

Supporting financial wellbeing as we emerge from the pandemic



The pandemic has been an unprecedented public health crisis and one from which we are, hopefully, now beginning to emerge. Yet it is only half the story. As March's national Debt Awareness Week highlighted, it is also proving to be a financial wellbeing crisis for many, with levels of debt, financial stress and anxiety all spiralling as a result.

It is becoming increasingly clear that the pandemic, for many, is panning out to be as much a financial wellbeing as a public health crisis. Debt Awareness Week was a timely and much-needed spotlight on the financial stresses and hardship that Covid-19 is leaving in its wake and what employers can be doing to help.

Even though the UK's successful vaccine rollout is giving us hope that we may now be in the pandemic end-game in terms of health and illness, we are most definitely not out of the woods when it comes to the economic and financial costs. UK government borrowing hit record levels in February and the vastly expensive furlough scheme is set to continue until September. Whole industries and sectors have been brought to their knees by the pandemic, with retail, hospitality and travel especially hard hit.

At an individual level, Citizens Advice, for one, has warned of a post-pandemic debt "time bomb". The think-tank, The Legatum Institute, has calculated that poverty levels have risen sharply because of the pandemic.

Even before the pandemic, the Money Advice Service estimated that 8.3 million people in the UK were over-indebted, and that 22% of UK adults had less than £100 in savings. Step Change calculated in May 2020 that 4.6 million people had accumulated more than £6bn in debt and arrears, up to that point of the pandemic.

All this, in turn, can have a significant knock-on effect in terms of mental health and wellbeing, especially worries about making ends meet, keeping a roof over one's head and ongoing job security.

Even though the furlough scheme has provided a vital financial safety net, it has not been without its mental health impact, notably depression, worry, anxiety and boredom. A recent study by jobs' website Indeed, found more than half of furloughed workers reported their mental health was worse now than it was during the first lockdown last year.

How can employers help?

The first, most basic, way employers can help is simply to engage with and promote events such as Debt Awareness Week itself. Even though the week has now passed, Step Change has wider [resources and advice](#) on its website that it may be useful to signpost employees to.

Second, it makes self-evident sense to be providing ongoing reassurance to your employees about the financial health of the business and how you are navigating the pandemic. Within this, being open and transparent about any difficult decisions that must be made, whether around furlough or redundancies, is also valuable. This may include being clear on what support is in place to help employees find new roles within the business or elsewhere, the financial package or support available, and what mental health support can be accessed, perhaps through an employee assistance programme (EAP).

Third, take a look at – and perhaps re-evaluate – what tools, resources and benefits you already offer to employees that can help with financial wellbeing, but where perhaps sometimes this message has not got through as effectively as it might have. Income protection, critical illness and life insurance can all act as invaluable financial safety nets in times of need. But consider, if your company transitions to a more hybrid part-home/part-office working model in the future, will offering a season ticket loan or even a company car scheme still be useful, or would a different sort of financial support resonate more?

Equally, offering debt, money management or budgeting advice, tips and guidance through your benefits platform can be beneficial. You may be able to wrap this into any retail, discount or affinity benefits you also offer, all of which can help people's money go further.

Fourth, it is important to recognise that, even if your employees are broadly OK financially and still bringing in a valuable salary, it may be that their partners, children or other relatives have been left financially stressed by the pandemic. Perhaps they have lost their job or are now working in a more precarious way, or they have been furloughed. Perhaps children/young adults have had to return to the family fold and are now struggling as a result.

This, in turn, is likely to cause stress, worry and anxiety throughout the family unit; it may add pressure on your own employee as one of the remaining bread winners or mean their income has to stretch further. Too often, there can be a sense of shame or stigma for being out of work, in debt, or of 'not being able to provide' financially.

"For many clients the pandemic has been a catalyst to look more closely at how effectively their benefit programmes underpin wellbeing. Often the answer is 'less effectively than it should'" says Andy Craig of Isio.

He continues that "The solution comes in two forms. Firstly, employers are revamping their benefits to make sure they better reflect the reality of employees' financial needs. For example, trying to persuade an employee up to their eyeballs in debt that they really should be saving more into a pension is pointless. Benefits need to really 'scratch the itch', which means supporting debt issues and building financial resilience before people can think about the long term. Traditional benefit programmes haven't done this.

Secondly, you can have a great benefit programme, but if you don't provide the right support to employees to engage, understand and have the confidence to use those benefits it will not be effective. An effective engagement strategy that connects the most disengaged and vulnerable employees is crucial. Embedding financial coaching into the programme can be a great way to achieve this."

Signpost to mental health support

All this leads to our fifth, and final, point – the need to manage and support the mental health impact of debt or financial stress.

The links between mental ill health, stress, anxiety and debt are well-recognised and there are many good resources out there that you and your employees can turn to, with most of the main mental health charities having online resources around debt and financial wellbeing.

To highlight a few, Mind has useful resources and guidance. The [Money and Mental Health Policy Institute](#) is also a valuable resource. The [Money Advice Service](#) is a further useful resource to use or signpost to. At a practical level, there is valuable advice from the [NHS](#) around how to cope with financial worries.

From a workplace health perspective, offering access to mental health support, perhaps mental health first aiders, wellbeing champions or access to debt and/or mental health counselling through an EAP can all be valuable.

Consider too whether, alongside mental health first aiders, you could put in place financial health first aiders. This could be a named person or a network of people who you have skilled up to be able to sit down with employees who are struggling with their finances and go through and help with things like budgeting, loans, how to prioritise or manage financial demands, and managing credit and cashflow.

A financial first aider can also be a handy focal point for signposting employees to internal or external financial support options, whether that is applying for a grant or company loan, accessing a wage access scheme or financial benefits, working with a bank or credit union and so on.

Alongside this, more specialist referral to occupational health and/or fast-track psychological counselling can be beneficial, and part of any over-arching financial wellbeing 'package'.

Ultimately, when it comes to supporting financial wellbeing, the key message for employers to be taking home is that people should not have to suffer in silence, whether it is your employees who are worried about money or their families or dependents.

It is important to be proactive about encouraging people to seek help, including signposting your employees to the resources available, both internally and externally. Finally, recognise the links between financial and mental wellbeing and work to offer timely and appropriate support, management and reassurance in this area, too.

About the author

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