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Researchers Find Financial Stress Spreading Among Participants

New research shows financial stress spreading among participants. Those findings, a provider's chief argues, underscore the urgency for plan sponsors to reach out to their employees with aid in the form of financial wellness education.

Commissioned by **John Hancock** and conducted by , the sixth annual *John Hancock Financial Stress* survey results are in. Highlights of this year's report include insight on financial stress, the cost this stress applies to participants and employers, and the impact that financial wellness programs can have on participants' personal feelings of retirement readiness.

Information from 3,547 Hancock plan participants was compiled to deliver this year's trends.

"We have ... identified the critical areas where participants need help planning for retirement, and are committed to bringing personalized programs to the market, that help them tackle the key components of financial stress," **Patrick Murphy**, CEO of John Hancock Retirement, [states](#) in a press release.

Financial Stress

This year, 68 percent of survey participants reported feeling financial stress about their current situation. In comparison to results from Hancock's previous surveys, more participants agreed that: their financial situation is worse than two years ago (17 percent); they are worried about losing their job (47 percent); and they are worried about having financial difficulties in the future (71 percent).

"I wouldn't focus on the slight shifts — but rather the fact that folks continue to struggle financially — and financial stress remains a consistent challenge for the American worker," Murphy tells **401kWire**.

One in five participants cited debt as a major problem in their

lives. As the report details, debt is one of the most significant indicators of financial stress. This stressor hits younger professionals particularly hard. 46 percent of participants aged 36 and younger are paying off a student loan. The researchers found that those with both student loans and significant other debt (the study cites credit card debt as an example) have more financial stress than others.

The Cost of Financial Stress

Beyond the harm that financial stress can bring on the individual, workplace productivity statistics have suffered from last year. 49 percent of respondents agreed that they would be somewhat more productive at work if they did not worry about finances while at their jobs; this figure is up from last year's 43 percent.

Interpreted by the Hancock team, this stress while on the clock translates into sizable monetary losses. For a small business of 100 employees, this can cost the employer \$190,000 a year. Mid-sized employers of 600 employees can lose more than \$1 million, and larger employers of 10,000 employees can lose \$19 million a year.

"The biggest take away is don't ignore it. There are still employers that have the perspective that combating financial stress is not in their purview — it is something that they shouldn't tackle," says Murphy. "There is a real benefit to trying to combat it."

Employers Can Help

The researchers found that employer-led financial wellness programs can help to ease the financial stress of employees. 77 percent of respondents found the implementation of such programs to be of importance, with about 70 percent agreeing that the programs helped to reduce their financial stress and increase their loyalty to their employer.

Although 88 percent of employers claim to have or are developing a financial wellness program for their employees, only 20 percent of participants found the program to offer anything more than limited help.

"We must come together as recordkeepers, financial representatives, and plan sponsors to help participants plan for their future and better understand the underlying cause of

financial stress and its effect on retirement savings," states Murphy.

The research results found by Hancock remains influential to Murphy's decisions in future product and program design. In the future, he looks forward to tackling the financial stressors of debt and loan repayment.

"We are enabling emergency savings strategies, college debt and savings strategies, and more robust retirement readiness tools that employ visualization, individual financial goals and draw down strategies," Murphy shares. "Next year we will be adding college debt and student loan repayment."

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