TIAA 2022 Financial Wellness Survey

Employers Offering Holistic Financial Benefits Can Help Employees Improve and Maintain Financial Wellness

Executive Summary – January 2022

When it comes to overall financial wellness, many Americans still feel challenged on multiple fronts

7 in 10 have a budget, just **25%** follow a detailed budget.

38% have a written financial plan.

Only **16%** have financial plans created by a professional

Only **28%** currently work with a financial professional.

78% say they have an emergency fund; less than ½ say they can cover 6 months of expenses

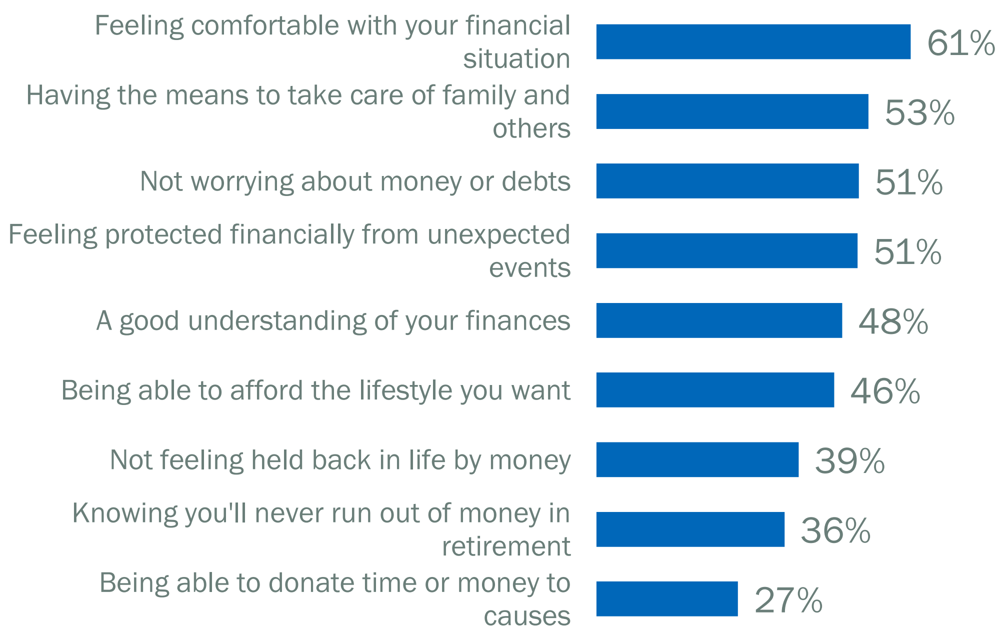
20% with **high financial wellness** could not easily cover 6 months of expenses

59% report some or a great deal of stress regarding their finances

When defining financial wellness, many agree it means feeling comfortable with one's financial situation

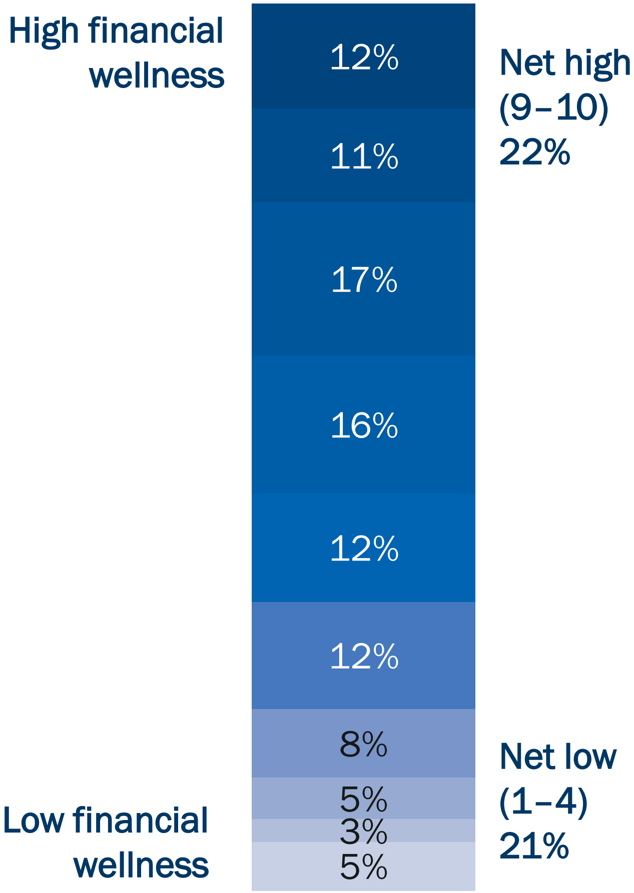
Americans **define financial wellness as simply feeling comfortable** with their financial situation. Over 50% believe wellness is defined as having the means to take care of family, not worrying about money or debt, and feeling protected financially from life's unexpected events.

How Americans Define Financial Wellness



Very few believe they're financially well. Men, wealthy, older, and retired individuals are likely to have higher self-ratings

Self-Rating of Financial Wellness



On a scale from 1 to 10, **22%** rate their financial wellness **highly** (a 9 or 10).

A similar share rates their wellness as **low** (21% with a 1 to 4 rating).

Individuals more likely to have higher wellness ratings include **older Americans, men, retirees, and those with higher income and savings.**

Even among those with high financial wellness scores, there are gaps in planning and emergency savings.

Despite Americans generally rating their financial wellness positively, there are areas of concern:

1. **Planning**
   - While seven in 10 Americans have a budget, just a quarter follow a detailed budget.
   - 38% have a written financial plan and only 16% have plans created by a professional.
   - Just 28% currently work with a financial professional.
   - Even among those with "high financial wellness," only 39% have a detailed budget, 35% have a written plan from an advisor, and half are working with a financial professional.
2. **Emergency Savings**
   - In total, a large majority (78%) say they have an emergency fund. But these funds appear inadequate, as less than half say they can cover six months of expenses should they lose their job or income source.
   - 20% of those with high financial wellness could not easily cover six months of expenses.
3. **Stress**
   - Six in 10 Americans report some or a great deal of stress when it comes to their finances.
   - Especially worrisome, is that budgeters are more likely to report financial stress (even though those with high financial wellness are more likely to budget).

25% have a detailed budget and **16%** have a written plan from an advisor

28% work with a financial professional

45% can cover six months expenses should they lose their job or income source.

59% are stressed about their finances

The financial pandemic has further underscored the importance and meaning of wellness

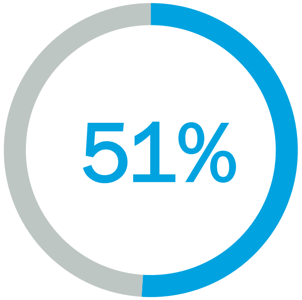
51%

of all Americans are now more aware of their overall financial wellness since the pandemic

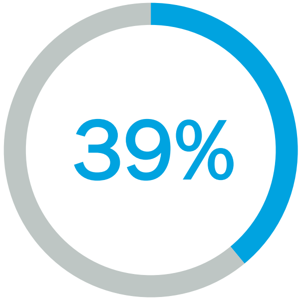
3 in 10

3 in 10 prioritize having an emergency fund more now than they did since the pandemic began

As a result of the pandemic:



Increased awareness of overall financial wellness



Changed their definition of financial wellness

Over the last 2 years,

37%

say their financial wellness increased

42%

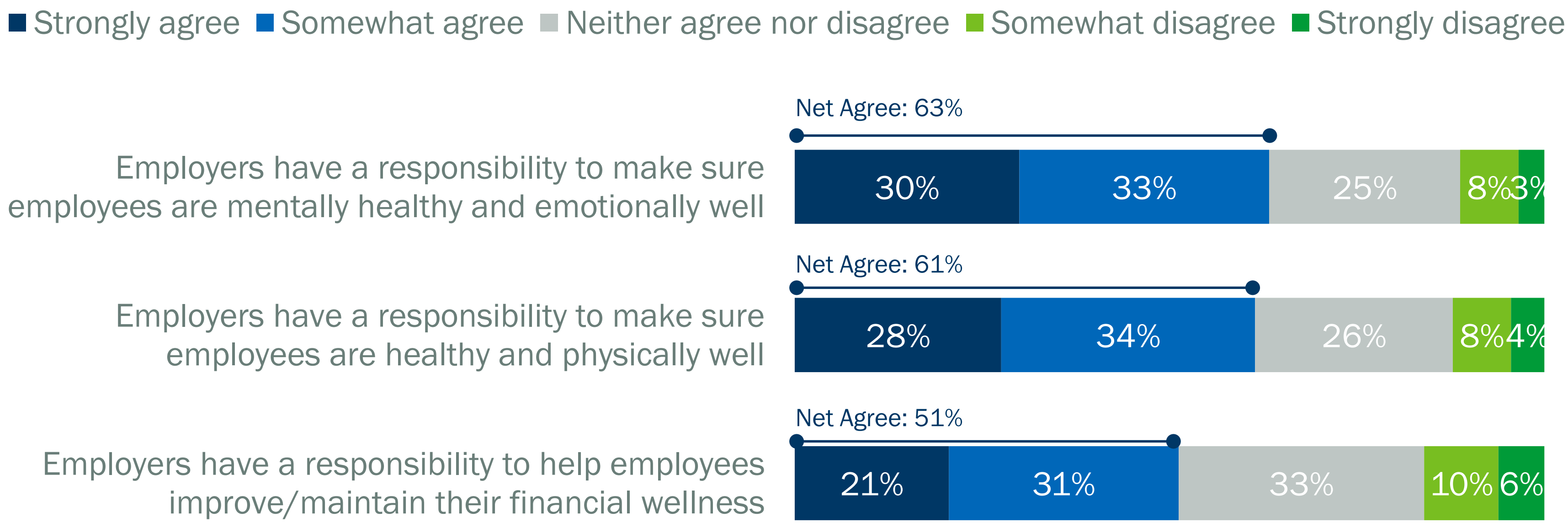
say it stayed the same

21%

Report a decrease

Over six in 10 think employers have a responsibility to ensure employees are mentally well and healthy. Just half say the same around financial wellness.

Sentiment Around Employers’ Responsibility



Employer financial wellness programs appear to help ease money concerns of Americans

Workers who have participated in a wellness program are **twice** as likely to have a **high** financial wellness rating than those who are not offered resources or who do not participate (**32% vs. 15%**)

92%

of those **with high financial wellness scores** report understanding their plan extremely or very well

39%

with **low financial wellness scores** report understanding their plan extremely or very well

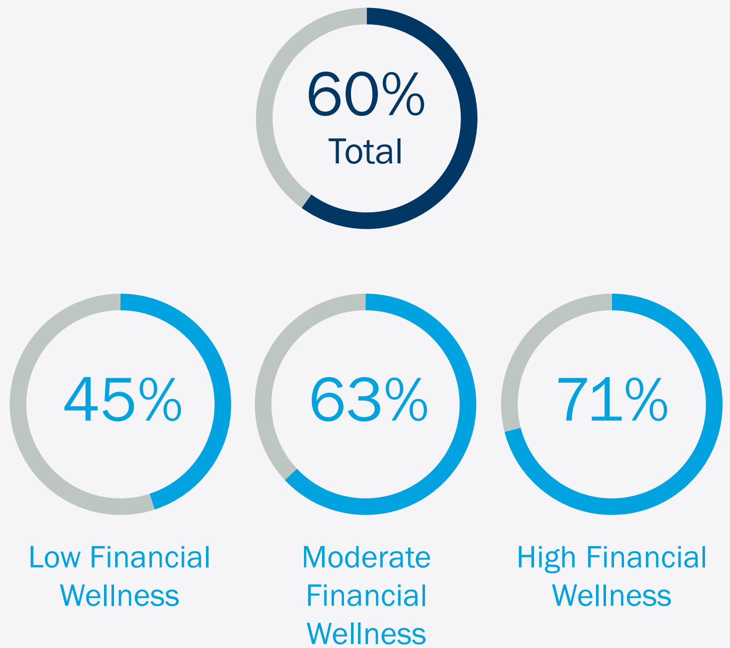
Wellness Participants	**32%** have a high financial wellness rating	**54%** are confident they will retire when they want	**54%** are confident they will afford the retirement lifestyle they want	**50%** are confident they will not run out of money
	vs.	vs.	vs.	vs.
Not Participating	**15%** have a high financial wellness rating	**32%** are confident they will retire when they want	**29%** are confident they will afford the retirement lifestyle they want	**29%** are confident they will not run out of money

People with higher financial wellness scores are willing to put more money towards retirement

If given an **additional $200 a month, non-retired Americans would put an average of 60% towards their retirement savings.** This increases to **71%** among those who rate their financial wellness **higher** (vs. **45%** of those with **low** financial wellness)

Those with higher financial wellness are also already more likely to have retirement savings and to be contributing to an employer retirement plan.

If Had an Additional $200 Monthly, Average Portion Put Towards Retirement Savings



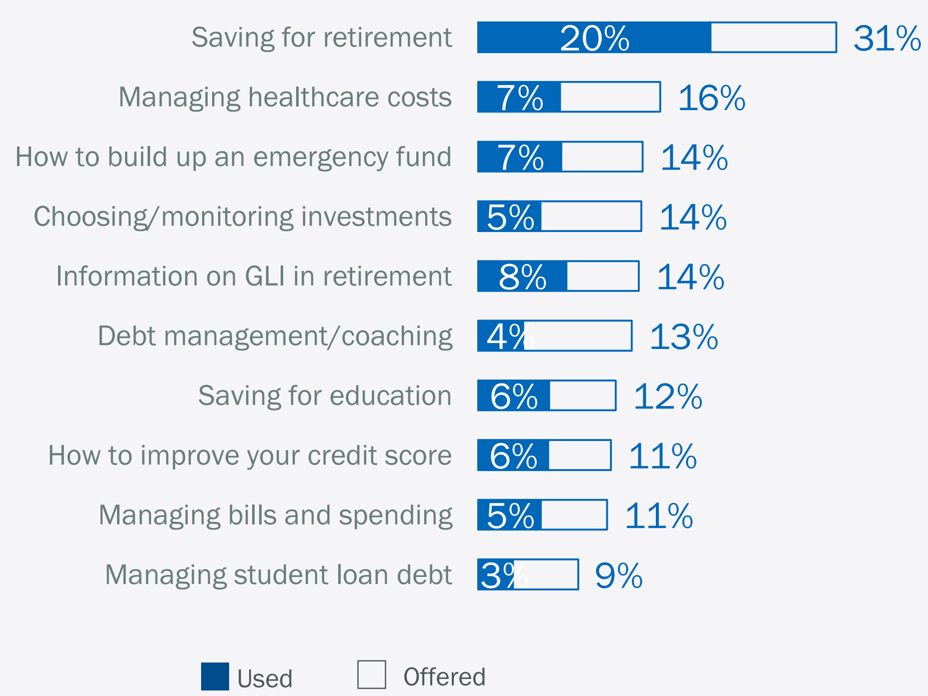
However, only about half of workers receive financial wellness resources from their employer

55% of workers report employer assistance on financial wellness as either a standalone resource or as part of a financial wellness program. **36%** say they receive more than one financial wellness resource.

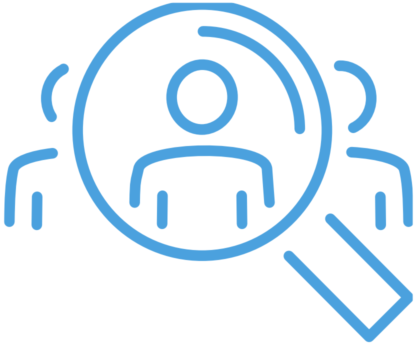
- The most common area that workers say their employer offers assistance is saving for retirement, but even this is only reported by **31%**.
- **45%** of workers say they receive wellness resources other than saving for retirement.

Financial Wellness Resources at Work

Among Workers



And even when offered, many resources appear underutilized



Utilization and engagement with benefits could also be stronger. Usage of offered resources hovers around **50%**, except for saving for retirement (**65% of those offered, or 20% of all workers**).

- Other higher used resources include information on guaranteed income (**56%**), how to improve credit score (**54%**), and saving for education expenses (**52%**).
- Investment help and debt/student debt help is used by about **a third** of those offered the assistance.

Younger workers are more eager than other generations for financial wellness benefits; however, barriers persist

Gen Z and Millennials ranked more likely to be interested in each type of wellness resource.

Top barriers to engaging with employer wellness programs include:

- Concerns about hidden costs
- Not wanting to disclose their finances
    - **40%** of Gen Z do not want to disclose, which is **DOUBLE** that of other generations

2/3 of Gen Z believe employers have a responsibility to help improve or maintain their employees' financial wellness.

Concerns with Receiving Help with Financial Wellness from Employer

There is a major shift underway in expectations of an employer's responsibility for their employees' wellness. Gen Z is leading the way.

Younger Americans are more likely to believe that employers have a responsibility to help their employees be well mentally, physically, and financially.

- In fact, two-thirds of Gen Z believe employers have a responsibility to help improve or maintain their employees' financial wellness.

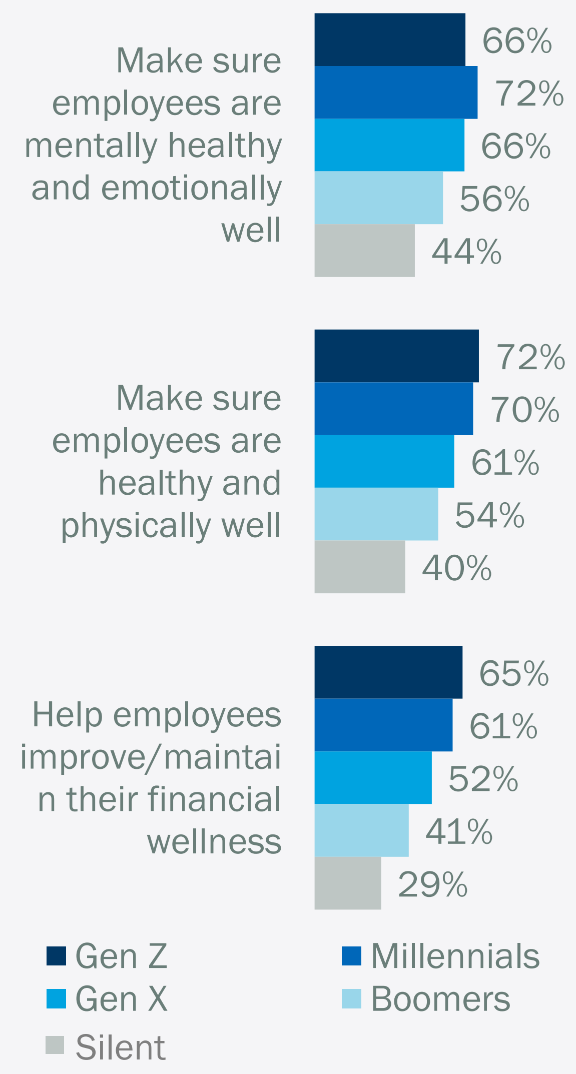
These expectations of employers may be driven in part by need.

- Gen Z is more likely to give themselves a lower financial wellness rating than other generations (Millennials, for example, rate similarly to Gen X).
- Gen Z is also the most likely to think their financial wellness is worse than people in their parents' generation when they were their age.

Yet Gen Z does not have a defeatist attitude. As mentioned earlier, they show the most interest and engagement in employer wellness resources. And this engagement can help. Gen Z workers who are participating in financial wellness programs:

- Have a high financial wellness score (25% vs. 3% of those not offered/not participating).
- Are more likely to say their wellness is better than others in their generation.
- Have more retirement confidence.
- Are more likely to have taken action to improve their wellness on one or more issues, including retirement-related improvements.

Employers' Responsibility



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The 2022 TIAA Financial Wellness Survey was conducted online from Oct. 22 to Nov. 3, 2021 surveying 3,008 Americans ages 18 and over on a broad range of financial management issues and topics.

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