



Creating Financial Literacy, LLC

Our Real Business Is You!

FAST FACTS: Employee Financial Issues Cost Employers

In September 2007, USA Today reported, “the financial stress piling up on employees due to an increase in home foreclosures and defaults on credit cards is having an impact on the workplace, potentially draining productivity and increasing emotional stress on the job.”¹ The same article states that 38% of employees surveyed report lying awake at night stressed about financial issues.

Internationally renowned financial literacy guru Lynette Khalfani reports some of the fallout from financial stress businesses are paying for include:

- Absenteeism, tardiness, employees leaving early
- Theft
- Lack of job concentration
- Interruptions due to bill collectors who call during business hours
- Distractions due to arguing on the phone with spouses about money
- Increased use of healthcare benefits
- Alcohol or drug abuse
- Cost of complying with wage garnishment rules

In the article Ms. Khalfani includes the following quote, “according to the Society for Human Resource Management, each employee’s financial stress costs an employer more than \$7,000 in lost productivity.”² Contributing employee fast facts include:

- On average, people spend 10% more than they earn or receive.³
- According to the Bureau for Economic Analysis, the personal savings rate in the US was negative just three short years ago, and is barely positive now.⁴
- In May 2008, the Pew Research Center reported 80% of people making \$50,000 to \$99,999 say they are not saving enough, and 71% of people making over \$100,000 said the same.⁵
- Low credit scores are keeping families from obtaining mortgages either for relocation or refinancing into more affordable mortgages
- Families are not properly managing money for optimal cashflow and are often falling short on cash between paydays
- Household debt is high, which is leading to increases in stress, foreclosures, bankruptcies, health issues, and some adverse behaviors
- The rising costs of gas, groceries, and other goods necessary for basic survival are creating strains on already strapped family finances

Book Jennifer today to help you cut costs by helping your employees!

¹ Workers’ Financial Stress May Hurt Productivity. USA Today. September 4, 2007.

² Memo to Corporate America: Financial Stress is #1 Employee Concern and Hurts Your Bottom Line. Lynette Khalfani. October 12, 2007.

³ How Does Your Debt Compare by K. Kim. <http://moneycentral.msn.com/content/SavingandDebt/P70741.asp>

⁴ US Department of Commerce. Bureau of Economic Analysis. <http://www.bea.gov/briefrm/saving.htm>

⁵ Pew Research Center. <http://pewresearch.org/pubs/837/americans-not-saving-enough>