely to save for a child's education



**50%**

less likely to create an emergency fund



**63%**

less likely to save for retirement

The unprepared also said they feel uncomfortable about the state of their finances, which is understandable since they don't have a clear picture of their financial futures or what it takes to become financially prepared.

**Compared to the financially prepared, they are:**



**46%**  
less likely to say having  
**a financial plan...**



**36%**  
less likely to say  
**retirement planning...**



**35%**  
less likely to say having a  
**workplace retirement  
savings plan...**

**... affects how comfortable they  
feel about their finances**



## THE IMPORTANCE OF BEING PREPARED

The 2015 study provides a clear picture of the negative effects of being financially unprepared.

If your daily concerns include simply making ends meet, it sheds light on the pressure poor finances play and how it can prevent employees from bringing their best to work.

**Compared to the financially prepared, the financially unprepared are:**



**45%**

more likely to be late paying their car loan, credit card or utility bills in the past 12 months



**2x**

more likely to have received calls from a collection agency in the past 12 months



**69%**

more likely to be living paycheque-to paycheque



**37%**

more likely to be worrying about having enough savings to handle emergencies

If employees are under the stress of these immediate and harsh financial realities, it's understandable why they have difficulty planning for the future.

The habits of the financially unprepared indicate they're more likely to delay important financial goals close to the heart of many Canadians. Including:



**18%**

of the financially unprepared consider saving for a down payment a priority 5 years from now



**28%**

say they're less likely to consider saving for retirement a current priority

**Key factors behind the success of any retirement plan are:**

- the amount saved
- the return on investment
- how long savings are invested

By deferring saving for retirement, the financially unprepared are limiting their chances of achieving the future lifestyle they want.

## THE LONG-TERM CONSEQUENCES OF BEING UNPREPARED

If an employee can't focus on preparing financially for the future, they may need to work longer, which can be stressful for the employee.

These findings underscore the necessity for a more holistic approach to health and wealth in the workplace. Without addressing the more immediate financial needs of the unprepared, it's difficult to see how they can be empowered to put aside sufficient savings to meet their long-term financial goals.


# PERSONAL FINANCES AND EMOTIONAL WELL-BEING

Our 2014 study drew a clear connection between employees' health and wealth by connecting the relationship between being financially unprepared and their emotional and mental well-being.

Scientific research revealed approximately 33 per cent of all workplace disability claims were related to mental illness and 90 per cent of employers identified stress as the most significant reason for these claims<sup>1</sup>. Our 2014 study revealed 45 per cent of employees identified personal finances as the leading cause of their stress.

Our 2015 survey dug deeper, asking employees to provide greater insight into how finances affect their emotional and mental well-being. The financially unprepared confirmed: financial security and stability remain their greatest source of stress.

## Of the financially unprepared:

 **62%**  
blame financial problems


 **31%**  
blame work-life balance


 **30%**  
blame job security

These findings reveal that employees' sense of financial security remains top of mind by a considerable margin and impacts their emotional health and well-being.

The new study makes it clear the financially unprepared don't have a positive relationship with their finances. The stress of being financially unprepared can lead to deep emotional concerns your employees bring to work each day.

## Of the financially unprepared

 **32%**  
worry about supporting loved ones if something happened to them

 **31%**  
revealed their level of debt causes them stress

 **30%**  
said they're embarrassed about their finances

These results suggest financial wellness is a multi-faceted problem that's complex and evokes strong feelings. But clearly, the financially unprepared need real solutions to their financial challenges and would benefit from knowing help is available.

<sup>1</sup> Ceridian Workplace Wellness Survey (2013)

# FINANCIAL STRESS AND PHYSICAL WELL-BEING

There are many ways the stress that comes from being financially unprepared can reveal itself. Beyond affecting mental health, the unprepared also reveal their finances have an alarming effect on their physical well-being.

The unprepared are 60 per cent more likely to delay or not obtain important health services due to financial constraints:

 **35%**  
delayed or didn't visit their dentist

 **20%**  
didn't update their glasses

 **18%**  
didn't have their eyes tested

 **7%**  
didn't obtain physiotherapy

 **60%**  
of the financially unprepared delayed or didn't obtain various services aimed to improve their health due to financial constraints.



In comparison, the financially prepared reveal they're more than twice as likely as the unprepared to have a strategy to manage and maintain their health.

If an employee doesn't feel healthy, it's difficult to be engaged and productive at work. Delaying or not obtaining important health services due to financial constraints can have a negative effect on a company's productivity. For example, if an employee can't afford physiotherapy, it may take them longer to return to work from disability leave. Or if they put off seeing a dentist, they may take more sick days than the financially prepared.

### PROMOTING ENGAGEMENT IN THE WORKPLACE

Our 2015 study confirms the financially unprepared have a lot to deal with. Health and wealth issues for many working Canadians are top of mind causing worry and stress, which impacts their ability to be engaged and productive on the job. Ultimately the challenges your employees' face can have a direct impact on your business and your bottom line.

Approaching your employees' health and wealth situations holistically can be highly effective if you want them to be emotionally and physically healthy... and engaged. Not only can it help increase productivity, it can even enhance your company's reputation and your brand.

## A day in the life of the unengaged employee



**+1/3**

The financially unprepared spend almost **1/3 more time** at work than the financially prepared worrying about:



**FINANCES**



**BILLS AND DEBTS**



**RETIREMENT**

## WE CAN HELP

Look to Manulife for health and wealth solutions. We continue to commission ground-breaking research to help influence how we design our products and services to fit the needs of working Canadians and the companies they serve. We understand in today's environment, companies require a new, broader approach to encourage, attract and retain talented employees.

If you're looking for ways to help your employees bring their best to work, every day, turn to Manulife for forward-thinking health and wealth solutions. Our innovative and comprehensive approach to providing group benefits and retirement plans is aimed at helping your company make the connection between physical, emotional and financial health that will have a positive effect on your employees, and your bottom line.





To learn more, talk to your Manulife representative  
or visit [manulifehealthandwealth.ca](http://manulifehealthandwealth.ca)

