FINANCIAL HEALTH NETWORK

Helping Employees Manage Debt

Designing Debt-Related Benefits To Match Employee Needs and Preferences

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ACKNOWLEDGMENTS

This report was developed with financial support from Freedom Financial Network. The insights and opinions expressed in this report are those of the Financial Health Network and do not necessarily represent the views or opinions of our funders and supporters.

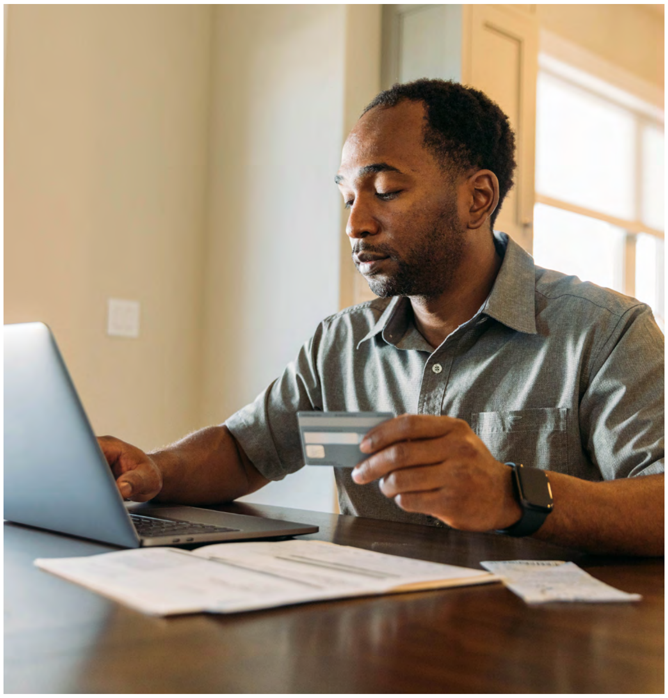
Executive Summary

In recent years, workplace financial health benefits have expanded beyond retirement and health insurance, but programs and tools for employees dealing with **credit card, medical, and personal loan debt** are still uncommon. Furthermore, there is not yet a significant body of research that focuses on how these types of debt (referred to in this brief as "unsecured debt") impact employees' financial health and performance in the workplace.

To shed light on employee debt and the appetite for debt-related support in the workplace, the Financial Health Network conducted a study of 1,058 full-time employees who have unsecured debt and work at mid- to large-sized companies. Our survey aimed to understand employees' financial health challenges, as well as their access to and attitudes toward debt-related financial wellness benefits. In sampling full-time employees of mid- to large-sized companies (defined as 500 or more employees), we found that **nearly two-thirds (63%) reported having one or more of the three types of unsecured debt** we focused on for this study.

This brief aims to help employers design and deliver benefits that will help employees manage their debt and improve their financial health, potentially bringing returns to employers by boosting employee performance, satisfaction, and retention. The findings from this survey reveal a high need for debt-related benefits, as well as gaps between those who need these benefits most and those who currently have access to them. Further, respondents to our survey indicated preferences about benefit design that employers should keep in mind when developing and refining their debt-related benefits offerings.

By looking at employee sentiment and access to resources like **financial planning apps, coaching or counseling, other forms of debt relief, emergency grant funds, debt consolidation loans, student loan assistance, and more**, we can help employers understand where to focus their resources to improve outcomes for employees who are financially struggling.



Key Findings

From September to October of 2021, we asked 1,058 employees of mid- to large-sized companies about their experiences with unsecured debt (credit card, medical, or personal loan debt) during the prior 12 months.

Our findings suggest that current financial wellness benefits are not sufficient to help employees with unsecured debt address their financial challenges and mitigate significant impacts on their well-being and work performance. Understanding employee needs and preferences around debt-related benefits is key for employers to promote worker financial health, productivity, and satisfaction effectively.

Finding 1: Impacts

50%

of respondents with debt stress **spent an hour per week** on average dealing with debt-related issues at work.

Finding 2: Access

1 in 5

respondents said they **didn't have access** to any of the 13 debt-related benefits we asked about.

Finding 3: Opportunity

62%

of respondents would be **more likely** to stay at a job that offered useful debt-related benefits.

FINDING 1
Impacts

Employee Debt Impacts Well-Being and Job Performance

Though all respondents to our survey worked full-time, many struggled with their finances, and used work time to manage their debt load.

Nearly half (47%) of respondents reported not being able to pay all of their bills on time in the last 12 months.

32% of respondents said that they or someone in their household had trouble paying medical bills in the last 12 months. Among this group, 50% reported that they had reduced spending on basic needs such as food and clothing to repay their medical bills.

50% of respondents who reported that debt is a source of stress for them said that they had spent on average at least one hour per week at work dealing with debt-related issues (e.g., contacting creditors) in the past month.

FINDING 2
Access

Employees With High Debt Stress Need More Support and Resources

Employees with higher levels of debt stress – particularly those with higher total debt, lower incomes, and women – are less likely to have access to debt-related benefits that can help them.

For each of the 13 debt-related benefits we asked about, fewer than 40% of respondents said their employer offers the benefit. One in five respondents said they didn't have access to any of the 13 debt-related benefits.

For nearly all the debt-related benefits we asked about, access was less common among workers with higher debt and lower incomes. Those with higher total debt were significantly less likely to report that their employer offers the benefits, compared with respondents with lower debt. Similarly, those making less than $100,000 were much less likely to report that their employer offered debt-related benefits.

60% of women respondents reported they were experiencing debt stress, compared with 53% of men, yet women were less likely to report access to debt-related benefits and more likely to report that they don't know whether their employer offers financial wellness benefits.

FINDING 3
Opportunity

Employees Are Eager For Debt-Related Benefits and Solutions

Employers can increase employee satisfaction and retention by offering useful resources like financial coaching, debt consolidation, emergency grant funds, student loan support, and more.

For each of the 13 debt-related benefits we asked about, at least 40% of respondents without access to them said they would be likely or very likely to use them if their employer offered them.

68% of all respondents said that debt-related financial wellness benefits are important for an employer to offer. 62% said they would be more likely to stay at a job that provided debt-related financial wellness programs that were useful to them. Among respondents with more than $25,000 in unsecured debt, these figures climbed to 72% and 69%, respectively.

Employees value ease of access, clear explanation of benefits, confidentiality assurances, and availability of personalized help when considering whether to participate in debt-related financial wellness benefits.

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Introduction

Financial wellness benefits have grown in popularity as more employers seek to help workers with aspects of their finances beyond healthcare and retirement, like building emergency savings and repaying student debt. For example, from 2016 to 2020, the share of employers offering student loan repayment assistance doubled.[1] The Financial Health Network's 2020 survey of HR professionals found that 29% of companies are planning to increase spending on financial health benefits over the next two years, while 56% plan to maintain spending.[2]

However, making the greatest possible impact with available funds can be difficult for employers, with limited research available for understanding employees' unsecured debts like credit cards, medical bills, and personal loans.

Employers need insight to address employee needs for support managing and repaying unsecured debt, along with clarity on how well current benefit offerings meet those needs. To fill this gap, the Financial Health Network conducted a study of 1,058 full-time employees of mid- to large-sized companies, defined as having 500 or more workers, all with unsecured debt (credit card, medical, or personal loan debt).

This study aims to shed light on employees' financial health challenges, as well as their access to and perspectives on workplace financial wellness offerings, particularly those that can help them with their debt. This report showcases unmet needs in the current landscape of workplace financial wellness benefits and explores how filling those needs can impact employee financial health, work performance, and job satisfaction.

Methodology

From September to October of 2021, the 37-question survey was administered online to full-time employees of companies with at least 500 employees by Dynata, a global market research firm. Respondents were selected if they had one or more forms of unsecured debt (credit card, medical, or personal loan debt). In sampling full-time employees of mid- to large-sized companies, we found that 63% reported having one or more of the three types of unsecured debt we focused on for this study.

To assess differences between employees with high and low levels of debt, we imposed a sampling quota to oversample respondents with more than $25,000 in unsecured debt for our final sample.

For the purposes of this report, we define debt-related financial wellness benefits as benefits that would help employees who have unsecured debt. We asked about 13 different kinds of debt-related benefits, including financial coaching, emergency grant funds, student loan repayment assistance, and more. Each benefit helps employees with debt either directly with management or repayment, or indirectly (by helping employees reduce need for more debt).

The data presented in this report is unweighted. All statistically significant results are reported within a 95% confidence interval ($p < 0.05$).

[1] "*SHRM Benefits Survey Finds Renewed Focus on Employee Well-Being*," *Society for Human Resource Management, 2021.*
[2] "*Knowing Better, Doing Better: HR Executives' Perspectives on Employee Financial Health*," *Financial Health Network, 2020.*

Key Findings

FINDING 1
Impacts

Employee Debt Impacts Well-Being and Job Performance

Though all respondents to our survey worked full-time, many struggled with their finances, and used work time to manage their debt load.

Employees in our sample all reported at least one of three types of unsecured debt. Among all respondents, 46% had just one of the three kinds of unsecured debt, 37% had two of the three kinds of unsecured debt, and 17% had all three forms of unsecured debt. To get a more complete picture of employees' debt, we also asked about several other forms of debt. The table below illustrates the types of debt respondents or members of their household held, as well as the median debt amounts for respondents with that type of debt.

Figure 1. Most employees in our sample report debt from credit cards, car loans, and mortgages.
Percentage of respondents with debt and median debt amounts by type of debt

Types of Debt	Percentage of Respondents with Debt	Median Debt Amount
Credit Card Debt	91%	$3,000
Car Loan	54%	$10,000
First Mortgage	51%	$90,000
Personal Loan Debt	43%	$4,050
Medical Debt	37%	$2,000
Student Loan Debt	34%	$18,000
Past Due Bills	29%	$1,000
Past Due or Back Taxes	15%	$1,700
Second Mortgage or Home Equity Line of Credit	14%	$10,000
Past Due Alimony or Child Support Payments	10%	$1,500

Q4. Do you or someone in your household currently have any of the below forms of debt? Base: All respondents (n = 1058).

Despite working full-time, the employees in our sample reported significant financial health challenges, with many respondents struggling to pay bills on time, worrying about their finances, and facing difficulties affording food and medical bills. For example, nearly half (47%) reported not being able to pay all of their bills on time in the last 12 months. Thirty-two percent said that they or someone in their household had trouble paying medical bills in the last 12 months. Among those who reported difficulties paying medical bills, 50% said they had reduced spending on basic needs like food and clothing to repay them. Forty-one percent of employees in our total sample said they had reduced spending on basic needs in the last 12 months because they couldn't pay their current debt obligations. Forty-two percent of respondents had total debt that exceeded their annual income.

In addition to the financial health and well-being challenges discussed above, respondents indicated that their debt stress was negatively impacting their productivity and physical health, and that they have used work time to deal with debt-related issues.

Figure 2. 42% of respondents reported more total outstanding debt than their annual income.

Base: All respondents who answered the income question (n = 994).

Figure 4. 32% of respondents said they or someone in their household had trouble paying medical bills in the last 12 months.

Q20. In the past 12 months, have you or has anyone in your household had trouble paying medical bills? Base: All respondents (n = 1,058).

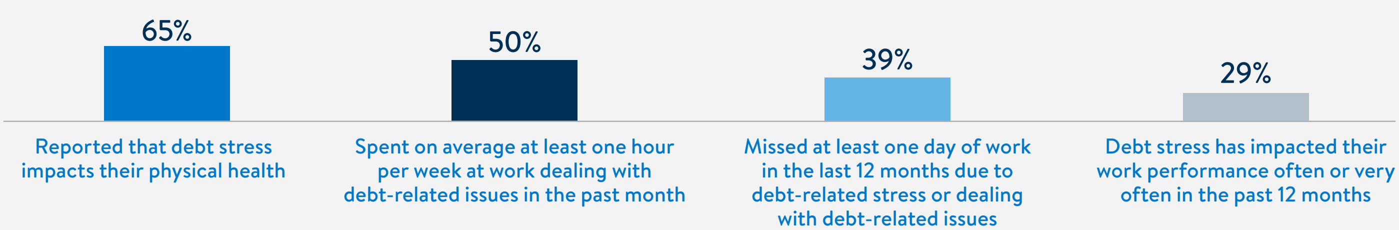
Figure 3. 47% of respondents could not pay all bills on time in the last 12 months.

Q7. Which of the following statements best describes how your household has paid its bills over the last 12 months? Base: All respondents (n = 1,058).

Figure 5. 41% of respondents said they had reduced spending on basic needs in the last 12 months because they couldn't pay their current debt obligations.

Q18. In the past 12 months, have you done any of the following because you couldn't pay your current debt obligations? (Respondents selected "Reduced spending on basic needs (food, clothing, household needs, etc.)" Base: All Respondents (n=1058).

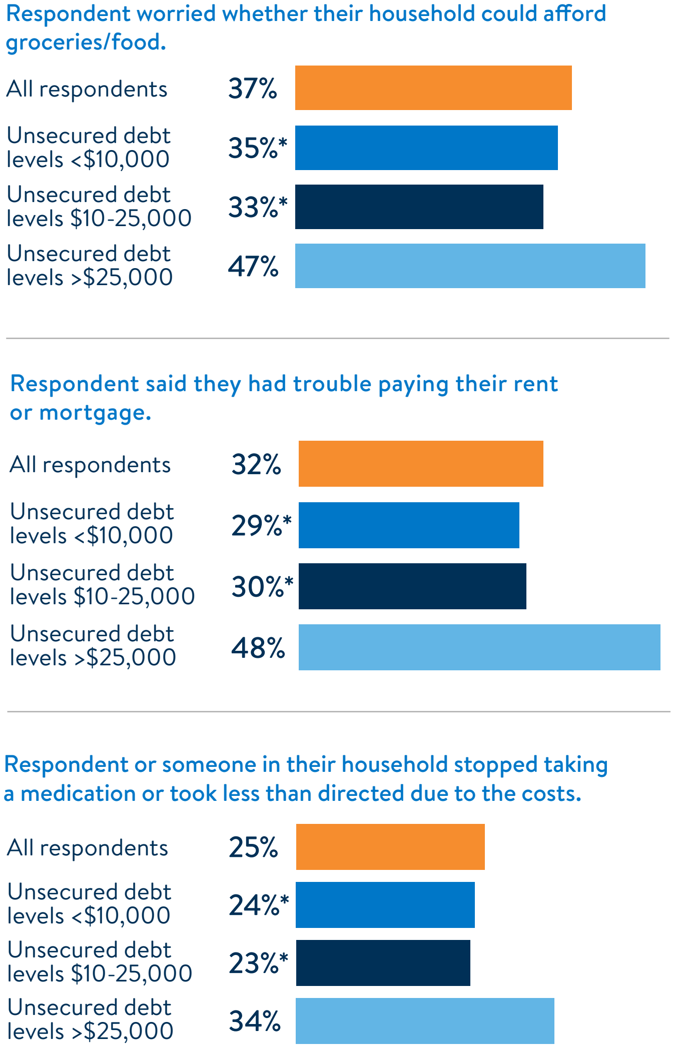
Figure 6. Debt-stressed employees report impacts on their health and work performance.



Base: Financially stressed because of debt (n=507). Q22. How are you currently experiencing stress in the following areas of your life? (Respondents answered "Financial Concerns") AND Q23. Which of the following have been sources of financial stress in the past 12 months? (Respondents answered "Debt")

Those who were financially stressed because of their debt had lower incomes and higher total debt relative to their annual income. Women and younger employees were also more likely to be debt-stressed. Half (50%) of debt-stressed employees said they had spent, on average, at least one hour per week in the last month dealing with debt-related issues at work. That lost work time, if annualized and consistent across the year, would total more than a week.

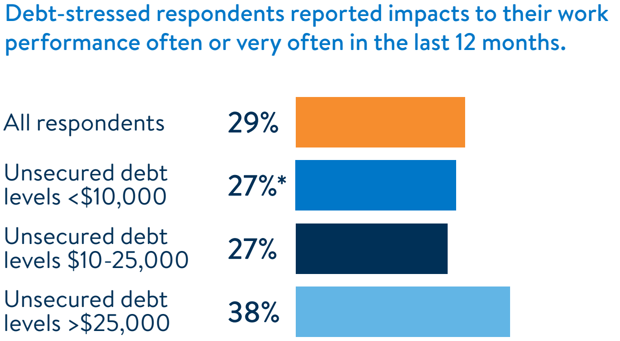
Figure 7. Financial hardship was highest among those with over $25,000 in unsecured debt.



*Q19: In the past 12 mos., how often have you experienced the following? (Respondents answered "Sometimes" or "Often") n=675 <$10,000; n=217 $10-25,000; n=166 >$25,000. Notes: Statistically significant ($p < 0.05$) differences relative to the reference group (those with over $25,000 in unsecured debt) are indicated with *.*

While many respondents were struggling with the impacts of debt on their well-being and work performance, the effects were particularly acute for those with more than $25,000 in unsecured debt. Among respondents who said they were financially stressed because of their debt, 29% said their debt stress impacts their performance at work often or very often, a share that jumps to 38% for those with over $25,000 in unsecured debt.

Figure 8. Performance impacts of debt stress were highest for those with the highest unsecured debt.

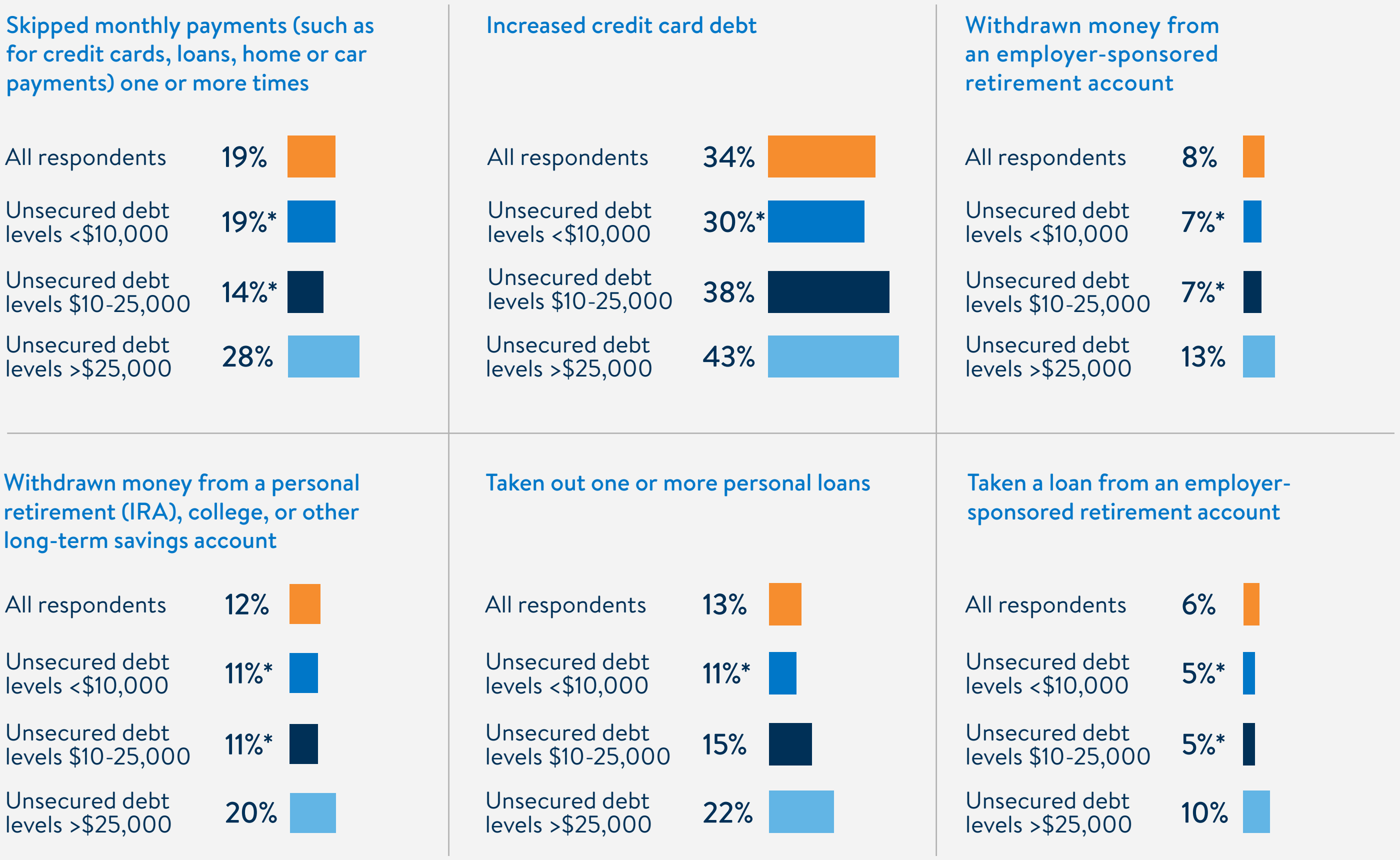


*Q27. In the past 12 months, how often would you say debt-related stress has negatively impacted your performance at work? Base: Financially stressed because of debt (n=507). Notes: Statistically significant ($p < 0.05$) differences relative to the reference group (those with over $25,000 in unsecured debt) are indicated with *.*

Employees with higher levels of unsecured debt were more likely to report making difficult decisions due to their debt obligations, **including skipping monthly payments on other debt obligations, taking on additional debt, and withdrawing money from retirement accounts.**

This suggests that employers who are eager to see employees take full advantage of workplace retirement accounts, and reduce leakage from these accounts, should consider addressing employees' unsecured debt as a part of their strategy to boost the utility of workplace savings accounts. Traditional workplace retirement savings accounts may be less relevant to the portion of employees whose debt obligations are causing them to struggle with day-to-day needs and cash flow management.

Figure 9. Employees' debt obligations led to compounding debt and decreased savings.
Respondents who couldn't pay their debt obligations reported taking the following actions during the last 12 months



Q18. In the past 12 months, have you done any of the following because you couldn't pay your current debt obligations? n = 675 <$10,000; n = 217 $10-25,000; n = 166 >$25,000. Notes: Statistically significant ($p < 0.05$) differences relative to the reference group (those with over $25,000 in unsecured debt) are indicated with *.

FINDING 2 Access

Employees With High Debt Stress Need More Support and Resources.

Employees with higher levels of debt stress – particularly those with higher total debt, lower incomes, and women – are less likely to have access to debt-related benefits that can help them.

To gauge whether financial wellness benefits are reaching employees who may have the greatest need, we asked respondents whether their employer offers a range of debt-related financial wellness benefits.

For the purposes of this report, we defined debt-related financial wellness benefits as benefits that would help employees who have unsecured debt, either by helping them repay or manage that debt, or by helping them avoid acquiring new debt. We found that these benefits are still relatively uncommon in the workplace.

For each of the 13 debt-related benefits we asked about, fewer than 40% of employees in our sample reported having access to the benefit. **One in five respondents said they don't have access to any of the 13 debt-related benefits.**

Figure 10. Debt-related benefits are still relatively uncommon in the workplace
None of the benefits we asked about were offered to more than 38% of the employees in our sample

Debt-Related Benefit	% With Access
Free access to financial planning app/website (e.g., budgeting and savings tools and calculators)	38%
Free financial education resources	37%
Free personalized coaching sessions with a financial professional	30%
Free credit counseling sessions to help manage debt	29%
Employer contributions to an emergency savings account	28%
Access to an emergency savings account	28%
Emergency grant fund to help with an unforeseen catastrophic event or illness	27%
Access to low-cost personal loans that can be paid back via payroll	26%
Employer contributions toward student loan repayment	26%
Free or low-cost access to accrued, earned wages in advance of payday	24%
Access to mortgage loan support	23%
Access to student loan solutions that offer evaluation tools and options for refinancing	22%
Access to a debt consolidation loan or other form of debt relief	20%

Q31. Does your employer offer the following benefits? Base: All respondents (n = 1,058).

Moreover, we found that **employees with higher total debt, lower-income employees, and women were more likely to say they don't have access to debt-related benefits, despite reporting higher levels of debt stress**, indicating a mismatch between benefits and those who need them most.

Those with higher debt reported less access to debt-related benefits. For 12 of the 13 benefits we asked about, those with higher total debt were significantly less likely to report that their employer offers the benefit, compared with respondents with lower debt. For example, only 20% of respondents with more than $120,000 in debt said their employer offers access to an emergency grant fund for unforeseen catastrophic events or illness, compared with 37% of respondents with less than $10,000 in total debt.

Similarly, across all the benefits we asked about, those making less than $100,000 were much less likely to report that their employer offered debt-related benefits. For example, 31% of respondents making more than $150,000 each year indicated that their employer offered access to debt consolidation loans or other forms of debt relief, while only 9% of those making less than $50,000 indicated having this benefit.

Women were significantly more likely than men to report debt stress – 60% of women vs. 53% of men. Yet women were also less likely to report access to debt-related benefits, and more likely to report that they don't know whether their employer offers financial wellness benefits.

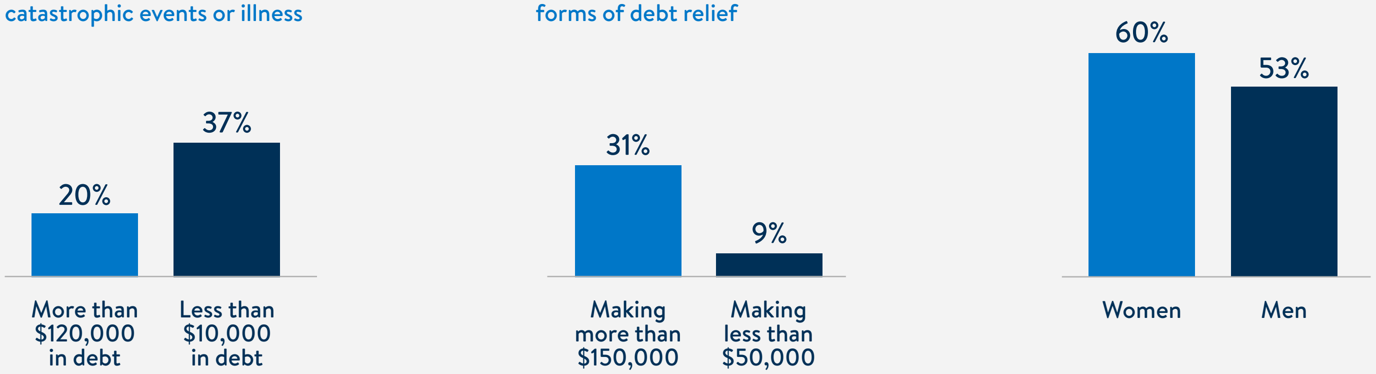
Across several of the debt-related benefits we asked about, women were also significantly less likely to report using the benefits when their employer offered them. For example, 64% of men with employers offering free personalized coaching sessions with a financial professional reported that they had used this benefit in the last 12 months, compared with just 39% of women with access to this benefit. Our findings suggest that employers should be attentive to gender gaps in their employees' need for, awareness of, and uptake of financial wellness benefits.

Figure 11. Employees with higher total debt, lower-income employees, and women report less access to debt-related benefits, despite higher levels of debt stress.

Respondents who say their employer offers access to an emergency grant fund for unforeseen catastrophic events or illness

Respondents who say their employer offered access to debt consolidation loans or other forms of debt relief

Respondents who report debt stress



FINDING 3 Opportunity

Employees Are Eager For Debt-Related Benefits and Solutions

Employers can increase employee satisfaction and retention by offering useful resources like financial coaching, debt consolidation, emergency grant funds, student loan support, and more.

Despite the lack of access to debt-related benefits among many respondents, the appetite for debt-related benefits is strong, particularly among those who have over $25,000 in unsecured debt.

For all of the 13 debt-related benefits we asked about, at least 40% of respondents who do not currently have those benefits said that, if their employer offered them, they would be somewhat or very likely to use them. The share of those without access to each benefit, but who would be somewhat or very likely to use it if offered, is shown in the chart below, alongside the share of the total sample that currently has access to the benefit. Figure 12 illustrates the gap between access to debt-related benefits and desire for those benefits among employees with unsecured debt.

Figure 12. There is a sizable gap between the debt-related benefits employees want and the benefits available to them.

■ Percentage with current access to the benefit
■ Percentage without access who would be somewhat or very likely to use the benefit

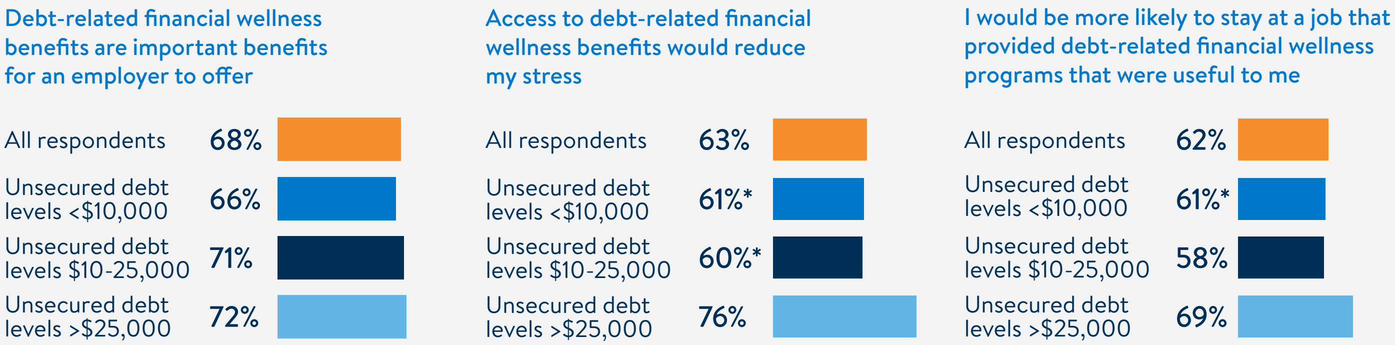
Benefit	Percentage with current access to the benefit	Percentage without access who would be somewhat or very likely to use the benefit
Employer contributions to an emergency savings account	28%	66%
Free access to financial planning app/website (e.g. budgeting and savings tools and calculators)	38%	64%
Free personalized coaching sessions with a financial professional	30%	59%
Emergency grant fund to help with an unforeseen catastrophic event or illness	27%	58%
Free financial education resources	37%	57%
Access to an emergency savings account	28%	57%
Free credit counseling sessions to help manage debt	29%	53%
Access to low-cost personal loans that can be paid back via payroll	26%	48%
Access to a debt consolidation loan or other form of debt relief	20%	48%
Employer contributions toward student loan repayment	26%	46%
Access to mortgage loan support	23%	44%
Access to student loan solutions that offer evaluation tools and options for refinancing	22%	42%
Free or low-cost access to accrued, earned wages in advance of payday	24%	41%

Q31. Does your employer offer the following benefits? Base: All respondents (n-1058) AND Q35. How likely would you be to use the following debt-related financial wellness benefits if your employer offered them? Base: Respondents whose employers do not offer the benefits (sample size varies by benefit).

A majority of all respondents agreed that debt-related financial wellness benefits belong in the workplace, and that having these benefits would reduce their stress and make them more likely to stay with their current employer.

As seen in Figure 13, the appetite for debt-related benefits is particularly strong among those with more than $25,000 in unsecured debt. Figure 14 below shows the benefits these employees would be most likely to use if offered by their employer.

Figure 13. A majority of employees report that debt-related financial wellness benefits are important and would reduce stress and increase retention.
Percentage of respondents at varying debt levels that strongly or slightly agree



*Q36. How much do you agree with these statements? Base: All respondents (n = 1,058; n = 675 Unsecured debt <$10,000; n = 217 $10-$25,000; n = 166 >$25,000) Notes: Statistically significant (p < 0.05) differences relative to the reference group (those with over $25,000 in unsecured debt) are indicated with *.*

Figure 14. Respondents with over $25,000 in unsecured debt want these five benefits most.
Percentage of respondents with over $25,000 in unsecured debt who would be somewhat or very likely to use the benefit if offered

Debt-Related Benefit	
Employer contributions to an emergency savings account	73%
Free access to a financial planning app/website (e.g. budgeting and savings tools and calculators)	72%
Access to an emergency savings account	68%
Emergency grant funds to help with an unforeseen catastrophic event or illness	67%
Free personalized coaching sessions with a financial professional	67%

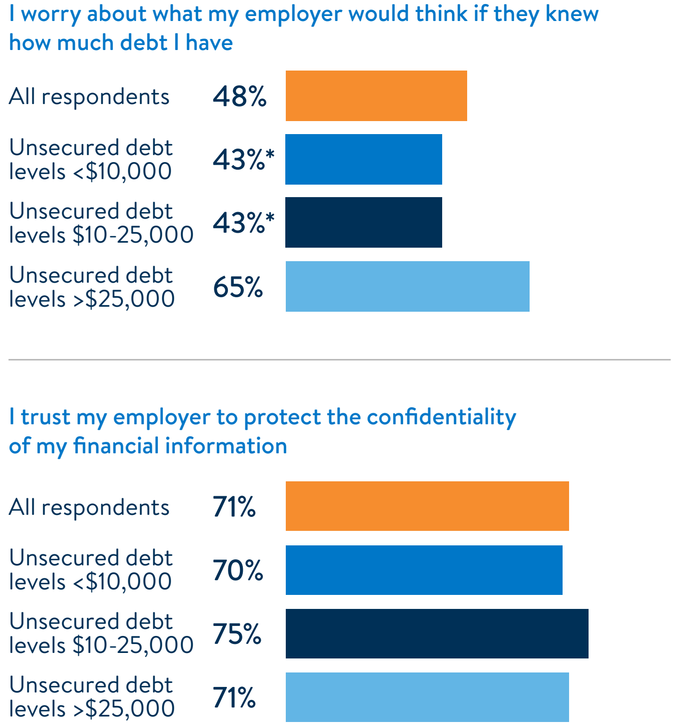
Q35. How likely would you be to use the following debt-related financial wellness benefits if your employer offered them? Base: Respondents with over $25,000 in unsecured debt whose employers do not offer the benefits (sample size varies by benefit).

Interestingly, while employees report worrying about what their employer would think if they knew how much debt the employee has – particularly those with higher unsecured debt and those with lower income – respondents also reported high levels of trust in their employers when it comes to protecting the confidentiality of employee financial information.

This suggests that for the purposes of designing debt-related financial wellness benefits, emphasizing confidentiality practices and ensuring a "firewall" between employee debt information and employers will be critical to promoting employee buy-in and uptake of benefits.

Similarly, we found that employees place a high value on confidentiality assurances when asked about the benefit design features that would make them more likely to participate in debt-related workplace benefits. In addition to confidentiality assurances, employees value ease of access, clear explanation of benefits, and availability of personalized help when considering whether to participate in debt-related financial wellness benefits.

Figure 15. Employees value confidentiality, particularly those with higher unsecured debt.
Percentage of respondents at varying debt levels that strongly or slightly agree



Q36. How much do you agree with these statements?
Base: All respondents (n = 1,058) Notes: Statistically significant ($p < 0.05$) differences relative to the reference group (those with over $25,000 in unsecured debt) are indicated with *.

Figure 16. Employees value ease, clarity, confidentiality, and personalization in debt-related benefits design.
Percentage who say the feature is very or moderately important

Benefit Feature	
Having easy access to finding the benefits that your employer offers	71%
A clearer explanation of benefits	71%
Better confidentiality assurances from my employer	67%
More personalized help	67%

Q34. How important are each of the following in making it more likely for you to participate in your employer's debt-related financial wellness benefits? Base: Respondents who haven't used any of the debt-related financial wellness benefits available through their employer (n = 600).

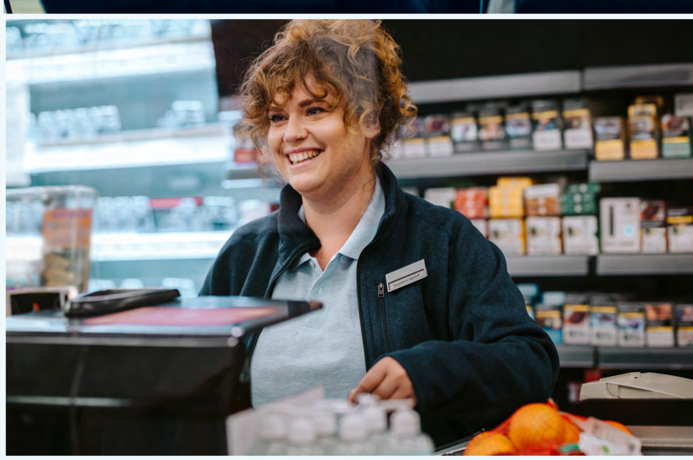
Opportunities for Employers

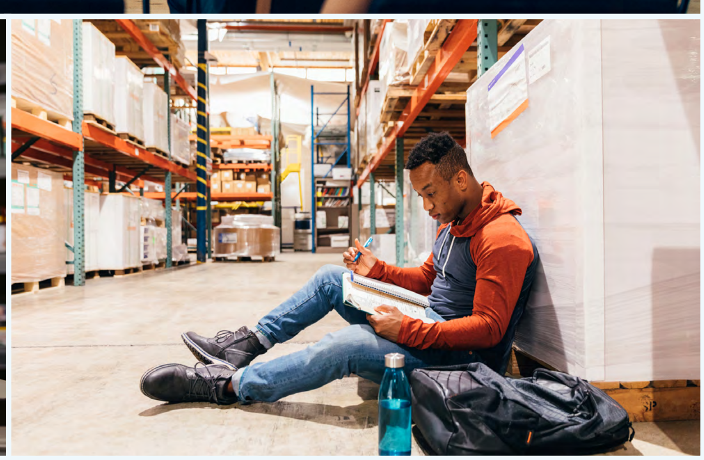
Employers' commitment to and investment in financial wellness benefits continues to grow. Yet resources are limited for employers seeking to understand workers' struggles with unsecured debt, the impact of debt on work performance, and employee interest in debt-related benefits. These findings can help employers better understand employees' need for debt-related support, so they can align financial wellness benefits to those who need them most and improve uptake via benefit design and messaging.

The responses to our survey suggest that unsecured debt hurts employee well-being and work performance, with those owing more than $25,000 in unsecured debt particularly impacted.

The employees in our sample who had the greatest need for financial wellness benefits were the least likely to be receiving those benefits from their employers. While access to debt-related benefits is currently low, appetite for those benefits is high.

For employers looking to offer these types of benefits, providing confidentiality assurances, ease of access, clear explanations, and personalized help when needed can encourage greater employee participation. By tailoring debt-related benefits to employee needs and preferences, businesses can leverage this underutilized tool in their benefits toolkits and drive measurable impact for the workers who need it most.





Appendix

The below tables share some of the key descriptive statistics from our sample.

Employer Size	
500 to 999	27.6%
1,000 to 4999	38.8%
5,000 or more	33.6%
Total	**100%**

Race/Ethnicity	
American Indian or Alaska Native, Non-Latinx	0.1%
Asian, Non-Latinx	3.1%
Black, Non-Latinx	5.9%
Latinx	7.8%
Multiple Races, Non-Latinx	1.8%
White, Non-Latinx	80.7%
Other, Non-Latinx	0.1%
No response	0.5%
Total	**100%**

Highest Level of Education	
Some high school	0.4%
High school graduate	7.8%
Some college/trade or business school	22%
College graduate	30.3%
Some graduate school	5.5%
Graduate degree	33.9%
Prefer not to say	0.1%
Total	**100%**

Age	
18-24 years old	2%
25-40 years old	47%
41-56 years old	32%
57-75 years old	19%
Total	**100%**

Gender	
Female	48%
Male	52%
Total	**100%**

Income	
Less than $50,000	20%
$50,001-$75,000	19%
$75,001-$100,000	17%
$100,001-$150,000	24%
$150,000+	14%
Prefer not to say	6%
Total	**100%**

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The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

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