

The State of Financial Wellness in 2020



Although the economy is strong and unemployment is low, a recent report on employee financial wellness by PwC¹ indicates many, if not most, Americans are still struggling with a number of financial problems:

- ➊ More than 80 percent of today's employees believe they'll be working during retirement.
- ➋ Only 43 percent of Baby Boomers planning to retire in the next 5 years know how much money they'll need for retirement.
- ➌ Nearly half of all Millennials have student loan debt and 80 percent of those say it's impacting their ability to meet financial goals.
- ➍ Gen Z are primed to enter the workforce faced with similar levels of stress as Millennials.
- ➎ When asked what employer benefit they don't currently have but would like, one in four employees said a financial wellness program with an unbiased counselor.

This report provides an overview of the state of financial wellness in 2019, from the financial trends shaping the financial health of Americans, to the generational differences in personal finance and the disconnect in what people want in financial wellness programs versus what they're being given.

Financial Health of Americans

About 43 million Americans are estimated to be financially vulnerable, which means they are struggling with many, if not all aspects of their financial lives.²



That is beyond the 135 million Americans who are just financially coping, which means they struggle with some aspects of their financial lives.

A number of major societal trends shaping the financial challenges people face include increasing costs of living, instability in the workplace and a generational gap in earning power.

In addition, the median wealth of U.S. households has yet to return to pre-recession levels, total household debt is rising and Americans are buried under mounting student loan debt.²

About forty-seven percent of Americans say their spending equals or exceeds their income and 34 percent are unable to pay all of their bills on time.² All of this paints a worrying picture of the financial health of Americans.

The Generation Gap

The chief concern for many Millennials is that they are not saving enough for retirement.³ They have reason to worry; a majority of the demographic has yet to put anything aside for their post-working years.⁴

Millennials have also bought into common negative stereotypes about their spending habits. Seventy-five percent of the group say their generation overspends compared to other generations, and 73 percent believe their generation wastes money on unnecessary indulgences.³

Across all generations, two-thirds count their debt level as a major or minor problem, and nearly a third could not cover their expenses for a month if they did not have an income to rely on.⁴ This often forces people to make bad financial decisions, leaving them even worse off.

As for healthcare, over 90 percent of Americans say it's very or somewhat important that Medicare is there for them when they become eligible — a troubling figure considering the program's costs and uncertain future.⁴

43 million

Americans are
financially
vulnerable

34%

are unable to pay all
of their bills
on time

4 in 5

employees believe
they'll work during
retirement

95%

of employers say
financial wellness
programs have
helped the
company

Disconnect in what people want from financial wellness programs

In today's increasingly divisive world there aren't a lot of things everyone can agree on, but the effectiveness of financial wellness programs seems to be the exception to the rule for employers and employees.

Over 90 percent of employees who have participated in workplace financial wellness programs say that the programs have helped, and 95 percent of employers who invest in employee financial wellness say that their programs have helped the company to reach its goals.⁵

In a workforce where nearly two in five employees feel financially challenged,⁵ giving them the resources and support they need isn't just the right thing to do, it can also give companies an edge in recruitment and retention.

So why aren't more companies providing these financial wellness solutions?

Only half of workers are offered workplace financial wellness programs,⁶ and just 31 percent of employees actually participate in those programs due to a lack of awareness and/or an understanding of the value the programs provide.⁵

More education is needed on both sides.

Employers need to recognize that lowering the financial stress of their employees can have a major impact on retention, productivity and healthcare costs, and employees need to understand that there are basic steps they can take to get greater control of their financial lives.

Best Money Moves can help. Mobile, gamified and easy-to-use, Best Money Moves provides practical, unbiased help so employees can make smarter financial decisions and manage the debt they have. Perfect for stressed out employees.

1 in 4

employees said they would like a financial wellness program as part of their benefits package.



SOURCES

1. [Employee Financial Wellness Survey](#). PricewaterhouseCoopers, 2019.
2. [U.S. Financial Health Pulse](#). Center for Financial Services Innovation, 2019.
3. [2018 Better Money Habits Millennial Report](#). Bank of America, 2018.
4. [Economic Anxiety Persists Despite Strong Economy](#). AARP, 2018.
5. [2018 Workplace Benefits Report](#). Bank of America, 2018.
6. [2019 Workplace Benefits Report](#). Bank of America, 2019.



This white paper was produced by Best Money Moves.
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