

Businesses Lose Half a Billion Dollars a Year Due to Employee Financial Stress

Half of U.S. workers are panicked or depressed over money.



Businesses suffer when employees are stressed. And if it costs them, it costs their employees first.

That's among the findings of a survey from Salary Finance, which reports that American businesses lose half a billion dollars a year because their employees are stressed about their personal finances.

Indeed, says the report, Americans of all ages worry more about finances than their health, careers or relationships.

Thus, it should probably come as no surprise that the U.S. has slipped in the standings in this year's World Happiness Report using data drawn from the Gallup World Poll.

While it doesn't get into people's finances, the World Happiness Report does cite socioeconomic inequality as a cause of stress, and also points out that the U.S. has sunk from 18th in the world to 19th. The happiest country? Finland, which espouses numerous policies that the U.S. does not—a strong social safety net, personal freedom and a good work-life balance, points out the World Economic Forum, coupled with “a feeling of personal safety in a troubled world.”

All that may not have as much to do with money or income as one might think, but in the U.S., financial stress certainly doesn't promote happiness.

After all, it's tough to be happy when you're prone to depression, panic attacks, sleepless nights and distractions at work—all of which nearly half of Americans suffer because of concerns over their finances.

And that's costing their employers big time—in fact, all that lost productivity amounts to 2.5 percent of the U.S. GDP.

It's not necessarily due to income here, either, though—while 34 percent of U.S. employees are without savings and regularly live paycheck-to-paycheck, says the report, one out of four of them earns more than \$160,000.

Approximately 40 percent of people making more than \$100,000 per year are financially unstable, with less than three months' savings.

Of course, high medical expenses do offer the threat of almost instant destitution, whether people are insured or not. And that adds its own stress factor.

Just 6 percent of U.S. employees feel that finances aren't weighing down their lifestyles—and just because they have emergency savings, that doesn't necessarily ease their minds. One out of three who actually have more than three months' savings set aside for unexpected expenses is still worried about making ends meet.

Employers need to pay attention to financially stressed employee populations, since such workers lose nearly one month (23–31 days) of productive work days per year and are 2.2 times more likely to hunt for a new job.

Lost productivity, turnover and other factors directly related to poor financial wellness cost the average company between 11 and 14 percent of their total payroll expense, the report adds.

But if managers are worried about the state of their employees' financial well-being, they're right to, since employees with money worries are

- 3.4 times more likely to suffer from anxiety and panic attacks
- 4 times more likely to suffer from depression
- 5.8 times more likely not to be able to finish daily tasks
- 4.9 times more likely to have lower work quality
- and 8 times more likely to have sleepless nights.

With all that to look forward to, it's no wonder the U.S. isn't happier.

By Marlene Satter