



# Does Your Employee's Financial Health Impact Your Bottom Line?

Due in part to the housing crisis, high unemployment and the general economic downturn, many American workers are under a considerable amount of financial stress. The question for the small business owner is, "Does my employee's financial health and related stress impact my company's net income?"

**A Real Impact on Productivity** If asked, most employers can think of situations in which the financial difficulties of their employees directly and adversely affected workplace productivity. On a personal level, any of us can certainly appreciate the stress that would be created in our own lives in the event of a spouse's job loss or other reduction of family finances. Worry over looming debt, mortgage payments, and providing for our children's needs could easily overtake our thoughts, causing a dramatic drop in the amount of time spent on productive business operations.

Numerous studies conducted within a variety of industries and fields indicate a direct connection between financial duress, work performance and overall productivity of employees. The Personal Finance Employee Education Foundation estimates that at any given time between 15 and 30% of the American workforce is under significant financial stress.

**Increased "Presenteeism"** The financial stress suffered by employees is thought to lead to increased "presenteeism".

Presenteeism refers to time spent during regular work hours dealing with personal matters that are not directly related to the individual's job. According to April 2009's Human Resources Magazine, over 53% of employees experiencing financial stress spend time during work hours to attend to their financial issues. This time may be spent dealing with creditors, discussing personal financial situations with colleagues, and worrying about financial matters. It is not difficult to imagine how employees faced with significant financial challenges and the need to deal with them during the work day will have lower productivity.

**Workplace Financial Education** One of the ways that many employers have chosen to address lost productivity from employee financial stress is by incorporating a financial literacy or financial education program as part of their training calendar. Many employers provide personal development education and training not directly related to their industry because they feel it is the right thing to do for their valued team members. After examining the studies related to lost workplace productivity due to employee financial stress, employers can also make an excellent business case for enhancing employee financial literacy.

Due, in part, to advances in technology that make communicating

with employees much easier, financial literacy training can now take many forms. Employers who have embraced workplace financial education are making use of tools such as online training programs that employees can attend on their own time, providing books, and other materials on personal finance. They are also offering seminars and workshops on personal financial planning, both on and off company time.

There are other benefits associated with an employee financial literacy program including increased employee morale, more effective use of the benefits that are available to a company's workforce, and even increased employee health. In future articles on this subject, we will explore these and other benefits along with the most effective methods employers are using in their financial education programs.

If you work for a company that has a financial education program in place or have responsibility for administering an employer sponsored financial literacy program, we would appreciate the opportunity to hear from you. Please tell us about your experiences with workplace financial education and its subsequent impact on your organization. You can find our contact information below.



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