

## Recently released

# A white paper on American workers' struggles to attain financial security

A new study from Alliant Credit Union and The International Society of Certified Employee Benefit Specialists (ISCEBS) finds that American workers are struggling to get ahead financially and they're looking to their employer for help.

- American workers are struggling to gain control over their financial lives and many are living from paycheck to paycheck.
- Unfortunately, employers are not offering the kind of assistance that can aid employees with achieving financial wellness, thus driving employee engagement, performance and productivity.

Turns out, employers can take a few low-cost, significant steps to help their employees achieve financial wellness, which, in turn, can yield more engaged and productive employees.

## American Workers: Getting Ahead or Just Getting By?

The study examines American workers' ability to manage their finances and provides an in-depth look at how well companies think they provide for their employees. It is based on two research surveys conducted in March 2008 by Alliant Credit Union in conjunction with ISCEBS, whose membership represents 4,000 benefits specialists working in all industries.

One survey, representing employers, was conducted among members of ISCEBS to find out how well employers provide for their employees' financial well-being and their success at educating them to become better consumers. The survey queried participants on the employee benefits offered and their organizations' ability to act as an employee's financial partner.

The second survey, representing the U.S. labor force, was conducted among 420 workers to ascertain their opinions and attitudes toward their employer as a financial partner. The survey queried participants on the extent to which they think their employer helps provide for their financial well-being and provides access to services that aid them in becoming better consumers. The survey also examined their financial situations as a group, in order to gain a better understanding of their financial security and success.

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### Key findings of the study include:

- Employer benefits such as health and retirement plans are seen as important, but primarily for future rather than present needs. Many employees have financial needs that require assistance in the "here and now".
- Employees with financial concerns spend significant work time dealing with personal financial matters.
- Although employees are generally pleased with their income levels, they can't seem to save money or get ahead financially. In fact, over 50% describe themselves as living from paycheck to paycheck. Less than 20% considered themselves to be financially secure.
- More and more workers are financially strained by increasing credit card debt.
- Employees generally feel they lack knowledge about handling money.

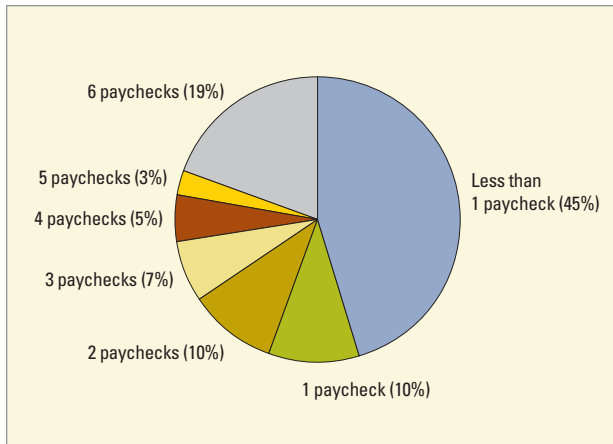
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**The Problem:** American workers are struggling to get ahead financially and many are one paycheck from financial trouble.

- 81% do not feel financially secure
- 88% carry monthly debt they must address
- 75% expressed the need to save more money
- 55% live paycheck to paycheck, with only the equivalent of one or less of their paychecks in the bank to handle any financial emergencies that may come their way



### Average Number of Paychecks Saved



This situation has grave consequences for employers. Namely, a worker with financial problems spends 15 minutes per work day dealing with personal financial matters. In other words, these economically-stressed employees spend 75 minutes per week (or 62.5 hours in a 50-week work year) on an employer’s dime, worrying about their own bottom line, rather than doing productive work to enhance their company’s bottom line.<sup>1</sup>

**The Opportunity:** The Alliant/ISCEBS study found that 85% of today’s employees want useful financial information at the workplace to help them become more savvy consumers.

Today, only 10% of employers currently have some sort of program to educate employees on how to be a better manager of their own money. That’s where an employer can come in and create a win-win situation for themselves and their employees.

Employees would also appreciate money-saving benefits, such as reduced rates on group auto and home insurance, mortgages and other loans. Yet, only 15% of today’s employers leverage their employees’ borrowing power to secure better rates for them.

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### Employees’ financial stress costs corporations over \$7,000 per worker in lost productivity, on an annual basis.<sup>2</sup>

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Workers mired in personal debt raise a red flag to employers. In a typical scenario, these workers are less productive on the job and more likely to make poor decisions that hurt their company. They also are more likely to suffer health problems, take sick days and be focused on finding a job that offers better pay.

**An unpleasant conclusion?** Yes, but there are steps employers can take to prevent this from playing out in their company. When employers provide benefits that help increase their workers’ financial confidence and well-being, these workers, in turn, become more satisfied with and committed to their company.

By offering financial education services and a means for employees to access and enjoy better rates than they can obtain from a typical financial institution, employers can make a difference both in their employees’ lives and, in turn, for their company’s bottom line. The good news: the cost to the employer for these benefits can be minimal.

To learn more, download the complete study, *American Workers: Getting Ahead or Just Getting By?*, at no charge from [www.alliantcreditunion.org/hr](http://www.alliantcreditunion.org/hr).

<sup>1</sup> So-hyun Joo and E. Thomas Garman, “The Potential Effects of Workplace Financial Education Based on the Relationship between Personal Financial Wellness and Worker Job Productivity©,” *Personal Finances and Worker Productivity*, 1998, Vol 2, No. 1, 163-173.

<sup>2</sup> Ned Lenhart, Financial Literacy Partners, LLC, “Employee Financial Stress is Costing Your Company a Bundle – And How You Can Stop It Now!,” ©2005.