



*John Hancock*<sup>®</sup>

# Stress, finances, and well-being

**Driving behaviors that matter**



# How to navigate



The side tabs will take you to different sections in the document.



## **Scroll for additional findings**

Look for this icon to dive into the details on a particular topic.



Look for this icon throughout our report for ideas on how you can help workers strengthen their financial well-being.



John Hancock's ninth annual stress, finances, and well-being survey, John Hancock, Edelman Public Relations Worldwide Canada Inc. (Edelman), December 2022. This information is general in nature and is not intended to constitute legal or investment advice. Edelman and John Hancock are not affiliated, and neither is responsible for the liabilities of the other. This report presents the results of research conducted by Edelman on behalf of John Hancock. The objectives of this study were to (1) quantify the financial situation and level of financial stress of John Hancock plan participants; (2) determine the key triggers of financial stress; (3) understand the extent to which actions, including actual financial behavior and planning activity, ameliorate stress; and (4) assess retirement preparation and readiness. This was an online survey of 3,825 John Hancock plan participants. The survey was conducted from 11/29/22 through 12/14/22, with an average survey length of approximately 18 minutes per respondent. Respondents were located from a list of eligible plan participants provided by John Hancock. All statistical testing is done at 0.95 significance levels. The maximum margin of sampling error at the 95% confidence level is  $\pm 1.3\%$ . Percentages in the tables and charts may not total to 100 due to rounding and/or missing categories.



## Key findings

### **Workers' progress slipped in 2022**

Financial well-being improved during the pandemic, with many people using that time to build their savings and pay down debt. But last year, this progress reversed course due to record-high inflation and rising interest rates. People have had to make tough decisions about their spending and long-term goals—and their financial and mental health has suffered. Our ninth annual survey of American workers reveals an increase in the number of people who are unhappy with their financial situation and financial stress levels not seen since 2019.



**Scroll for additional findings**

## Three drivers of financial health

The good news is that not everyone is struggling. Our findings show a clear connection between workers' actions, their financial situation, and their level of stress—underscoring the importance of access to and awareness of retirement planning and financial wellness resources.

**Overall, workers experience better financial health when they:**

- 1** Work with a financial professional
- 2** Have access to workplace financial wellness resources
- 3** Engage with their retirement plan regularly

**When lives are made *better*, organizations become *stronger***

All of us—plan sponsors, financial professionals, and retirement plan providers—are uniquely positioned to provide the support that helps drive positive saving and investing behaviors. And through this support, we can help workers navigate events outside their control and keep their financial lives on track.





## Stress and the economy

### Economic conditions have elevated financial stress

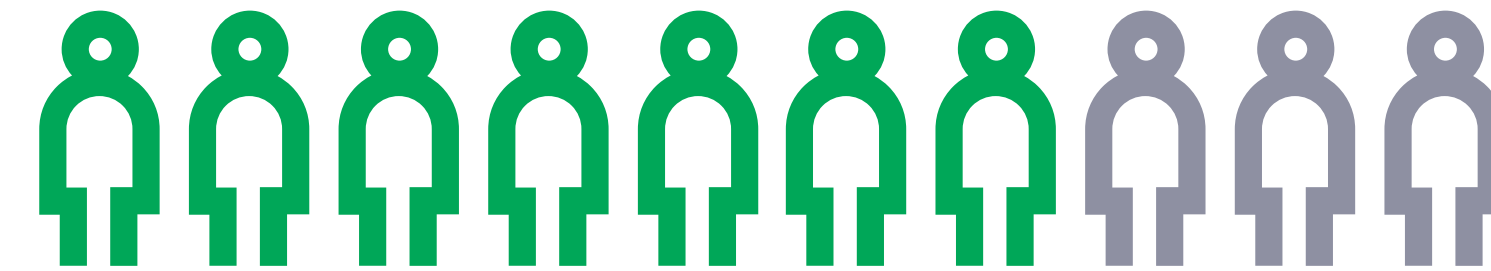
After a considerable drop in 2021, financial stress has risen back to 2019 levels. **Sixty-eight percent** of workers are concerned about their finances adding stress to their life, compared with **58%** in 2021. This rise isn't that surprising when you consider inflation hit a 40-year high last year and interest rates are expected to continue to increase for at least the first half of 2023.



Scroll for additional findings



## It's the economy



**Seven in 10** workers are worried a great deal about the economy, with inflation topping the list.

## What worries people?



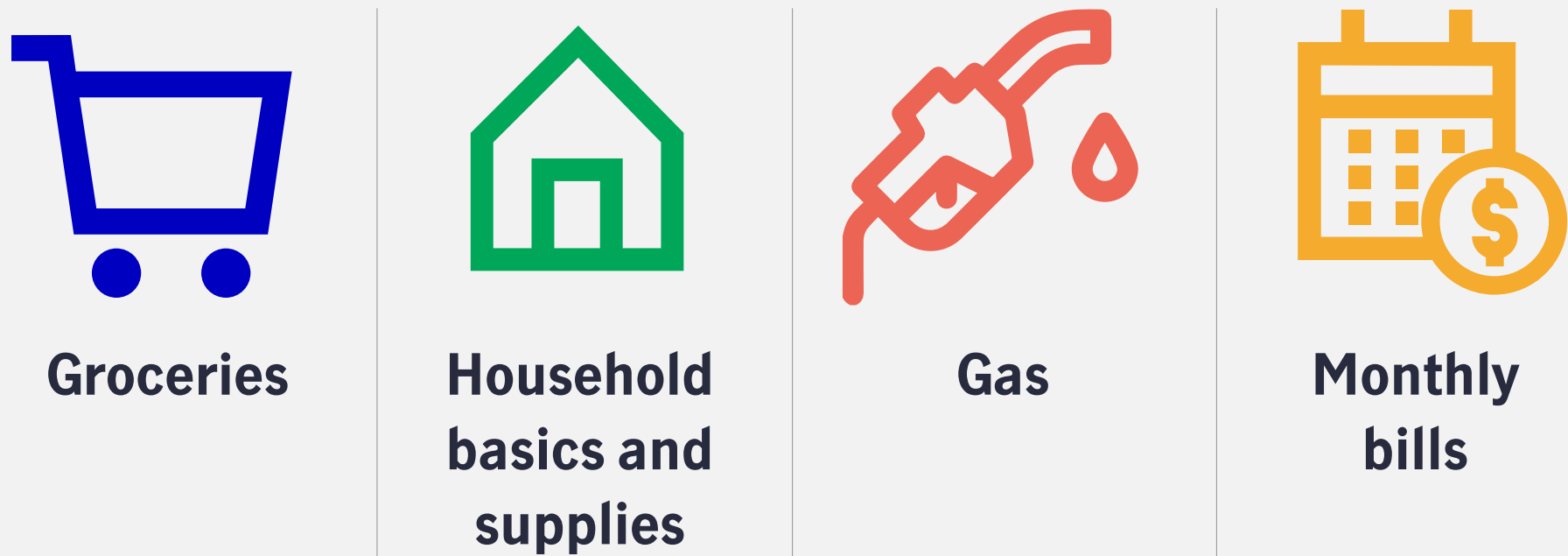


**Rising costs have prompted a change in spending habits**

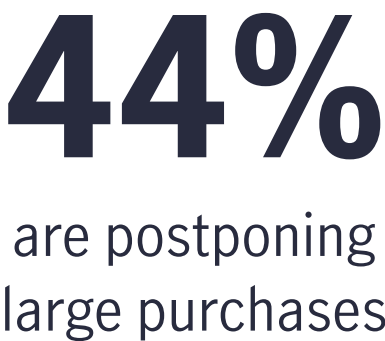


The majority of workers have experienced a sudden increase in their cost of living, with **9 in 10** paying more for essentials.

**Where people are feeling the pinch**



To help manage these higher expenses, **76% of workers** are being more deliberate with their purchases.



Offering budgeting workshops and interactive budgeting tools can help you engage workers who may be feeling overwhelmed by the spike in prices.

## Economic concerns are having a ripple effect on workers' mental well-being



**Seven in 10** say the economy isn't just affecting their financial well-being, it's affecting their mental health—and younger workers are among those struggling the most.



Gen Zers/millennials



Households earning <\$50,000



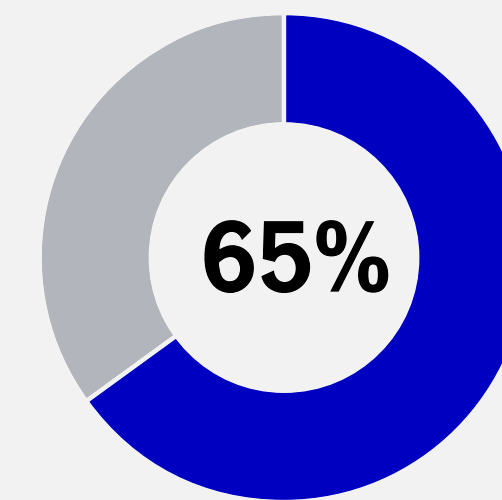
Women



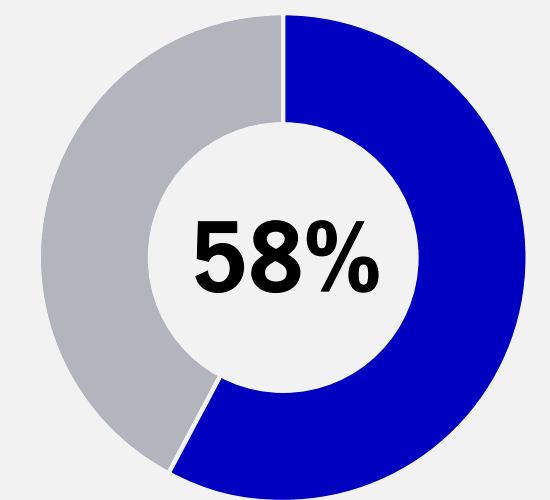
Singles

## Many workers expect financial challenges and economic conditions to persist

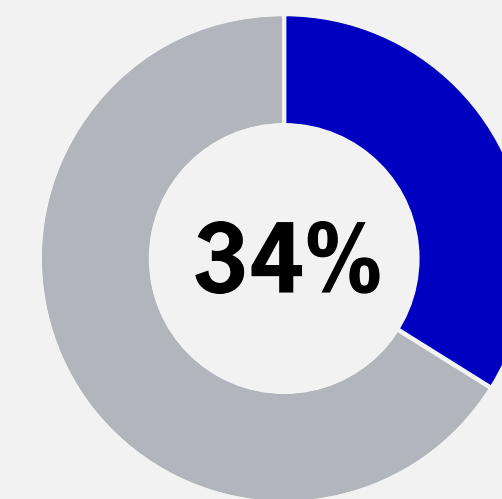
At the end of 2023:



don't expect prices to be lower



don't think the worst of the economic downturn will be over



don't expect to be in a better place financially





## The effect on personal finances

### **Workers are feeling the weight of their personal finances**

Even in the current economic environment, workers still want to be able to save money, plan for retirement, and pay off debt. But many are falling behind on all three and are worried about financial difficulties in the coming months.



Scroll for additional findings



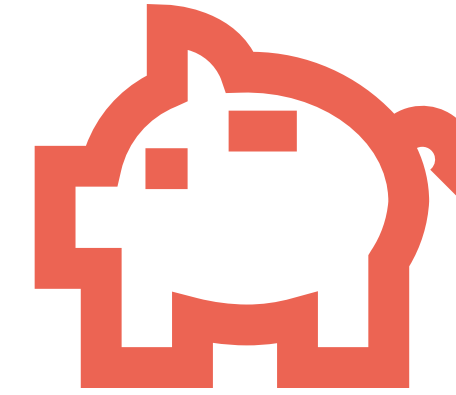


## Three areas causing financial concern

- 1** Having enough saved for retirement
- 2** Credit card debt
- 3** Emergency savings







## Retirement planning is falling behind

Retirement savings took a big step backward in 2022, with **56%** of workers saying they've fallen behind compared with **43%** who said the same in 2021.

Across demographics, this has led to heightened concerns about being able to afford basic expenses and healthcare in retirement.

**63%**

of households  
earning <\$50,000

**54%**

of singles

**51%**

of women

**49%**

of Gen Xers (41–54)

[Go to page 18](#) to see how these concerns are affecting expected retirement dates.



## Debt is a concern, but appears manageable—for now

While **53%** of workers feel the amount of debt they have is a problem, only **14%** consider it a major problem. And **61%** have been able to make their payments without difficulties.

### Primary sources of debt



**Mortgages**



**Car loans**



**Credit cards**



Consider hosting debt management workshops that provide strategies for helping workers balance their current needs with paying down debt.







## Building emergency savings is a struggle for many

**Nineteen percent** of workers have recently dipped into their savings to pay for daily life, and a third are concerned they don't have enough money to cover sudden and unexpected expenses.

This concern is significantly higher—for certain workers.

**77%**

with major debt

**65%**

who took money  
out of savings

**60%**

who say their mental  
health is suffering due  
to the economy

But it drops when workers take active steps to manage their financial lives. Among those least concerned are:

**26%**

who use their  
workplace financial  
wellness program

**21%**

who have a formal  
financial plan for  
retirement

**17%**

who have worked with a  
financial professional in  
the last year



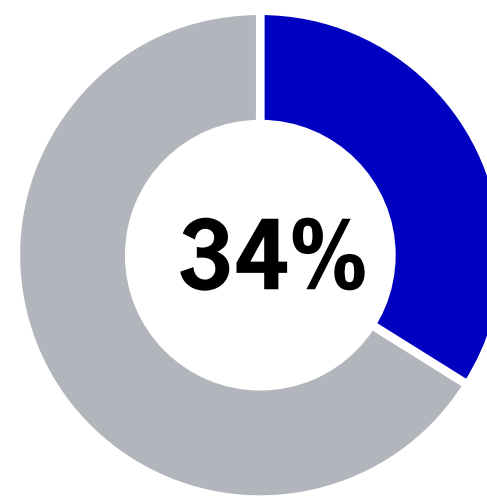
Consider expanding your  
benefits offering to include  
options that help participants  
build their emergency savings.

## Among those with student loans, repayments are also a financial concern

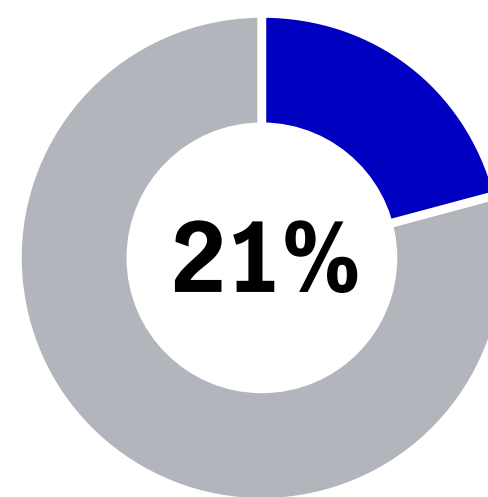
Although younger workers are more likely to have student loans, it's actually a multigenerational issue.



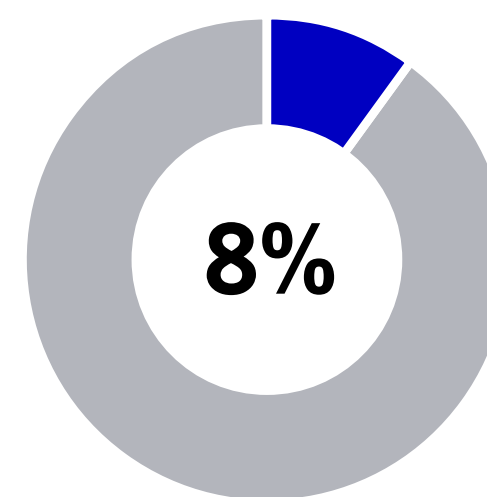
**What percent of each generation has student loans?**



of Gen Zers/  
millennials



of Gen Xers  
(41–54)



of boomers  
(55+)



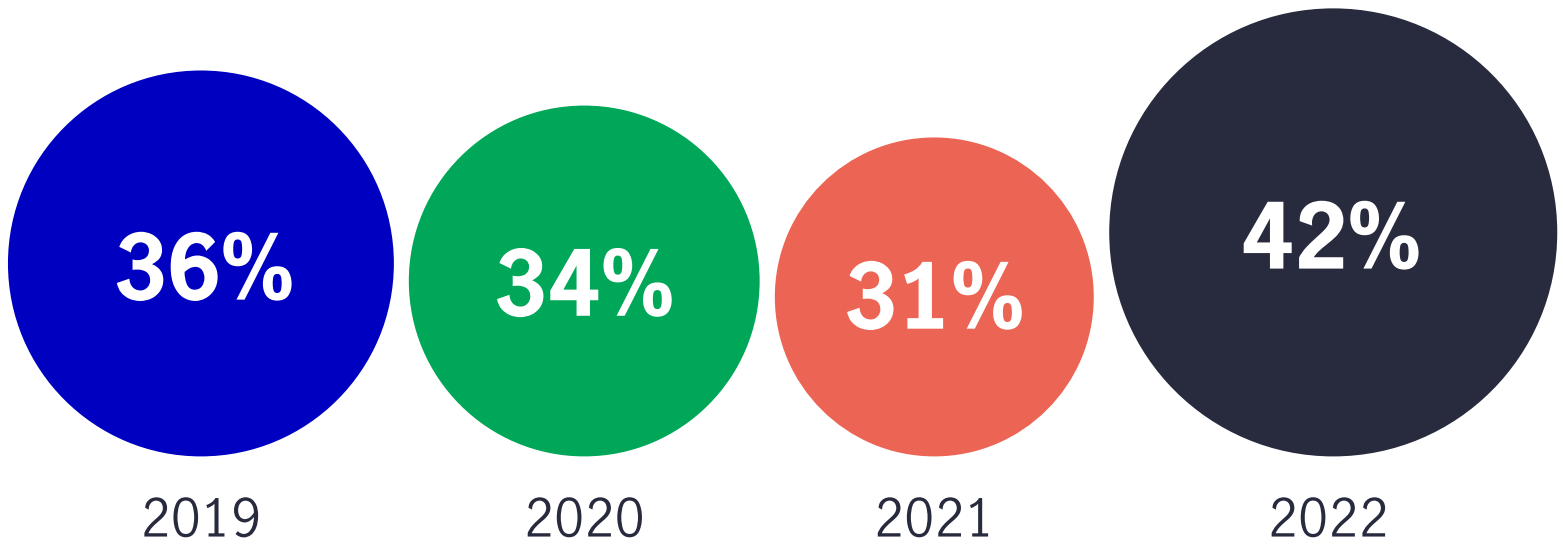
Consider offering some type of student loan assistance to help workers manage this obligation—from general education to matching repayments.

# Pandemic savings progress appears to be slipping away

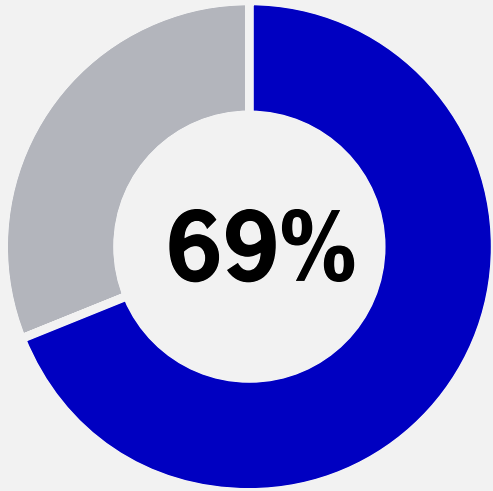
After seeing improvement between 2019 and 2021, many workers now feel their financial situation is worse than it was three years ago.



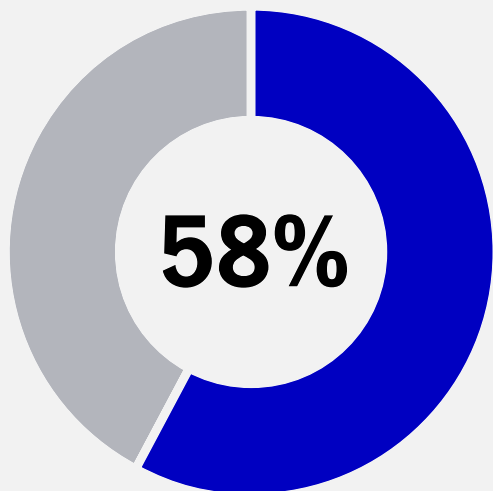
**Workers who view their financial situation as fair or poor**



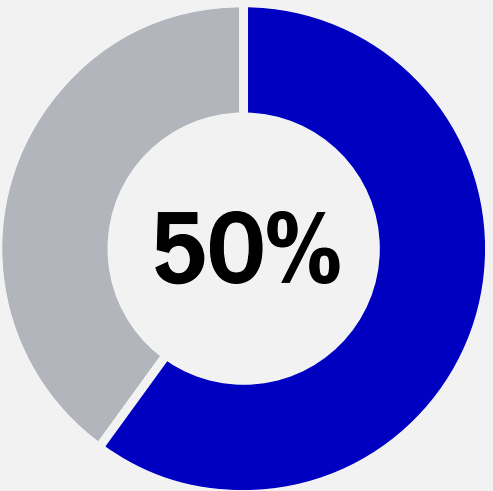
## Among those feeling the worst



of households earning <\$50,000

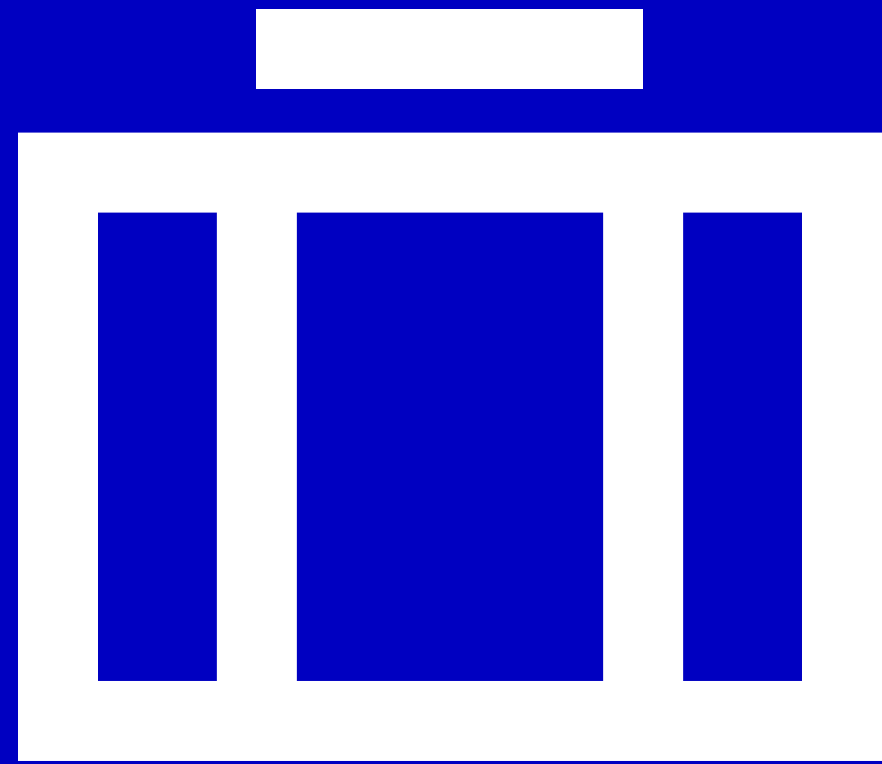


of workers providing financial support to parents/other relatives



of Gen Zers/millennials





## Impact on employers

### **Stress isn't just a personal issue**

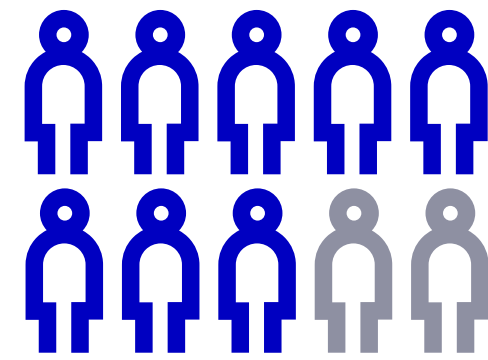
As much as people try to keep their home and work lives separate, many find it hard to leave their financial concerns at the door. And this added distraction affects job performance—making stress not only a personal issue but a business issue that's a real cost for employers. When left unaddressed, financial stress lowers productivity and can lead to higher compensation, benefit, and talent acquisition costs.



**Scroll for additional findings**



## Personal finances are taking up time at work



**8 in 10**  
worry about their  
finances at work



**3.3 hours**  
is the average time  
spent on finances  
at work each month



More than  
**4 in 10** say they'd  
be more productive  
without their current  
financial worries

## Mental health is also holding workers back

**43%**

say their mental health interferes  
with their job performance

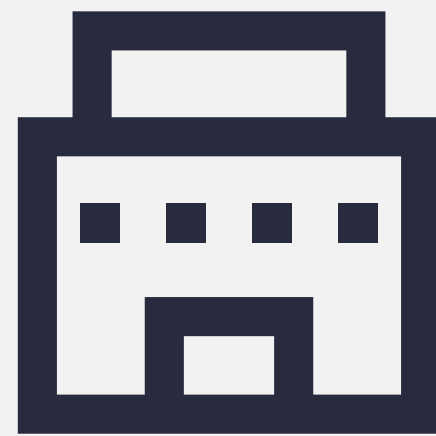
**58%**

feel burned out at  
least sometimes





## Financial stress costs employers thousands of dollars<sup>1</sup>



# \$1,962

per employee per year in lost productivity and absenteeism



Use our [calculator](#) to see the potential cost to your organization.

<sup>1</sup> This is a hypothetical illustration used for informational purposes only, based on data from John Hancock's 2023 stress, finances, and well-being survey. This calculator is intended to provide general information about how much financial stress can cost a company every year. The above calculation is based on missing 2.8 hours/year and 39.6 hours/year of lost productivity due to symptoms of financial stress with an assumed salary of \$46.27 per hour. Individual circumstances may vary and may not be reflective of your situation.

## And there's another cost for businesses

Overall, **38%** of workers think they'll now retire later than planned. But for some groups, this figure is even higher.

Delayed retirements can affect an employer's compensation and benefits costs as well as talent acquisition costs if younger workers leave due to a lack of advancement.

### Those expecting to delay retirement



People with major debt



People feeling poorly about financial situation

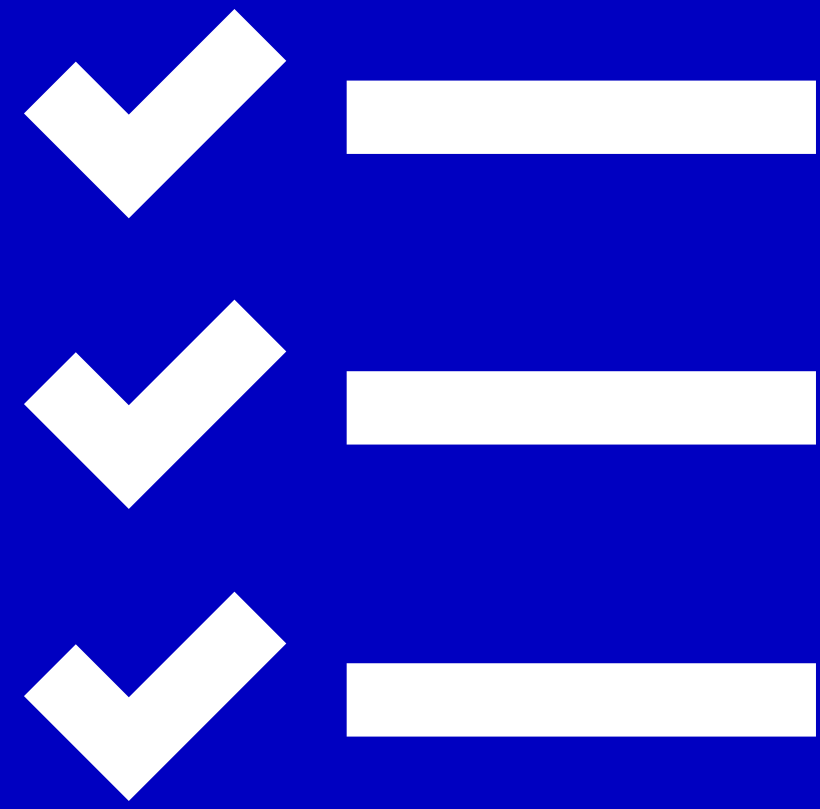


People with student loans



People feeling stressed





## What workers want

### Helping workers manage their financial lives can benefit employers, too

Workers don't want to travel the road to financial well-being alone. Just **over 6 in 10** consider the information they receive from employers, financial professionals, and retirement plan providers when making financial decisions. And **78%** say it's important for employers to offer financial wellness resources.



Scroll for additional findings



## Assistance with retirement planning tops the list

Workplace retirement plans have become a must-have for most people—**80%** would be unlikely to work for a company that doesn't offer one.

The majority of workers also believe that support in these areas would help them do more to prepare financially for retirement.

**91%**  
Learning more about sources of retirement income

**91%**  
Projections of estimated income and expenses in retirement, including healthcare

**89%**  
Learning more about Social Security strategies

**88%**  
Professional management of retirement investments and savings

**87%**  
A consultation with a financial professional



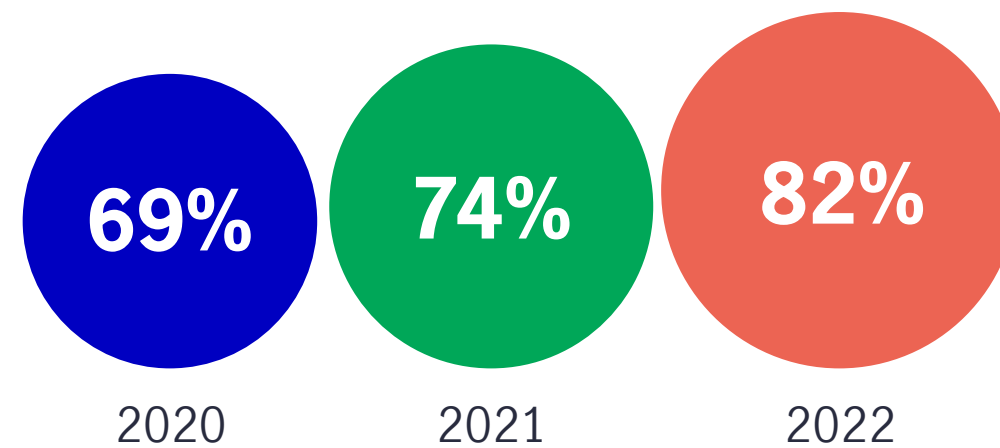




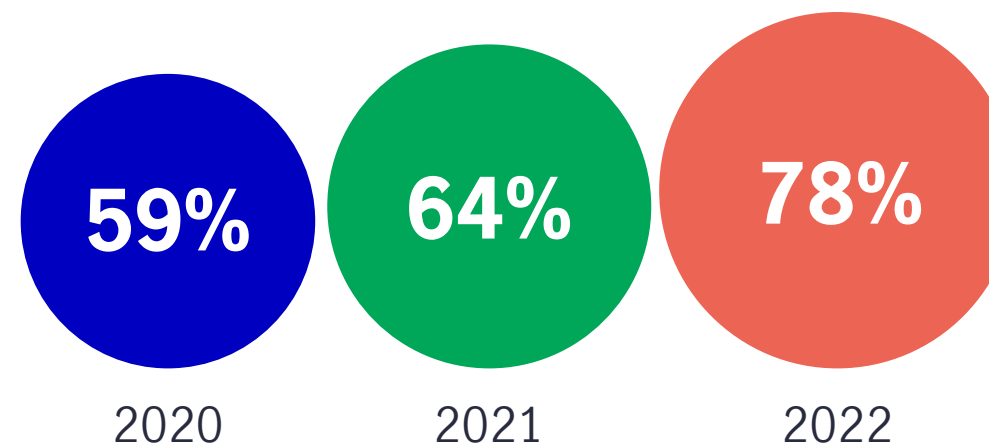
## The impact of financial wellness programs continues to grow

Most workers see the value in workplace financial wellness programs, and a growing number say access to these resources has a positive impact on their lives.

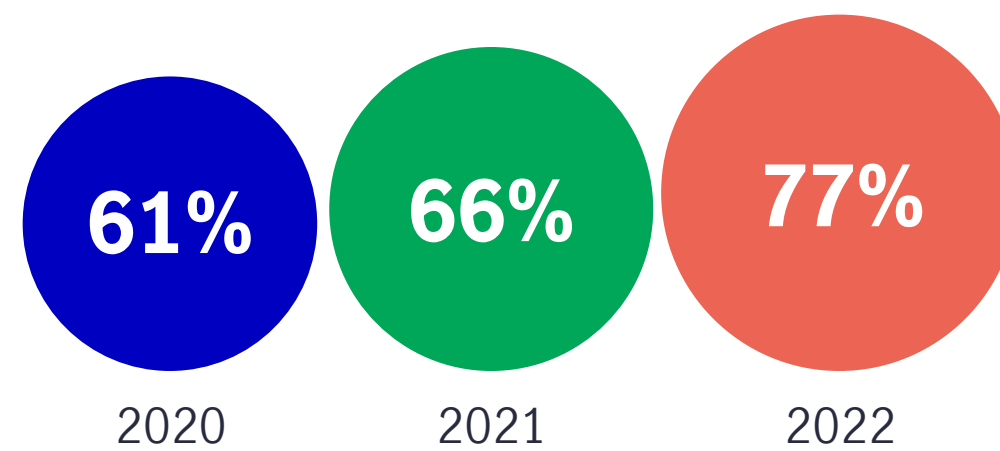
### Reduced financial stress



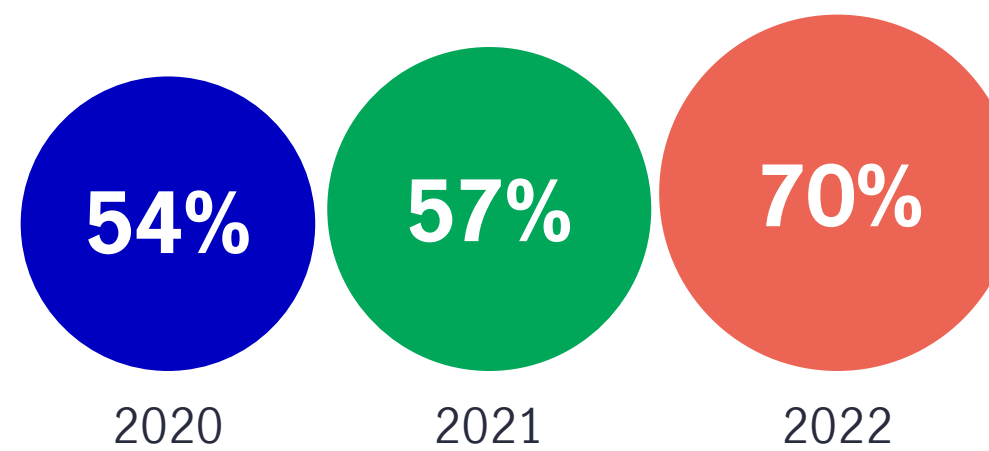
### More likely to stay with employer



### More likely to recommend employer to others

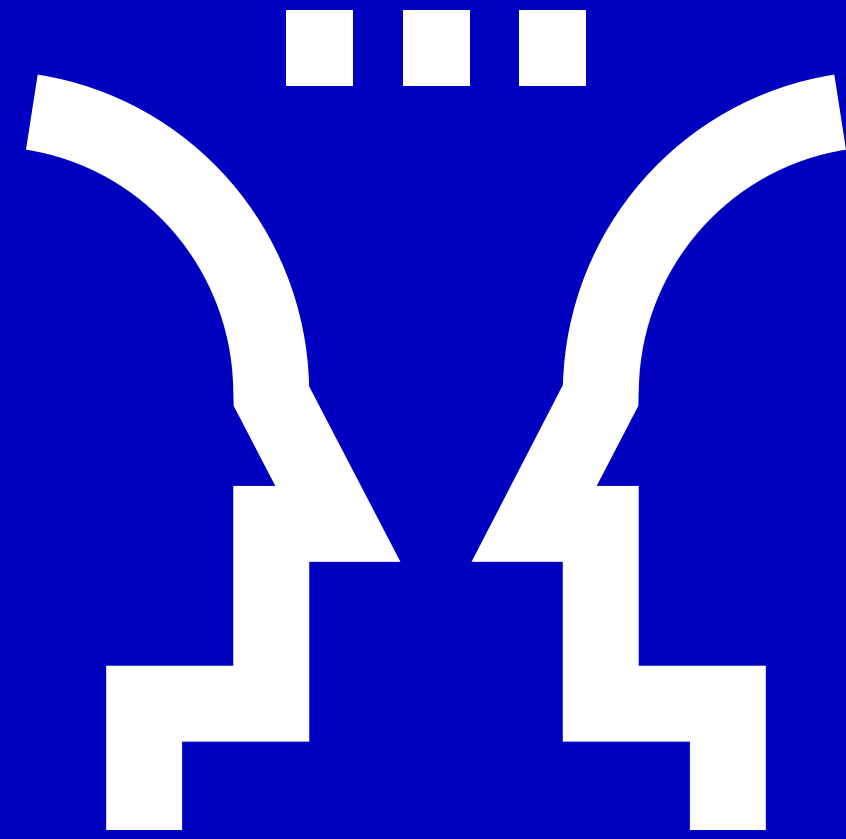


### Increased productivity



Consider offering a financial wellness program if you don't already. And be sure to check with your retirement plan providers. Many have ready-to-go presentations and other financial wellness tools to help your employees.





## Support that works

### **Greater engagement is connected to stronger financial health**

Workers' responses confirmed what we've long believed—being actively engaged in their finances helps improve their financial health and feelings about their situation. And receiving support that encourages this positive behavior—professional advice, planning tools, digital access to accounts, and frequent email communications—truly makes a difference.



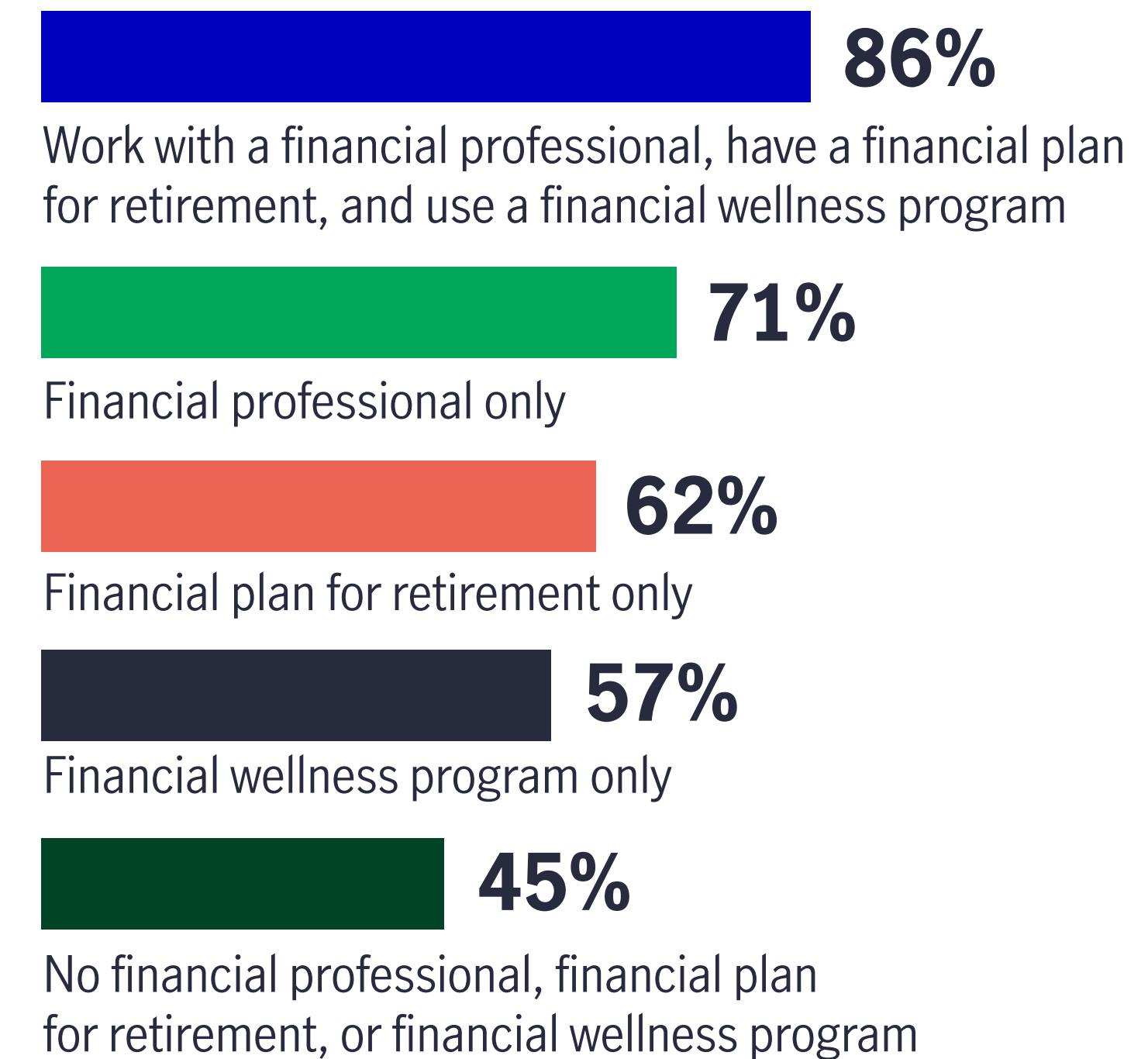
Scroll for additional findings



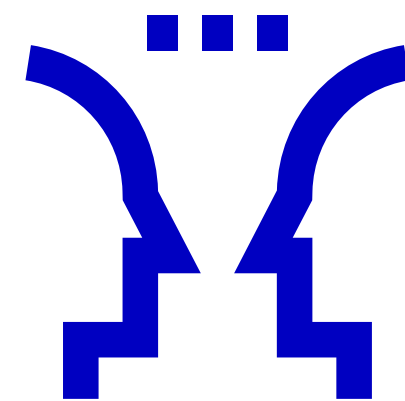


## It's the combination of support that has the greatest impact

Workers who feel their financial situation is good to excellent:







## One-on-one advice helps strengthen financial well-being

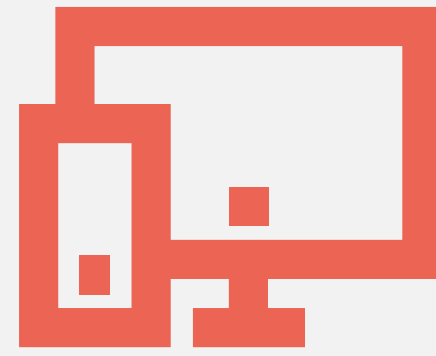
Individuals who work with a financial  
professional are:

**3x**

more likely to say their retirement  
savings is ahead of schedule



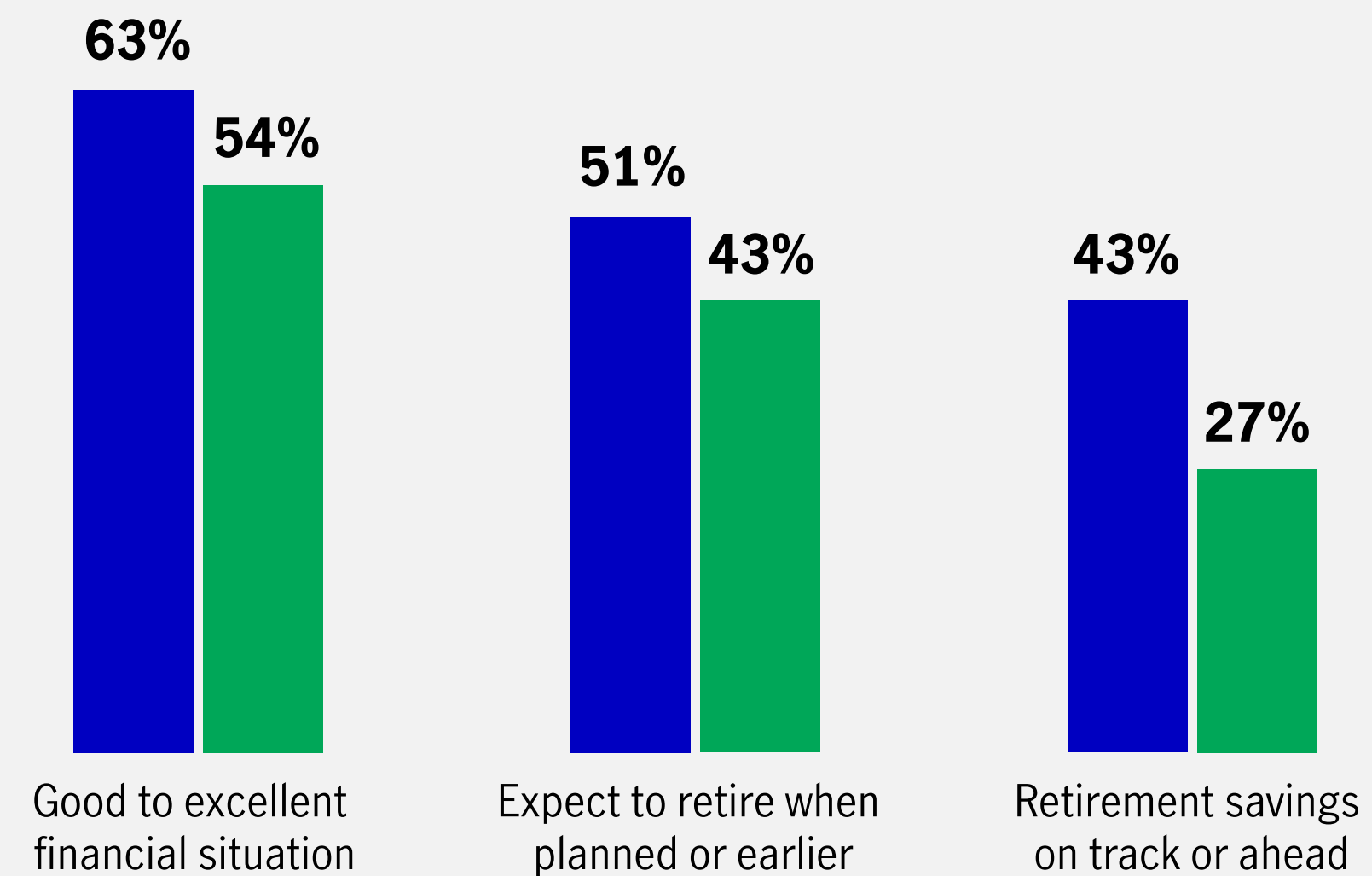




## Digital interactions help fuel financial preparedness

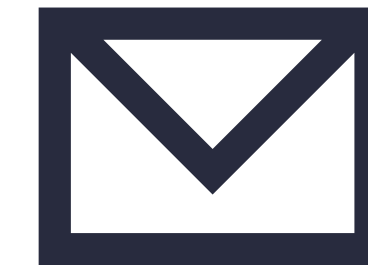
Providing easy access to account information and sending frequent communications about saving for retirement have a positive effect on how people feel and their retirement readiness.

■ Logged in to their account in 2022 and opened six or more emails  
■ Didn't log in to their account in 2022 and opened zero to two emails



The average contribution rate is **20% higher** for those who opened **six or more** emails about retirement planning.

Average contribution rate



**9.4%**

opened six or more emails

**versus**

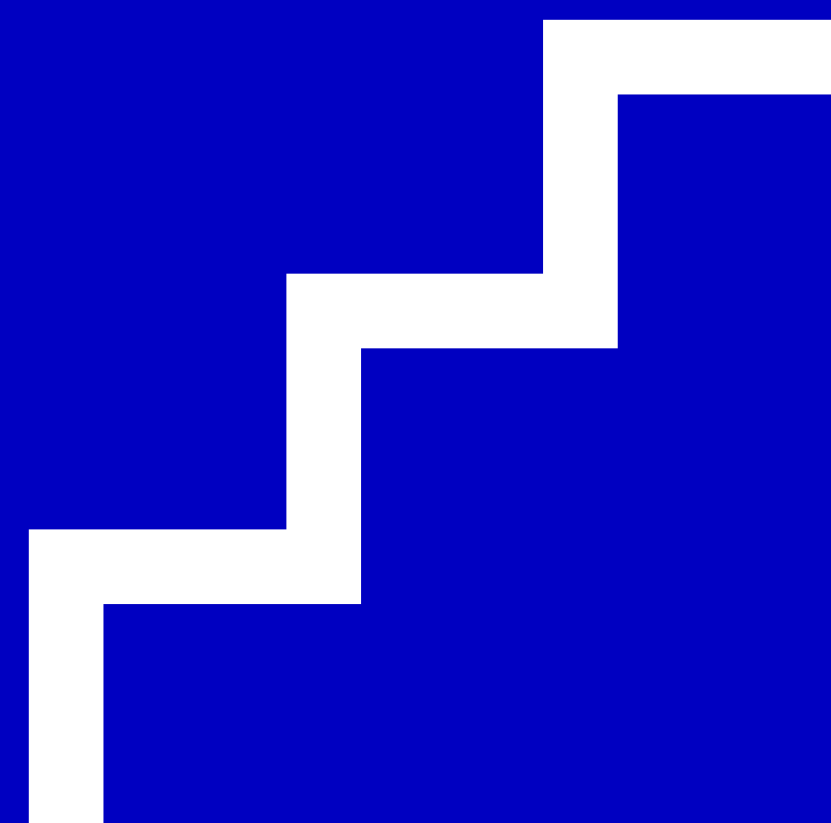
**7.8%**

opened one or two emails



Consider nudging participants once or twice a quarter with **personalized emails** that have actionable tips to help them save more and plan for retirement. People are more likely to act when they receive relevant information.





## Next steps

### **Embrace the opportunity to help ease workers' financial stress**

Inflation and rising interest rates are making it harder for many workers to meet their current living expenses and make progress on their goals, such as saving for a comfortable retirement. And they're looking to employers, financial professionals, and retirement plan providers for help navigating this unpredictable economy.



Scroll for additional findings



## Next steps

### ✓ **Evaluate your current level of support**

Make sure you're providing access to services that help drive the behaviors that matter:

- Professional advice
- Retirement planning and financial wellness tools

### ✓ **Assess your employee communication strategy**

An occasional email isn't enough to build awareness or encourage action. Make sure you're sending frequent personalized communications.

### ✓ **Partner up to optimize your support**

Reach out to your retirement plan partners to help you close any gaps you identify. Many offer a broad range of services that can help you engage both the general employee population and specific groups—saving you time and resources.

### ✓ **Benchmark your offering**

Use our findings to help you set goals and measure the impact of your support on plan and participant outcomes, including retirement readiness.

Life is full of challenges and surprises. Let's work together to drive the positive behaviors that can help workers keep their financial lives on track through them all.

To learn more, please visit [retirement.johnhancock.com/stress](https://retirement.johnhancock.com/stress).



We make retirement plans *work*.



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