

Research report | April 2024

equip

The Hidden Cost of Employee Financial Uncertainty for Dutch Employers

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Introduction

Dear reader,

Over the last few years, there have been many changes in the Netherlands impacting personal finances. For example: prices in 2023 were 20% higher than in 2018 due to inflation, while wages have not increased as much. In addition, the tight housing market is making home ownership increasingly elusive. Moreover, higher interest rates are saddling people with higher interest payments, including on student debt. Lastly, more upcoming flexibility to pensions is complicating retirement decisions. No surprise that financial security, or 'bestaanszekerheid' as the Dutch may call it, has been a daily talking point on the news already for months.

Everybody can be affected by financial uncertainty, whether you have just started working or are almost ready to retire. Our study of over 500 Dutch workers explored the extent to which finances contribute to mental health and retention issues - both costly problems for employers. This report presents our results and examines to what extent personal finances impacts employers.

Methodology

This study took place between November 2023 and January 2024 among Dutch employees (n=524). Working people aged 18 to 75 could participate in an online survey. The survey was distributed by SurveySwap and created and analyzed by Equip.

Financial security
“Feeling confident that you can achieve your life goals financially; like buying a house, having a good standard of living, raising your children and retiring comfortably”



Key findings

People worry about their finances, which is causing mental health and talent retention problems

Finances are a source of worry:



45% say they feel insecure about their financial future

This is causing mental health issues:



40% of those who have had a burn-out or burn-out symptoms say finances were a contributing factor



32% of their burn-out or burn-out symptoms could be explained by finances

It is also causing people to switch employers:



50% of those who recently switched employers, say finances were a contributing factor



41% of their decision to switch employers can be explained by finances

Employer support is lacking:



59% never to seldomly talk about finances on the work floor



81% say their employer does not offer financial well-being support, or they don't know whether support is offered

Financial future

45% of people feel insecure about their financial future

Insecure

For most employees, employers are the primary source of financial security. This encompasses not only salary but also bonuses, pensions, and career development opportunities. However, a significant number of people are concerned about their financial future.

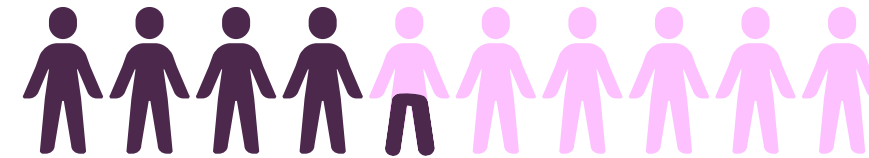
When asked how secure people feel about their financial future, 45% indicated they feel insecure.

What is causing this?

Many people lack a comprehensive understanding of financial concepts, practices and tools that are necessary to make informed decisions about managing their personal finances.

Unfortunately, we don't learn about personal finances at school: you have to figure this out yourself or learn from others. It can be difficult to discern what information is accurate and relevant to your unique financial situation, leading to confusion, indecision, and a feeling of being overwhelmed. Moreover, since finances are often presented as daunting or difficult, many avoid the topic.

If you would eventually take a step to reach out to an expert, they are often focused on selling financial products and services, rather than prioritizing your personal financial well-being. And as traditional financial services like banks are increasingly focusing on the wealthy, it leaves the majority without personal and objective support.



45% feel **insecure** about their **financial future**

Respondents were asked for the level of confidence in their financial future, on a scale from 1-10. 6 or lower is considered insecure



Young people are most affected

Younger people worry more about their finances. Under 30, **5 out of 10** people indicated that they feel insecure about their financial future.



All income levels have worries

1 out of 4 people with an annual income of €60k-80k indicated that they feel insecure about their financial future. This shows that financial worries are not necessarily limited to lower incomes.

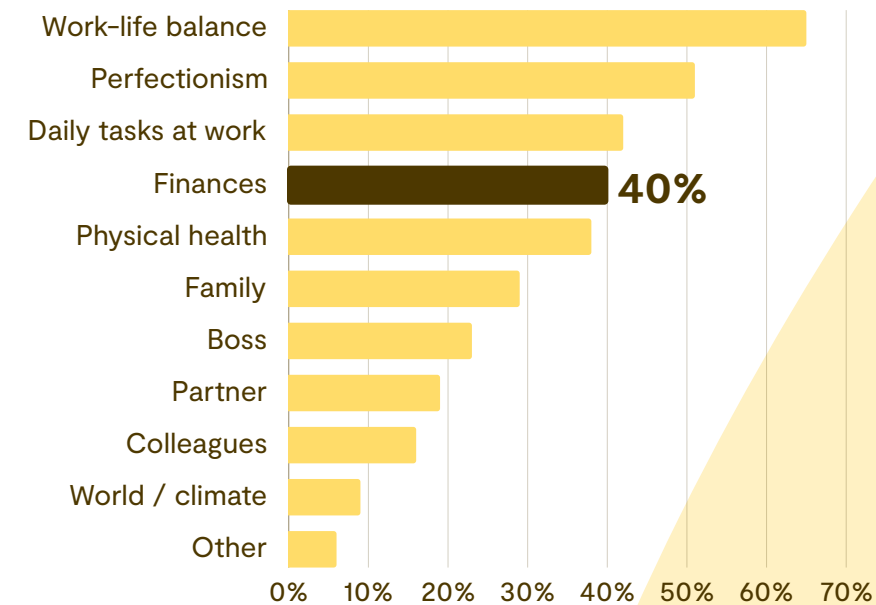
Impact on mental health

Finances negatively impact workplace well-being

Burn-out

Finances are a major factor contributing to burn-out, with 40% of those who've had a burn-out or burn-out symptoms citing it as such. It ranks fourth among burn-out contributors, after work-life balance, perfectionism and daily tasks at work.

Contributors to burn-out (symptoms)

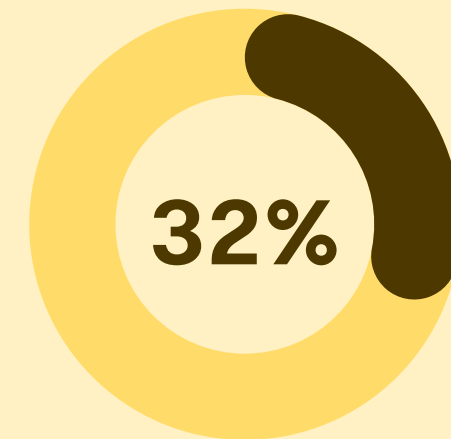


Respondents who have had a burn-out or burn-out symptoms were asked to fill in up to 5 contributors out of 11 options

We asked them as well for an estimation of how much finances contributed to their burn-out. On average, they indicated that 32% of their burn-out or burn-out symptoms could be explained by financial worries.

1. ArboNed & Zilveren Kruis (2017) <https://www.arboned.nl/nieuws/nrc-checkt-kosten-van-burnout-bedragen-60000-euro>

% of burn-out symptoms explained by finances

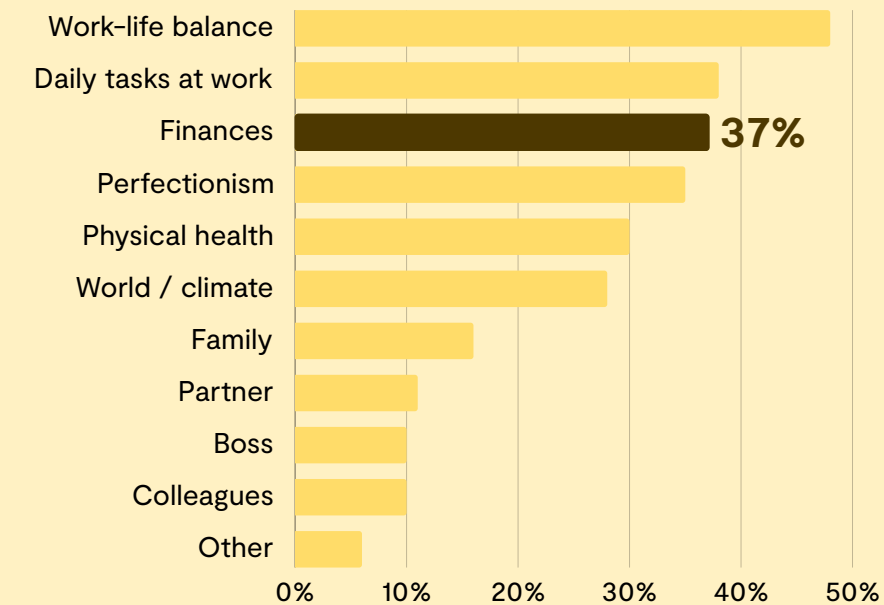


Respondents who have had a burn-out or burn-out symptoms were asked how much of their burn-out or burn-out symptoms were explained by finances

Day-to-day stress

For those who haven't experienced a burn-out or burn-out symptoms, finances are still a major source of stress. 37% of this group indicates it is a contributor to their day-to-day stress. They also indicated how much of their stress can be explained by finances, which resulted in an average estimation of 30%.

Contributors to stress



Respondents who haven't experienced a burn-out or burn-out symptoms were asked to fill in up to 5 contributors out of 11 options

Our findings suggest that mental health issues are related to financial insecurity. Despite existing initiatives focusing on for example work-life balance and lifestyle coaching, mental health remains a prevalent and costly issue for companies. A single burn-out case costs an average of €60k (1).

Addressing financial security could be key to reduce the impact of this problem.

% of stress explained by finances



Respondents who haven't experienced a burn-out or burn-out symptoms were asked how much of their day-to-day stress could be explained by finances

Impact on talent retention

Finances are a driver of employee turnover

Big and costly problem

Employee retention is another big challenge for employers. Half of the participants in our study have switched employers in the past three years. The costs associated with turnover typically range from 50–200% of an employee’s annual salary—driven by costs related to recruitment, training, productivity ramp-up, etc. Based on a median income in the Netherlands of €40k, the average cost of an unexpected leaver is €60k (2).

Impact of finances

Of those that left their employer, 50% indicated finances as a primary reason behind their decision to switch. This includes for example considerations around salary, pension, benefits and their general perception of financial security offered by the job. It is notable that this factor surpassed satisfaction with daily job activities in importance. For those who are currently considering to switch employers, 69% say they take financial reasons into their considerations.

We also asked how much finances explained their decision to switch employers. On average they indicated that is 41%.

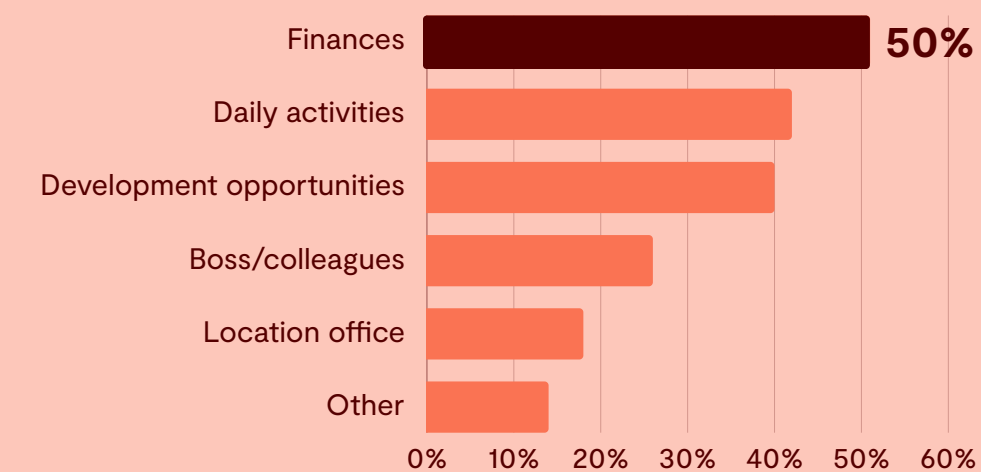
Financial security as a solution

We can conclude that better employee retention can be achieved by helping employees feel better about their finances. Our data suggests that this is even more important than improving daily activities on the job.

Beyond just job satisfaction, employees seek employers who act as enablers of their future goals. Recognizing and addressing the financial well-being of employees not only fosters a loyal and committed workforce but also positions employers as partners in their employees' broader aspirations.

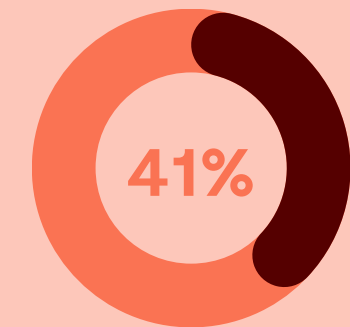
2. SHRM (2020) <https://www.shrm.org/topics-tools/tools/forms/turnover-cost-calculation-spreadsheet>

Contributors to choosing a new employer



Those who switched employers in the last three years were asked to fill in up to 3 contributors out of 6 options

% of decision to switch employer explained by financial reasons



Those who switched employers in the last three years were asked how much of the decision to switch jobs could be explained by finances

Workplace support is lacking

These problems get worse because of two things

1. Talking about money is a taboo

Most people don't talk about their financial insecurity at work. Even though we spend roughly a third of our awake time working, 59% of people said they never or seldomly discuss their financial worries at work. Without employers that take the lead in starting conversations about finances, the topic stays a taboo. Employees will have to look for information themselves, and as mentioned before: that is often either too difficult to comprehend or seems like too big of a hassle.



59% **never or seldomly** discuss their financial worries

Respondents (n=524) were asked to what extent they discuss financial worries on the work floor



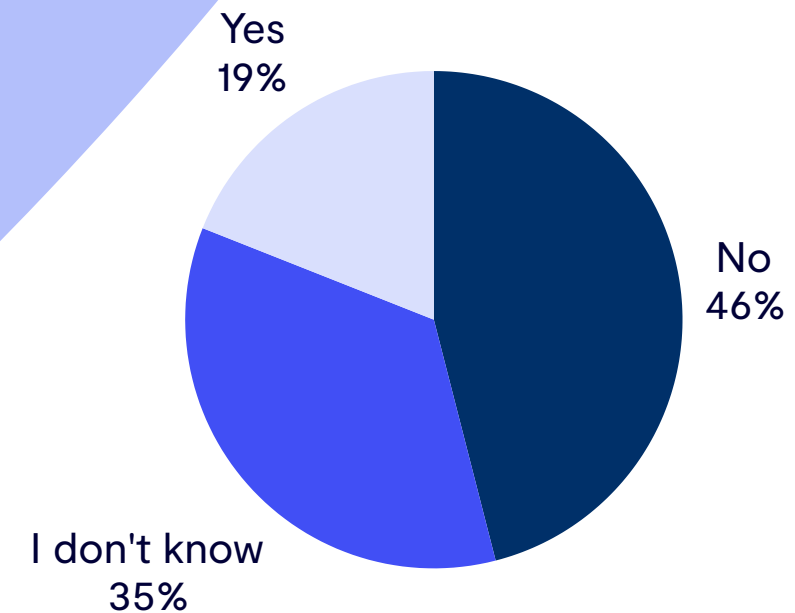
Demographics don't matter

After checking for age and income in our research, it became clear that every demographic group had similar outcomes regarding talking about their financial worries at the work floor.

2. Lack of help offered by employers

46% said that their employer doesn't provide additional support with their financial well-being, and 35% indicated they don't know. This support could for example take shape in the form of 1:1 sessions with a financial expert, education or workshops. This is in big contrast to other well-being programs that are provided by employers already for years, for example around physical health, mental therapy and company culture programs.

Does your employer provide financial well-being support?



Of the respondents who do not receive financial well-being support or do not know if they do (81% in total), **54% would like to receive financial well-being support**

About Equip

Our mission: financial peace-of-mind for all employees

Equip is a state-of-the-art financial planning platform for employees, founded in 2022.

Headquartered in Amsterdam, Equip helps employees create a personal financial plan that is achievable, with ongoing support along the way from their personal financial planner, state-of-the-art tools for status and insights, and engaging educational content.

It's a one-of-its-kind solution that takes away many of the issues underlying the financial worries of employees—allowing employees to enjoy the magic of a happy, healthy and loyal workforce.

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