

Results from the 2016 Financial Wellness Index

Six perspectives on the connection between employees' physical, mental and financial health, and what that means for Canadian businesses. Part of Manulife's ongoing Health & Wealth research.

Perspective 4:

How Helping Employees Manage Personal Debt Can Pay Off In Workplace Productivity

Canadians' high personal debt is causing many employees financial stress which they can bring to work, a fact confirmed by the 2016 Manulife Financial Wellness Index. Helping employees manage and reduce debt can therefore pay off in efficiency, focus and productivity gains — not to mention a happier workplace.

Good habits equal good health

Let's begin with the positives: Canadians who are 'financially well' also report good financial habits. They "keep track of income and expenses" (96%), "spend within their means" (98%), and "have an emergency fund" (93%) as a financial buffer.

By contrast, the 'financially unwell' are less likely to have these positive habits. They're also more likely to have debt (82%), and this debt is concentrated in credit cards (51%), lines of credit (31%) and student loans (17%).

Taming personal debt is "high priority"

While high personal debt is a perennial concern among Canadian economists, its impact on the workplace is relatively uncharted. Our research shows that debt can be a source of stress – it may distract employees at work and impact productivity.

And, while all Canadians carrying debt admit to some level of financial stress, once again it's those with "bad" Index scores who are more likely to report, "I worry about my financial situation" (88%) and "dealing with money causes me stress" (81%). What's more, nearly half (49%) say "worrying about money distracts me at work."

However, our research does contain one significant positive: paying off debt tops the list of financial priorities for all Canadians. It's an even higher priority (61%) for those who score "bad" on the Index. Acknowledging the problem and expressing a desire for solutions can be half the battle.

Budgeting and advice are key

What can employers do to help employees manage their debt and financial stress issues? The main tools are good financial advice and budgeting. Indeed, our research indicates a strong correlation between individuals that engage with a financial advisor and financial wellness. While 42% of Canadians have a financial advisor, the 'financially well' are almost three times more likely to have one (64%) than the 'financially unwell' (22%).

Employers can help employees by providing a range of support, including online budgeting tools and tips. However, a financial advisor is even better placed to analyze the individual's financial situation, set goals, fix milestones and establish a monthly budget for getting there. A sound plan for managing personal debt can reduce financial stress and help employees to focus on work in the workplace.

All references are from 2016 Manulife Financial Wellness index

Learn more about our health and wealth approach today, talk to your Manulife representative or visit manulifehealthandwealth.ca



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