

● 2023 Alight international workforce and wellbeing mindset study

# Money matters

Improving financial health  
boosts overall wellbeing

**alight**



## EXECUTIVE SUMMARY

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Financial wellbeing means more than setting aside a tidy nest egg to ensure a comfortable retirement. It encompasses every aspect of someone's financial life. From paying the monthly bills to chipping away at debt to having available funds to cover an emergency expense, striving for financial wellbeing is a lifelong journey.

Increasingly, there is the recognition that a person's money matters impact far more than their financial wellbeing. When someone is worried about making ends meet, covering educational expenses or simply having enough money to enjoy an evening out, that has a direct impact on their emotional and physical health. Studies have revealed a clear connection between financial difficulties and anxiety, depression, high blood pressure, heart disease and other ailments.

More than ever, people are expecting their employers to provide tools, resources and expert guidance to help improve their financial wellbeing and ensure they are on track for the future. Yet, each employee's financial situation is different, making it necessary to provide a high-touch, high-tech solution that relies on AI to deliver personalized support tailored to each individual's specific circumstances. This holistic approach recognizes the integrated, interwoven nature of wellbeing, thus helping employees not only improve their financial health, but give their overall wellbeing a boost.



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## Troubling times

Soaring inflation, high interest rates, rising health care costs and resumption of student loan payments have American workers struggling to keep their heads above water. While inflation has cooled significantly from a high of 9.1% in June 2022,<sup>i</sup> more than half (55%) of U.S.-based employees say they were living paycheck to paycheck in 2023, up from 43% in 2022.<sup>ii</sup>

Not surprisingly, low-income Americans are most likely to find themselves in this predicament — nearly 80% of people earning less than \$50,000 a year live paycheck to paycheck. However, 47% of those earning more than \$100,000 annually say they are dealing with the same problem.<sup>iii</sup> Those earning an above-average salary may live in a city with a high cost of living, have a large family or simply be spending above their means.<sup>iv</sup> Whatever the cause, a higher income is clearly not a sufficient protectant against getting caught in this financially and emotionally devastating cycle.

Living paycheck to paycheck not only means there is little (or nothing) left for discretionary spending — things like a night at the movies, weekend getaway or new furniture — it also seriously impedes the ability to set money aside for retirement, establish a college fund or handle an unexpected expense.

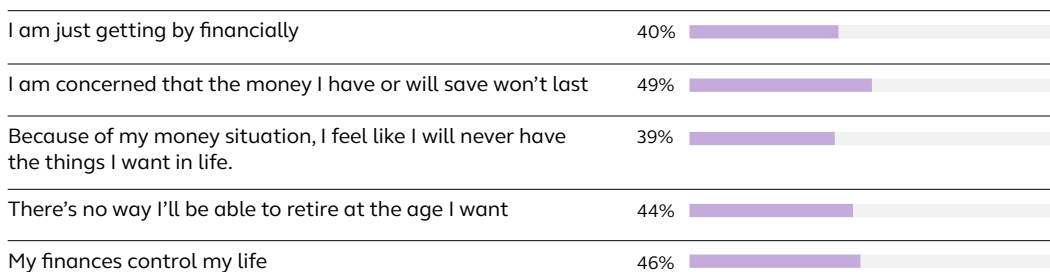
Despite the growing awareness of the importance of having an emergency fund, only 45% of U.S. adults have set money aside for the proverbial rainy day.<sup>v</sup> Few come close to the recommended four to six months of living expenses in a designated emergency fund. Less than half (49%) could cover their expenses for three months if they weren't getting a paycheck<sup>vi</sup> and just 44% have the funds available to handle an unexpected \$1,000 expenditure.<sup>vii</sup> Sadly, these individuals often rely on credit cards to pay for emergencies, carrying balances from month to month and incurring interest that will dig them further into debt.<sup>viii</sup>





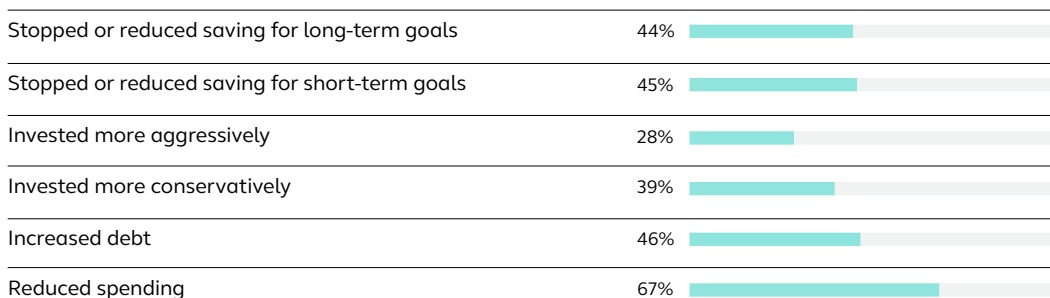
To navigate the higher cost of living, more than two-thirds (67%) have reduced their spending, yet 31% say they rarely or never have money left over at the end of the month, according to the **2023 Alight International Workforce and Wellbeing Mindset Study**.

Additionally, nearly half (49%) are concerned the money they do have won't last, 46% feel their finances control their life, 44% say there's no way they'll be able to retire when they want and 39% fear they will never have the life they desire due to their finances.<sup>ix</sup>



Source: 2023 Alight International Workforce and Wellbeing Mindset Study

These concerns have spurred employees to take action in an attempt to better weather the current economic climate. Nearly half have stopped or reduced saving for long-term goals (44%) or short-term goals (45%), while more than a third have taken a second job. Nearly eight in 10 (78%) say they are doing so to ensure financial security and make ends meet amid rising costs and economic uncertainty.<sup>x</sup>



Source: 2023 Alight International Workforce and Wellbeing Mindset Study

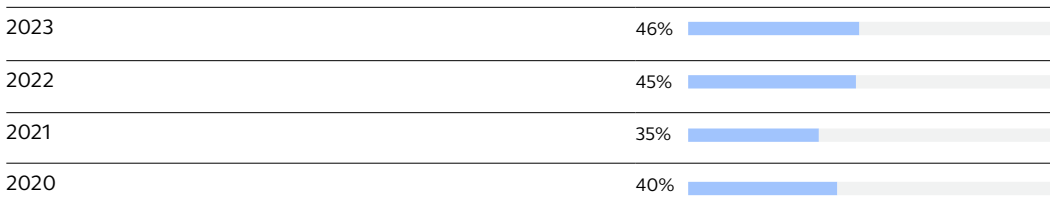
Clearly, this approach is not sustainable. Working multiple jobs is not only physically exhausting, it hinders an individual's ability to partake in personal interests, spend time with family and friends and engage in self-care — in short, to achieve an acceptable work-life balance.

The added burden of secondary employment also negatively impacts an employee's ability to give the best of themselves to either job. Performance falters when they spread themselves too thin, leading to reduced energy and focus, decreased productivity, increased burnout and a diminished ability to achieve optimal wellbeing in every area of their lives.

## Making the connection

In the face of these challenges, it's not surprising that more than half (54%) of U.S.-based workers have a less-than-rosy view of their finances. After suffering a pandemic era setback, the percentage of employees rating their financial wellbeing positively rebounded, rising 10 points to the mid-40s. The good news is that number is holding steady, but at the same time, it appears to have stagnated — despite employers' investments in financial wellbeing programs.

### Percentage of U.S. employees having a positive view of their financial wellbeing

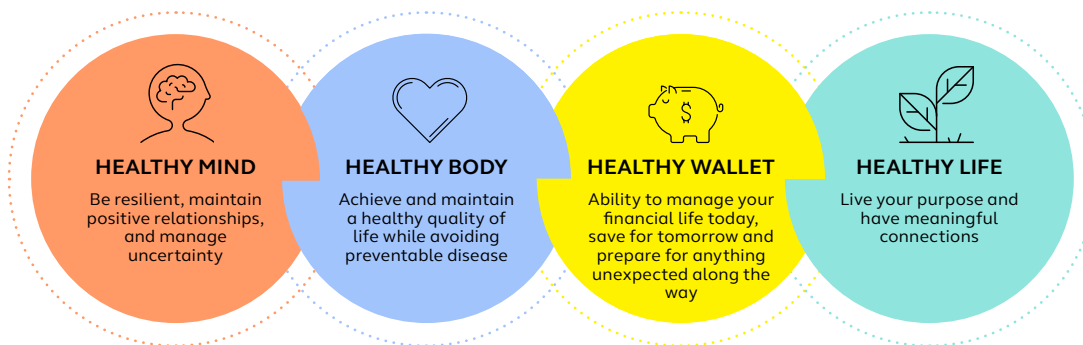


Source: 2023 Alight International Workforce and Wellbeing Mindset Study

Financial worries are top of mind for over half of employees (56%), who cite it as their number one source of stress. It's not surprising, therefore, that many people are feeling the emotional toll of struggling to make ends meet, with nearly one-third (29%) of employees saying their mental health has declined due to the current economic environment.<sup>xi</sup>

Alight's Wellbeing Framework lays out the four components of wellbeing: healthy mind, healthy body, healthy wallet and healthy life — that is, living your purpose and having meaningful connections. These four components are intricately intertwined and interdependent.

### Alight's Wellbeing Framework



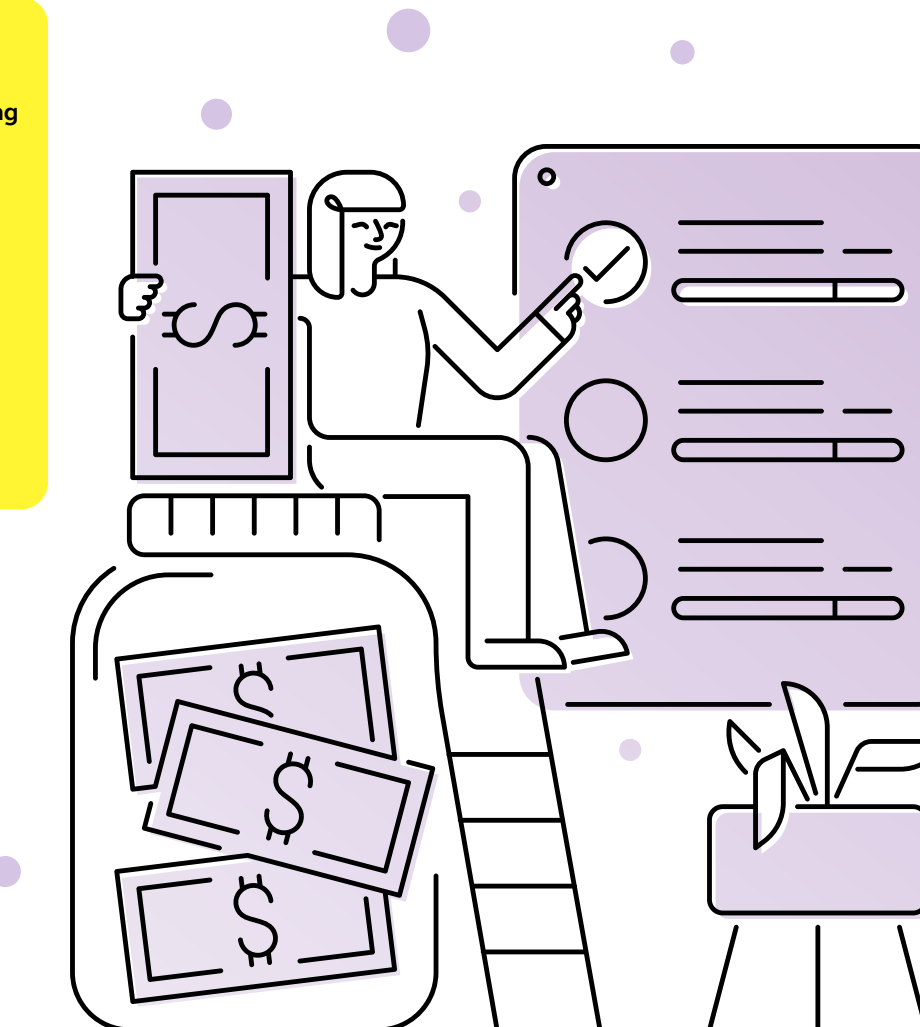
For decades, the medical profession has been aware of the connection between mental stress and physical ailments, such as high blood pressure, heart disease, stroke, obesity and diabetes.<sup>xii</sup> Conversely, people who put time and effort into cultivating a healthy life through diet and exercise are likely to have higher levels of happiness, self-esteem and satisfaction with life.<sup>xiii</sup>

Increasingly, there is emerging an understanding of the connection between financial wellbeing and a well-lived life. Those who lie awake at night, worried they won't have enough money to pay their monthly bills, or who work multiple jobs to the point of exhaustion just to make ends meet, aren't living their best lives. Their stress levels are high, they are physically spent and they're mentally distracted at home and at work.

Conversely, those who are confident they aren't going to come up short — and are even setting aside funds for retirement, their kids' college, a fun vacation or a rainy day — are far more likely to embrace healthy habits,<sup>xiv</sup> suffer fewer bouts of anxiety or depression and exhibit better engagement both on the job and with family and friends.<sup>xv</sup>




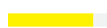





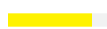





**Our 2023 Mindset Study revealed perhaps the strongest evidence of the connection between financial wellbeing and overall wellbeing yet. Employees with high financial wellbeing scores told us they:**

- Feel better about other aspects of their wellbeing
- Feel more control over their wellbeing
- Report lower levels of stress and burnout



As we drilled down further into employees' lives, we uncovered an even more striking correlation between high financial wellbeing and high scores across all other components of wellbeing. Those workers who rated their financial wellbeing positively were overwhelmingly more likely to ascribe positive ratings to their overall wellbeing, social wellbeing, mental/emotional wellbeing, professional wellbeing and physical wellbeing than those with medium and low financial wellbeing scores.

**Percentage of employees viewing each aspect of wellbeing positively (ranked by level of financial wellbeing\*)**

	High score	Medium score	Low score
Overall wellbeing	69% 	47% 	33% 
Social wellbeing	59% 	46% 	38% 
Mental/emotional wellbeing	67% 	44% 	34% 
Professional wellbeing	58% 	45% 	32% 
Physical wellbeing	63% 	45% 	32% 

\* People were classified into high, medium and low financial wellbeing scores based on their responses to the financial wellbeing questions developed by the Consumer Financial Protection Bureau.

Source: 2023 Alight International Workforce and Wellbeing Mindset Study

In light of these findings, it comes as no surprise that nearly half (45%) of U.S. employees view money as the primary factor standing in their way of living a healthy life — or that better pay is their number one reason for changing jobs (28% compared to 11% better work-life).<sup>xvi</sup> Granted, salary increases are not always possible. Therefore, it's incumbent upon employers to provide employees with tools, guidance and resources to improve their financial wellbeing.



## Seeking support

Employers are in a powerful position to help their people improve their financial wellbeing. What's more, employees have come to expect it. However, it's not just the workers who stand to benefit from a focus on financial wellbeing. Such an investment results in a positive impact on the company's financial health as well. According to research from The Josh Bersin Company, organizations that leverage the right wellbeing strategies are more than twice as likely to outperform their peers financially, five times more likely to have lower annual healthcare claim costs and do three times better at engaging and retaining their employees.<sup>xvii</sup>

Wellbeing programs that focus on financial support are rated among the most valuable by those who have used them, underscoring the need for these types of benefits. More than eight in 10 U.S. employees rate personal financial management as valuable or very valuable, while 83% say the same about access to low-interest short-term loans. That's higher than the ratings for nearly every other program, including nutrition/healthy eating/weight management, mortgage assistance and personalized support for navigating the health care system.<sup>xviii</sup>

### Summary of employees rating each of the following programs as valuable/very valuable (among those who have used these tools)

Nutrition, healthy eating, and/or weight management classes or programs	79%
Personalized support for navigating the health system and costs	75%
Personalized health management	80%
<b>Personalized financial management</b>	<b>84%</b>
Telehealth	82%
Parental support	75%
Paid Time Off exchange	77%
Mortgage assistance	76%
<b>Access to low-interest short-term loans</b>	<b>83%</b>
Getting paid more frequently	74%
Caregiver support/resources	83%
Sleep improvement program or resources	87%
Reimbursement for working remotely	91%
Physical therapy/ Musculoskeletal programs	86%
Stress management program	84%
Mental and emotional health apps	82%
Telephonic, virtual or online visit with a mental health professional	81%



Clearly, employees need assistance improving their financial wellbeing. Employers have a definite role to play, particularly in this Era of the Employee, as companies struggle to recruit and retain much-needed talent. With unemployment at a 50+ year low, workers are more confident than ever about job prospects outside of their current employer. Financial wellbeing — and wellbeing overall — is a critical component of the employee experience, and workers are increasingly demonstrating their willingness to leave if they believe they can find a better employee experience elsewhere.

Factor in that workers simply aren't as engaged or productive when they are distracted by financial troubles and experiencing the many related challenges — physical, mental, etc. — and there couldn't be a more compelling case for expanding financial benefits offerings and tools. However, a discrepancy exists between what kinds of support employees want/need and what employers think they should provide:

**Percentage of employees who would like help, direction or specific advice in the following areas, compared to percentage of employers who think they should provide tools and resources in each area:**

	Employees	Employers
Create or manage a budget for personal expenses	45%	32%
Save for short-term needs	43%	23%
Save for retirement	58%	71%
Establish emergency fund	46%	28%
Help with managing debt	54%	25%
Save for child(ren)'s education	54%	17%
Reducing student loan debt or refinancing at lower rates:	59%	23%

*Source: 2023 Alight International Workforce and Wellbeing Mindset Study and 2023 Hot Topics in Retirement*

For decades, employers have been focusing their employee financial wellbeing efforts in the retirement planning space. The data clearly shows that is still the case. However, it's also clear that employees have equally pressing needs in other financial aspects such as debt management, educational savings and student loans. It might be time for employers to diversify their financial offerings.

How can employers ensure they are providing the tools, resources and guidance employees need to help reverse the downward financial spiral that is wreaking havoc on their lives? Technology and personalization play a key role in powering confident financial decisions, improving the employee experience and boosting engagement and retention.

## Personalization brings prosperity

When it comes to financial wellbeing benefits, there's no shortage of offerings. Two-thirds of employers provide a tool or service to help workers with budgeting, while 40% have resources focused on financial support for different life stages, like purchasing a home or saving for college.

When inflation soared in 2022, five out of six employers



rolled out resources to help employees with investing in a high inflation environment.<sup>xxix</sup>

Even as the inflation rate has fallen, employers continue to invest more heavily in financial wellbeing, with 90% of employers saying they plan to address broad financial wellbeing in 2024.<sup>xx</sup>

Tools like budgeting assistance that were offered by only 35% of companies in 2018 have become relatively commonplace, with 67% offering them in 2023.<sup>xxi</sup> What's more, 25% of companies have increased their 401(k) plan benefits.<sup>xxii</sup> Yet, despite these investments, utilization in financial wellbeing programs — granted, in all employee wellbeing programs — is often disappointingly low. Among those workers with access to financial wellbeing guidance tools, 40% have not used them.<sup>xxiii</sup>

In many cases, that's because they don't recognize the values of the tools that are available to them. Overall, less than half of employees (41%) believe their employer cares about their wellbeing and just 45% feel the wellbeing benefits and programs they receive are relevant to themselves and their family.<sup>xxiv</sup>

Still, employees overwhelmingly want their employers to provide tools and resources that will guide them to a financial future they can feel good about. Nearly eight in 10 (78%) say that saving and planning tools would be valuable to them, while just over 60% would find value in personal financial one-on-one coaching or advice. More than half (57%) would like to receive personalized messaging around certain financial and wealth-related benefits and programs and two-thirds (65%) would be comfortable sharing their personal financial information in exchange for that guidance.<sup>xxv</sup>

Personalization to provide timely prompts and aid decision-making is key. Powering that personalization is technology, which has a major role to play by creating a single “front door” for all wellbeing solutions and benefits. A platform or portal that combines mental, physical and financial wellbeing helps employees connect the dots between each component of their total wellbeing. This kind of intelligent, technology-driven solution can dramatically change the way employees make decisions about their personal finances — from everyday budgeting and paying down debt to building an investment portfolio and managing life events.

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## How Alight can help

At Alight, we believe employers have no higher calling than to care for the wellbeing of workers and their families. We're leading the wellbeing revolution with Alight Worklife®, a high-tech platform with a human touch, delivering integrated wellbeing solutions and driving better outcomes for organizations and individuals.

Our AI-driven employee experience platform cuts through the noise and empowers your people to interact with their benefits in the moments that matter. Alight Worklife offers a suite of web-based tools to guide employees through their wellbeing journey, allowing them to take control of their financial future — when and where it makes sense for them.

- 1 Alight Financial Path** provides tailored support and services to guide employees to a financially secure future. With data-driven insights and personalized messaging that targets age, income, geography and more, Alight Financial Path gives employees access to tools and financial advisors that will analyze their situation and help them achieve the right balance between paying down debt and saving for a rainy day.
- 2 Alight Smart Savings Planner** leverages the power of proprietary algorithms to enable employees to optimize their benefits dollars and savings.
- 3 Alight Investment Advisory Services** provides active management of employees' investment portfolios, ensuring they stay on track toward retirement. Regular reviews and adjustments by licensed advisors ensure their portfolios are continuously aligned with their aspirations.
- 4 The Alight Partner Network** combines content, solutions and delivery services to provide access to trusted providers in the financial wellbeing space:
  - **Daily Pay** gives U.S.-based employees control over when they receive their earned income, allowing them to pay bills, support daily living and childcare needs before a scheduled payday, while also helping build savings for unexpected expenses. Employees have on-demand access to 100% of their earned (net of taxes and deductions) income anytime, on any device and to any account.
  - **Kashable** empowers employees to cover unexpected expenses with easy-to-access, low-cost loans. From medical bills to home and auto repairs, Kashable enables workers to tackle costly debt while building credit and preserving their retirement savings.
  - **SoFi** helps employees prepare for unexpected expenses with an emergency savings vehicle, featuring preferred interest rates, no fees, no cap and the possibility of an employer match or other savings incentives. SoFi also makes paying for college easier through accelerated payoff of employee student loans, college savings gift cards and matching contributions.
  - **PTO Exchange** allows employees to convert their unused paid time off for goods, services and experiences, such as retirement plan contributions, tuition and student loan reimbursements, health savings accounts or emergency cash to help pay unexpected bills.

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In this age of economic uncertainty, people are looking to their employers to provide the necessary resources and support to make smart decisions about their finances. From budgeting and debt repayment to emergency savings and retirement planning, employees are stressed and overwhelmed. Their financial worries are impacting their physical and mental wellbeing, making it all the more crucial to get their finances in order.

Everyone's financial journey is as unique as they are. That's why a personalized, AI-driven technology-based solution is the best way to help them manage the money they have now and save for the future. By providing a robust collection of tools, information and personalized support, organizations empower their people to achieve financial wellbeing and improve their overall wellbeing.

**Financial wellbeing is key to overall wellbeing. Employees need your support. Alight can help.**

## About Alight

Alight is a leading cloud-based human capital technology and services provider that powers confident health, wealth and wellbeing decisions for 36 million people and dependents. Our Alight Worklife® platform combines data and analytics with a simple, seamless user experience. Supported by our global delivery capabilities, Alight Worklife is transforming the employee experience for people around the world. With personalized, data-driven health, wealth, pay and wellbeing insights, Alight brings people the security of better outcomes and peace of mind throughout life's big moments and most important decisions. Learn how Alight unlocks growth for organizations of all sizes at [alight.com](https://alight.com).

**Powering confident decisions, for life.**

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<sup>i</sup> <https://www.cnbc.com/2023/10/12/heres-the-inflation-breakdown-for-september-2023-in-one-chart.html>

<sup>ii</sup> <https://www.metlife.com/workforce-insights/2023-employee-benefit-trends/>

<sup>iii</sup> <https://www.pymnts.com/wp-content/uploads/2023/03/PYMNTS-New-Reality-Check-March-2023.pdf>

<sup>iv</sup> <https://www.bankrate.com/finance/credit-cards/living-paycheck-to-paycheck-statistics/>

<sup>v</sup> <https://www.momentive.ai/en/blog/cnbc-financial-literacy-2023/>

<sup>vi</sup> <https://www.bankrate.com/banking/savings/emergency-savings-survey-july-2021/>

<sup>vii</sup> <https://www.bankrate.com/banking/savings/financial-security-january-2022/>

<sup>viii</sup> <https://www.alight.com/blog/how-emergency-fund-different-from-savings-account>

<sup>ix</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>

<sup>x</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>

<sup>xi</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>

<sup>xii</sup> <https://www.mayoclinic.org/healthy-lifestyle/stress-management/in-depth/stress-symptoms/art-20050987>

<sup>xiii</sup> <https://www.frontiersin.org/articles/10.3389/fpsyg.2021.702678/full#>:

<sup>xiv</sup> <https://www.walkinlab.com/blog/can-money-impact-your-health-investigating-the-surprising-connection/#:~>

<sup>xv</sup> <https://www.linkedin.com/pulse/financial-wellness-mental-health-cultivating-healthy-money#:->

<sup>xvi</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>

<sup>xvii</sup> <https://joshbersin.com/just-released-research/healthy-organization-definitive-guide-to-wellbeing-2021/>

<sup>xviii</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>

<sup>xix</sup> <https://www.alight.com/thought-leadership/hot-topics-in-retirement-2023>

<sup>xx</sup> Alight Solutions 2024 Hot Topics in Retirement

<sup>xxi</sup> Alight Solutions, 2023 Hot Topics in Employer Wellbeing

<sup>xxii</sup> <https://www.alight.com/thought-leadership/hot-topics-in-retirement-2023>

<sup>xxiii</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>

<sup>xxiv</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>

<sup>xxv</sup> <https://www.alight.com/thought-leadership/2023-international-workforce-wellbeing-study>