

The Role of Financial Wellness When it Comes to Mental Health

Most of us have experienced financial stress at some point in our lives—many of us still are, at this very moment. Which means we know how it feels. The anxious nights thinking about how to budget for the next month. The sense of dread when seeing an unpaid bill. The tension with our partners when discussing finances.

It's not surprising then to discover that there's a very clear link between financial wellness and mental health. Chances are, your employees or clients are already aware of this too. But they may not know the extent of it. Understanding the connection between financial wellness and mental health

Here are a few facts to remind your clients about:

1. Financial stress is ubiquitous

Ninety percent of Americans say that money has an impact on their stress levels. Yup, you read that right. The majority of people who live in the U.S. are stressed about money.

Here's another framing of the situation: When asked what they feel causes them the most stress, employees cite financial matters more than any other life stressors combined.

As employers are already well aware, the pandemic only worsened the situation. About half of working adults in the U.S. said the impact of COVID-19 will make it harder for them to achieve long-term financial goals. Not only that, but among those who said their financial situation has worsened, 44% said it will take three years or more to get back to where they were pre-pandemic—and 1 in 10 said their finances will never be the same.

2. Financial, mental and physical health are interlinked

We often talk about financial, mental, and physical health as distinct categories, but the truth is that they're all interlinked.

If an employee is mentally unwell, they may struggle to take care of their bodies and their finances. Similarly, being stressed about money has a direct impact on health—negatively impacting everything from their sleep quality to their immunity.

Financial stress is also shown to have a direct impact on mental health.

People in debt have higher rates of mental health issues like depression and anxiety compared to those who are debt-free. Low financial health can also

exacerbate existing problems: 86% of people with mental health problems said that their financial situation had made their mental health problems worse.

3. The cycle of financial stress is tough to break out of

An unfortunate reality of financial stress is that it's extremely difficult to break out of. Why?

Studies show that financial stress leads to a decline in decision-making abilities. In other words, the more stressed your client's employees are, the less likely they are to make smart decisions when it comes to spending and saving.

This, of course, means that they'll accumulate more financial stress—creating a vicious cycle that will continue until some type of intervention is introduced.

An opportunity to take action

I know you've already been hard at work to get your employees and clients on board with financial wellness benefits. If they're still on the fence, start small. They don't have to invest in a comprehensive financial wellness platform today, but there are still impactful things they can do to improve the financial and mental health of their employees:

Educate them. Behavior change starts with education. Employees spend eight hours a day at work, which leaves them with little time to do their own research about money management. That's why employers have to meet them where they are and give them the resources they need to make wiser financial decisions.

Reduce the financial burden. Employees are struggling with debt, bills, and mortgages today. So as great as retirement accounts are, encourage your clients to find ways to reduce the financial burden of their workforce in the short term as well. Student loan repayment programs. Wellness budgets. Office stipends. All of these extra monetary benefits go a long way.

Provide personalized guidance. Finally, one of the best things your clients can do is to give their employees access to professional financial support. Talking to a financial advisor can help people identify and take action on goals that make sense for their circumstances. Unfortunately, these services are largely inaccessible due to cost, which is why 99% of Americans don't use them. Having employers give people access to financial professionals instead is an effective way to relieve them of some financial stress.

Even though finances have a huge impact on the mental health of employees, it's easy for employers to forget—especially given the number of different priorities they're juggling. Take an opportunity to raise this

conversation again and, hopefully, help them take action to address the financial wellness of their workforce.

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