

2020 financial stress survey

At Manulife, our mission is to make decisions easier and lives better for all our customers. That's why we commissioned a survey of Canadians to learn more about what's keeping them up at night. The answer: financial stress and its impact on retirement savings. Our survey gives us the data we need to develop meaningful solutions that help people save more for their retirement.

It will surprise no one that the survey found that the COVID-19 pandemic has exacerbated financial stress, both from a personal financial perspective, but also from an overall expectation for the economy and its future growth. Only one-third of participants are optimistic things will be better in the coming year.

The Manufacturers Life Insurance Company (Manulife)

One of the most interesting findings of the research is that the dramatic growth in general stress between pre- and post-pandemic times is mirrored by the growth in financial stress. Three-quarters of participants at least somewhat agree that concern about their finances adds stress to their lives. Those with debt have more extreme stress.

The reason might be because 51% of respondents reported needing to take some kind of financial action because of the pandemic, including using emergency savings or increasing their credit card balance. And, as alarming, 15% stopped contributing to their retirement plan savings to cope with the financial stress of the pandemic.

What's more, people are bringing this stress to work with them. Two out of every three participants said they would be more productive if they didn't have to worry about their finances.

There is good news. Most workers are more receptive than ever to asking a professional advisor to help them manage their finances and give advice in retirement planning and investing. And most workers are very receptive to workplace financial wellness programs and see them as an essential benefit, not only for helping them save for retirement, but also for reducing their financial stress.

Through this report, we'll help you understand the link between financial stress and workers' productivity and its cost to the employer. We'll show you how employees would welcome professional financial advice. And finally, we'll show you how embracing employee financial wellness programs improves the lives of today's workers, improves retention and improves how companies are seen to prospective employees.

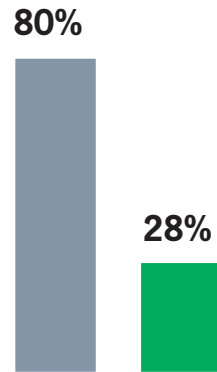
The weight of financial stress

Manulife reached out to retirement plan participants to learn about their financial stress and retirement saving profile to help develop meaningful and relevant financial solutions.

The findings are clear. Employees are stressed. In fact, more than half have had at least medium levels of stress over the past 6 months, and 28% say they have been extremely stressed.

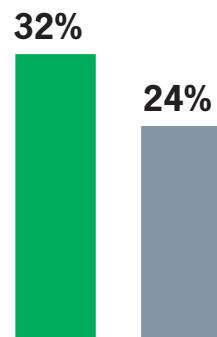
Of course, we know why. COVID-19 has had a major impact on financial stress. Only 12% of workers said they had a high level of financial stress before the pandemic. During the pandemic, that increased to 28%. Add in those even slightly stressed and the number of workers with financial stress grows to 70%.

It's also not surprising that people with lower household incomes have been more stressed in general during the pandemic and have felt major financial stress before and during the pandemic than others.

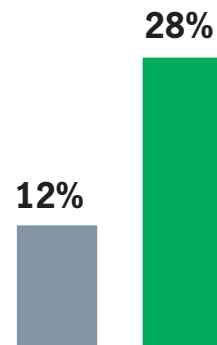


Overall stress level over past 6 months

Eight in ten have had at least moderate amounts of stress over the past 6 months, including 28% who say they have been extremely stressed.



Women are more likely than men to be extremely stressed over the past six months (32% vs. 24%).



Level of stress related to COVID-19

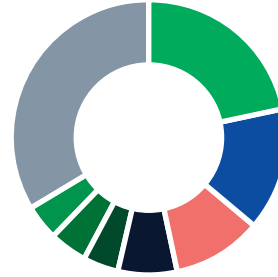
COVID-19 has had a major impact when it comes to overall stress and financial stress – more than twice as many report major stress during the pandemic, compared to before the pandemic.

Income level aside, over half of participants had to come up with some other way to pay the bills during the pandemic, including using emergency savings, paying for more on their credit card and stopping their contributions to their retirement plan savings. With this, the financial impact of the pandemic will be felt well into the future.

Will things get better?

It seems that optimism about the economy and their personal economic situation is waning. Only one-third are optimistic things will get better in the coming year and nearly half expect things to stay the same for a while.

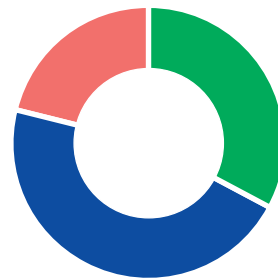
The degree of optimism is correlated with financial worries. Almost three-quarters of workers have some worry about having financial difficulties. And five in 10 worry about losing their job. This worry increases for women, people with household incomes less than \$50,000 and those with major or minor levels of debt.



Actions taken due to COVID-19

Since the COVID-19 pandemic began, three in ten say they have had to use their emergency savings.

- 31% Used emergency savings
- 21% Increased credit card balance
- 15% Stopped contributing to retirement plan savings
- 10% Asked for forbearance on mortgage payment
- 6% Taken a loan outside of your retirement plan
- 6% Taken a loan from your retirement plan
- 6% Asked for forbearance on student loan payments
- 48% None of the above



Optimism about upcoming year

- 33% Feel optimistic that things will get better
- 46% Feel that things will stay the same for a while
- 21% Feel pessimistic that things will get worse

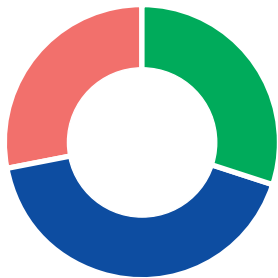
This financial stress means that at least 30% report that they are greatly worried about their overall financial situation. This increases significantly depending on income level and amount of debt.

Those who have less than \$50K in household income, have major levels of debt, are in fair/poor financial situations, or have high financial stress are more likely than their counter parts to worry a great deal about their overall financial situation.

So what's keeping people up at night?

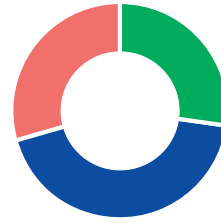
Unfortunately, the answer is a lot. While 82% listed the economy overall as their biggest worry, wondering if they have enough saved for retirement is a very close second with 78%.

And, alarmingly, a full 72% of workers are worried about their current financial situation.



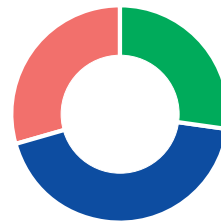
Worry about your overall current financial situation

- 30% Worry a great deal
- 42% Worry a moderate amount
- 28% Worry a little or not at all



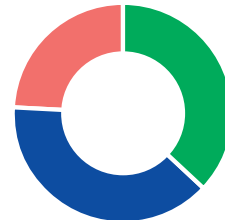
Financial worries about having financial difficulties

- 27% Worry a great deal
- 43% Worry a moderate amount
- 29% Worry a little or not at all



Financial worries about not having work

- 22% Worry a great deal
- 30% Worry a moderate amount
- 48% Worry a little or not at all



Worry about current economic conditions

- 42% Worry a great deal
- 40% Worry a moderate amount
- 18% Worry a little or not at all



Worry about not having enough retirement savings

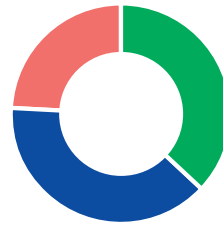
- 40% Worry a great deal
- 38% Worry a moderate amount
- 21% Worry a little or not at all

All this worry isn't healthy. Fully three-quarters of workers agree that concern about their finances adds stress to their lives.

The high cost of financial stress to the employer

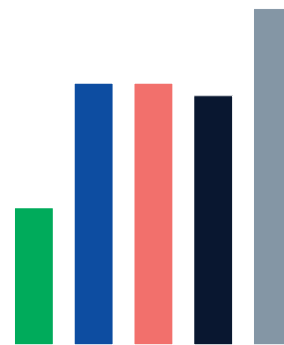
There's a high cost to all this worry and stress. Certainly there's a personal cost to the well-being of those experiencing it, but the fact is, stress isn't something people can turn on and off. Invariably, those with financial stress bring it with them to work. Nearly half of all workers say they worry about personal finances at work at least once a week at work.

And about 46% of workers spend at least some time on their personal finances while at work.



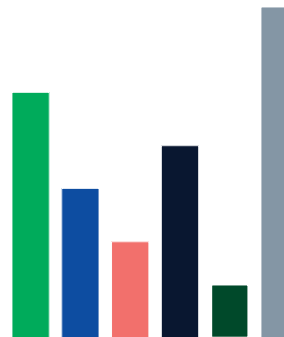
Concern about my finances adds stress to my life

- 37% Strongly agree
- 39% Moderately agree
- 24% Disagree



Frequency Canadians worry about personal finances at work

- 11% Every day
- 21% Several times a week
- 21% Once a week
- 20% Once a month
- 27% Never



Hours spent at work on personal finances monthly

- 23% None
- 14% 1 hour
- 9% 2 hours
- 18% 3-10 hours
- 5% More than 10 hours
- 31% Do not know

This financial stress affects absenteeism. At least 5% of workers say they have missed one or more days of work due to financial stress in the six months preceding the survey.

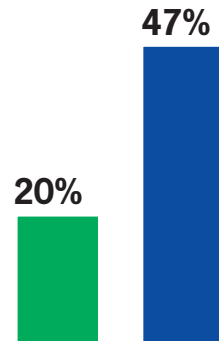
What's worse, if they're not at home worrying about stress, then they are bringing that worry to work. And that's impacting productivity. Among those who worry about finances at work, almost 70% say their productivity would increase if they didn't spend time at work worrying about personal finances.

Solutions for reducing financial stress

There are a number of ways of reducing financial stress. While a large majority of participants say that having their employer contribute more to their retirement plan would greatly reduce stress, almost half recognize that they alone are responsible. They know that the actions they take – paying down debt and setting aside money for retirement – will reduce their stress.

Employees know they need to reduce their financial stress. And they're open to learning about solutions that will do just that. Three solutions that resonated include:

1. being able to better project their income and expenses in retirement
2. retirement planning guidance, including better understanding what the government will provide
3. investing advice



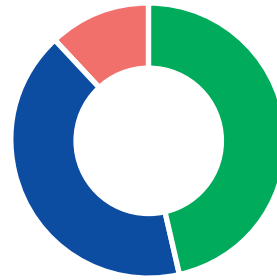
Change in productivity if not worrying about personal finances

- 20% Much more productive
- 47% Somewhat more productive

Projecting incomes and expenses in retirement

Almost all (89%) of workers agree that they need help learning how much money they're likely to need in retirement, recognizing that the older they get, the greater chance they will need to spend more on health care.

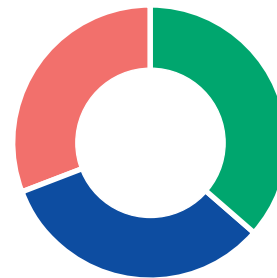
The challenge most have when it comes to knowing how much they'll need to save in retirement is planning for the unexpected. The worry comes from the unpredictability of health care costs, everyday expenses, and even non-essentials like travel. Not knowing these makes it very difficult to plan for their future income. Not surprisingly, those with debt are even more likely to say they worry a great deal.



Impact on retirement preparation

Projections of estimated income and expenses in retirement, including health care expenses

- 47% Major impact
- 42% Minor impact
- 12% No impact



Worry a great deal about retirement expenses

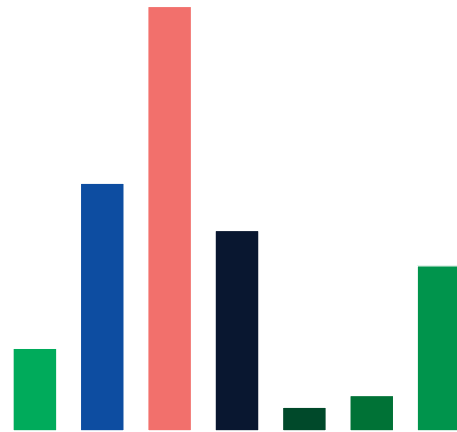
- 31% Healthcare costs
- 28% Basic expenses like food, housing, transportation, and taxes
- 26% Non-essentials like entertainment and travel

The guessing game

Almost 75% believe they'll need at least 50% of their current household income in retirement.

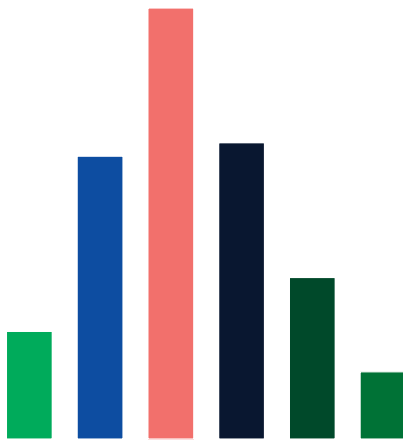
Where will this money come from?

That's a good question. Because at the same time, less than half are saving more than 10% of their current household income.



Percentage of income needed in retirement

- 7% Less than 25%
- 21% 25 to 49%
- 36% 50 to 74%
- 17% 75 to 99%
- 2% 100%
- 3% More than 100%
- 14% Not sure



Retirement savings

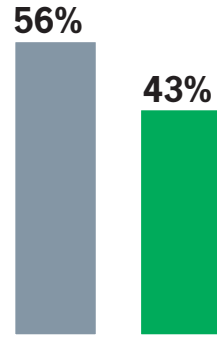
- 8% Not saving
- 21% 1 to 5%
- 32% 6 to 10%
- 22% 11 to 15%
- 12% 16 to 29%
- 5% 30% or more

The retirement paradox

Most people know they need to save for retirement. And yet only half actually have a plan to save for retirement. We call this the retirement paradox.

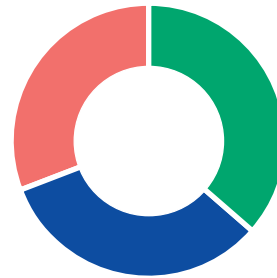
There is a silver lining. Almost 60% would seek financial advice for retirement planning.

And almost 90% of workers said meeting with a financial advisor would have some impact on how ready they feel for retirement, with 48% saying it would have a major impact. And while there is a plethora of financial information available online, almost half would rather meet one-on-one with an advisor.



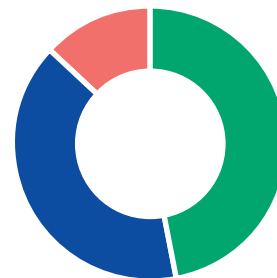
Women are even less likely than men to have a retirement plan. (56% vs.43%).

Impact on retirement preparation: types of advice/planning steps



A consultation with a financial advisor

- 48% Major impact
- 40% Minor impact
- 12% No impact



One-on-one meetings to discuss plan and investments

- 47% Major impact
- 40% Minor impact
- 13% No impact

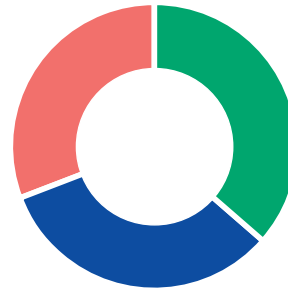
The comfort of professional advice

The majority of workers label themselves as knowledgeable or somewhat knowledgeable about whether or not they'll reach their financial goals and about choosing and managing their investments.

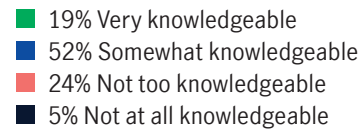
And yet 86% responded that having a professional manage their retirement investments and savings would have an impact on how prepared they feel for retirement.

Employees are looking to reduce their financial stress by seeking help for their finances, investments and retirement savings plan. Almost all feel employers should be playing that role.

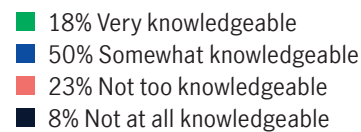
Knowledge about managing finances



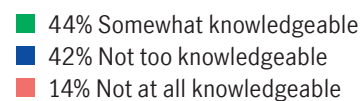
Whether or not you are on track for retirement



Selecting and managing your investments



Professional management of my retirement investments and savings



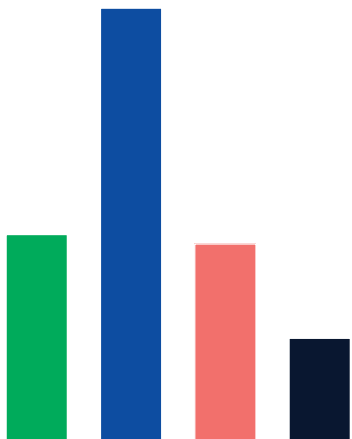
Financial wellness programs play a key role in reducing financial stress

The vast majority of employees, in fact 93%, feel it is important for employers to offer financial wellness programs, 38% saying it's very important when asked to rate it on a scale of 1-7. When broken down, those with major debt and high financial stress are more likely than their counterparts to believe financial wellness programs are very important.

Almost 80% of workers believe that employer-sponsored financial wellness programs have an impact on reducing financial stress.

- 74% say such programs improve retention.
- 70% say they are more likely to recommend someone work for a company with a wellness program.

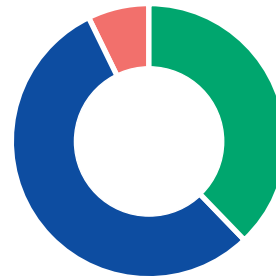
What's more, 68% say that a financial wellness program would increase their job productivity.



Increasing job productivity

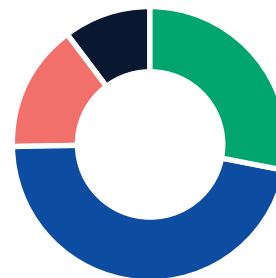
- 22% A great deal of impact
- 46% Some impact
- 21% Not too much impact
- 11% None at all

93% find employer-sponsored financial wellness programs important



Importance of financial wellness programs

- 38% Very important
- 55% Moderately important
- 7% Not important



More likely to stay at your current job

- 28% A great deal of impact
- 46% Some impact
- 15% Not too much impact
- 10% None at all



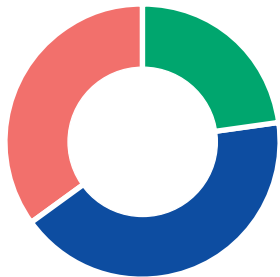
More likely to recommend that someone consider working for your company

- 21% A great deal of impact
- 49% Some impact
- 19% Not too much impact
- 10% None at all

The positive impact that financial wellness programs have on retention, productivity and reducing financial stress are clear. And yet only half of participants say their employer offers a program.

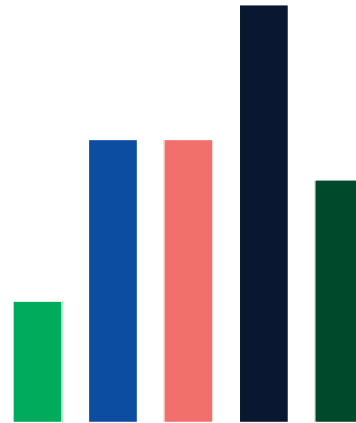
This is a tremendous opportunity for employers, with 65% of workers responding that the workplace is a good place to get financial advice.

The good news is that employees are not looking for elaborate programs. While most people prefer to meet in person, more than one in four is okay with email. Due to the COVID-19 pandemic, with so many workers doing their jobs remotely and having to manage online meetings, it's perhaps not surprising that only a few people think a virtual meeting is the best way for them to be given advice.



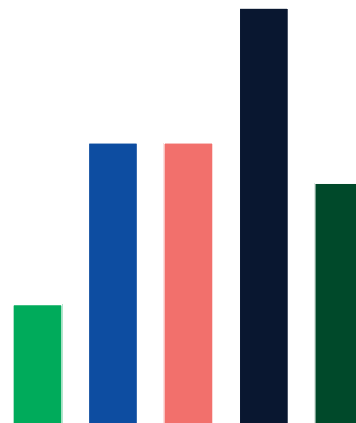
Financial advice in the workplace

- 23% Strongly agree
- 42% Moderately agree
- 35% Disagree



Employer offered financial wellness

- 9% Offers a very extensive program
- 21% Offers a fairly extensive program
- 21% Offers a limited program
- 31% Employer does not offer any financial wellness programs
- 18% Not sure



Preferred ways to get advice

- 42% In person
- 27% Email
- 14% Printed statements/reports
- 10% Phone call
- 6% Virtual meeting

The help employees are looking for from financial wellness programs

Employees aren't looking for complex programs, but a solid foundation of financial knowledge. To reduce their financial stress and therefore improve productivity, employers should focus their programs on the basics: budgeting, saving, paying off debt, establishing goals and balancing financial priorities.

1. Assessing financial wellness

Three in 10 responded that they contribute to their workplace plan what they can afford or what their employer mandates.

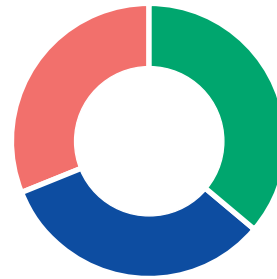
But is this enough? Most participants aren't sure. More than three quarters are interested in their employer helping them figure out how much money they'll need when they retire.

An even higher number (79%) would like their employer to help them better understand what government plans are available and how much money they'll get from them. And almost seven in 10 people want their employer to help them assess their financial wellness and see if they have any gaps.



Ability to assess your financial wellness and see if any gaps exist

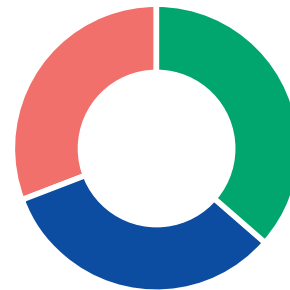
- 30% Very interested
- 38% Moderately interested
- 29% A little/not at all interested
- 3% Does not apply



Workplace retirement plan contribution type

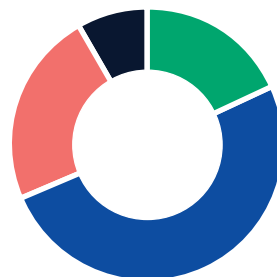
- 34% What I believe I can afford
- 31% An amount automatically set by my employer
- 29% The minimum needed to get the full company match

Level of interest in employer offerings



Help forecasting retirement income

- 42% Very interested
- 37% Moderately interested
- 19% A little/not at all interested
- 2% Does not apply



Recommendations on Canadian Pension Plan strategies

- 40% Very interested
- 39% Moderately interested
- 18% A little/not at all interested
- 3% Does not apply

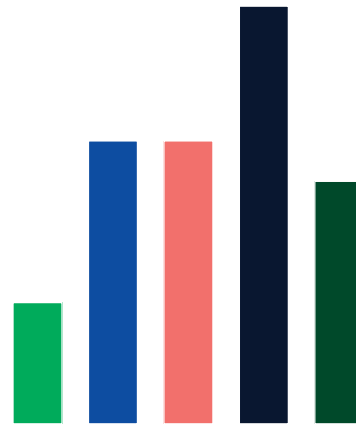
2. Managing and paying down debt

Only 20% of workers believe their debt is a major problem, but almost half have some problem with it. But there is good debt and bad debt and at least half have bad debt in the form of credit card debt or car payments.

3. Saving for an emergency

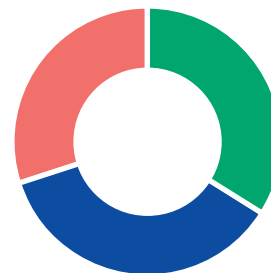
Money experts suggest people have three month's salary in case of an emergency.¹ While that may seem daunting, there are strategies on how to achieve this over time, including opening an emergency savings account. In fact, 85% of workers are at least a little interested in having their employer help them open one.

Why do employees want their employer to help them open a bank account? Probably because realizing they don't have enough money in case of an emergency is a significant worry for workers. At least 34% worry a great deal about the impact an emergency would have on their financial situation. When you factor in those who worry moderately and even a little, the number increases to 70%.



Current types of debt

- 54% Mortgage
- 50% Credit card debt
- 43% Car payment
- 30% Other debt payments
- 10% Student loan



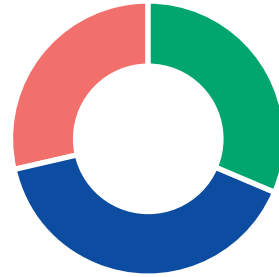
Not having enough emergency savings

- 34% Worry a great deal
- 36% Worry a moderate amount
- 30% Worry a little or not at all

¹ <https://www.morningstar.ca/ca/news/205618/how-much-should-i-be-saving.aspx>

4. Balancing financial priorities

Between day-to-day expenses, paying down debt and saving for an emergency, saving for retirement often takes a backseat. Seven in 10 workers believe that if they were taught how to better balance their financial priorities, they would be able to save more for retirement.

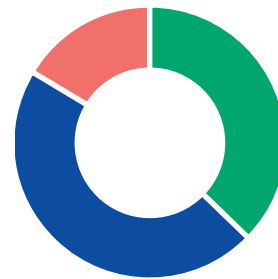


I would save more for retirement if I could better manage my financial priorities

- 31% Strongly agree
- 39% Moderately agree
- 28% Disagree

5. Setting financial goals

Almost 85% of workers feel that a financial wellness program that teaches them how to set financial goals would help them reduce their financial concerns.

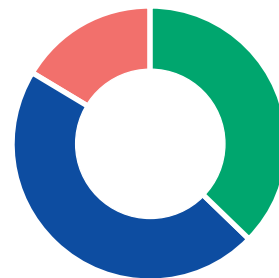


Setting financial goals

- 37% Very helpful
- 46% Moderately helpful
- 16% Not helpful

6. Making a budget

Finally, eight in 10 participants feel that if employers taught them how to make a budget, it would help them reduce their financial stress.



Making a budget

- 34% Very helpful
- 46% Moderately helpful
- 20% Not helpful

Conclusion

For many Canadians, financial stress is simply a fact of everyday life. When you factor in making sure there's enough money to cover day-to-day expenses, paying down debt, saving for emergencies and retirement, it's certainly no surprise that people are worried about their financial future.

And COVID-19 has exacerbated the worry. Almost 80% of workers say they have at least some level of stress because of the pandemic. Those in a lower income bracket and those with debt are even more likely to be extremely stressed.

The upside is that workers are more willing than ever to look for professional help to manage their finances and get advice on retirement planning and managing their investments. Employers play an integral role in helping their employees get the help they want and the help they need.

The majority of workers welcome a workplace financial wellness program. Helping employees manage their finances reduces an employee's stress, which, in turn, increases productivity. And employees with financial wellness programs are more likely to stay at their job and, as importantly, recommend their employer as a great place to work. A win:win for everyone.

Our survey has identified that employees aren't looking for complex programs, but a solid foundation of financial knowledge. To reduce their financial stress and therefore improve productivity, employers should focus their programs on budgeting, saving, paying off debt, establishing goals and balancing financial priorities. Teaching these basics combined with connecting employees to available tools and resources is critical to helping them get on track, stay on track and, ultimately, reach their long-term financial goals.

Methodology

All statistics, charts and data within this document were pulled from the 2020 financial stress survey. The 2020 financial stress survey was commissioned by Manulife Investment Management and John Hancock Retirement and conducted by Greenwald & Associates. An online survey of 589 John Hancock Retirement plan participants and 1,026 Canadians was conducted in August 2020.

Marital Status	2020 (n=1,026)
Married	53%
Single, never married	23
Not married, living with a partner	14
Divorced or separated	9
Widowed	1
Prefer not to say	*

Employment Status	2020 (n=1,026)
Employed full-time	89%
Employed part-time	11

Age	2020 (n=1,026)
Under 39	35%
39-54	39
55+	26

Gender	2020 (n=1,026)
Male	49%
Female	51
Non-binary	*
Prefer not to answer	*

Education	2020 (n=1,026)
Some high school	1%
High school graduate	10
Some college/trade or business school	17
College graduate	40
Post graduate work	8
Graduate degree	23
Prefer not to say	*

This document is published by the Manufacturers Life Insurance Company (Manulife) to provide information about current issues and assist in the decision-making process. However, it is not intended to provide financial advice and any queries you may have should be directed to an appropriate licensed advisor. Group Retirement products and services are offered by the Manufacturers Life Insurance Company (Manulife). Manulife, Manulife and Stylized M Design, and Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license. ©2020 The Manufacturers Life Insurance Company. All rights reserved. PO Box 396, Waterloo ON N2J4A9 SComms-FS-Survey-Canada-10/20