

Executive Summary

An estimated 60% of illness is directly or indirectly caused by financial stress, costing most large and medium sized companies millions of dollars per year in health care expenses. The American Psychological Association (APA) recognizes financial stress as the leading cause of unhealthy behaviors like smoking, weight gain, and alcohol and drug abuse. The direct link financial stress has on employees' health and overall wellness has even been found in [recent studies](#) to cause serious diseases like metabolic syndrome.

Because of these serious health risks that employees with financial stress face, and the potential effects this has on employers and our economy as a whole, we have compiled this report to gauge employees' perceived levels of financial stress and their causes.

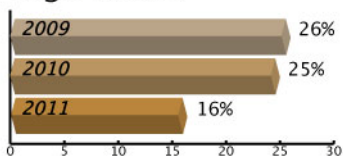
Summary of findings:

- **Financial stress is continuing to decrease in a trend seen since 2010.** Poor money management skills continue to be the key driver of employee financial stress.
- **The key demographic groups most vulnerable to financial stress were women, employees age 30 to 44, and middle-income Americans making \$60,000-\$74,999 per year.**
- **Married employees actually had lower levels of financial stress** compared to single employees.

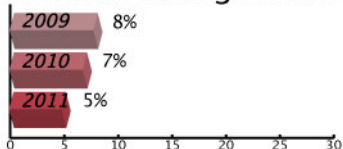
Key Trends

Employee financial stress has decreased to more manageable levels.

High Stress



Overwhelming Stress

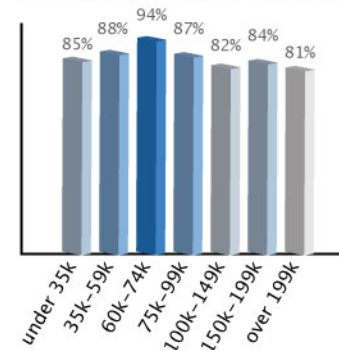


Women are three times as likely as men to face overwhelming financial stress.



Middle-income employees are under more financial stress than low- or high-income employees.

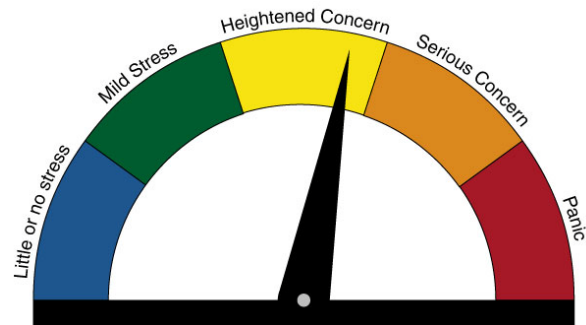
Have Financial Stress



Employee Financial Picture

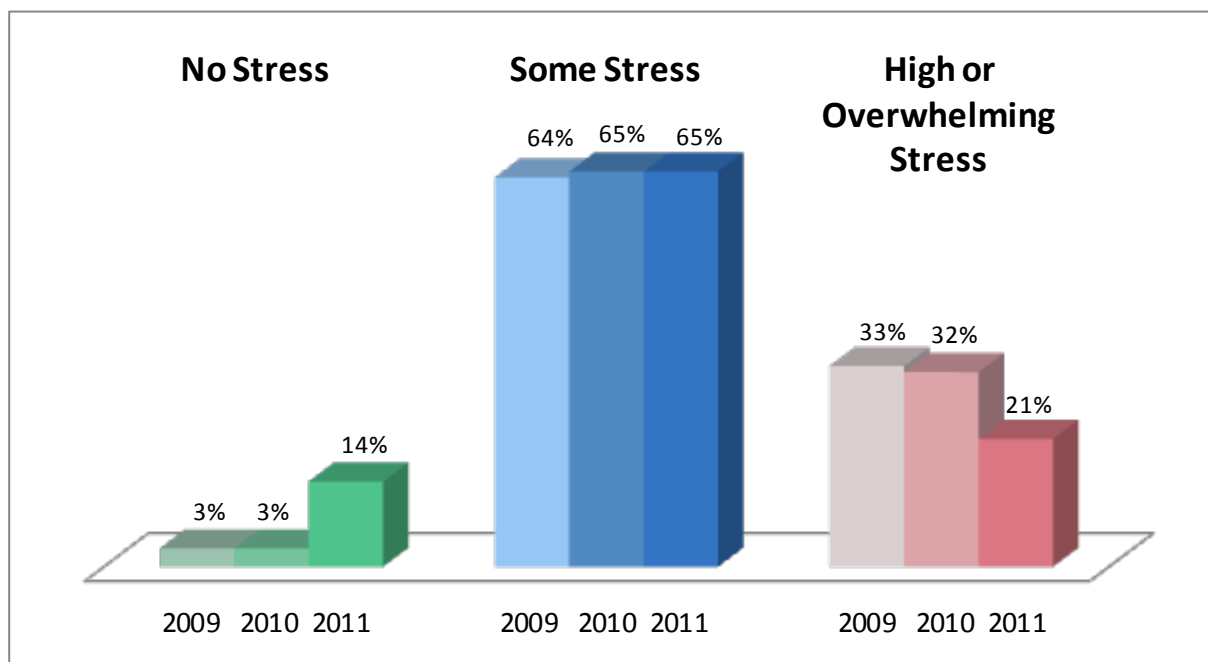
In the first quarter of 2011:

- 14% of employees stated that they had no financial stress.
- 65% of employees reported that they had some financial stress.
- 16% of employees felt that their financial stress level was high.
- 5% of employees are at a point where their financial stress is overwhelming.



There has been a significant improvement to the employee financial picture in the first quarter of 2011, with only 21% of employees reporting “high” or “overwhelming” levels of stress. This is an acceleration of a trend we began to see in 2010 where employees were starting to show signs of reduced financial stress, with 32% reporting “high” or “overwhelming” levels of stress in 2010 compared to over 33% in 2009.

Breakdown of Employee Financial Stress



Key Findings

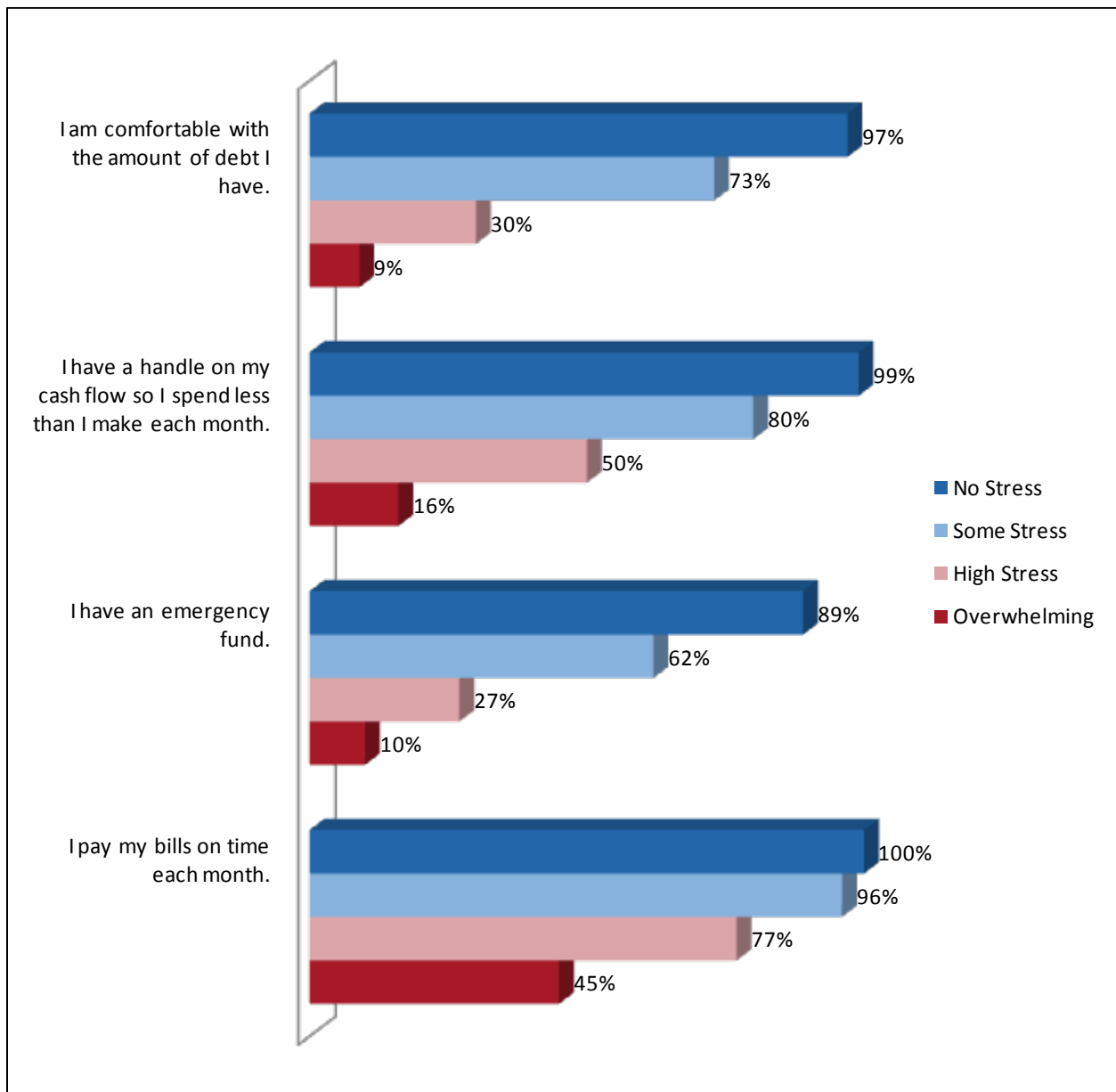
- While stress levels improved in the first quarter of 2011, the vast majority of employees are still under financial stress. Even among the least stressed demographics, over 75% report they are facing financial stress, and among the vulnerable demographic groups, 89% or more report financial stress.
- Financial stress is heavily correlated with poor money management skills, with a very direct relationship between the degree of financial stress someone faces and their ability to manage their expenses, control their debt, and pay their bills on time.
- While those with no financial stress are overwhelmingly doing a good job managing their day-to-day expenses, debts, and emergency savings accounts, they are surprisingly lax about longer-term financial planning priorities such as retirement planning. Sixty-seven percent of those who report having no financial stress indicate that they are not prepared for retirement, and less than half have drafted basic estate planning documents like wills and trusts to protect their assets.
- There is a significant disparity among different demographic groups with respect to financial stress levels. In general, financial stress levels improve with increases in age and income, with two notable exceptions: Employees under 30 and those making less than \$35,000 are less stressed than those ages 30-44 and those in the middle income range.

Most Vulnerable Demographic Groups	Least Vulnerable Demographic Groups
<p>Women</p> <p>90% report having financial stress</p> <p>28% have high or overwhelming financial stress</p>	<p>Men</p> <p>83% report having financial stress</p> <p>17% have high or overwhelming financial stress</p>
<p>30-44</p> <p>89% report having financial stress</p> <p>26% have high or overwhelming financial stress</p>	<p>55-64</p> <p>76% have some financial stress</p> <p>12% have high or overwhelming financial stress</p>
<p>\$60,000-74,999*</p> <p>94% report having financial stress</p> <p>25% have high or overwhelming financial stress</p>	<p>\$150,000-\$199,999</p> <p>84% report having financial stress</p> <p>10% have high or overwhelming financial stress</p>

*The \$35,000-\$59,999 group is vulnerable as well. A lower percentage report having financial stress at 88% vs. 94% in the \$60,000-\$74,999 demographic and overwhelming stress is the same for both groups, but a higher percentage report having high stress. Collectively, the income range of \$35,000-\$74,999 is where employees feel the most stress, with notably lower stress levels below \$35,000 and above \$74,999.

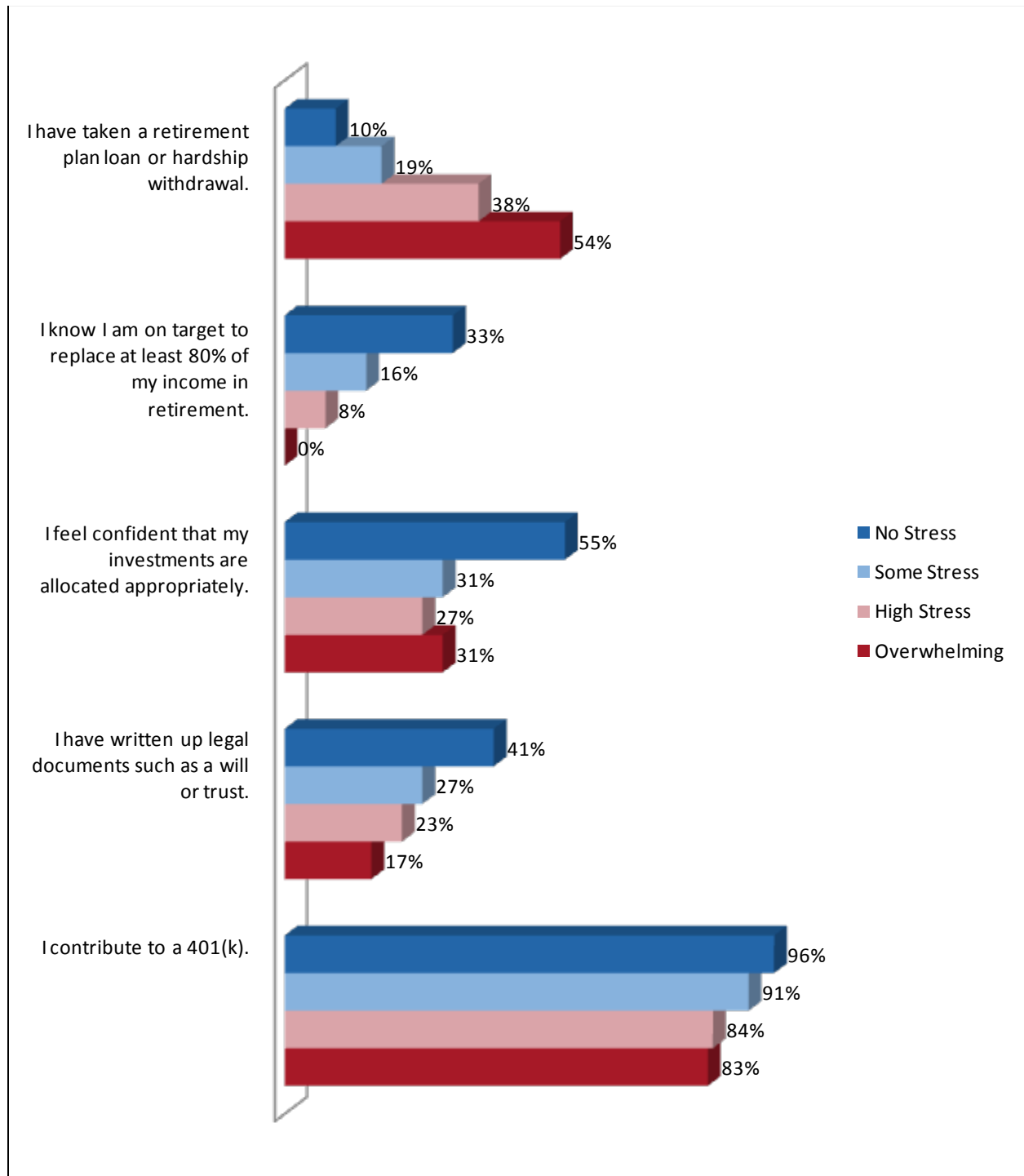
Responses to Online Financial Wellness Assessment

2011 Breakdown by Level of Financial Stress - Money Management



2011 Research Financial Stress

2011 Breakdown by Level of Financial Stress – Retirement/Financial Planning



Detailed Demographic Analysis

Q1 2011 Overall Response to Financial Stress Levels

Overall, employees' financial stress levels have improved since the recession of 2008. Employees are accelerating the trend we began to see in 2010, reducing their stress further in the first quarter of 2011.

	Overall
I have no financial stress	14%
I have some financial stress	65%
My financial stress level is high	16%
My financial stress is overwhelming	5%

Q1 2011 Stress Level Breakdown by Age

Financial stress levels typically tend to go down with age, but interestingly, this trend reversed itself for the age group of 30 to 44 year olds. Twenty percent of employees in this age range indicated having high financial stress, and 6% indicated their stress was overwhelming, both higher than any other age group. This could be due in part to more demanding and competing financial responsibilities such as taking care of aging parents, buying a home, saving for retirement, and caring for young children. Past financial decisions may also be contributing to this age group's financial stress as they try to recover from mistakes they made in their younger years such as accumulating high levels of debt.

	Age: Under 30	30-44	45-54	55-64
I have no financial stress	10%	11%	14%	24%
I have some financial stress	71%	63%	65%	65%
My financial stress level is high	13%	20%	16%	7%
My financial stress is overwhelming	6%	6%	5%	4%

2011 Research Financial Stress



Q1 2011 Breakdown by Gender

Women reported notably higher levels of financial stress than men with 9% feeling their financial stress was overwhelming compared to only 3% of men reporting overwhelming stress.

	Male	Female
I have no financial stress	17%	10%
I have some financial stress	66%	63%
My financial stress level is high	14%	19%
My financial stress is overwhelming	3%	9%

Q1 2011 Breakdown by Marital Status

Surprisingly, married employees reported lower levels of financial stress than single employees. Only 4% of married employees reported overwhelming stress compared to 8% of single employees. This could be due to the fact that marriage often means two incomes and merged expenses.

	Married	Unmarried
I have no financial stress	14%	13%
I have some financial stress	66%	61%
My financial stress level is high	15%	18%
My financial stress is overwhelming	4%	8%

2011 Research Financial Stress



Q1 2011 Breakdown by Family Structure

Family structure had a significant impact on employees' financial stress levels. Seventeen percent of households with no children reported no stress compared to only 10% of households with children. This is not surprising when you consider the average cost to raise a child for a middle-income American family is about \$280,000 according to a [2009 study](#) by the USDA.

	No Children	Have Children
I have no financial stress	17%	10%
I have some financial stress	66%	63%
My financial stress level is high	12%	21%
My financial stress is overwhelming	5%	6%

Q1 2011 Breakdown by Income

Contrary to the belief that lower-income employees experience higher financial stress, the income group with the most stress was employees with incomes ranging from \$60,000 to \$74,999 per year. This could be due to the fact that employees in this bracket have more access to credit and can get into higher levels of debt than their lower income counterparts.

Income Range:	\$20,000- \$34,999	\$35,000- \$59,999	\$60,000- \$74,999	\$75,000- \$99,999	\$100,000- \$149,999	\$150,000- \$199,999	Over \$199,999
I have no financial stress	15%	12%	6%	13%	18%	16%	19%
I have some financial stress	55%	54%	69%	65%	66%	74%	72%
My stress level is high	24%	26%	17%	18%	11%	10%	8%
My stress level is overwhelming	6%	8%	8%	4%	5%	< 1%	1%

Information on the breakdown by location or ethnicity is available upon request, subject to the approval of Financial Finesse's Think Tank. Such information will only be provided if the Think Tank deems it to be statistically significant. All requests should be directed to thinktank@financialfinesse.com.

2011 Research Financial Stress



Overall Financial Planning Vulnerabilities

Although employees are showing encouraging signs of continuing to reduce their financial stress, there are several danger signs we identified in this report. Most notably, our Financial Wellness Assessment, which is designed to identify employees' key financial vulnerabilities, revealed that employees who reported having no financial stress actually had significant vulnerabilities that could jeopardize their financial future. These vulnerabilities included not saving enough for retirement, investing poorly, and not effectively protecting the wealth they have built. The fact that these employees have significant financial vulnerabilities but still report no financial stress shows they could be in a state of complacency with their finances, operating under a false sense of security and not paying enough attention to their long-term goals.

Key Vulnerabilities Based on Stress Level

Vulnerabilities of Employees Reporting No Financial Stress	
Rank	
1	Not saving enough for retirement
2	Wealth not adequately protected
3	Improper investments
4	Insufficient estate planning

Vulnerabilities of Employees Reporting Overwhelming Financial Stress	
Rank	
1	Not having enough emergency savings
2	Serious debt
3	Living beyond your means
4	Not saving enough for retirement

2011 Research Financial Stress



About this Research

All of Financial Finesse's research is primary—based on tracking employees' most pressing financial concerns through their usage of our financial education services.

Trend analysis research is compiled by tracking calls into Financial Finesse's Financial Helpline service, which is available to over 500,000 employees from more than 300 organizations. Financial Wellness data is compiled by tracking employees' usage of Financial Finesse's Online Financial Learning Center which provides employees with a personalized financial education plan and analysis of their current financial wellness.

Employers and employees are located across the country—in similar proportion to the demographics of the national population.

About Financial Finesse

Financial Finesse was founded in 1999 with a single mission: To provide people with the information and guidance they need to become financially secure and independent. Today, we are the leading provider of unbiased financial education programs to corporations, municipalities, and credit unions. We deliver content on all financial topics, from serious debt issues to advanced estate planning, through a wide variety of formats (in person, online, over the phone, through workshops and webcasts, and through print materials). All education is developed and delivered by on-staff CERTIFIED FINANCIAL PLANNER™ professionals. We accept less than 2% of applicants who apply to be a Resident Financial Planner with Financial Finesse. For more information on the company, please go to www.financialfinesse.com.

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