



Financial Wellness INSIGHTS



START THINKING DIFFERENTLY

The case for financial wellness

Can you guess what Middle Americans say is their top financial problem?

- A Planning for retirement**
- B Healthcare costs**
- C Bills and the cost of living**
- D Debt**
- E Lack of savings**

The answer: debt is the No. 1 financial problem cited by 22 percent of Middle Americans,

edging out the need for more income from jobs (18 percent), bills and the cost of living (14 percent) and the cost of health care (11 percent), according to the MassMutual Middle America Financial Security Study¹ (Middle America study). Saving for retirement came in dead last at 7 percent. It makes perfect sense;

if you're swimming in debt, struggling to make ends meet and can't afford healthcare, saving for retirement is a pipe dream.

The Middle America study was full of insights into financial issues that benefits brokers, financial advisors and others who support employee benefits can potentially apply their expertise to help solve. Consider some of the findings that follow:

Overall, 54 percent of Middle Americans – those with household incomes of between \$35,000 and \$150,000 – worry about their household financial situation, according to MassMutual's research. Four in 10 respondents said they bring their financial problems to work at least once a week; the number of people worrying about money at work rises as household income declines.

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These statistics may help explain why more employers are starting to focus on the financial wellness of their employees and actively looking for ways to help. Brokers, advisors and others who support employee benefits such as retirement plans, healthcare coverage or voluntary benefits may have both a bigger role to play and an opportunity to make a real difference.

For starters, it's becoming increasingly clear that many people need help in the form of education and other resources to better manage their finances.

Take debt. Millennials and Generation X feel the burden of debt most acutely, the study found. They are at the age where many people take on bigger financial responsibilities such as starting or raising a family, buying a house, saving for college or some, even saving for retirement. But debt may be a real impediment to many of those dreams.

High levels of debt is the main contributor to 86 percent of workers saying that they find it challenging to manage their finances and 85 percent who report not having enough money each month, according to the study. However, more than half say they have difficulty because they lack the financial knowledge to properly manage their finances.

Some employers have taken steps to help employees better manage debt by making financial planning and budgeting resources available. Other companies have offered credit services that make low-interest loans available for emergency expenses.

The proliferation of high-deductible health care plans has created challenges for many workers, especially those who may not fully understand the benefits of a Health Savings Account (HSA). Employers are trying to tackle the issue from both sides of the healthcare spectrum, from offering programs to improve people's health and wellness to educating them about how to make the most of an HSA.

Coverages such as critical illness and accident can also help. Critical illness provides cash for the treatment of serious illnesses that can quickly drain a bank account, especially with a high-deductible healthcare plan. Accident insurance covers expensive emergency room care when little Missy breaks her foot playing soccer or her brother, Johnny, needs stitches after falling off his bike.

While only 11 percent of workers overall cited healthcare as a major financial problem, the older the employee, the more likely they were to say healthcare costs are a problem. One in five baby boomers said healthcare costs were their biggest financial problem compared to one in 10 who pointed to debt.

Brokers and advisors are increasingly being asked by their clients to help find solutions to these problems and remove some of the worry about finances from America's work day. For many, the process involves taking the guesswork out of personal financial management for scores of workers who are struggling to make ends meet.



By Jon Shuman

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¹<https://www.massmutual.com/static/path/media/files/mm-financial-security-study-gen-pop-617>

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